



FAIR WORK
AUSTRALIA

27 October 2010

Mr David McMahon
President
Master Builders Association of South Australia Incorporated

email: buildsa@mbasa.com.au

Dear Mr McMahon

Re: Financial Report for the Master Builders Association of South Australia Incorporated for year ended 30 June 2010 – FR2010/2694

I acknowledge receipt of the financial report for the Master Builders Association of South Australia Incorporated for the year ended 30 June 2010. The report was lodged with Fair Work Australia on 21 October 2010.

The financial report has now been filed.

I make the following comments to assist you when you next prepare a financial report. You are not required to take any further action in respect of the report lodged.

Operating Report

Right of members to resign

Subsection 254(2)(c) *Fair Work (Registered Organisations) Act 2009* (the Act) requires the operating report to 'give details' of the right of members to resign from the reporting unit under section 174 of the Act. This requirement may be met by the inclusion of a statement that a member has the right to resign and a reference to the relevant rule, which makes such provision. Alternatively, the complete text of the relevant resignation rule may be reproduced in the report. It would appear in this case that rule 9 of the organisation's Rules is applicable.

Fair Work (Registered Organisations) Act 2009

Reference to Schedule 1B, RAO Schedule 1 or RAO Schedule of the *Fair Work (Registered Organisations) Act 2009*, where appearing in the Operating Report, the Committee of Management statement or the notes to the financial statements should properly refer to *Fair Work (Registered Organisations) Act 2009*.

Notes to Financial Reports

Notice under Section 272(5) of the *Fair Work (Registered Organisations) Act 2009*

As you are aware, the Notes to the General Purpose Financial Report are required to include a notice drawing attention to the fact that information that is prescribed by the *Fair Work (Registered Organisations) Regulations 2009* (the Regulations) is available to members on request.

The wording of section 272(5) of the *Fair Work (Registered Organisations) Act 2009* (the Act) is as follows (emphasis added):

*'(5) A general purpose financial report prepared under section 253, a concise report prepared under section 265 and a report prepared under subsection 270(4) must include a notice drawing attention to subsections (1), (2) and (3) of this section **and setting out those subsections.**'*

Would you please ensure in future that the Notes contain this extract of the Act, word for word:

'272 Information to be provided to members or General Manager

(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.

(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.

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

Note: This subsection is a civil penalty provision (see section 305).'

If you wish to discuss any of the matters referred to above I can be contacted on (03) 8661 7764.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kevin Donnellan', with a long horizontal flourish extending to the right.

Kevin Donnellan

Tribunal Services and Organisations

Fair Work Australia

Email: kevin.donnellan@fwa.gov.au



MASTER BUILDERS
SOUTH AUSTRALIA
ABN 61 183 783 305

Designated Officer's Certificate

S268 Fair Work (Registered Organisations) Act 2009

I, David McMahon being the President of the Master Builders Association of South Australia Inc. 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
- that the full report was provided to members on 27th September 2010; and
- that the full report was presented to the Annual General Meeting of the reporting unit on 19th October 2010 in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

Signature: 

Date: 19-Oct-2010

BUILDING SOUTH AUSTRALIA SINCE 1884

MASTER BUILDERS ASSOCIATION
ANNUAL REPORT

2010



MASTER BUILDERS
SOUTH AUSTRALIA

STAFF

2009 / 2010



CHIEF EXECUTIVE OFFICER	Robert Stewart
DIRECTOR OF OPERATIONS	David Callan
LEGAL & WORKPLACE SERVICES MANAGER	Tom Earls
FINANCE & ADMINISTRATION MANAGER	Stephen Hewer / Doreen Whitehead / Brad King
MARKETING MANAGER	Ilona Tamm
OHS MANAGER	Gordon Colquhoun
CONTRACTS / INSURANCE MANAGER	Sari Flynn (till Dec 2009)
TRAINING MANAGER	David Thompson
DEVELOPMENT & TECHNICAL MANAGER	Brendon Corby
EXECUTIVE ASSISTANT	Helen Voigt
SYSTEMS & PROCEDURES ADMINISTRATOR	Craig Bayetto / Son Le
FINANCE & ADMINISTRATION OFFICER	Jolanta Bigaj
ADMINISTRATION ASSISTANT P/T	Fiona Pawson
LEGAL OFFICER	David Putland
WORKPLACE RELATIONS OFFICER	Robyn Brand
WORKPLACE RELATIONS OFFICER (P/T)	Tricia Lawrie
INSURANCE OFFICER	Robyn Mayfield / Sofie Latsonis
INSURANCE ADMINISTRATOR (P/T)	Alison Duke
INSURANCE ADMINISTRATOR TRAINEE	Kelly Fisher
MARKETING ASSISTANT	Tim Sydenham / Karolina True
DIRECT MARKETER	Kristian Bowman
OHS OFFICER	Kelly Sydenham
TRAINING COORDINATOR	Tammy Collins
TRAINING ASSISTANT	Ross Baraka
TRAINING ASSISTANT	Jennifer Pretty
TRAINING ASSISTANT	Manjit Gill
TRAINING TRAINEE	Jessie Stone
DEVELOPMENT TECHNICAL / ADMINISTRATION ASSISTANT	Isabella Miles / Heidi Fayloga
RECEPTIONIST	Voula Kalkanas
MEMBERSHIP COORDINATOR	John Jamieson
MEMBER SERVICES OFFICER	Fritz Tambe
MEMBER SERVICES OFFICER	Cathy Hill
A/Cs PAYABLE/RECEIVABLE OFFICER	Rui Xue
FAST TRACK APPRENTICE COORDINATOR	Keith Jasper
DISPUTE RESOLUTION OFFICER /CONSULTANT	Robin James
CURRICULUM DEVELOPMENT / CONSULTANT	Peter Both



OFFICE BEARERS
2009 / 2010



PRESIDENT

DJ McMahon

Managing Director, McMahon Services Pty Ltd

DEPUTY PRESIDENT

J Kennett

Managing Director, Kennett Pty Ltd

PAST PRESIDENT

M O'Connor

Chairman, Built Environs Pty Ltd

VICE PRESIDENT

T Tagliaferri

Managing Director, Tagara Builders Pty Ltd

VICE PRESIDENT

R Bryant

General Manager, All Exclusive Homes Pty Ltd

TREASURER

A Candetti

Managing Director, Candetti Constructions Pty Ltd



COUNCIL OF MANAGEMENT

2009 / 2010



R Bianco

Managing Director, Bianco Precast Pty Ltd

A Catinari

Managing Director, Commercial and General Group Pty Ltd

G Dann

Chief Executive Officer, Weeks Building Group

D Hough

General Manager, Boulderstone Pty Ltd

W Irvine

Co-Director, Westside Mechanical Contracting Pty Ltd

S Janssen

Partner, J & S Janssen Bricklayers

B Lunn

Director, Partek Industries Pty Ltd

M Romaldi

Director, Romaldi Constructions Pty Ltd

P Salveson

State Manager - SA, Hansen Yuncken Pty Ltd

T Sarah

Managing Director, Sarah Group Holdings Pty Ltd

C Schutze

General Manager, Scott Salisbury Homes

R Zammit

Group General Manager, Badge Constructions Pty Ltd

LIFE MEMBERS

RJ Emmett

J Marshall

PH Kennedy

GJ Meyers

HONORARY MEMBER

KC West

AFFILIATE MEMBERS

Property Council of Australia (SA Division)

Urban Development Institute of Australia (SA Division)



REPRESENTATION

2009 / 2010



FIHURE

D Callan

Asbestos Advisory Committee

M Howard

BIRST Board of Management

R Stewart, M Howard, J Kennett

Builders Architects Liaison Committee

R Stewart, G Meyers, J Kennett, T Tagliaferri, G Minuzzo,

B Lunn, E Alarcon, M Romaldi, N Abley

Building Rules Advisory Commission (BRAC)

B Corby

Building Advisory Committee

B Corby

Building Work Contractors Act Assessor

R James

Business SA Employers Working Group

G Colquhoun, K Sydenham

Cbus Superannuation Board

P Kennedy

CITB Board

R Stewart

CITB – Commercial Sector

D Thompson

CITB – Entry Level Training Reference Committee

R Stewart, M Rundell, A Turnbull, R Sweeney, M Larwood

CITB – Housing Sector

T Gladwin / K Jasper

CITB – ISB

R Stewart

CITB – Joint Sector Advisory Committee

D Thompson

CITB Training Policy Committee

R Stewart

Construction Industry Forum

R Stewart, P Salvesson

Construction Industry Long Service Leave Board

J Whiting, S Minuzzo

Construction Industry OHS Committee

D Callan, G Colquhoun, K Sydenham

Housing Industry Prospects Forum

D Callan

Housing Urban Development Advisory Committee

(HUDAC)

R Stewart

Industry Panel-Assessor (BWC Act 1995)

R James

Industrial Relations Advisory Committee

T Earls

Kesab

B Corby

Master Builders Australia National Board

DJ McMahon, M O'Connor, P Kennedy

Master Builders Australia National Contracts Committee

A Candetti, T Earls

Master Builders Australia National

Executive Directors Committee

R Stewart

Master Builders Australia National

Housing Advisory Committee

R Bryant

Master Builders Australia National

Industrial Relations Committee

T Earls

Master Builders Australia National

Marketing Committee

I Tamm

Master Builders Australia National OHS Committee

G Colquhoun

Master Builders Australia National Training Committee

D Thompson

Master Builders Group Training Scheme Board

R Stewart, D Callan, D Thompson, D Whitehead / B King,

J Marshall, T Tagliaferri, P Liedig, S Janssen

Master Builders Training Foundation

D McMahon, R Stewart, D Thompson, P Eden, P Kennedy,

G Meyers, T Tagliaferri

Planning SA – Inner Regional Reference Group

B Corby

Ministers Advisory Panel – OHS&W

M Howard

SafeWork SA OHS Committee

G Colquhoun

Section 46 OHS Act Review Committee

G Colquhoun

TAFE SA – Adelaide South Council

D Callan

Truss Task Force

B Corby

Urban Development Institute of Australia (UDIA)

D Callan

WorkCover Appeal Tribunal

N Sarah

WorkCover Employer Strategic Meeting

M Howard

Workers Rehabilitation Compensation

Advisory Committee

T Earls

World Skills

J Marshall

SECTOR COMMITTEES 2009 / 2010



BUILDING CONSULTANTS GROUP	Chairperson N Rose G Erbsland	B Corby	K van der Horst
COMMERCIAL CONTRACTORS	Chairperson P Salvesson N Nicholls R Pike R Weir R Zammit F Pascale S Allen G Minuzzo	G Meyers T Tagliaferri E Alarcon N Abley B Lunn M Romaldi P Tymukas	A Andreou J Kennett A McDonald R Stewart A Carr S Penhall
CONTRACTS / DOCUMENTATION	Chairperson A Candetti B Liteplo D Elsdon J Elliott N Vickery T Earls S Grieve	M Johnson T Tagliaferri B Nottage W Irvine C Howard D Putland	G Gill R Cattonar M Johnston T Shuttleworth J Kennett
HOUSING	Chairperson C Schutze C Siciliano D Gleeson M Hall	E Zito A Catinari R Bryant	R Zito G Dann D Callan
INDUSTRIAL RELATIONS	Chairperson J Whiting E Alarcon M Rosenboom W Irvine T Earls D Putland	T Tagliaferri M Kovacic S Pavan D Sarakenes	N Nicholls J Kennett P Hicks C Leopold
SUBCONTRACTORS	Chairperson W Irvine J Bricher C Latham T Gow	D Pawelski G Lancaster M Slattery	S Janssen S Ryan D Thompson
TECHNICAL	Chairperson T Tagliaferri S Janssen G Riches P Van Loggem J Clark D Kingston M Bosnakis J Karidis S Charlton	J Pinyon R Beard A Cialini N Benson B Corby G Scott A Lane C Nagel	K Christ V Kumar B Dorniak W Tait S Winstanley M Crabbe N Christou M Hall
OCCUPATIONAL HEALTH SAFETY & WELFARE	Chairperson K McLeavey P Berrington L Foreman J Carter R Sweeny T Curtis	C Stott J Cicchiello N Perepelicia J Phillips G Colquhoun	R Thompson R Bransdon N Markovic M Palmer S Harris





David McMahon
President Master
Builders Association

The Master Builders enjoyed increased membership growth and as reported in the financial reports posted a robust healthy surplus during the financial year 2009-2010. Due to our strong, sustained performance the Association increased our services to members by expanding our Member Services portfolio of products with increased capacity in our Occupational Health and Safety, Training and Legal and Workplace Services Departments. The Council of Management is very confident of our position as the peak body but it is also very aware that members need to continue to enjoy value for their membership subscription and to ensure this the Council did not increase subscriptions for the financial year.

The year brought to an end the celebration of our 125 years of continual service to the industry and to the building of our State. It's an inspiring heritage to be the longest serving employer association in South Australia and to remain the premier body representing the interests of all sectors of our industry.

During the past year South Australia has weathered the global financial crisis and performed better than expectations with growth in our economy, historically low levels of unemployment and a restored business confidence. We have fared better than other states and this is in no small measure to the influence of the federal stimulus package and in particular the work generated across the state by the roll out of the \$1.37 billion Building Education Revolution. The excellent working relationship between the Master Builders and the Department of Transport Energy & Infrastructure has contributed to the success of the programme in South Australia.

The future of our industry and our economy at present is speculative and there are some fears as to how we will negotiate the immediate future. In meeting the challenges the Association endorses the State Government's 30 Year Plan which is underpinned by a 4 year \$11.4 billion investment in infrastructure to support our growing population. The industry welcomes the State's commitment to the programme as there will be a predictable short fall in work until private investment is forecast to again stimulate the market in late 2012 and 2013. To assist in the recovery the Master Builders encourage the financial sector to be less risk adverse and to invest in the growth of our State.

South Australia is experiencing net growth in population however the number of residential building commencements has remained relatively constant over the last decade. As a result we continue to under build in South Australia which exacerbates problems of affordability as supply does not keep pace with demand. The Association welcomed the State Government's new Housing and Employment Land Supply Programme which will match future demand for housing with areas of employment growth.

The Master Builders have supported and actively endorsed the 30 Year Plan for Greater Adelaide and the New Residential Code and strongly recommend the State Government continue to reform our over complex and difficult planning regime. There has to be a balanced mix of higher density infill and greenfields development and the planned transport orientated developments with increased densities along corridors are sensible and realistic goals.

South Australia is the only state where we are building smaller square meter homes on small blocks and with increased densities this is a progressive strategy to address the very concerning problem of housing affordability. It is important that our future generations still have a realistic dream of home ownership as it goes hand in hand with improved health, education, employment opportunities and reduced levels of antisocial behavior and crime.



PRESIDENT'S REPORT



We are a better society if people can purchase their own home and grow their capital wealth whilst enjoying the benefits of home ownership. It is through the building services members of the Master Builders provide that creates the wealth of ever South Australian homer and property owner.

The continuous professional development of existing workers and the training of entry level candidates are vital to the wellbeing of our industry. Our Training Department trained over 12,000 students in courses up to Diploma standard and our Group Training Scheme, the oldest in the State is responsible for close to 300 hundred apprentices during the period. We have approximately 230 apprentices in a traditional 4 year training plan and we have 65 apprentices in an accelerate 2 year training plan called ON TRACK.

For too long apprentice training has been polarized between traditional and new innovative training concepts. We offer a programme of traditional, innovative on-site training and uniquely designed hybrid training schemes that have dispelled the polarized debate which has restricted vocational training for too many years.

The Association is an Alliance Member of the State Government's Strategic Plan and understands that the building and construction industry is a barometer of the wellbeing of our economy. From 1884 the Master Builders have been a constant in our State's development. The Members and the current Council of Management are the custodians of this remarkable heritage which differentiates the Master Builders from other bodies, through our Constitution and National Code of Practice that is endorsed by the Australian Competition and Consumer Commission.

The Association continued its marketing programme with the 15th season of Building Ideas presented on Channel 9, the Building Excellence Awards that drew record number of builders and sub contractors entering, the Master Builders Building and Home Improvement Show, continued print publication of the SA Builder, Award Winning Homes and Commercial Construction Awards magazines. The Association hosted several breakfast seminars, the Master Builders Race Day, Golf Day and the Spring Celebration event during the busy marketing

calendar. On behalf of the Council of Management I thank our corporate partners, who are listed below, in supporting our annual events and look forward to their continual commitment to the Association.

Austral Bricks
Bianco Construction Supplies
Bluescope Steel – Colorbond
Bluescope Steel - Truecore
Boral Masonry
CBus
Construction Industry Training Board
Copy Cat Printing
Crowther Blayne & Associates
CSR Building Products
Employers Mutual
Government of South Australia
Greenstar Concrete
Marsh
Mastersure
Mitsubishi Motors
Openbook Howden Design & Print
Origin Energy
Red Appointments

During the period the Master Builders completed the eight star Green Living Home in Blackwood Park and had it open for display to support of the new legislation for six star energy rating homes. The profits from the sale of the home will be donated to Dr David David's Cranio Facial Foundation during 2010-2011.

The Council of Management of the Association has maintained astute governance, security and risk management through adherence to well-defined systems and procedures to preserve our unique position as the peak employer body representing the building and construction industry. The Master Builders has a vision for the future and I am delighted with the sustainable growth the Association has achieved during the financial period.

On behalf of the Council of Management I thank Robert Stewart, our Chief Executive Officer and the team at the Association for their dedicated commitment to the Master Builders, which is reflected in the performance and financial results of the Association.



PRESIDENT'S REPORT



The Master Builders Association also acknowledges and congratulates the following Member on achieving 50 years of continuous membership:

- Boral Hollostone Masonry SA Pty Ltd who joined the Association on the 30th May 1960
- Minuzzo Project Management Pty Ltd who joined the Association on the 1st August 1960
- Northey Brothers Building Pty Ltd who joined the Association on the 29th February 1960

David McMahon
PRESIDENT OF MASTER BUILDERS ASSOCIATION SA INC.





INSURANCE & CONTRACTS

The *MasterSure* brand has continued to expand over the past twelve months, with promotion of products via Building Ideas, Association website and direct email.

The ongoing relationship between Master Builders Association, Marsh and CGU has continued to grow providing competitive insurance products.

General Insurance

The Master Builders Association together with the appointed broker, Marsh has built and tailored a wide range of policies. The policies are reviewed and negotiated to ensure that they are relevant for the building industry. The Master Builders Association's range of policies provides benefit for all sectors of the industry.

This past year saw the introduction of "Management Liability" and "Enterprise Agreement Scheme Policy". We also saw an increase in the number of Professional Indemnity Policies purchased due to the BER Projects.

MasterSure provides the following range of products;

- Construction Insurance
 - Contract Works
 - Public & Product Liability
 - Tools of Trade (including Trailer)
 - Plant & Equipment
 - Commercial Motor Vehicles
 - Personal Accident and Illness
- Business insurance
 - Professional Indemnity
 - Business Package (including workshops)
 - Directors and Officers
 - Income Protection
 - Management Liability
 - Enterprise Agreement Scheme

Easy access of quotes can be obtained via the members section of the Master Builders Association's website or via 1300 763 343. The range of policies includes;

- Home and Contents
- Landlord Policy
- Caravan
- Private Motor Vehicle
- Travel

The *MasterSure* team consists of experienced and dedicated insurance professionals. Member enquires are answered and competitive quotes provided to meet their requirements.

All *MasterSure* claims are handled in an efficient and timely matter to ensure that member's are not unnecessarily delayed or inconvenienced.

Building Indemnity Insurance

The Building Indemnity (Warranty) has experienced major changes over the past year with both Vero and CGU exiting the market due to global economic downturn.

The Master Builders Association however still remains committed to providing this product and does so through QBE Insurance with very competitive rates.

QBE

QBE has grown its market share in South Australia and supports the Master Builders Association with very competitive prices. The QBE Eligibility application form is a "no fuss" approach.

QBE's underwriting criteria requires trusts to provide a Deed of Indemnity, to enable access to indemnity Insurance.

CONTRACTS

New and Revised Contracts

The Contracts Committee reviewed the Cost Plus Contract over the past twelve months and this is now available for purchase.

Contracts on Disk

Sale of Contracts on Disk software programme has continued to grow as it provides access to credits for





contracts via credit card payment facility 24 hours, 7 days a week.

The network version of Contracts on Disk is in the final testing stage. This will ensure that all of the needs are met for larger builders who will benefit from this version.

The Contracts on Disk contains all the Plain English suite of contracts written exclusively by the Master Builders Association of South Australia. The contracts and forms outlined below provide an alternative for members in producing a professional document to clients.

- New Home Contract
- Alterations/ Additions Contract
- Minor Works
- Cost Plus
- Commercial Lump Sum
- Sub Contract Agreement
- Housing Specification
- Building Schedule
- Contract Essentials range.

CONTRACTS COMMITTEE

With housing activity picking up and the Building the Education Revolution programme maintaining demand in the commercial sector, demand for contracts remained strong with 5357 contracts sold, including 1904 electronic documents.

The biggest issue dominating the committee's agenda was the debate surrounding the introduction of security of payment legislation. Master Builders were active in lobbying all parties regarding the legislation. Once passed, Master Builders ran a series of seminars to explain the legislation to members. All up, 211 members participated in these sessions.

Master Builder's lobbying efforts continue to ensure the Regulations ameliorate the worst aspects of the "New South Wales model" of security of payment legislation and the Association has developed a training package to assist members to understand and implement systems and procedures to prevent abuses of the legislation.

The Contracts Committee continued to play a key role the roll-out of the Building the Education Revolution, providing an important forum for feedback on the projects, as well as its ongoing efforts to assist members with the Catholic schools' contractual conditions.

MARKETING

2009/10 was a very busy year for the Marketing Department. Although the primary focus was to consolidate activities, events and corporate partners, several new initiatives and corporate partners were added. Major projects included the ongoing promotion and management of the Green Living Home, finalisation of the 125 year celebrations and commemorative publication and the running of a series of industry breakfast forums.

Membership

Membership of the Association continued to grow during the year and 420 new members were added to the database. In conjunction with this, a concerted effort was made to retain existing members resulting in an excellent outcome. There are now three full time staff working in the Member Services Department and their aim remains focused on recruitment of new members, retention by servicing members through the sale of Association products and services.

These outstanding membership results were bolstered by the ongoing implementation of various direct marketing campaigns run through Coresoft; the Associations CRM package. Coresoft is extremely powerful marketing vehicle to deliver effective and wide-ranging departmental reports and analysis. Further, all member mail outs and formal communications are now managed through Coresoft ensuring members receive only relevant information that is of interest. A concerted effort was made to reduce the "blanket communication approach" which has been well received by members. By specifically targeting and segmenting the Associations membership database has significantly increased the number of members attending Association events, courses and seminars.





The following membership benefits were available throughout the year:

- Licensing & industry training
- OHS training, auditing and advice
- Legal and workplace services advice
- MasterSure insurance, public liability, contract works, indemnity and income protection insurance etc
- Technical & development advice & information
- Master Builders contracts & documents
- Environmental & planning advice
- Master Builders Group Training Scheme (apprentice hire)
- Weekly tender field list
- Builders licensing
- Master Builders public referral service
- Vehicle fleet deals
- Marketing & business advice
- Mediation / arbitration services
- Building Ideas television series
- SA Builder Magazine
- Web site
- Master Builders Building & Home Improvement Show
- Corporate DVD production, television commercial production
- Telecommunication offers
- Site signs
- On Track Training

OVERVIEW OF MARKETING ACTIVITIES / EVENTS

Building Ideas

Building Ideas once again attracted a good viewing audience and those members who participated and advertised in the series reported excellent feedback. At least three residential builders attributed the sale of homes to their exposure on the programme.

Presenters Nicole Willis and Clayton Lush once again proved to be popular with the viewing audience. Several members have already indicated their interest to advertise in next years series with the majority stating that the programme offers excellent value for money and is an ideal means to promote their product. An increase in the number of editorial segments produced throughout the series ensured the "consumer interest" factor of the programme remained high.

Following the industry's rebound after the Global Financial Crisis the number of corporate partners in the series increased including some smaller advertisers. The Corporate partners also expressed their satisfaction with the programme and their subsequent interest to participate in next year's series.

DVD Production

Once again several corporate DVD's were produced for members. They included a promotional DVD for a commercial builder and a corporate DVD for a subcontract member. Both members were extremely happy with the end result.

Web Site

The Association's web site was regularly maintained and updated throughout the year and further developments are planned for 2010-11. Members have reported positive feedback to the web site.

SA Builder Magazine

The SA Builder Magazine was well received throughout the year. It remains SA's only industry specific publication and is widely read by members and independent subscription. Increased requests for editorial were noted throughout the year and advertising sales remained steady. The magazine is the ideal vehicle to promote industry news, industry projects and special features.

Building Ideas Award Winning Homes Magazine

Once again there were two awards publications launched on the evening of the Excellence Awards - one for the residential sector of the industry and the other for the commercial sector. The residential magazine was "on sold" throughout News agencies in South Australia immediately after the awards, whilst the commercial publication was distributed to all South Australian Commercial Contractors, Architects, Designers and Specifiers as well as industry Manufacturers and Suppliers.

Sunday Mail

During 2009-2010 the Association continued its cross promotional partnership with the Sunday Mail. The Master Builders provided regular features for the Homes lift out magazine. These editorial pieces were regularly published and resulted in excellent branding awareness.



ACTIVITIES AND AFFAIRS 2009 / 2010



A special Building Excellence Awards feature was also published in recognition of the award winners and the Association's corporate partners resulting in good promotional exposure.

Building Excellence Awards

The 2009 Building Excellence Awards ceremony was held at the Adelaide Convention Centre and attended by 1100 guests. The theme was "Celebrating 125 years of the Master Builders Association". Entertainment included a stage hypnotist and the band Mental as Anything. A reenactment of the first ever meeting of the Master Builders Association was also staged as the opening Act to the event, which was televised as the final programme of the Building Ideas series for 2009.

Master Builders Golf Day

The annual golf day was held at Flagstaff Hill Golf Club and was extremely well attended. The event provided the ideal opportunity for Association Corporate Partners to network with members. Once again funds raised during a charity auction following the round were passed on to the McGuinness McDermott Foundation.

Adelaide Hills – Spring Celebration

The Spring Celebration was held in November at Tomich Hill Vineyard in the Adelaide Hills. Despite sweltering heat wave conditions, around 150 guests attended the event and enjoyed the relaxed networking luncheon and picturesque surrounds.

Master Builders Building & Home Improvement Show

The Building & Home Improvement show was held over three days in July 2009 and attended by around 25,000 people. Association members received a free complimentary double pass to the event. The Association presented several public information seminars that were both well attended and well received. Several Association members were given the cross promotional opportunity to present a public seminar which was well received.

Members Christmas Celebration

The annual members Christmas celebration was held at Master Builders House with close to 250 members, Ministers, politicians, corporate partners and invited guests enjoyed the festivities.

Master Builders Green Living Charity Home

The Master Builders Green Living Charity Home continued to be regularly promoted. Several corporate partners used the facility to promote their involvement with this industry leading initiative. The home was featured regularly on Building Ideas and heavily cross promoted at the Building and Home Improvement Show. It is anticipated that the home be sold in November 2010 with proceeds from the sale going to the Cranio Facial Foundation.

Master Builders Annual Corporate Race Day

The Annual Race Day was held on 24th October at Morphettville Race Course to coincide with Cox Plate Day. The day was well supported and attended by close to 300 guests and Corporate Partners. All 7 races of the day were named after Association Corporate Partners and the event brought about excellent promotional opportunities for those involved.

DEVELOPMENT AND TECHNICAL

The Development and Technical Department's focus of responsibility was technical, environmental and planning matters.

Member service provision continues to be the primary focus of the department via workshops, advice, consultation, articles, research, committees and reports. However as experienced in the previous financial year provision of training and course development continued to become significant part of the Department's activity.

In 2009/10 the Department experienced increases in the numbers of course development and delivered including the two day Insulation Installation training which the Department helped develop in response to Federal Government Stimulus package. The Federal Government stimulus programme proved quite a significant income stream for the association with 18 two day courses delivered by the Development and Technical Department.

Increases in Training Service included:

- Building Technology - 6 courses
- Internal Wet Area Waterproofing - 3 courses
- White Card - 9 courses
- Truss Training - 3 courses
- Green Living - 2 courses



The Development and Technical Department Committee continued to be a strong, well attended and robust group and the Manager of the Department presented at Housing, Commercial Contractors and Subcontractors sector meetings. As part of the Department's direct linkages with the State Government it had representation on the Governments Building Advisory Committee and Commissioner with the Building Rules Assessment Commission.

Sustainability and Building clean site objectives were pursued with a Directorship position on the KESAB board which allowed direct access for Master Builders to the Clean Site programme and as a key partner in waste reduction strategies on building sites. The Department had a pivotal role in assisting members achieve exceptional recycling outcomes and compliance to Green Star rating. This area will continue to become increasingly important where there is a demonstrated need to assist members with preparation of environmental management and waste management plans to achieve ISO 14001 compliance.

TRAINING

The training department has maintained significant activity over the 2009 / 2010 period with the provision of training to 9,300 users which represents an increase of 600 users on the previous year.

Industry qualifications

Master Builders has been one of the first training providers to transition to the new industry qualifications from the CPC08 training package. Both of the Certificate IV in Building and Construction streams on offer were delivered under the new CPC08 qualifications since January 2010. Participants received the benefit of undertaking the very latest training available.

A national project to develop a Diploma in Building and Construction course is underway with Master Builders South Australia leading the way by completing the first piece of courseware development for the project.

Staffing

The Training Department has experienced some staff changes while still maintaining a high output of training packages. The coming year should see the current team

embracing new procedures and work methodology settling into a productive and busy period.

New courses

New initiatives introduced by the Training Department include;

- **Produce Simple Drawings & Sketches using CAD** – This course was developed in response to updated qualification requirements in the new CPC08 Training Package for Building and Construction.
- **Plasterboard Construction and Safety** – Walltech Projects SA Pty Ltd are a alliance partner with MBASA to deliver training in the fixing and flushing of plasterboard and cornices.
- **Roof Trusses** – This course has been developed in response to the expected introduction of the Development "Trusses" Variation Regulations 2010, which will mandate this training for a significant number of industry personnel.

Funding

The Training Department has continued to source funding to assist members to obtain the best financial advantage to support their training and development budgets. During the 2009/2010 period over \$350,000 of funding has been secured from the State Government and the CITB to specifically support Certificate IV in Building & Construction and Occupational Health & Safety under the Productivity Placements Programme (PPP).

CITB continues to support many of the general training courses delivered by the Training Department.

User Choice funding supports the delivery of training to apprentices engaged in the On-Track programme.

On-Track Apprenticeship Programme

This initiative has now been integrated into the Master Builders Group Training Scheme and has approximately 60 participants.

Facilities

It is reassuring that training is alive and well at the Master Builders and its performance has exceeded





expectations with growing demand fueling greater momentum. It is apparent that there will need to be increased facilities for the provision of forecast increased growth.

OCCUPATIONAL HEALTH & SAFETY

The OH&S Department continued to provide a vital service for members whilst increasing its profile and activities during the period. The Association is indebted to the staff who maintained an excellent level of service to members and forecasts the need to increase the Department's resources as to meet the growing need for its services.

Department activities

Rehabilitation Return to Work Scheme

The OHS Department increased its capacity by being appointed by WorkCover as a Rehabilitation Return to Work Group Scheme staffed by three accredited Rehabilitation Return to Work Coordinators (RRTWC). The Scheme has 20 member clients who has 30 or more employees and is highly regarded WorkCover and the claims management agent Employers Mutual Limit.

Policy – Legislative, Regulatory and Codes of Practice

During the period there were many changes to the South Australian OHSW Act and introduction of codes both locally and nationally plus changes to regulations which have kept the department busy with submissions and member enquiries. The Department has had to respond and work with the National Master Builders Association office on the response to harmonisation of OHS & W.

Quality Assurance

The Department delivered Quality Assurance to members to assist in AS 4801 compliance and Federal Safety Commissioner Accreditation (FSC). The base line FSC accreditation requirements have been lowered to \$3M projects. As a direct result many principle contractors require FSC accreditation. The first step to achieving this is to obtain AS 4801 third party accreditation through JazAnz. The OHS department now offers this service through TQCSI a JazAnz Certified Accreditation to assist members prepare for third party auditing.

Safety Inspections and Audits

The Department undertake legislative audits and works with members to achieve legislative compliance in preparation for inspections. The Department responds and represents members during and post SafeWork SA site safety inspections. The increased activity of SafeWork SA inspectors has increased the Departments auditing and preparation of policy and site safety documentation.

OHS & W Committees, Statutory Committees and Advisory Panels

- Master Builders OHS & W Committee
- Master Builders National OHS & W Committee
- Construction Industry Occupational Health and Safety Committee
- Minister Advisory Panel for OHS&W
- Asbestos Advisory Committee
- Workers Rehabilitation Compensation Advisory Committee
- WorkCover Employer Strategic Group

The representatives of the Master Builders lobby the Government to promote policy developed by the OHS & W Committee and ratified by the Council of Management to improve safety in the building and construction industry.

OHS & W Committee

The Committee plays a vital and active role in the improvement and promotion of safety in the industry. The Committee under the Chairmanship of Ken McLeavey is well attended and has broad based representation from the industry. The Committee is the critical interface for the Association with SafeWork SA and WorkCover with representatives of both agencies regularly attending Committee meetings. The Committee has lobbied the Minister and Directors of agencies on behalf of members and has prepared submissions in response to proposed policy changes in legislation, regulation and codes of practice. The Committee has undertaken important initiatives including regular Site Safety Forums, the upgrading of the OHS & W sections of the Subby Pack, review of the Electrical Standards for Industry Guidelines, response to the New High Risk Work Licensing and commencing the new Job Safety Analysis Database project funded by the claims management agent Employer's Mutual Limited.





Develop and upgrade the SUBBY Pack for sub contractors

The SUBBY Pack was developed to assist sub contractors comply with the OHS & W legislation, regulations and codes of practice and is endorsed by the Minister and his agency SafeWork SA. The SUBBY Pack provides a baseline tool for the correct documentation to assist in sub contractor's compliance. The document has been reviewed and upgraded to comply with AS 4801 documentation.

OHS & W Training

The OHS & W Department has assisted the Training Department develop courses, learning material and to deliver safety training courses that include OHS Certificate 4 and Diploma. The greater requirement for compliance to federal and state government standards has increased the Department's training activities and it is anticipated the move to national harmonisation will further increase activity. The OHS & W Department has been able to provide qualified trainers who are expert industry practitioners to assist in the provision of training for the Master Builders.

Chemwatch

Twenty four hour access to Chemwatch Safety Data software programme is a benefit for all Master Builders members. This database provides a complete resource for all of the member's requirements for chemical and material management.

HOUSING

During the period 2009-10 the Housing Committee had an active programme where it hosted onsite seminars on Prevention of Residential Falls from Heights, 6 Star Energy Rating at the 8 Star Green Living Home at Blackwood Park and seminars at Master Builders House on Sustainability and a presentation by Planning SA on the New Residential Code. The Committee decided to have a proactive approach and to programme regular meetings as information seminars on relevant, current issues.

The housing sector of the industry suffered a slight downturn with only 10,300 commencements due to the withdrawal of the First Home Owners Grant and the global financial crisis. Correspondingly the discretionary second and third home buyer market was negatively influenced as consumer's wealth and equity were eroded

reducing buyer confidence and access to finance. Many builders reported that contract negotiation became extended as clients had problems accessing finance and also had to reassess their own financial positions due to the risk of adverse attitudes of financial institutions. However, the work under construction and social housing projects from the stimulus package has provided a buffer zone for the industry. Forward orders and enquiry levels during the third and fourth quarters were significantly reduced for some sectors.

Capacity restraints eased marginally with the reduced number of commencements however there still remain skills shortages and skill gaps particularly in the number of wet trades. Unemployment is at a historically low level and with a net increase in population in South Australia we are predictably under building which maintains a level of demand for housing. The constraint on supply is the housing affordability for medium to low income earners due to the increasing cost of land and access to finance. The market has responded to the problem of affordability by reducing the size of allotments and we are the only state in Australia where the size of the average new home dwelling is under 200 square metres.

The Master Builders has actively endorsed the State Government's programme to reform the planning regime as we have supported the 30 Year Plan for Greater Adelaide and the New Residential Development Code. Unfortunately many local government's development plans do not embrace these initiatives to increase densities but rather actively seek to obstruct the reform programme.

The Association continued to promote housing members through the Building Ideas television programme, Building Excellence Awards, Building Ideas magazine, exposure in the "New Homes and Land" section of the Sunday Mail combined with the Building and Home Improvement Show at Wayville Showgrounds.

The Housing Sector Committee continued to develop policies and objectives as well as compose technical editorials and member alerts that were disseminated to the greater residential sector for their comments and feedback.





Issues addressed included:

- Planning
- Housing affordability
- Energy Efficiency & Sustainability
- OHS&W
- Land availability
- Developer levies
- Licensing
- Security of Payment
- ETSA connections
- Technical – Trusses, timber standards, waterproofing
- Quality of Building Work
- Trade Shortages and new entrants into the industry.

Green Living Home

The 8 Star Green Living home will have been open for inspection for over 18 months and has been an excellent resource for consumers, the industry, manufacturers and suppliers to display current passive energy efficient designs, products, systems and procedures that can be easily incorporated in new homes. The Association has run a programme of seminars and Green Living training courses for builders in conjunction with the home.

The home is scheduled for auction in November 2010 with profits from the sale being donated to support the outstanding work of the South Australian Cranio Facial Foundation.

National Housing Council

The National Housing Council recommends and develops the national policy on the following issues:

- Planning – National policy on planning to reform the complex and difficult planning regime all jurisdictions
- OHS&W-National Residential Safety Code
- Building Indemnity Insurance
- National Licensing
- Housing Affordability
- Australian Standards reviews

Reform in the Residential Building Industry

The Master Builders continued to lobby for the reform of the current licensing, technical, and indemnity insurance systems for consumer protection that operate in South Australia through a series of submissions to discussion papers released by the Office of Consumer & Business Affairs reviewing the Building Work Contractors Act 1995.

The Association responded with a national submission to the proposed draft code for Residential Protection of Falls from Heights that maintained the Associations position on the 3 metre limit for scaffolding and continued dialogue with Minister Caica on the issue.

At the close of the financial period the Association is preparing the submission to the State Governments 30 Year Plan for Greater Adelaide and the Master Builders made a submission on the New Residential Code – Better Planning Better Future.

Housing Industries Prospects Forum (HIPF)

The HIPF provides a valuable state based report on residential development, land release and forecasting and is widely accepted as the most authoritative report produced for South Australia. The Executive Officer, Ted Manka, maintained the bi-annual report of the HIPF with the support of the Master Builders with other industry bodies.

Reports are available from the members section of the Association's website or from the LMC and Planning SA web site. The forecasts have proven to be very accurate and an important planning tool for builders, manufacturers and suppliers.

Housing Urban Development Advisory Committee (HUDAC)

The Master Builders Association has a seat on HUDAC which enables the Association to have valuable input on all regional and urban development issues. The Association's Chief Executive Officer, Robert Stewart is the representative on HUDAC.

LEGAL & WORKPLACE SERVICES

The first of July 2009 saw the introduction of the majority of the *Fair Work Act 2009* ushering in a new era of workplace relations. The new workplace relations system saw the reintroduction of unfair dismissal laws, new enterprise agreement rules and the start of good faith bargaining obligations as well as a range of other legislative reforms.



The remainder of the system commenced on 1 January 2010, with the introduction of the National Employment Standards and modern awards. Together, they form a new dual layer safety net. The task facing Fair Work Australia to rationalise and modernise the existing award structure was enormous, and it is disappointing that the Federal government saw fit to guarantee that no worker would be worse off while not providing a similar guarantee for employers. The result of this will see many employers facing considerable cost increases and there remain untold numbers of unintended consequences. Master Builders were and continue to be actively involved in trying to mitigate these costs but attempts to do so have been thwarted to date.

Looking forward, the 2010 election stands out as being of critical importance, with the retention of "a strong cop on the beat" vital to ensuring the continued prosperity and harmony of the industry.

Information Campaigns

With wholesale changes to workplace relations law and the safety net, Master Builders were heavily involved in information campaigns to assist member's transition to the new system.

Master Builders were one of a select group of employer associations invited nationally to participate in the *Fair Work Education and Information Programme*. During this programme, Master Builders presented 10 seminars and 77 individual assistance sessions, including visiting regional areas such as Mount Gambier, Berri, Murray Bridge, Victor Harbor, the Adelaide Hills, the Barossa Valley and Port Lincoln.

Alongside the Federal government's information programme, Master Builders also developed and ran a series of Understanding Modern Awards courses, with 90 participants involved in five two day sessions covering key modern awards and entitlements in detail.

From 1 August 2009, a new set of implementation guidelines were issued by the Federal Government, with 64 people attending a joint Master Builders / ABCC session on the changes.

Workplace Agreements

The introduction of good faith bargaining and other rules relating to bargaining have seen a considerable amount of red tape added to workplace bargaining, with the number of agreements being completed reduced. Regrettably, there are no rules which force parties to make productivity improvements in exchange for wage increases that are in excess of inflation rates. This combined with relaxed rules for taking protected industrial action suggests there is a real risk that this will lead to inflationary pressures in the economy.

National Code of Practice for the Construction Industry

Master Builders code audit process continued to develop strength, providing a centralised, simplified means of becoming code compliant and demonstrating that to potential contractors. The association was also engaged by the Adelaide Aqua desalination project to assist with industrial relations compliance audits to demonstrate their genuine commitment to code compliance on a project of that magnitude.

Human Resources

Master Builders' popular *Employment Pack - Online* service had its second major overhaul in December 2009, providing subscribers with up to date policies covering modern awards and the National Employment Standards. This service continues to prove popular with members.

For the fourth consecutive year, Master Builders published its salary survey, in conjunction sponsors, Red Recruitment and the Ehrenburg-Bass Institute. Bucking trends in previous years, the survey showed a general decline in salary levels, most likely reflecting the previous year's uncertainty and reductions in bonus payments.

Other Matters

While reform dominated the Legal & Workplace Services department's times, the Department continued to represent members' interests in a number of other matters:





Federal

- Ongoing submissions and appearances before the Australian Industrial Relations Commission regarding the award modernisation process
- Participating in Fair Work Australia's review of wages and the calculation of transitional rates of pay

State

- Appearing at the State Wage Case and Section 90 reviews
- Submissions to the State Government on proposed the referral of State IR powers to the Federal government; further submissions on child labour laws and security of payment
- Submissions to WorkCover on deeming provisions, section 54 and the RISE scheme
- Representing the industry on the Industrial Relations Advisory Committee and the Workers Rehabilitation and Compensation Advisory Committee



COMMITTEE OF MANAGEMENT STATEMENT



In the opinion of the Committee of Management:

- a) the Financial Statements and Notes comply with Australian Accounting Standards;
- b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- c) the financial statements and notes give a true and fair view of the financial performance, financial position, changes in equity, cash flows and state of affairs of the Association and controlled entity for the year ended 30th June 2010;
- d) at the date of this statement, for the year ended 30th June 2010 there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable;
- e) during the financial year to which the General Purpose Financial Report relates and since the end of that year:
 - (i) meetings of the council of management were held in accordance with the rules of the organisation;
 - (ii) the financial affairs of the Association have been managed in accordance with the rules of the organisation;
 - (iii) the financial records of the Association and controlled entity have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 , Schedule IB, Regulations and Accountability of Organisations (RAO) and the RAO Regulations;
 - (iv) the information sought in any request of a member of the Association and controlled entity or a Registrar duly made under section 272 of the RAO Schedule IB has been furnished to the member or Registrar;
 - (v) there has been no order for inspection of financial records made by the Commission under section 273 of the Schedule IB of the Fair Work (Registered Organisations) Act 2009 .

- f) During the financial year to 30th June, 2010,
 - (i) no officer of the Association;
 - (ii) no firm of which an officer is a member; or
 - (iii) no body corporate in which any officer has a substantial financial interest, has received or become entitled to receive a benefit as a result of a contract between the officer, firm or body corporate and the Association or has received directly or indirectly from the Association any payment or other benefit of a pecuniary value, not inclusive of remuneration under employment contract.

This statement is made in accordance with a resolution of the Committee of Management passed on 14th of September and is signed for and behalf of the Committee of Management by:

David McMahon
PRESIDENT

Dated this 14th of September 2010

John Kennett
DEPUTY PRESIDENT

Dated this 14th of September 2010



TREASURER'S REPORT

2009 / 2010



Net Income	2009/2010	2008/2009
Operations	1,381,349	767,784
Property	291,704	225,551

The core activities of the Association returned a profit in their own right. Profit is applied to maintain operations of the Association for provision of services to members.

The operating surplus for 2009/2010 is the reported surplus after rent deductions for the area occupied by the Association. The Association has recorded a strong operating surplus for the period, which continues the trend of strong result experienced in previous years. This result was due to strong growth in membership income and emphasis on associated services of the Association in all areas of its operations.

Alex Candetti
TREASURER

Dated this 14th of September 2010



OPERATING REPORT



In accordance with RAO Schedule 1 of the Fair Work (Registered Organisations) Act 2009, the Council of Management presents the operating report for the year ended 30 June 2010.

Principal Activities

The principal activity of the Association was to provide a range of services to members.

Financial Results

The consolidated surplus from operating activities for the year 2010 for the Master Builders Association SA Inc and for the Master Builders Training Foundation Pty Ltd was \$1,673,053

Review of Operations

The result represents a favourable variance of \$679,718 in comparison to the last year. The result for the year was considered very good in the economic circumstances.

Significant Changes

There were no significant changes over financial year 2009-2010 in the operations of the Association.

Rights of members to resign

- 1 A member of an organisation may resign from membership by written notice addressed and delivered to a person designated for the purpose in the rules of the organisation or a branch of the organisation.
- 2 A notice of resignation from membership of an organisation takes effect:
 - (a) where the "MEMBER" ceases to be eligible to become a member:
 - (i) on the day on which the notice is received by the "ASSOCIATION"; or
 - (ii) on the day specified in the notice, which is a day not earlier than the day when the "MEMBER" ceases to be eligible to become a member; whichever is later; or
 - (b) in any other case:
 - (i) at the end of two weeks, or upon earlier acceptance by a meeting of "COUNCIL", after the notice is received;or
 - (ii) on the day specified in the notice; whichever is later.

- 3 Any dues payable but not paid by a former member of an organisation, in relation to a 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.
- 4 A notice delivered to the person mentioned in subsection (1) is taken to have been received by the organisation when it was delivered.
- 5 A notice of resignation that has been received by the organisation is not invalid because it was not addressed and delivered in accordance with subsection (1).
- 6 A resignation from membership of an organisation is valid even if it is not effected in accordance with this section if the member is informed in writing by or on behalf of the organisation that the resignation has been accepted.

To the best of our knowledge and belief:

The past president of the Association, Peter Kennedy is a trustee of CBUS superannuation entity.

Prescribed Information

Number of members of the organisation at 30/06/2010 - 2354 (30/06/2009 - 2165)

Employees of the reporting unit as at 30/06/2010 - 33 full time or equivalent staff (30/06/2009 - 31 staff)

Members of the Council of Management during the financial year ended 30/06/2010:

R. Bianco, R. Bryant, A. Candetti, A. Catinari, G. Dann, D. Hough, W. Irvine, S. Janssen, J. Kennett, B. Lunn, M. O'Connor, D. McMahon, M. Romaldi, P. Salvesson, T. Sarah, C. Schutze, T. Tagliaferri, R. Zammit

Signed in accordance with a resolution of the Members of the Council.

David McMahon
PRESIDENT OF MASTER BUILDERS ASSOCIATION SA INC.

Dated this 14th of September 2010



CONSOLIDATED INCOME STATEMENT AS AT 30 JUNE 2010

	Note	Consolidated Entity		Master Builders Association SA Inc	
		2010	2009	2010	2009
		\$	\$	\$	\$
Revenues	3	6,952,602	6,052,599	6,840,584	5,963,031
Employee benefits to holders of office	1(m)	(1,046,049)	(1,072,264)	(1,046,049)	(1,072,264)
Employee benefits to employees		(1,331,279)	(1,269,745)	(1,331,279)	(1,269,745)
Depreciation expense	10 (b)	(224,370)	(227,327)	(209,475)	(212,549)
Supplies and services	4	(2,671,347)	(2,489,480)	(2,609,044)	(2,403,491)
Profit from operations before Income Tax		<u>1,679,557</u>	<u>993,783</u>	<u>1,644,737</u>	<u>1,004,982</u>
Income Tax	1(b)	6,504	448	-	-
Net Profit		<u>1,673,053</u>	<u>993,335</u>	<u>1,644,737</u>	<u>1,004,982</u>

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009	2010	2009
	\$	\$	\$	\$
Profit for the year	\$1,607,378	\$965,592	\$1,579,062	\$977,239
Other comprehensive income for the year:				
Net (loss)/ gain on revaluation of financial assets	\$65,675	\$27,743	\$65,675	\$27,743
Total comprehensive income for the year	<u>\$1,673,053</u>	<u>\$993,335</u>	<u>\$1,644,737</u>	<u>\$1,004,982</u>
Total comprehensive income attributable to members of Master Builders Assoc (SA) Inc	<u>\$1,673,053</u>	<u>\$993,335</u>	<u>\$1,644,737</u>	<u>\$1,004,982</u>

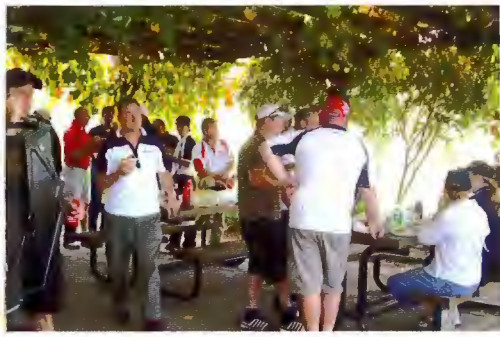
The above income statement is to be read in conjunction with the accompanying notes

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2010

	Note	Consolidated Entity		Master Builders Association SA Inc	
		2010	2009	2010	2009
CURRENT ASSETS		\$	\$	\$	\$
<i>Cash and cash equivalents</i>	5	9,931,040	8,326,389	7,351,643	5,789,808
<i>Trade and other receivables</i>	6	969,058	681,111	3,698,854	3,410,907
<i>Inventories</i>	7	13,547	11,217	13,547	11,217
<i>Other current assets</i>	8	313,176	222,726	296,825	209,468
TOTAL CURRENT ASSETS		11,226,821	9,241,443	11,360,869	9,421,399
NON-CURRENT ASSETS					
<i>Financial assets</i>	9	922,360	839,408	922,360	839,408
<i>Property, plant and equipment</i>	10	4,285,104	4,253,921	4,099,162	4,075,813
<i>Intangibles</i>		410	410	410	410
TOTAL NON-CURRENT ASSETS		5,207,874	5,093,739	5,021,932	4,915,631
TOTAL ASSETS		16,434,695	14,335,181	16,382,801	14,337,030
CURRENT LIABILITIES					
<i>Trade and other payables</i>	11	1,232,668	951,641	1,203,747	948,147
<i>Short-term and long-term employee benefits</i>	12	253,629	238,578	253,629	238,578
TOTAL CURRENT LIABILITIES		1,486,297	1,190,219	1,457,376	1,186,725
TOTAL LIABILITIES		1,486,297	1,190,219	1,457,376	1,186,725
NET ASSETS		14,948,398	13,144,962	14,925,425	13,150,305
EQUITY					
<i>Reserves</i>		4,203,358	4,072,975	4,203,358	4,072,975
<i>Retained earnings</i>		10,745,040	9,071,987	10,722,067	9,077,330
TOTAL EQUITY		14,948,398	13,144,962	14,925,425	13,150,305

The above balance sheet is to be read in conjunction with the accompanying notes

MASTER BUILDERS GOLF DAY 2010



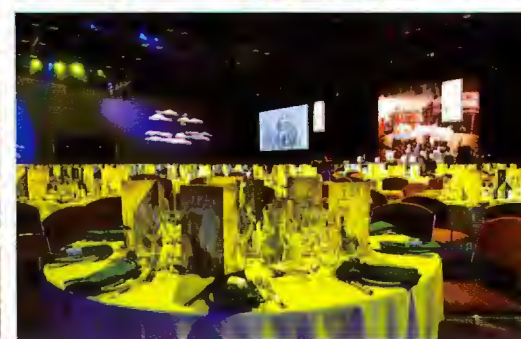
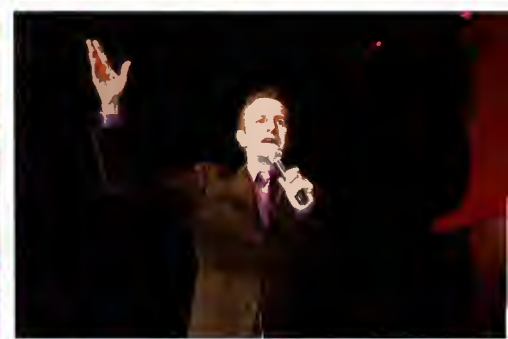
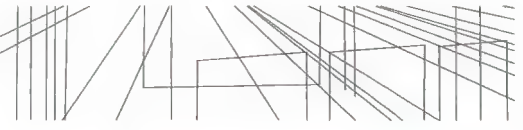
MASTER BUILDERS RACE DAY 2009



 **CELEBRATING**
125
years
1884 - 2009
MASTER BUILDERS
SOUTH AUSTRALIA



MASTER BUILDERS
BUILDING EXCELLENCE AWARDS 2009



MASTER BUILDERS WINERY DAY 2009



MASTER BUILDERS
SOUTH AUSTRALIA



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2010

Reserves

	Note	Consolidated Entity		Master Builders Association SA Inc	
		2010	2009	2010	2009
		\$	\$	\$	\$
Asset Revaluation Reserve					
Balance at start of period		981,004	981,004	981,004	981,004
Balance at end of period		<u>981,004</u>	<u>981,004</u>	<u>981,004</u>	<u>981,004</u>
Training Foundation Reserve					
Balance at start of period		1,657,306	1,657,306	1,657,306	1,657,306
Balance at end of period		<u>1,657,306</u>	<u>1,657,306</u>	<u>1,657,306</u>	<u>1,657,306</u>
BIRST Training Reserve					
Balance at start of period		1,434,665	1,168,116	1,434,665	1,168,116
BIRST distributions for the year unexpended transferred to reserve	1(i)	130,383	266,549	130,383	266,549
Balance at end of period		<u>1,565,048</u>	<u>1,434,665</u>	<u>1,565,048</u>	<u>1,434,665</u>
Total Reserves		<u>4,203,358</u>	<u>4,072,975</u>	<u>4,203,358</u>	<u>4,072,975</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2010

Retained Earnings

	Note	Consolidated Entity		Master Builders Association SA Inc	
		2010	2009	2010	2009
		\$	\$	\$	\$
<i>Retained earnings at start of period</i>		9,071,987	8,078,652	9,077,330	8,072,348
<i>Profit attributable to the association</i>		1,673,053	993,335	1,644,737	1,004,982
<i>Retained earnings at end of period</i>		<u>10,745,040</u>	<u>9,071,987</u>	<u>10,722,067</u>	<u>9,077,330</u>
Total Equity		<u>14,948,398</u>	<u>13,144,962</u>	<u>14,925,425</u>	<u>13,150,305</u>

The above statement of changes in equity is to be read in conjunction with the accompanying notes

CONSOLIDATED CASH FLOW STATEMENT AS AT 30 JUNE 2010

	Note	Consolidated Entity		Master Builders Association SA Inc	
		2010	2009	2010	2009
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from members, trade and other debtors		6,259,075	6,554,836	6,262,162	5,563,594
Payments to suppliers and employees		(4,756,449)	(4,142,119)	(4,713,066)	(4,035,335)
Dividends received		34,195	40,471	34,195	40,471
Interest received		343,370	319,302	231,358	229,733
Net cash provided by operating activities	15b	<u>1,880,191</u>	<u>2,772,491</u>	<u>1,814,649</u>	<u>1,798,443</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property plant and equipment		(285,246)	(260,889)	(262,519)	(109,984)
Proceeds from sales of property, plant and equipment		13,925	12,000	13,925	12,000
Proceeds from sales of shares		(22,425)	(204,446)	(22,425)	(204,446)
Redemption of property, plant and equipment		29,692	2,620	29,692	2,620
Payments for portfolio	15	(179,251)	(517,892)	(179,251)	(517,892)
Proceeds from sales in portfolio	15	167,764	695,538	167,764	695,538
Net cash provided (used) by investing activities		<u>(275,541)</u>	<u>(273,068)</u>	<u>(252,814)</u>	<u>(122,163)</u>
Net increase/decrease in cash held		1,604,650	2,499,423	1,561,835	1,676,279
Cash at the beginning of the financial year		<u>8,326,390</u>	<u>5,826,967</u>	<u>5,789,808</u>	<u>4,113,529</u>
Cash at the end of the financial year	5	<u>9,931,040</u>	<u>8,326,390</u>	<u>7,351,643</u>	<u>5,789,808</u>

The above cash flow statement is to be read in conjunction with the accompanying notes



Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Associations Incorporation Act 1985 (SA), RAO Schedule of the Fair Work (Registered Organisations) Act 2009 and Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

REPORTING BASIS AND CONVENTIONS

The financial report has been prepared on an accrual 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 the accounting has been applied.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

ACCOUNTING POLICIES

(a) Principles of Consolidation

The consolidated financial statements comprise the financial statements of Master Builders Association SA Inc and its controlled entity as at 30th of June 2010. A controlled entity is any entity controlled by Master Builders Association SA Inc. Control exists where Master Builders Association SA Inc has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with Master Builders Association SA Inc to achieve the objectives of Master Builders Association SA Inc. A list of controlled entities is contained in Note 13 (b) to the financial statements.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of subsidiaries for the period from their acquisition.

(b) Income Tax

Master Builders Association SA Inc activities are exempt from income tax under Section 50-15 of the Income Tax Assessment Act 1997. Member income is excluded from tax under the principle of mutuality. Master Builders Training Foundation Pty Ltd under current conditions can not be considered as a tax exempt entity, thus submits an income tax return.

(c) Property, Plant and Equipment

Land and buildings class of assets is stated at independent valuation.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Plant and equipment are measured on the cost basis. The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the income statement in the cost of sales line item. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

(d) Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives commencing from the time the asset is held ready to use.

The depreciation rates for each class of depreciable assets are:

Buildings	2.5%
Building Improvements	2.5%
Computer Software	33- 40%
Computer Hardware	25-33%
Furniture & Equipment	13% to 30%
Plant & Equipment	13% to 40%
Motor Vehicles	25%

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and any subsequent accumulated impairment losses.

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation increment is credited to the asset revaluation reserve included in the equity section of the balance sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. Any revaluation decrease is recognised in profit or loss, except that a decrease offsetting a previous revaluation increase for the same asset is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset. Additionally, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets. Independent valuations are performed with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

(e) Provision for Doubtful Debts

The collectability of debts is assessed annually and a provision is made for any doubtful debts.

Current trade receivables are non-interest bearing loans and are generally receivable within 60 days. A provision for impairment is recognised against subscriptions where there is objective evidence that an individual trade receivable is impaired. No impairment was required at 30 June 2010 (2009: Nil).

(f) Cash and Cash Equivalents

For the purpose of cash flow statement, cash includes cash on hand, deposits held at-call with banks or financial institutions, and investment in money market instruments net of bank overdrafts.

(g) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from long service leave which will be settled after one year, are stated at their current value in respect of the services provided.

REVENUE

(h) 1. TV Programmeme Building Ideas

Income from the Television Programmeme "Building Ideas" is recognised using the percentage of completion method. Expenses incurred are prorated according to the number of episodes which have been completed during the financial year.

(i) 2. Other Revenue

Revenue from the sale of goods is recognised upon delivery of goods to customers.

The association is entitled to distributions from South Australian Building Industry Redundancy Scheme Trust (BIRST) which are for the purposes of undertaking programmes solely for the training of persons engaged in the industry. Distributions are recognised on an accruals basis. Distributions received for the year which are unexpended are transferred to a training reserve.

Interest revenue is recognised on a proportional basis taking into account the interest rate applicable to the financial assets.

Dividend revenue is recognised when the association has established that it has the right to receive a dividend.

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities which are disclosed as operating cash flows.

(k) Comparative Figures

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

(l) Market Value of Managed Investment Portfolio

After their initial recognition, Association measures financial assets at fair value, without deduction for transaction costs it may incur on sale.

(m) Holders of office

Holders of the Office are Employees of the Association that fulfil the function of the management of the affairs of the organisation, determine policies for the organisation, are responsible for the making, alteration or rescission of rules of the organisation or enforce the rules of the organisation or branch, or the performance of functions in relation to the enforcement of such rules.

(n) Inventory

Inventories are measured at the lower of cost and net realisable value.

(o) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the association during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(p) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the association commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method;
- less any reduction for impairment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in the statement of comprehensive income.

The association does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the association sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire category of held-to-maturity investments would be tainted and would be reclassified as available-for-sale.

(iv) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

(v) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period, which will be classified as current assets.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the association assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the statement of comprehensive income.

(q) Adoption of New and Revised Accounting Standards

During the current year, the association has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these Standards and Interpretations has had on the financial statements of Master Builders Association SA Inc.

AASB 101: Presentation of Financial Statements

In September 2007, the Australian Accounting Standards Board revised AASB 101, and as a result there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the association's financial statements.

Disclosure impact

Terminology changes — The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity — The revised AASB 101 requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010



Statement of comprehensive income — The revised AASB 101 requires all income and expenses to be presented in either one statement — the statement of comprehensive income, or two statements — a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The association's financial statements now contain a statement of comprehensive income.

Other comprehensive income — The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expense that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.



NOTE 2: INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirements of RAO Schedule of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of Sections 272 (1), (2) and (3), which details are set out below:

- 272
1. A member of the Association, or a Registrar, may apply to the Association for specified prescribed information in relation to the Association 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 Association.
 3. Association must comply with an application made under subsection (1).
- 265
1. The Association must provide free of charge to its members either:
 - (a) a full report consisting of: copy of the report of the auditor in relation to the inspection and audit of the financial records of the Association in relation to a financial year; and a copy of the general purpose financial report to which the report relates; and a copy of the operating report to which the report relates; or
 - (b) a concise report for the financial year that complies with subsection (3).
 2. A concise report may only be provided if, under the rules of the Association, the committee of management of the Association resolves that a concise report is to be provided.
 3. A concise report for a financial year consists of:
 - (a) a concise financial report for the year drawn up in accordance with the regulations; and
 - (b) the operating report for the year; and
 - (c) a statement by the auditor:
 - (i) that the concise financial report has been audited; and
 - (ii) whether, in the auditor's opinion, the concise financial report complies with the relevant Australian Accounting Standards; and
 - (d) a copy of anything included under subsection 257(5), (6) or (7) in the auditor's report on the full report; and
 - (e) a statement that the report is a concise report and that a copy of the full report and auditor's report will be sent to the member free of charge if the member asks for them.
 4. If a member requests a copy of the full report and auditor's report, as mentioned in paragraph (3)(e), the Association must send those reports to the person within 28 days of the request being made.
 5. The copies referred to in subsection (1) must be provided within:
 - (a) if a general meeting of members of the Association to consider the reports is held within 6 months after the end of the financial year—the period starting at the end of the financial year and ending 21 days before that meeting; or
 - (b) in any other case—the period of 5 months starting at the end of the financial year.
- A Registrar may, upon application by the Association, extend the period during which the meeting referred to in paragraph (a) may be held, or the period set out in paragraph (b), by no more than one month.
6. Where Association publishes a journal that is available to the members of the Association free of charge, Association may comply with subsection (1):
 - (a) by publishing in the journal the full report; or
 - (b) by preparing a concise report as described in subsection (3) and publishing the concise report in the journal.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated Entity		Master Builders Association SA Inc	
		2010	2009	2010	2009
		\$	\$	\$	\$
Note 3: Revenue					
<i>Members Subscriptions</i>		2,158,499	1,890,410	2,158,499	1,890,410
<i>Training</i>		2,599,762	2,259,709	2,599,762	2,259,709
<i>Insurance Commissions</i>		142,036	101,382	142,036	101,382
<i>Document Sales</i>		208,674	166,376	208,674	166,376
<i>TV Programmeme - Building Ideas</i>	1(h)	126,758	199,231	126,758	199,231
<i>Building Awards</i>		223,199	281,065	223,199	281,065
<i>Code Audit</i>		25,990	22,741	25,990	22,741
<i>Other</i>		647,423	605,770	647,417	605,770
<i>Interest received</i>	1(i)	343,370	319,302	231,358	229,733
<i>Dividends received</i>	1(i)	34,195	40,471	34,195	40,471
<i>Property</i>		379,732	342,846	379,732	342,846
<i>Proceeds on disposal of assets</i>		(2,711)	(204,446)	(2,711)	(204,446)
<i>Proceeds on Share Portfolio</i>		65,675	27,743	65,675	27,743
Total Revenue		6,952,602	6,052,599	6,840,584	5,963,031

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2010

	Note	Consolidated Entity		Master Builders Association SA Inc	
		2010	2009	2010	2009
		\$	\$	\$	\$
Note 4: Supplies and services					
<i>TV Programmeme - Building Ideas</i>	1(h)	162,805	147,720	162,805	147,720
<i>Building Awards</i>		236,505	192,094	236,505	192,094
<i>Building Home & Improvements</i>		19,263	8,612	19,263	8,612
<i>Training</i>		968,310	790,612	952,483	757,820
<i>Remuneration of Auditor for auditing financial report</i>		35,000	24,000	33,700	22,750
<i>Power</i>		91,821	70,861	91,821	70,861
<i>Rates and taxes</i>		57,100	53,999	57,100	53,999
<i>Maintenance</i>		44,504	52,643	44,504	52,643
<i>Other property expenses</i>		14,623	9,345	14,623	9,345
<i>Subscriptions</i>		20,481	20,283	20,481	20,283
<i>Subscriptions National Association</i>		182,952	163,056	182,952	163,056
<i>Legal Expenses</i>		30,028	56,825	30,028	56,825
<i>Insurance</i>		56,120	56,662	56,120	56,662
<i>Meeting Expenses</i>		3,994	4,579	3,994	4,579
<i>Communication Expenses</i>		88,281	91,299	88,281	91,299
<i>Travel and Accommodation</i>		13,948	14,735	13,948	14,735
<i>Consultants</i>		73,277	120,812	51,027	69,951
<i>Other</i>		572,335	611,343	549,410	610,258
Total supplies and services		2,671,347	2,489,480	2,609,044	2,403,491

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated Entity		Master Builders Association SA Inc	
		2010	2009	2010	2009
		\$	\$	\$	\$
Note 5: Cash and Cash Equivalents					
Cash on hand		1,334	2,643	1,334	2,643
Cash at bank		1,694,689	1,750,935	1,605,234	1,725,590
Cash on Deposit		8,153,141	6,470,782	5,663,199	3,959,546
Cash with Funds Manager		19,044	33,067	19,044	33,067
Arbitration Trust Fund		62,832	68,962	62,832	68,962
Total Cash and Cash Equivalents		9,931,040	8,326,389	7,351,643	5,789,808

The effective interest rate on short-term bank deposits was 4.38% (2009: 3.5%); these deposits have an average maturity of 90 days.

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents		<u>9,931,040</u>	<u>8,326,389</u>	<u>7,351,643</u>	<u>5,789,808</u>
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Note 6: Trade and Other Receivables

Trade debtors	1(e)	404,009	247,786	404,009	247,786
less provision for doubtful debts	1(e)	-	(1,340)	-	(1,340)
Portfolio Receivable		-	-	-	-
BIRST/Trust Distributions Receivable		565,049	434,665	565,049	434,665
Amount receivable from controlled entity		-	-	2,729,796	2,729,796
Total Trade and Other Receivables		969,058	681,111	3,698,854	3,410,907

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2010

Note	Consolidated Entity		Master Builders Association SA Inc	
	2010	2009	2010	2009

Note 7: Inventories

CURRENT				
Stock of publications, at cost	13,547	11,217	13,547	11,217

Note 8: Other Current Assets

Prepayments	50,848	58,721	50,848	58,721
Revenue Accruals	162,328	164,005	145,977	150,747
50-55 Sth Tce	100,000	-	100,000	-
Total Other Current Assets	313,176	222,726	296,825	209,468

Note 9: Financial Assets

Financial Assets at Fair Value through Profit or Loss					
Market Value of Managed Investments					
in listed corporations	1(l)	922,360	839,408	922,360	839,408
Total Financial Assets		922,360	839,408	922,360	839,408

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated Entity		Master Builders Association SA Inc	
		2010	2009	2010	2009
		\$	\$	\$	\$

Note 10: Property, Plant and Equipment

(a) Details of Property Plant and Equipment

Land and Buildings at Fair Value	10(c)	4,073,635	4,050,905	3,900,000	3,900,000
<i>less Accumulated Depreciation</i>		(210,000)	(157,500)	(210,000)	(157,500)
		3,863,635	3,893,405	3,690,000	3,742,500
Computer Software at Cost		351,156	313,063	329,701	291,608
<i>less Accumulated Depreciation</i>		(313,478)	(254,052)	(298,573)	(246,301)
		37,678	59,011	31,128	45,308
Computer Hardware at Cost		413,413	361,549	388,916	337,052
<i>less Accumulated Depreciation</i>		(357,312)	(325,954)	(338,572)	(314,957)
		56,101	35,595	50,344	22,095
Furniture & Equipment at Cost		323,355	319,791	323,355	319,791
<i>less Accumulated Depreciation</i>		(280,270)	(259,401)	(280,270)	(259,401)
		43,085	60,391	43,085	60,391
Plant & Equipment at Cost		315,595	234,246	315,595	234,246
<i>less Accumulated Depreciation</i>		(207,342)	(169,492)	(207,342)	(169,492)
		108,253	64,754	108,253	64,754
Motor Vehicles at Cost		87,648	90,120	87,648	90,120
<i>less Accumulated Depreciation</i>		(8,645)	(60,428)	(8,645)	(60,428)
		79,003	29,692	79,003	29,692
Building Improvements at Cost		137,236	137,236	137,236	137,236
<i>less Accumulated Depreciation</i>		(39,887)	(26,163)	(39,887)	(26,163)
		97,349	111,073	97,349	111,073
Total Property, Plant and Equipment		4,285,104	4,253,921	4,099,162	4,075,813

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

(b) Movements In Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

2010 Consolidated Entity	Land and Buildings	Building Improvements	Software	Hardware	Furniture & Equipment	Plant	Motor Vehicles	TOTAL
Balance at the beginning of year	3,893,405	111,073	59,011	35,594	60,391	64,754	29,692	4,253,920
Additions	22,730	-	38,091	51,864	3,564	81,349	87,648	285,246
Disposals	-	-	-	-	-	-	(90,119)	(90,119)
Depreciation written back							60,427	60,427
Depreciation Expense	(52,500)	(13,724)	(59,424)	(31,357)	(20,870)	(37,850)	(8,645)	(224,370)
Carrying amount at the end of the year	3,863,635	97,349	37,678	56,101	43,085	108,253	79,003	4,285,104

2009 Consolidated Entity	Land and Building	Building Improvements	Software	Hardware	Furniture & Equipment	Plant	Motor Vehicles	TOTAL
Balance at the beginning of year	3,795,000	82,913	111,176	50,244	60,465	70,634	52,547	4,222,979
Additions	150,905	40,630	972	8,935	27,830	31,617	-	260,889
Disposals	-	-	-	-	-	(17,560)	(63,641)	(81,201)
Depreciation written back						14,940	63,641	78,581
Depreciation Expense	(52,500)	(12,470)	(53,137)	(23,585)	(27,904)	(34,877)	(22,855)	(227,327)
Carrying amount at the end of the year	3,893,405	111,073	59,011	35,594	60,391	64,754	29,692	4,253,920

2010 Master Builders Association SA Inc	Land and Building	Building Improvements	Software	Hardware	Furniture & Equipment	Plant	Motor Vehicles	TOTAL
Balance at the beginning of year	3,742,500	111,073	45,308	22,095	60,391	64,754	29,692	4,075,813
Additions	-	-	38,091	51,864	3,564	81,349	87,648	262,516
Disposals	-	-	-	-	-	-	(90,119)	(90,119)
Depreciation written back							60,427	60,427
Depreciation Expense	(52,500)	(13,724)	(52,271)	(23,615)	(20,870)	(37,850)	(8,645)	(209,475)
Carrying amount at the end of the year	3,690,000	97,349	31,128	50,344	43,085	108,253	79,003	4,099,162

2009 Master Builders Association SA Inc	Land and Building	Building Improvements	Software	Hardware	Furniture & Equipment	Plant	Motor Vehicles	TOTAL
Balance at the beginning of year	3,795,000	82,913	90,917	28,523	60,465	70,634	52,547	4,180,999
Additions		40,630	972	8,935	27,830	31,617	-	109,984
Disposals	-	-	-	-	-	(17,560)	(63,641)	(81,201)
Revaluation Increment						14,940	63,641	78,581
Depreciation Expense	(52,500)	(12,470)	(46,581)	(15,363)	(27,904)	(34,877)	(22,855)	(212,550)
Carrying amount at the end of the year	3,742,500	111,073	45,308	22,095	60,391	64,754	29,692	4,075,813

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

(c) Valuation of Land & Building by Independent Valuer - Details

Valuation Amount: \$3,900,000

Basis of Valuation: Market Value of the property as defined by The International Assets Valuations Standards Committee

Valuation Date: Basis of valuation adopted by Executive Council and brought to account on 30 June 2006

Date of Valuation Report on which majority of valuation in financial report has been based: 21st day of March 2006

Note 11: Trade and Other Payables

	Note	Consolidated Entity		Master Builders Association SA Inc	
		2010	2009	2010	2009
		\$	\$	\$	\$
Trade Creditors	1(o)	418,798	416,951	387,628	409,461
Arbitration Accounts		62,490	58,511	62,490	58,511
Income received in advance		696,188	454,464	696,188	454,464
GST Net liability	1(j)	55,192	21,715	57,441	25,711
Total Payables		1,232,668	951,641	1,203,747	948,147

Note 12: Short-term and long-term employee benefits

	Note	Consolidated Entity		Master Builders Association SA Inc	
		2010	2009	2010	2008
		\$	\$	\$	\$
Current					
Annual Leave - Office Holders	1(m)	58,265	32,447	58,265	32,447
Annual Leave - Other		33,148	55,212	33,148	55,212
Total Short-term Employee Benefits		91,413	87,659	91,413	87,659
Long Service Leave					
Long Service Leave - Office Holders	1(m)	137,154	126,240	137,154	126,240
Long Service Leave - Other		25,062	24,679	25,062	24,679
Total Long-term Employee Benefits		162,216	150,919	162,216	150,919
Total Employee Benefits		253,629	238,578	253,629	238,578
<i>Number of employees at year end</i>		33	31	33	31

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Note 13: Related Parties

(a) Council Members

The Council members who each held office as a Council member of the association during the year ended 30 June 2010 were as follows: R Bianco, R Bryant, A Candetti, A Catinari, G Dann, D Hough, W Irvine, S Janssen, J Kennett, B Lunn, M C' Connor, D McMahon, M Romaldi, P Salvesson, T Sarah, C Schutze, T Tagliaferri, R Zammit

Chief Executive: Robert Stewart

(b) Other related party - entity controlled by the Master Builders Association SA Inc

Master Builders Training Foundation Pty Ltd

(c) Related Party Transactions

(1) Service Charge

The amount charged by the Master Builders Association SA Inc to the Master Builders Group Training Scheme for the provision of reception, administration, financial, industrial relations, OH&S, legal, training and secretarial support for the year ended 30 June 2010 was as follows:

2010	2009
\$	\$
79,978	78,180
<u>79,978</u>	<u>78,180</u>

(2) Rent charge

Amount charged by the Master Builders Association SA Inc to the Master Builders Group Training Scheme for rent, security recharge, common cleaning, parking and electricity for the period of July 2009 - June 2010 is \$32,672 exclusive of GST charges. Previous period charge - \$26,621 exclusive of GST charges.

(3) Master Builders Training Foundation Pty Ltd

The Master Builders Training Foundation Pty Ltd, registered in Australia, established as an initiative of the Master Builders Association SA Inc to meet continuous training demand of the industry. The Association exercises substantial financial control over this entity by way of common directorship and has funded the establishment of the Foundation by means of a loan. Above conditions resulted in consolidation of the financial result of the Foundation with that of the Master Builders Association SA Inc.

Note 14: Segment reporting

The Association operates in the building and construction industry providing advice, support and benefits to members and operates within the state of South Australia.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Note 15: Cash Flow Information

	Note	Consolidated Entity		Master Builders Association SA Inc	
		2010	2009	2010	2009
		\$	\$	\$	\$
(a) Reconciliation of Cash					
Cash and Cash Equivalents	5	9,931,040	8,326,389	7,351,643	5,789,808
(b) Reconciliation of net cash provided by operating activities					
Profit from operations		1,673,053	993,335	1,644,737	1,004,982
Non-cash flows in profit from operations					
Depreciation		224,370	227,327	209,475	212,549
(Gain)/Loss on disposal of vehicles		(13,925)	(12,000)	(13,925)	(12,000)
(Loss)/Profit on disposal/settlement of shares		16,636	216,446	16,636	216,446
Realisation of Market Value of Share Portfolio		(65,675)	(27,743)	(65,675)	(27,743)
Increase/Decrease in revenue accrual		1,675	52,460	4,770	61,218
(b) Reconciliation of net cash provided by operating activities					
Changes in Assets					
Increase/(Decrease) in receivables		(287,947)	812,170	(287,947)	(187,830)
(Increase)/Decrease in inventories		(2,330)	(2,108)	(2,330)	(2,108)
(Increase)/Decrease in prepayments		7,873	22,754	7,873	22,754
(Increase)/Decrease in other assets		(100,000)	-	(100,000)	-
Changes in Liabilities					
Increase in trade and other payables		281,027	229,933	255,601	250,259
Increase in employee entitlements		15,051	(6,634)	15,051	(6,634)
Changes in Reserves		130,383	266,549	130,383	266,549
Net cash provided by operating activities		1,880,191	2,772,490	1,814,649	1,798,442

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2010

Note 15: Cash Flow Information - Continued

	Consolidated Entity		Master Builders Association SA Inc	
	2010	2009	2010	2009
	\$	\$	\$	\$
(c) Total Shares and Managed Funds Sold	167,764	695,538	167,764	695,538
(d) Realisation of Market Value of the Share Portfolio	65,675	27,743	65,675	27,743
(e) Total Shares Acquired	179,251	517,892	179,251	517,892
(f) Total Managed Funds Acquired	-	-	-	-
Total Acquisitions	179,251	517,892	179,251	517,892

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Note 16: Financial Instruments

Financial Risk Management

The Association's financial instruments consist of deposits with banks, short-term investments, local money markets, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Entity		Master Builders Association SA Inc	
		2010	2009	2010	2009
		\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	5	9,931,040	8,326,389	7,351,643	5,789,808
Loans and receivables	6	969,058	682,451	3,698,854	3,412,247
Investments in listed Corporations:	9	922,360	839,408	922,360	839,408
Total financial assets		11,822,458	9,848,248	11,972,857	10,041,463
Financial liabilities					
Financial liabilities at amortised cost:					
Trade and other payables	11	473,990	438,667	445,069	435,173
Employee benefits	12	253,629	238,578	253,629	238,578
Arbitration Trust Funds	11	62,490	58,511	62,490	58,511
Total financial liabilities		790,109	735,756	761,188	732,262

Note 17: Association Details

The principal place of business and registered office of the Association is:

Master Builders Association, Level 1/47 South Terrace, Adelaide SA 5000

MASTER BUILDERS ASSOCIATION SA INC AND CONTROLLED ENTITY INDEPENDENT AUDITOR'S REPORT

To the members of Master Builders Association SA Inc:

We have audited the accompanying financial report of Master Builders Association SA Inc "the Association", which comprises the statement of financial position as at 30 June 2010, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes for both the Association and the consolidated entity. The consolidated entity comprises the Association and the entity it controlled at the year's end or from time to time during the financial year.

The Responsibility of the Council of Management for the Financial Report

The Council of Management of the Association are responsible for the preparation and fair presentation of the financial report in accordance with the Associations Incorporation Act 1985 (SA), Schedule 1B - Regulations and Accountability of Organisations, Fair Work Act 2009 and Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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. These Auditing 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 judgment, 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 Council of Management, as well as evaluating the overall presentation of the financial report.

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

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

Independence

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

Auditor's Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of Master Builders Association SA Inc and the consolidated entity as at 30 June 2010, and their performance and their cash flows for the year then ended. In accordance with the Associations Incorporation Act 1985 (SA), Schedule 1B - Regulations and Accountability of Organisations, Fair Work Act 2009 and Australian Accounting Standards (including the Australian Accounting Interpretations).



HLB Mann Judd

Corey McGowan
PARTNER

Dated this 14th of September 2010

Dated this 14th of September 2010

NOTES



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