

11 November 2016

Mr Robert Kirkham  
Secretary/Treasurer  
Australian Business Industrial



By email: [industrial@australianbusiness.com.au](mailto:industrial@australianbusiness.com.au)

Dear Mr Kirkham

**Re: Lodgement of Financial Statements and Accounts – Australian Business Industrial  
- for year ended 30 June 2016 (FR2016/273)**

I refer to the financial report for Australian Business Industrial. The report was lodged with the Fair Work Commission on 2 November 2016.

The financial report has been filed based on a primary review. This involved confirming whether the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and Reporting Guidelines have been complied with. A primary review does not examine all disclosure requirements.<sup>1</sup>

Please note that the financial report for the year ending 30 June 2017 may be subject to an advanced compliance review.

Reporting Requirements

On the FWC website a number of factsheets in relation to the financial reporting process and associated timelines are available. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The FWC recommends reporting units use this model as it will assist in ensuring compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

Should you require further information on the financial reporting requirements of the Act, I may be contacted on (02) 6746 3283 or 0429 462 979 or by email at [stephen.kellett@fwc.gov.au](mailto:stephen.kellett@fwc.gov.au)

Yours sincerely

A handwritten signature in black ink that reads 'Stephen Kellett'. The signature is written in a cursive style with a long horizontal stroke extending to the right.

Stephen Kellett  
Senior Adviser  
Regulatory Compliance Branch

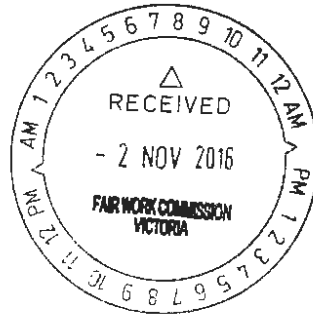
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<sup>1</sup> The full range of disclosure requirements that may apply can be found itemised on the advanced assessment form available at <https://www.fwc.gov.au/documents/documents/organisations/factsheets/org-financial-report-checklist-advanced.pdf>



27 October 2016

Director  
Regulatory Compliance Branch  
Fair Work Commission  
GPO Box 1994  
MELBOURNE VIC 3001



Australian Business Industrial

Street address  
140 Arthur Street  
North Sydney NSW 2060

Postal address  
Locked Bag 938  
North Sydney NSW 2059

DX 10541 North Sydney

(02) 9458 7500  
(02) 9956 8014  
industrial@  
australianbusiness.com.au

Dear Sir

**RE: Financial report for year ended 30 June 2016**

Please find attached the financial report for Australian Business Industrial for the year ended 30 June 2016, together with the Certificate by Prescribed Designated Officer.

Please do not hesitate to contact me if you have any questions or require further information.

Yours faithfully,

Luiz Izzo  
Acting Director

**AUSTRALIAN BUSINESS INDUSTRIAL**  
ABN 59 687 108 073


**Section 268 Fair Work (Registered Organisations) Act 2009**

**CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER**

**Certificate for the period ended 30 June 2016**

I Robert Kirkham being the Secretary/Treasurer of Australian Business Industrial certify:

- that the documents lodged herewith are copies of the full report for Australian Business Industrial for the period ended 30 June 2016 referred to in s.268 of the Fair Work (Registered Organisations) Act 2009; and
- that the full report was provided to members of Australian Business Industrial on 30 September 2016; and
- that the full report was presented to a general meeting of members of Australian Business Industrial on 26 October 2016 in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.

Date	26 October 2016
Signature of prescribed designated officer	
Name of prescribed designated officer	Robert Kirkham
Title of the prescribed designated officer	Secretary/Treasurer



Australian  
Business  
Industrial



AUSTRALIAN  
BUSINESS  
INDUSTRIAL  
ANNUAL  
REPORT  
FOR THE YEAR  
ENDED 30 JUNE 2016

In<sup>vigorating</sup> business

# CONTENTS

President's Report	2-4
Operating Report	5-6
<b>General Purpose Financial Report:</b>	
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Cash Flow Statement	10
Recovery of Wages Activity	11
Notes to and Forming Part of the Financial Statements	12-21
Committee of Management Statement	22
Independent Auditor's Report	23-24

The financial report was authorised by the Councillors on 31 August 2016  
Australian Business Industrial has the power to amend and re-issue the financial report.

# President's Report 2016

*Another exceptionally busy year.*

## ABI elections

ABI is registered under the Fair Work (Registered Organisations) Act and elections for organisations under that act are conducted by the Australian Electoral Commission unless a special case is made out for some other process. The AEC conducts ABI's elections.

The process is rather time consuming. The 2016 election formally started with the call for nominations going out on 24 June. Because there were 15 nominations which is the number required for a full council, no balloting was necessary after nominations were received, nor any need for a second call for nominations. Even so the new council was not declared elected until 20 July. Four councillors from the old council did not stand: Col Bosworth (also Secretary-Treasurer), Brian Eichhorn (also an executive committee member and a councillor since 1998), Jennifer Schembri and John Prineas.

I thank them all for their work and assistance on council and wish them all the very best. I should especially mention Col Bosworth who has been a councillor since 2004 and also the Secretary-Treasurer since 2006. The Secretary-Treasurer is a key role and I will personally miss Col for his support and advice. Col will be missed by council because of his experience and wisdom.

This means that there are also four new councillors on this new council. They are Annabel Leete, Kathleen Collins, Jane Brady and Ian Lilley, and I welcome them. Whilst it is sad to see colleagues departing it is also pleasing to see the arrival of new people on council.

## ABI Rules

During the year Council worked on upgrading ABI's rules. The Fair Work (Registered Organisations) Act 2009 requires that rule changes are approved by the General Manager of the Fair Work Commission before they come into effect. ABI's amended rules operate from 5 April 2016. The changes addressed three issues.

ABI members are also members of the NSW Business Chamber, but after the Business Chamber moved to a flexible membership year which starts when someone joins, rather than the financial year, it meant the ABI's membership year was out of step with the Chamber's. The amended rules now allow the same membership year.

Second, Council addressed a problem which arises when ABI elects its councillors. Under the rules the old council including the executive committee, which

includes the officers such as president, vice presidents and secretary-treasurer, is dissolved. Executive committee members are elected from the newly elected council by those councillors and this process takes time. There can be a period of seven or eight weeks where there are no officers, and formally at least, no-one to chair Council.

The new rules continue the old executive in place until the AEC declares its replacement.

Finally, Council also increased the period of each Council from two years to four, to move away from having elections every second year. There was also a tidy up to make the rules more readable. You can find the rules at <http://www.nswbusinesschamber.com.au/issues/Issues/Workplace-Relations/ABI-Rules>

## Workplace Relations Change

The NSW Business Chamber is a member of the Australian Chamber of Commerce and Industry. Both the NSW Chamber and ABI work closely with the Australian Chamber in shaping its policy and putting its messages. Australian Business Lawyers and Advisors often represents the Australian Chamber in major cases, and Dick Grozier, ABI's Director of Industrial Relations also works for the Australian Chamber. This is the way that we seek to best focus our national advocacy.

## The Federal Election

The double dissolution not only gave rise to a long campaign, but because the double dissolution was itself a long time coming, the country was really in election mode for a very long time. This is not usually a good climate in which to promote or consider workplace relations reform, and so this election proved.

In early 2015 the government requested the Productivity Commission to review the workplace relations framework. ABI worked to develop its key areas of reform to put to the Australian Chamber and worked with it in drafting its submission.

The Commission's draft report was released early August and Council worked on its response, including by holding out of session meetings. A key part of the initial submission was to propose the phasing out of awards and how that could be done without disruption. The Commission's draft report supported retaining awards but recommended a number of changes to how award terms are determined and how they are maintained.

*“... there is a significant wake up call to business about how it tells its story and its consistency of messaging.”*

Many of the Commission's recommendations are useful but overall the Council was a little underwhelmed that the Productivity Commission was not more forward thinking and that it did not focus more on the sorts of changes which are taking place in our existing businesses, start-ups and in our labour market. This is disappointing.

The Productivity Commission's final report was released in December 2015, but there was little serious discussion about its proposals and little was said about them during the federal campaign. I'm not going to try to add to what has been said and written about the lessons from the election except to say that there is a significant wake up call to business about how it tells its story and its consistency of messaging.

85% of employees are employed in the private sector, that's where the jobs come from, yet we had the sorry sight of both major parties competing on how tough they can be on business. Both parties promising draconian laws to address business' employment abuses. Bad behaviour should be caught out and punished, it's not only unfair, it's wrong and damaging. But in this election no-one seriously talked about how we can encourage our businesses and make it easier for them to be good at what they do and to be competitive.

## The Four Yearly Review of Awards

The four yearly review of awards was the major ongoing business of the year. Awards are being individually reviewed but a number of provisions are being determined as "common issues" giving rise to standard clauses in many or most awards. Matters are protracted, resource intensive and expensive. Many in the WR community are questioning whether four yearly reviews have a contribution to make.

I'll use two matters as examples

### Annual Leave

The 2015-16 year started with the Commission's 11 June 2015 decision in the "annual leave" common issue. Co-ordinated by the Australian Chamber there were five employer claims for changes to aspects of annual leave in various awards. All the changes sought were already in some awards. The co-ordinated claims were aimed at fixing awards which did not allow, or did not practically allow, what was sought.

- The ability to direct an employee with excess annual leave to take some

- The capacity for an employer and employee to agree to cash out an amount of untaken annual leave
- The right to recover wages paid to an employee who takes leave before having accrued it if the employee then terminates before she or he has accrued the leave which was taken and paid for
- In awards which require the employer, who pays by EFT, to pay wages falling due during a period of annual leave in advance of the leave commencing to continue to pay by EFT on the regular pay cycle
- A right to a close down period (such as Christmas-New Year).

These changes are not revolutionary and they reflect what happens in many workplaces but, sadly, every one of these was opposed

The Commission decided in favour of the first four claims. It also decided to develop standard form clauses in plain language with the result that most awards, including those which already provided what was claimed, were eventually varied. The process of refining the clauses meant that the variations did not occur until 29 July 2016. At the time of writing, some individual awards were still the subject of proceedings.

### Penalty rates

The penalty rates claims in the four yearly review have attracted a great deal of media and political attention. Not everything which has been said or written is correct.

There is no concerted campaign by employers to deprive workers of penalty rates. In all, there are only seven modern awards with employer penalty rates claims before the Commission. All of these awards are in the labour intensive discretionary spend service sector. No claim seeks to abolish penalties, only to reduce them.

ABI is a claimant. It has applied to reduce the public holiday penalty rate in the Restaurant Industry Award and the Sunday and public holiday rates in the General Retail Industry Award and the Hair and Beauty Industry Award. To support the claim, ABI commissioned behavioural economics research from the University of South Australia. This asked people what rate they were prepared to accept for different hours and different public holidays and also why they took or refused such work, and how it interacted with their out of work activities. ABI also commissioned work from the Australian National University calculating the impact of reduced rates.

Only seven awards, but the penalty rates claims gave rise to a very big case. The Commission invited anyone with a view to put in a submission and there were about 6,000 of these, including a number from political parties, as well as many days of hearing which gave rise to over 28,000 paragraphs of transcript.

The final date of formal hearings was 14 April 2016 but that hasn't really closed the matter for ABI. As the Commission reviews all the material before it, new questions arise, and the Commission is at times prompted to raise these with the parties. ABI's most recent submission was at the end of May, but as I write this there are submissions lodged as recently as mid August.

## Annual Wage Review

The 2016 annual wage review decision was for a 2.4% increase to the national minimum wage and award wages. On the face of things, economic and employment figures were a little better than the corresponding figures the year before. The 2015 decision had determined a 2.5% increase.

Council was relatively pleased with this year's outcome. ABI had argued that the better economic figures were not sustainable in the longer term because the uptick in economic activity from the year before was funded by increased consumer activity but in the context of declining levels of investment. ABI also argued that if the Commission felt a real increase was necessary it could be achieved in a low inflationary environment by a smaller increase.

ABI's annual wage review submissions are generally a little different from the Australian Chamber's in two ways. First, ABI recommends percentage increases to avoid creating further support for the ACTU's long stated objective of restoring relativities lost over a sequence of flat money increases. The Australian Chamber usually recommends flat money increases.

Second, ABI's recommended maximum increase is generally higher than the Australian Chamber's. The Commission must consider a number of identified economic and social factors when it determines the minimum wage. The social factors tend to pull in the opposite direction from the economic factors, which means that the review Panel determines an amount which is higher than employers would like. Council continues with the view that its submission should engage with the full range of statutory factors.

## Road Safety Remuneration Tribunal

Both ABI and the Australian Chamber had opposed the establishment of the Road Safety Remuneration Tribunal as an additional and unnecessary regulator. The RSRT was legislated in 2012 at the same time as the National Heavy Vehicle Regulator was being set up. Whereas the NHVR was the result of an agreement

between the states, territories and the Commonwealth arrived at over time, the RSRT was a Commonwealth only initiative introduced with little warning and without the states' agreement.

One of the major continuing areas of work during 2015-16 was the RSRT's investigation of "safe rates" for contractor drivers in long haul and supermarket delivery work. ABI partnered with the Australian Chamber but ABI, represented by Australian Business Lawyers and Advisors, took a lead role in these proceedings.

At the same time as these proceedings in the RSRT there were also proceedings in the NSW Industrial Relations Commission. The TWU applied to expand the coverage of the NSW General Carriers Contract Determination and also to increase its rates. The NSW Business Chamber, which is registered under the NSW act, represented by ABLA, was a major player in these proceedings.

Council worked to co-ordinate the two sets of proceedings and avoid new regulation, windfall gains and damaging inconsistencies from the two tribunals. The RSRT handed down its safe rates order on 18 December, and by March 2016 realisation about its impact had set it. ABLA, representing the Australian Chamber, participated in the unsuccessful applications to vary the Order and the subsequent injunction proceedings. ABI consulted with the Department about a legislated solution.

The RSRT was abolished on 22 April 2016.

## Disclosures

ABI's rules require its officers to disclose any material personal interests and also any remuneration received from external boards because of being an officer of ABI. As well, the remuneration of the 5 most highly paid officers must be disclosed. Councillors are officers, but under its rules ABI's councillors are not remunerated, and ABI does not directly employ. Councillors are reimbursed for validated travel expenditure but must make no claim.

There were no material personal interests requiring disclosure. In the 2015-16 year I also chaired the NSW Business Chamber's workplace policy committee for which I received \$9,592 inclusive of superannuation guarantee contribution.



Kerry Wilson  
President



# Australian Business Industrial Operating Report 30 June 2016

The Committee of Management of Australian Business Industrial ("the Organisation") presents its report for the financial year ended 30 June 2016.

## Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year

The Organisation represents the interests of its members in the Federal Industrial Relations jurisdiction.

The Organisation is an Organisation of Employers and was registered under the *Fair Work (Registered Organisations) Act 2009* on 19 October 2009

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

The Organisation is exempt from Income Tax under section 50.1 of the Income Tax Assessment Act 1997.

The net loss of the Organisation was \$9,209 for the year (2015: loss \$4,528).

The main area of activity during the year was representing members in the various proceedings in the Fair Work Commission's 4-yearly review of modern awards in which it has been heavily involved, and, until its demise, in the Road Safety Remuneration Tribunal. The Organisation also made a number of representations to the Minister and Department

There were no significant changes in the nature of the Organisation's activities during the year.

## Significant changes in financial affairs

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

## Right of members to resign

Rule 17 provides a right for members to resign from the Organisation and members may resign in accordance with section 174 of the *Fair Work (Registered Organisations) Act 2009*.

## Officers and employees who are superannuation fund trustee(s) or director of a company that is a superannuation fund trustee

No officer or member of the reporting unit holds a position as a 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 the organisation.

## Number of members

The number of persons that were, at the end of the financial reporting year, recorded in the register of members is 4,195 (2015: 4,253).

## Number of employees

There were no employees during or at the end of the financial year.

## Names of Committee of Management members and period positions held during the financial year

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

Name	Position	Date
Kerry Wilson	President	
Bruce Mackenzie	Vice President	
Jane Cleary	Vice President	
Colin Bosworth	Secretary /Treasurer	
Tom Bowers	Councillor	
Brian Eichhorn	Councillor	
David Long	Councillor	
Alvan Freeman	Councillor	(Resigned December 2015)
Jessica Liley	Councillor	
Jennifer Schembri	Councillor	
Brad Gething	Councillor	
Gerry Carr	Councillor	
Robert Kirkham	Councillor	
Anni Brownjohn	Councillor	
John Prineas	Councillor	
Andrew Viachos	Councillor	(Appointed December 2015)

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

## Matters subsequent to the end of the financial year

In the opinion of the Councillors, no matter, circumstance or event of a material and unusual nature has arisen since the end of the financial year and the date of this report which is likely to affect significantly the operations of the Organisation

This report is made in accordance with a resolution of Councillors



Kerry Wilson  
Councillor

North Sydney  
31 August 2016



Robert Kirkham  
Councillor

Australian Business Industrial  
Statement of Comprehensive Income for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
<b>Revenue</b>			
Membership subscription	3A	209,750	212,650
Capitation fees received	3B	-	-
Levies	3C	-	-
Interest	3D	1,232	1,778
<b>Total revenue</b>		<u>210,982</u>	<u>214,428</u>
<b>Other Income</b>			
Grants and/or donations	3E	-	-
<b>Total other income</b>		<u>-</u>	<u>-</u>
<b>Total income</b>		<u>210,982</u>	<u>214,428</u>
<b>Expenses</b>			
Employee Expenses	4A	-	-
Capitation fees	4B	-	-
Affiliation fees	4C	-	-
Administration expenses	4D	(215,041)	(212,956)
Grants or donations	4E	-	-
Legal Costs	4F	-	-
Audit Fees	10	(5,150)	(6,000)
Penalties	4G	-	-
<b>Total expenditure</b>		<u>(220,191)</u>	<u>(218,956)</u>
Profit (loss) before income tax		(9,209)	(4,528)
Income tax expense		-	-
Profit (loss) after income tax		<u>(9,209)</u>	<u>(4,528)</u>
Other comprehensive income for the year net of tax		-	-
<b>Total comprehensive income (loss) for the year</b>		<u>(9,209)</u>	<u>(4,528)</u>
<b>Total comprehensive income (loss) for the year attributable to</b>			
<b>Members of Australian Business Industrial</b>		<u>(9,209)</u>	<u>(4,528)</u>

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

Australian Business Industrial  
Statement of Financial Position as at 30 June 2016

	Notes	2016 \$	2015 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	86,214	90,794
Trade and other receivables	6	230,779	234,320
Total current assets		<u>316,993</u>	<u>325,114</u>
<b>Total assets</b>		<u>316,993</u>	<u>325,114</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade payables	7	220,541	220,000
Other payables	7	7,247	6,700
Total current liabilities		<u>227,788</u>	<u>226,700</u>
<b>Total liabilities</b>		<u>227,788</u>	<u>226,700</u>
<b>Net assets</b>		<u>89,205</u>	<u>98,414</u>
<b>EQUITY</b>			
Retained profits	9	89,205	98,414
<b>Total equity</b>		<u>89,205</u>	<u>98,414</u>

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

Australian Business Industrial  
Statement of Changes in Equity for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Total equity at the beginning of the financial year		98,414	102,942
Total comprehensive income / (loss) for the year		(9,209)	(4,528)
Total equity at the end of the financial year	9	<u>89,205</u>	<u>98,414</u>

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

Australian Business Industrial  
Cash Flow Statement for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers (including GST)		234,795	217,195
Receipts from other reporting units/controlled entities		-	-
Cash paid to suppliers and employees (including GST)		(240,607)	(243,854)
Cash paid to employees		-	-
Payments from other reporting units/controlled entities		-	-
Interest received	3D	1,232	1,778
<b>Net cash used by operating activities</b>	11	<u>(4,580)</u>	<u>(24,881)</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(1,580)</u>	<u>(24,881)</u>
Cash and cash equivalents at the beginning of period		<u>90,794</u>	<u>115,675</u>
<b>Cash and cash equivalents at the end of the period</b>	5	<u>86,214</u>	<u>90,794</u>

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

Australian Business Industrial  
 Recovery of Wages Activity for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
<b>Cash assets in respect of recovered money at beginning of year</b>			
Receipts		-	-
Payments		-	-
<b>Cash assets in respect of recovered money at end of year</b>		<u>-</u>	<u>-</u>

## 1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for Australian Business Industrial ("the Organisation")

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and apply for the reporting period and the *Fair Work (Registered Organisation) Act 2009*

#### Historical cost convention

The financial statements have been prepared on an accruals basis in accordance with the historical cost convention except for investments, which are at fair value through profit or loss. Unless stated otherwise the accounting policies described below are consistent with those applied in the prior year

#### Comparative amounts

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year

### (b) Critical accounting judgements and key sources of estimation uncertainty

#### Critical judgements in applying the company's accounting policies

There are no critical judgements that management has made in the process of applying the organisation's accounting policies at balance date that have a significant effect on the amounts recognised in the financial statements

#### Key sources of estimation uncertainty

There are no key assumptions or sources of estimation uncertainty at balance date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### (c) New Australian Accounting Standards

#### Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date stated in the standard.

The accounting policies adopted are consistent with those of the previous financial year

#### Future Australian Accounting Standards Requirements

There are no new standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period that are expected to have a future financial impact on the Organisation

### (d) Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables are valued at their fair value due to their short-term nature. There are no assets or liabilities contained in the financial statements that are materially different to their fair value

### (e) Foreign currency

The financial statements are presented in Australian dollars, which is the Organisation's functional and presentation currency.

### (f) Revenue recognition

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

The organisation recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the organisation and specific criteria have been met for each of the organisation's activities as described below. The organisation 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 organisation's major business activities as follows:

- (i) Membership subscriptions comprise annual subscriptions for the year and are recognised as revenue on a monthly basis over the period of the membership
- (ii) Sponsorship income is brought to account when control is obtained over sponsorship funds
- (iii) Interest income is recognised when earned.

### (g) Cash and cash equivalents

For the purpose of presentation in the cash flow statement, 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.

### (h) 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 organisation 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.

### (i) Trade and other payables

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

### (j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of 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 component 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

### (k) Income tax

Australian Business Industrial is a not-for-profit employers' association and hence is exempt from income tax under section 50 15 of the *Income Tax Assessment Act 1997*

## 2 Financial risk management

The Organisation's activities expose it to credit risk and liquidity risk. The Organisation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Organisation. The Organisation uses different methods to measure different types of risk to which it is exposed. These methods include regular review of trade receivables ageing analysis for credit risk.

The Organisation has no substantial financial assets or liabilities that are exposed to interest rate risk.

### a. Credit Risk

Credit risk arises from exposure to counterparties that may not meet their contractual obligations with the Organisation. The Organisation's exposure to credit risk primarily arises from its trade receivables

The maximum exposure to credit risk at reporting date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statements.

The Organisation does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Organisation

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (where available).

<b>Credit quality of financial assets held at balance date</b>	2016	2015
	\$	\$
<b>Cash at bank</b>		
- Westpac (Rated AA2 by Moody's Investors Service, Inc)	86,214	90,794
	<u>86,214</u>	<u>90,794</u>
<b>Trade receivables</b>		
(Counterparties without external credit rating)	229,790	233,860
Trade receivables	<u>229,790</u>	<u>233,860</u>

**Past due but not impaired trade receivables**

Financial Liabilities	0-30 days \$	31-60 days \$	61-90 days \$	90+ days \$	Total \$
<b>As at 30 June 2016</b>					
Trade receivables	229,680	-	55	55	229,790
	<u>229,680</u>	<u>-</u>	<u>55</u>	<u>55</u>	<u>229,790</u>
<b>As at 30 June 2015</b>					
Trade receivables	233,860	-	-	-	233,860
	<u>233,860</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>233,860</u>

**b. Liquidity Risk**

The Organisation's liquidity risk arises from the risk that it will encounter difficulty in meeting its obligations associated with financial liabilities. The Organisation manages liquidity risk by continuously monitoring forecast and actual cash flows and matching profiles of financial assets and liabilities.

The table below shows the contractual maturity of the Organisation's financial liabilities

Financial Liabilities	On Demand \$	Less than 1 year \$	1 and 2 years \$	2 and 5 years \$	More than 5 years \$	Total \$
<b>As at 30 June 2016</b>						
Trade and other payables	227,788	-	-	-	-	227,788
	<u>227,788</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>227,788</u>
<b>As at 30 June 2015</b>						
Trade and other payables	226,000	-	-	-	-	226,000
	<u>226,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>226,000</u>

Australian Business Industrial  
Notes to the Financial Statements for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
<b>3 Income</b>			
3A Membership subscription		209,750	212,650
3B Capitation fees received	20	-	-
3C Levies	19	-	-
3D Interest		1,232	1,778
		<u>210,982</u>	<u>214,428</u>
<b>Other Income</b>			
3E Grants and/or donations	17	-	-
		<u>210,982</u>	<u>214,428</u>
<b>4 Expenses</b>			
<b>4A Employee Expenses</b>	18		
Employee Expenses - holders of office		-	-
Employee Expenses - other than office holders		-	-
<b>Total employee expenses</b>		<u>-</u>	<u>-</u>
4B Capitation fees	20	-	-
4C Affiliation fees	21	-	-
<b>4D Administration expenses</b>			
Consideration to employers for payroll deductions	18	-	-
Compulsory levies	19	-	-
Fees/allowances - meeting and conferences		-	-
Conference and meeting expenses		1,636	1,606
Consultants		200,000	200,000
Travel Expenses		6,092	4,354
Printing and stationery		3,547	1,152
Office expenses		2,430	1,794
Other		1,336	4,050
<b>Total administration expenses</b>	13	<u>215,041</u>	<u>212,956</u>
4E Grants or donations	17	-	-
4F Legal Costs - other legal matters	22	-	-
4G Penalties - via RO Act or RO Regulations	23	-	-

	2016	2015
	\$	\$
<b>5 Current assets - cash and cash equivalents</b>		
Cash at bank	86,214	90,794
	<u>86,214</u>	<u>90,794</u>
<b>6 Current assets - trade and other receivables</b>		
Trade receivables	229,790	233,860
Receivables from other reporting units	-	-
Less provision for doubtful debts	-	-
<b>Net trade receivables</b>	229,790	233,860
	<u>229,790</u>	<u>233,860</u>
<b>Other receivables</b>		
GST receivable (net) from ATO	989	460
<b>Total other receivables</b>	989	460
	<u>989</u>	<u>460</u>
<b>Total trade and other receivables (net)</b>	230,779	234,320
	<u>230,779</u>	<u>234,320</u>
<b>7 Current liabilities - trade and other payables</b>		
Trade payables	220,541	220,000
Payables to other reporting units	-	-
Consideration to employers for payroll deductions	-	-
Legal costs	-	-
Other payables	7,247	6,700
	7,247	6,700
	<u>7,247</u>	<u>6,700</u>
<b>Total current liabilities - trade and other payables</b>	227,788	226,700
	<u>227,788</u>	<u>226,700</u>
<b>8 Provisions</b>		
Employee provisions	-	-
	<u>-</u>	<u>-</u>
<b>9 Retained profit</b>		
Movement in retained profits was as follows:		
Balance at 1 July	98,414	102,942
Net profit / (loss) for the year	(9,209)	(4,528)
<b>Balance at 30 June</b>	89,205	98,414
	<u>89,205</u>	<u>98,414</u>

	2016	2015
	\$	\$
<b>10 Remuneration of auditors</b>		
PricewaterhouseCoopers Australian firm:		
Audit of financial statements	5,150	6,000
Other services	-	-
<b>Total remuneration of auditors</b>	<u>5,150</u>	<u>6,000</u>

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

Operating profit / (loss)	(9,209)	(4,528)
(Increase)/ decrease in trade creditors	4,070	(16,720)
(Increase) / decrease in other payables	(529)	2,699
Increase/ (decrease) in trade debtors	541	(8,032)
Increase/ (decrease) in other receivables	547	1,700
Net cash from operating activities	<u>(4,580)</u>	<u>(24,881)</u>

The cash flow information above relates to Australian Business Industrial and no other reporting unit or controlled entity.

**12 Related party transactions**

**Transactions with NSW Business Chamber Limited**

Revenue received for membership	208,800	212,650
Expenses paid for consulting, meeting, printing, stationary & office costs	211,952	210,552
Amounts owed by NSWBC at 30/6/16	229,680	233,860
Amounts owed to NSWBC at 30/6/16	220,000	220,000

**Terms and conditions of transactions with related parties**

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at yearend are unsecured and interest free and settlement occurs in cash. For the year ended 30 June 2016, the Organisation has not recorded any impairment of receivables relating to amounts owed by related parties (2015 \$NIL). All related party receivables and payables have been settled at the time of preparing these financial statements.

2016      2015  
\$            \$

### 13 Administration of financial affairs by a third party

NSW Business Chamber collects the following revenue and pays the following expenses on behalf of the Organisation. Each entity raises invoices to recover these transactions from each other.

<b>Revenue</b>		
Membership Subscription	208,800	212,650
<b>Expenses</b>		
Conference and meeting expenses	1,636	1,606
Consultants	200,000	200,000
Printing and stationery	3,547	1,152
Office expenses	1,620	1,794
Audit Fees	5,150	6,000
<b>Total expenses</b>	<b>211,952</b>	<b>210,552</b>

NSW Business Chamber Limited provides accounting services to the Organisation at no cost. The services provided are accounts payable, accounts receivable, general accounting including the preparation of budgets monthly financial reporting and annual Financial Statements.

### 14 Organisation's Details

The registered office and principal place of business is Level 15, 140 Arthur Street, North Sydney, NSW Australia.

### 15 On-going Support

The Organisation receives on-going financial support from NSW Business Chamber Limited. An affiliation deed between the two entities confirms NSW Business Chamber Limited's commitment to the Organisation. The financial support will continue in accordance with the affiliation deed dated 28 March 2012, and is interest free. Repayments are only payable by consent of the Organisation's Council. There is no set termination date in the affiliation deed.

### 16 Acquisition of assets and or liabilities

There were no acquisitions of assets or liabilities during the financial year.

#### 17 Donations and Grants

The Organisation did not receive or pay any donations or grants during the year.

#### 18 Recovery of Wages

The Organisation did not have to engage in the recovery of wages during the year.

#### 19 Compulsory Levies

The Organisation does not raise compulsory levies and as such did not derive any income.

No compulsory levies were imposed on the Organisation during the year.

#### 20 Capitation Fees

The Organisation did not receive or pay any capitation fees during the year.

#### 21 Affiliation Fees

The Organisation did not pay any affiliation fees during the year.

#### 22 Legal Costs

The Organisation did not pay any legal costs for litigation or legal costs for other matters during the year.



## 23 Penalties

No penalties were imposed or paid by the Organisation during the year

## 24 Section 272 *Fair Work (Registered Organisations) Act 2009*

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009*, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

Information to be provided to members or the General Manager of Fair Work Australia:

(1) A member of the Organisation, or the General Manager of Fair Work Australia, may apply to the Organisation for specified prescribed information in relation to the Organisation to be made available to the person making the application.

(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 Organisation.

(3) The Organisation must comply with an application made under subsection (1).

## 25 Events after the reporting period

There were no events that occurred after 30 June 2016, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Organisation

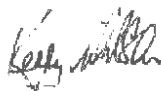
## Committee of Management Statement for the period ended 30 June 2016

On 31 August 2016 the members of the committee of management of Australian Business Industrial ("the Organisation") passed the following resolution in relation to the general purpose financial report (GPFR) for the period ended 30 June 2016.

The committee of management declares 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 the Fair Work Commission;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Organisation for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the Organisation will be able to pay its debts as and when they become due and payable, and
- (e) during the financial year to which the GPFR relates and since the end of that year:
  - (i) meetings of the committee of management were held in accordance with the rules of the Organisation, and
  - (ii) the financial affairs of the Organisation have been managed in accordance with the rules of the Organisation, and
  - (iii) the financial records of the Organisation have been kept and maintained in accordance with the RO Act, and
  - (iv) where information has been sought in any request by a member of the Organisation or General Manager duly made under section 272 of the RO Act, this has been provided to the member or General Manager; and
  - (v) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance
- (f) No revenue has been derived from undertaking recovery of wages activity during the reporting period

This declaration is made in accordance with a resolution of the Committee of Management



Kerry Wilson  
Councillor  
  
North Sydney  
31 August 2016



Robert Kirkham  
Councillor



### ***Report on the financial report***

We have audited the accompanying financial report of Australian Business Industrial (the organisation), which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity, cash flow statement, and recovery of wages activity for the year ended on that date, a summary of significant accounting policies, other explanatory notes, councillors' declaration and the committee of management statement.

### ***Councillors of the organisation responsibility for the financial report***

The councillors of the organisation are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and Part 3 of Chapter 8 of the *Fair Work (Registered Organisation) Act 2009* and for such internal control as the councillors determine is necessary to enable the preparation of the 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 appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### ***Auditor's opinion***

In our opinion, the financial report of Australian Business Industrial:

- (a) Presents fairly in all material respects, the organisation's financial position as at 30 June 2016 and of its performance for the year ended on that date;
- (b) Management's use of the going concern basis of accounting in the preparation of the organisation's financial statements is appropriate; and,

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**PricewaterhouseCoopers, ABN 52 780 433 757**  
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171  
T: +61 2 8266 0000, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

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- (c) Complies with Australian Accounting Standards including the Australian Accounting Interpretations and requirements imposed by Part 3 of Chapter 8 of the *Fair Work (Registered Organisation) Act 2009*.

***Matters relating to the electronic presentation of the audited financial report***

This auditor's report relates to the financial report of Australian Business Industrial (the organisation) for the year ended 30 June 2016 included on Australian Business Industrial's web site. The organisation's councillors are responsible for the integrity of Australian Business Industrial's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers', is written over a faint, light blue watermark of the PwC logo.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'James McElvogue', is written over a faint, light blue watermark of the PwC logo.

James McElvogue  
Partner  
Registered Company Auditor # 285109  
Member of the ICAA # 93952  
Holder of Public Practice Certificate #93952

Sydney  
31 August 2016

**Australian Business Industrial**

ABN 59 687 108 073

Office Address

140 Arthur Street, North Sydney NSW 2060

Postal Address

Locked Bag 938, North Sydney NSW 2059

t 02 9458 7500

f 02 9956 8014

e [industrial@australianbusiness.com.au](mailto:industrial@australianbusiness.com.au)



15 July 2016

Mr Colin Bosworth  
Secretary/Treasurer  
Australian Business Industrial  
By email: [industrial@australianbusiness.com.au](mailto:industrial@australianbusiness.com.au)

Dear Mr Bosworth,

**Re: Lodgement of Financial Report - [FR2016/273]  
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the Australian Business Industrial (the reporting unit) ended on 30 June 2016.

This is a courtesy letter to remind you of the obligation to prepare and lodge the financial report for the reporting unit by the due date under s.268 of the RO Act, that being within 14 days after the meeting referred to in s.266 of the RO Act.

### **Timelines**

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. For your assistance, the attached *Timeline/Planner* summarises these requirements.

### **Fact sheets, guidance notes and model statements**

Fact sheets and guidance notes in relation to financial reporting under the RO Act are provided on the Fair Work Commission website. This includes a model set of financial statements which have been developed by the FWC. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards. The model statement, Reporting Guidelines and other resources can be accessed through our website under [Financial Reporting](#) in the Compliance and Governance section.

### **Loans, grants and donations: our focus this year**

Also you are reminded of the obligation to prepare and lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 requires this statement to be lodged with the FWC within 90 days of the end of the reporting unit's financial year, that is on or before 28 September 2016. A sample statement of loans, grants or donations is available at [sample documents](#).

Over the past year we have noted issues in organisations' financial reports relating to timelines and how loans, grants and donations are reported. We will be focusing closely on these areas this year. Please find attached below fact sheets relating to these requirements or alternatively visit our website for information regarding [financial reporting timelines](#) and [loans, grants and donations](#).

It is requested that the financial report and any Statement of Loans, Grant or Donations be lodged electronically by emailing [orgs@fwc.gov.au](mailto:orgs@fwc.gov.au).

11 Exhibition Street  
Melbourne VIC 3000  
GPO Box 1994  
Melbourne VIC 3001

Telephone : (03) 8661 7777  
Email : [orgs@fwc.gov.au](mailto:orgs@fwc.gov.au)  
Internet : [www.fwc.gov.au](http://www.fwc.gov.au)

## Civil penalties may apply

**It should be noted that s.268 is a civil penalty provision.** Failure to lodge a financial report may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$54,000 for a body corporate and \$10,800 for an individual per contravention) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

## Contact

Should you wish to seek any clarification in relation to the above, email [orgs@fwc.gov.au](mailto:orgs@fwc.gov.au).

Yours sincerely,

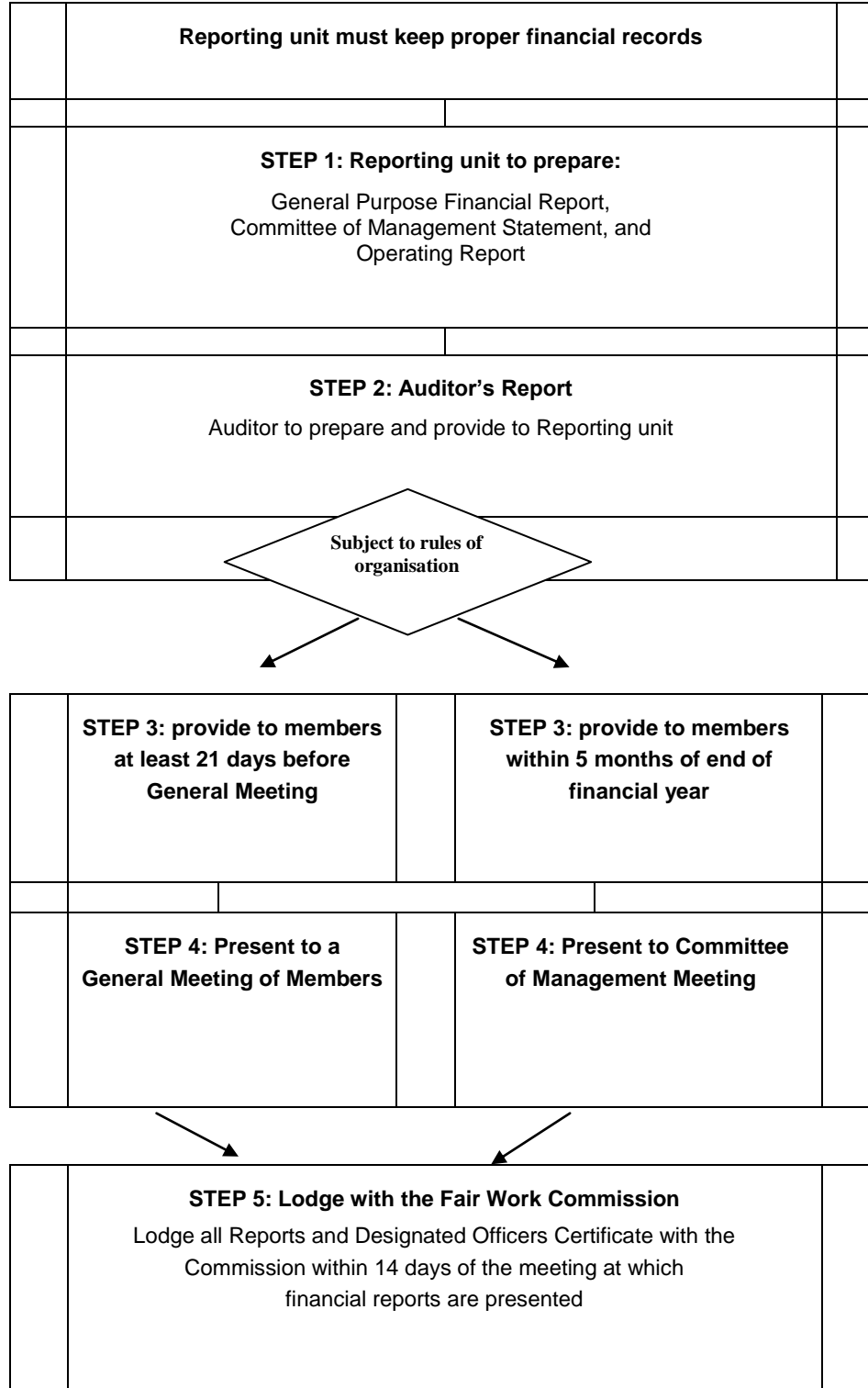


Anastasia Kyriakidis  
Adviser  
Regulatory Compliance Branch

# Financial reporting timelines

Financial reports are to be lodged with the Fair Work Commission (the Commission) within 14 days of the meeting at which the financial reports have been presented, by completing the steps as outlined below.

See Fact sheet—Financial reporting for an explanation of each of these steps.





# Fact Sheet - Loans, Grants & Donations

## The Loans, Grants & Donations Requirements

The *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within **90 days** of the ending of the financial year.

Under the General Manager's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.

## The Loans, Grants & Donations Statement

Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceed \$1000. The following information must be supplied to the Commission for each relevant loan, grant or donation:







- the amount,
- the purpose,
- the security (if it is a loan),
- the name and address of the person to whom it was made,\* and
- the arrangements for repaying the loan.\*

\*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.

The statement must be lodged within 90 days of the end of the financial year and the Commission has a [Template Loans, Grants and Donations Statement](#) on its website. The Commission encourages branches and organisations to lodge the statement even if all of the figures are NIL.

## Common misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Statement. They include:

Misconception	Requirement
 Only reporting units must lodge the Statement.	 All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.
 Employees can sign the Statement.	 The statement must be signed by an elected officer of the relevant branch.
 Statements can be lodged with the financial report.	 The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.

## Grants & Donations within the Financial Report

Item 16(e) of the [General Manager's Reporting Guidelines](#) requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

As such, the note in the financial report relating to grants and donations will have four lines.

In the [Commission's Model Statements](#) the note appears as follows:

### Note 4E: Grants or donations\*

Grants:	2016	2015
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
<b>Total grants or donations</b>	<b>-</b>	<b>-</b>

Item 17 of the General Manager's Reporting Guidelines requires that these line items appear in the financial report even if the figures are NIL.

### Implications for filing the Financial Report

During their review of the 2016 financial report staff of the Commission will confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.

If a reporting unit did not fully comply with these requirements in their 2015 financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

It is strongly recommended that all reporting units review their filing letters from the previous financial year to ensure any targeted concerns are addressed in their latest financial report. Failure to address these individual concerns may mean that a financial report cannot be filed.

Previous financial reports and filing letters are available from the [Commission's website](#).

### Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the Regulatory Compliance Branch on [orgs@fwc.gov.au](mailto:orgs@fwc.gov.au)