



FAIR WORK
AUSTRALIA

8 March 2012

Ms Jennifer O'Brien
Media, Entertainment and Arts Alliance
PO Box 723
STRAWBERRY HILLS NSW 2012



Dear Ms O'Brien,

**Re: Lodgement of Financial Statements and Accounts –
Media, Entertainment and Arts Alliance – for year ending 30 June 2011 (FR2011/2686)**

Thank you for lodging the Secretary's Certificate in relation to the abovementioned financial statements and accounts, which was received on 8 March 2012.

The documents have been filed. However I draw your attention to the following.

- (1) The second meeting was not held until some two months after the period prescribed by section 266(1). The second meeting must be held "within the period of six months starting at the end of the financial year", that is, by 31 December. This time frame should be observed in future years.
- (2) Note 3 on page 29 shows an amount of \$2,781 for Donations. If this amount included any single donation exceeding \$1,000, a separate statement showing the relevant prescribed particulars must be lodged, pursuant to section 237.

Yours sincerely

Stephen Kellett

Organisations, Research and Advice



media, entertainment & arts alliance
the people who inform and entertain

Stephen Kellett
Fair Work Australia
80 William Street
East Sydney NSW 2011

RECEIVED
8-3-12

7 March 2012

Dear Stephen Kellett

Re: Lodgement of the Certificate of Secretary or Designated Officer required by section 268 of the Fair Work (Registered Organisations) Act 2009

I refer to your letter of 15 February 2012 in which you requested lodgement of the Certificate of Secretary or Designated Officer required by section 268 of the Fair Work (Registered Organisations) Act 2009.

Please find enclosed the required certificate that certifies that the documents lodged on 30 January 2012 are copies of the documents provided to members pursuant to section 265(5) and presented to a second meeting in accordance with section 266.

Yours sincerely

Jennifer O'Brien
Media, Entertainment & Arts Alliance

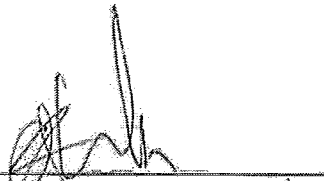
CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER
s268 Fair Work (Registered Organizations) Act 2009

I, Christopher Warren,

a prescribed designated officer of the Media, Entertainment and Arts Alliance, certify that the financial statements and accounts for the year ended 30 June 2011 which were lodged with Fair Work Australia on 30 January 2012 are :

- copies of the full report referred to in s268 of the *Fair Work (Registered Organisations) Act 2009*
- copies of the documents provided to members between 31 October 2011 and 7 November 2011
- subsequently presented to a (second) meeting in accordance with section 266 held on 6/3/2012

(Signature)



(Position)

Federal Secretary

Date

8/3/2012



FAIR WORK
AUSTRALIA

Ms Jennifer O'Brien
Media, Entertainment and Arts Alliance
PO Box 723
STRAWBERRY HILLS NSW 2012



Dear Ms O'Brien,

**Re: Lodgement of Financial Statements and Accounts –
Media, Entertainment and Arts Alliance – for year ending 30 June 2011 (FR2011/2686)**

Thank you for lodging the abovementioned financial statements and accounts with Fair Work Australia, received on 30 January 2012.

I have not filed the documents yet because the Certificate of Secretary or Designated Officer required by section 268 of the Fair Work (Registered Organisations) Act 2009 was not included amongst the documents lodged.

The Certificate must certify that the documents lodged on 30 January 2012 are copies of the documents provided to members pursuant to section 265(5) and presented to a second meeting in accordance with section 266.

I attach a copy of a proforma that may be used, for the organisation's convenience.

Yours sincerely

Stephen Kellett
Fair Work Australia
15 February 2012

federal secretary's message



In the past financial year, the environment for both unions and for our creative industries has changed in ways that provide opportunities to build power at work, while at the same time threatening to undermine creative workers and their union.

The dramatic change in the political environment continues to challenge us. The new industrial laws have brought a better environment to rebuild our union presence and the rights of workers. However, the political decline of the federal government

has triggered the threat that a new conservative government will revisit the agenda that underpinned *WorkChoices*.

While Australia as a whole avoided the northern recession, global uncertainties continue and we are continuing to grapple with the impact of the digital revolution, the restructuring of the Australian and New Zealand economies in the light of the rise of developing economies in Asia, and the changing nature of work in our industry.

Such dramatic change in such a short period of time demonstrates yet again that everything we do has to be focused on meeting the challenge of reshaping our environment, and our industry, the way we want it to be shaped.

This Alliance is conducting a fundamental review of our future strategies, while, at the same time, continuing to build power for the people who inform and entertain Australia and New Zealand. The challenges we face put immense pressure on the Alliance's resources, skills and capacity to achieve our goals.

That's why we've adopted the following five-point strategy. The will involve:

- Organising to grow
- Collective bargaining
- New services for members
- Communications and campaigns
- Be part of something bigger

We have recognised the need to be part of something bigger for one

reason. If we are to build power we have to build union membership within the media, entertainment and art industries, particularly in emerging sectors. There are significant economies of scale in being part of something bigger. While achieving these economies will be challenging, strong political commitment from Alliance leaders in any future negotiation can deliver strong results.

We need resources to develop things like standard-form contracts, to provide access to insurance (such as journey cover, professional indemnity, professional liability), to give advice and assistance on back office functions, and to design the professional training we provide and to extend it across the union.

Successful organising takes resources, as it is built on structured one-on-one conversations with potential and current members. We it is critical for us to break into these sectors of our industry if we are to build power for a rising generation of people who inform and entertain.

We already commit extensive resources to campaigning on shaping our industries for our members' benefit – fighting for funding for public broadcasters, championing innovation in the media industry, battling for better conditions for entertainment crew and staff such as a four hour call, and ensuring Australian performers are engaged as a priority on taxpayer funded productions.

There are often external pressures to limit our commitments in this area, but a strong ethical culture such as ours needs to put more into this work, rather than less.

In this report, we look back at what we've achieved over the past financial year. We've had some important wins and it's right that we should celebrate them.

But we know we can't stand still. Over the next few months we'll continue to look at how we restructure ourselves to ensure we can be everything we know our union can be. At the heart of that will be the continued active engagement by the members of our union – the people who inform and entertain Australia and New Zealand.

Christopher Warren
Alliance federal secretary

federal president's message



The media and entertainment industries, in which we all a part, are undergoing fundamental restructuring.

Having your ballet performance broadcast in cinemas in regional Australia, having NBC record your live show for international DVD release, writing a newspaper feature article but being asked to make it online friendly and spend the next 24 hours tweeting your followers about the issues you raised are just a few examples of the way our working lives are changing, but the solutions remain the same:

we have to rewrite the rule books so we can take advantage of these opportunities, rather than be taken advantage of.

We've had some big successes by standing together. But now, more than ever before, we need to make sure our jobs and the industries in which we work remain prosperous. The changing industrial environment has provided the Alliance with opportunities and challenges. We are working to seize opportunities to build power in new areas where many people in the media and entertainment industries now work; areas like animation, gaming, and online media.

We are also working to protect quality from those who would argue that tough times and smaller budgets mean we have to compromise or cut corners. It's an argument Fairfax staff have taken up with management time and time again. It's also an argument performers are taking up with the federal government as we speak – bringing in more foreign performers, as the government proposed in their draft foreign actor guidelines, is a bandaïd solution to boost box office takings and TV ratings. It's one we know doesn't work.

The federal government's proposal to drastically change the rules that govern the importation of foreign actors is the biggest threat to

Australian performers for a generation.

It was never going to be an easy fight, nor a fair one; the changes were drafted without any consultation with performers, and initially we were given a week to respond, but as always Alliance members rose to the challenge. Thousands rushed to www.aussiefaces.org.au and signed the petition to Simon Crean, cast meetings were held across the country where resolutions condemning the proposed changes were passed, 100 high profile members put their name to an open letter which appeared in *The Australian*, and many gave up their time to attend rallies and meetings. The government and industry bodies were forced to start listening to our concerns; why hadn't performers been consulted? Why make it even harder for Australian actors to make a living in this country? Where would the likes of Toni Collette, Geoffrey Rush and scores of other internationally successful Australian performers be if it wasn't for their break out roles in Australian productions? Isn't one of the defining aspects of an "Australian" production that it has Australian actors and Australian voices?

We have met with the producers and the government on several occasions to put our case forward in the strongest possible way. Australian actors have also indicated, via a secret ballot, that they are willing to take strike action if necessary. This is how the importation process worked in the 1980s – performers stood together to protect their jobs and their industry. I have no doubt we can do it again if need be. The Alliance is in the process of asking some big questions about how to sustain a strong union that builds power at work for the people who inform and entertain in Australia and New Zealand. I am confident that together we will tackle these challenges with our usual enthusiasm and absolute determination.

Patricia Amphlett
Alliance federal president

Alliance membership

	2010-11	2011-12
Media	7,364	7,206
Equity	6,393	6,196
ATAEA	3,392	3,045
Musicians	830	788
TOTAL	17,979	17,235

Doing better with what we have

Activists

The Alliance has set itself the target of developing and mapping one activist for every 10 financial members, and of having at least half of these activists undergo some form of training.

Training

We continue to conduct activist training in most states, with a focus on collective agreement campaigning and member recruiting. Some branches, such as Victoria and Queensland, have structured this training around annual delegates' days or weekends.

In August 2009, we received a federal government grant under the Fair Work Education and Information Program to fund training in the new bargaining framework. However, restrictions on the application of the program meant that we were not able to use all of the grant when it wrapped up in March.

We have applied for a further grant for training of staff in advanced organising skills.

Database

We have upgraded the membership system to integrate it with other Alliance activities, such as participation in Alliance events. We are also considering how to integrate the membership system and other contact databases, such as Outlook, and how to make the system more web-enabled.

Video-conferencing

Since 2008, the Alliance has had a video-conferencing facility linking our Sydney, Melbourne and Brisbane offices. This has improved communication between these three offices and enabled us to conference groups of members in the three states.

We have started expanding our video conferencing capacity to include all offices (beginning with Perth), and will provide an interface with other video-conferencing set-ups and with Skype.

Staff

Communications and campaign unit

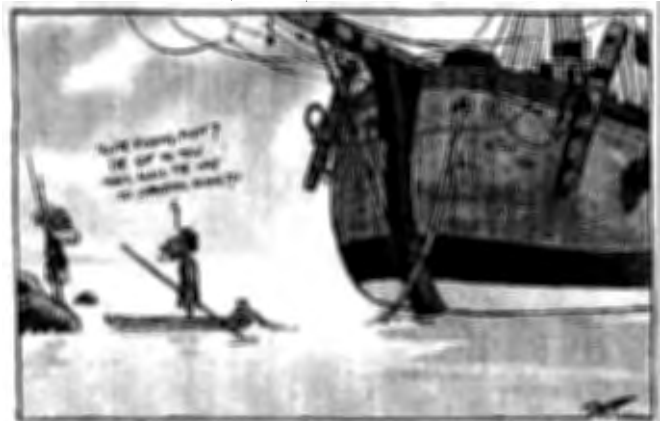
The Communications and Campaigns unit continues to:

- Improve our capacity to make regular media statements;
- Improve the mileage we get out of submissions to government;
- Generate content for our website;
- Produce Alliance magazines and other publications;
- Produce Alliance reports, such as the Press Freedom Report and the Future of Journalism Report;
- Help coordinate other campaigns including Save Spaces for Aussie Faces;
- Co-ordinate our regular E-Bulletins and assist in writing and editing workplace bulletins to ensure uniformity of style.

The unit has three journalists in Sydney.



Artwork by Joanne Brooker



Cartoon by Pat Campbell

Training

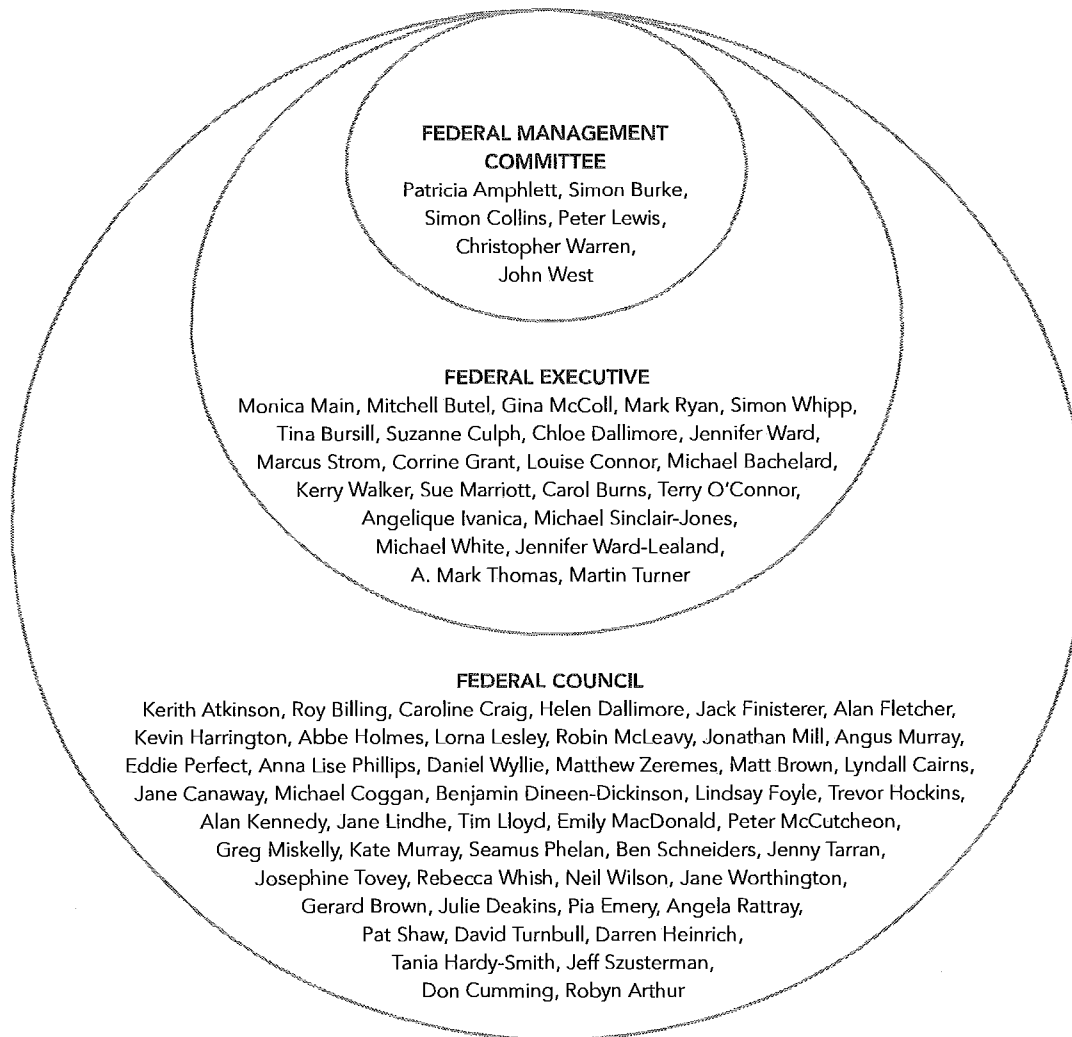
The Alliance has continued its commitment to train staff and enable them to carry out the union's goals. Currently, we are running training in technology and procedures and the new industrial relations laws. Assistance is being given to some staff to pursue further relevant tertiary training.

The Alliance has continued its commitment to using the Organising Works program for inexperienced staff. This year, we have five Sydney-based organisers and one Melbourne-based organiser in the program.

Staff salaries and conditions

During 2007, the Alliance adopted a method of adjusting wages by tying them to movements in key benchmark Alliance collective agreements. This produced pay rises from July 1 last year and this year of 3.25 per cent, based on rises in the Fairfax collective agreement and the Motion Picture Production Agreement.

How the Alliance works



Fraud

In late May of this year, membership manager Melissa McAllister identified an alleged fraud in the membership section, as a result of unauthorised payments being made to a staff member's personal credit cards. The staff member was immediately dismissed and the matter has been referred to the police for investigation. We immediately blocked the capacity for any future such payments. Our auditors conducted a forensic audit to identify the extent of the fraud and to recommend changes to prevent recurrence. These recommendations are being implemented.

Elections

The Australian Electoral Commission conducted elections in 2010 for all honorary positions and for the positions of Federal Secretary, NSW Branch Secretary and SA-NT Branch Secretary.

When nominations closed on October 5, all positions were unopposed other than the Federal Vice-Presidents, the New Zealand committee and the stunt committee. The results of the ballot were announced on November 24.

Alliance rules

Suspending and resigning membership

- It is the responsibility of Alliance members to advise the Alliance (in writing) if they cease seeking work in the industry and as soon as they get to work again.
- If an Alliance member leaves the industry permanently, they must notify the Alliance (in writing) and pay all outstanding dues.
- If an Alliance member is still working in the industry and wishes to resign they must notify in writing giving two weeks notice of intention to resign.
- Ceasing payroll deductions does not, of itself, constitute resignation from the Alliance.
- If membership is suspended, a member does not pay any fees but may return to active membership as soon as you return to work. You are not entitled to any benefits of membership while your membership is suspended.
- A member must be financial to resign

Payments

Copyright Agency Limited

The Alliance continues to cooperate with the Copyright Agency Limited (CAL) to deliver copyright royalties to journalists for photocopying. Malcolm Knox was re-elected as the Alliance representative on the CAL Board.

The agency is implementing a new system of online rights management which would enable freelancers to receive the benefits of the exploitation of their work. We are working with CAL to ensure rights of journalists are respected and to promote the service among our members, particularly freelance members.

Residuals

The residual payment process continues to be improved, with the Alliance now distributing about 87 per cent of residuals monies received. We are considering how the Alliance can be more active in identifying residual obligations, rather than relying on the honesty of producers and distributors.

From this year, we will incorporate a more detailed report in our annual report on residual payments that will show how much is received each year and how much is paid out, both in dollar terms and in numbers of recipients.

As part of a review of our web presence, we are examining how we can include a search function for members wanting to know if they are entitled to residuals.

Claims

Until the end of July, we had two people working on our claims desk (one part-time). Due to costs, we have reduced this to a single person and are working to integrate the work more effectively with the inquiry desk to remove pressure on organisers in dealing with individual issues.

In the last financial year, we recovered the following amounts for members:

	2010-2011	2009-2010
Equity	\$205,500	\$89,891
ATAEA	\$67,700	\$7,132
Media	\$418,257	\$66,475
Musicians	\$8,137	\$6,016
TOTAL	\$699,594	\$169,514

How Alliance funds are handled

The Alliance continues to ensure it has processes to ensure that union resources are used in a way that is transparent and accountable.

We have zero tolerance for corruption or misuse of funds. Members have a right to be confident that the money they pay in membership fees is being spent appropriately.

Like all unions, the Alliance operates under Australian law which provides for the tightest regulation of unions anywhere in the developed world. The law has a series of requirements about the rules of unions, to ensure democratic control of unions by members and financial accountability including annual independent audits. Despite recent publicity, there has not been evidence of any systematic abuse within the Australian trade union movement.

The Alliance seeks to operate within both the letter and the spirit of these laws. Specifically, we have processes to ensure that members can retain their confidence in how we operate.

Audits and reports

Alliance finances are independently audited within four months of the end of each financial year. The audit report is published in this annual

report and made available before the end of November each year. In fact, the Alliance publishes to its members more detailed accounts than just about any other union. Some aspects of Alliance operations – such as payment to members of recovered payments – are subject to audit more frequently.

Our finance section prepares regular reports throughout the year that enable the Federal Management Committee to review our income and our expenditure against our budgetary guidelines each month and each quarter.

Training, staff development and processes

To ensure we have the skills to properly manage our finances, our financial controller is a qualified chartered accountant. We are investing in training for our other senior finance staff to ensure they all have appropriate advanced accounting skills.

To ensure our processes are the best possible, the Alliance is planning to benchmark its processes in the finance section against the International Standards Organisation.

Credit cards

Like most similar organisations, we use credit cards issued in the name of specific staff to pay for costs they necessarily incur in carrying out their duties for the Alliance. As an organisation, we will also use these cards to pay various bills, particularly online payments that require credit cards. There are many costs we incur that can only conveniently be paid with credit cards.

Each month, each card-holder is required to explain any charges they have made on their card and provide appropriate documentation.

These expenses are allocated against the appropriate budget line and authorised by two of the senior officers or staff. No person can be the sole person authorising their own expenditure. All our expenditure is, of course, subject to annual audit.

Cards are not to be used for personal expenditure or for cash advances.

Board fees

Fees paid to Alliance employees (including employed officers) for sitting on boards or committees are remitted to the union.

Specifically in relation to superannuation, we nominate two board members and one alternate board member to our industry fund, Media Super. The federal secretary is one of the two board members and our Victorian branch secretary, Louise Connor, is our alternate. All our fees (general board fees and sitting fees) are paid to the union. The policy of Media Super is to set board fees each year at the level of the bottom 10 per cent of industry funds to ensure we act as a low-cost fund. These are published in the fund's annual report.

Our other nominee is not employed by the union and, as the time he spends on superannuation matters is time he cannot earn any other income, his fees are paid directly to him as compensation for time spent representing union members.

No Alliance officers are currently members of any government appointed board that attracts remuneration other than reimbursement of expenses.

Third party contracts

The Alliance uses third party contractors for a range of services that cannot be provided in-house. These include auditing, legal costs, printing and publishing, technology support, phones and other communication. Significant one-off costs (such as building renovations) are tendered as they arise. Continuing relationships are reviewed at least every three or five years to determine if they should be put out to tender. Any decision is based on cost and quality. Conflicts of interest between contractors on the one hand and officers and staff of the Alliance on the other are avoided and there are no conflicts in any current relationships.



media, entertainment & arts alliance

the people who inform and entertain

Stephen Kellett
Fair Work Australia
80 William Street
East Sydney NSW 2011

25 January 2012

Dear Stephen Kellett

Re: Lodgement of Financial Statement and Accounts – Media, Entertainment & Arts Alliance – for year ending 30 June 2011 (FR2011/2686)

Please find enclosed the Financial Statement and Accounts for the Media, Entertainment & Arts Alliance for the year ending 30 June 2011.

Yours sincerely

Jennifer O'Brien
Media, Entertainment & Arts Alliance



FINANCIAL REPORT

Continued tight control of costs and a rebound in income in the last quarter of the year resulted in a significant surplus which has enabled the union to continue to build our campaigns reserve.

This reserve is now being used to grow the union through targeted recruitment. To achieve these targets, the reserve is funding a seven person growth team based in Sydney and Melbourne.

As a result of the surplus, the Alliance has also further expanded the Fighting Fund. This was set up in 2008 to help members affected by industrial or other action and has now been built to almost \$1.3 million. Our goal is to build this fund to \$10 million out of our annual surpluses. Due to the combined impact of job losses in the media and a soft economy, membership income was flat compared to the previous year, despite a CPI-linked fee rise. This was true across all sections and across most other sources of income.

To keep costs within income, the Federal Executive imposed a strong discipline in March, including a staff freeze and tight control on all discretionary expenditure. As a result, staff costs were broadly in line with budget and other costs came in under budget.

Nonetheless, staff remained the major cost for the Alliance. At the end of the financial year, the Alliance employed 71 staff either full-time or part-time. This was equivalent to 67.61 full time staff, up from 63.75 at the beginning of the year.

Staff wages were adjusted during the year under a pay agreement that extends to staff rises that reflect the average rises under Alliance negotiated collective agreements. This involved a rise of 3.25 per cent on July 1, 2010. Salaries paid to officers and staff inclusive of superannuation fell into the following bands:

	Staff	Officers	2009-10
Under \$20,000	5	0	7
\$20,000-\$30,000	10	0	6
\$30,000-\$40,000	5	0	10
\$40,000-\$50,000	5	0	5
\$50,000-\$60,000	6	0	7
\$60,000-\$70,000	4	1	9
\$70,000-\$80,000	9	1	6
\$80,000-\$90,000	11	1	6
\$90,000-\$100,000	4	1	5
\$100,000-\$110,000	4	0	4
\$110,000-\$120,000	0	0	2
Over \$120,000	0	4	3
	63	8	70

The Alliance continued with its debt reduction strategy, with the goal of being debt free by 2013. The Alliance has set aside real cash provision for staff entitlements to annual leave, long service leave and other benefits. At the end of the financial year, we had set aside about \$800,000 against an entitlement of about \$1.1 million. We have also provided a special reserve of \$215,000 for unforeseeable costs that may arise due to, for example, serious illness for long term staff.

We are continuing to pay down our mortgage. At the end of the financial year, there was about \$1 million owing underpinned by properties in Sydney, Melbourne and Adelaide with a book value of about \$5 million. This means that the union now only owes a proportion of the additional money it borrowed in 2006 to purchase our Melbourne property and we can expect that this will be paid off by 2013 as we are continuing to set aside 4 per cent of our fee income to pay down this debt.

Our net assets are now \$6.34 million, on a turnover of about \$10.99 million. Most importantly, our working capital (the difference between current assets and current liabilities) is now about \$2.7 million. The Alliance has now exceeded its goal of having working capital of at least 20 per cent of turnover.

As a result of publicity about expenditure practice of another union, the Alliance reviewed its processes to ensure all expenditure was appropriate. A report on this review is at page 19 of this report.



FEDERAL SECRETARY'S DECLARATION

The Federal Secretary of the Media Entertainment & Arts Alliance (the "Alliance") declares that:

- The financial statements and notes, as set out on pages 24 to 34, are in accordance with the Workplace Relations Act and:
 - comply with Accounting Standards and the Workplace regulations; and
 - give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the Alliance.
- In the Federal Secretary's opinion, there are reasonable grounds to believe that the Alliance will be able to pay its debts as and when they become due and payable.

Federal Secretary: Christopher Warren
Dated this 17 day of October 2011

	2011-2012 Budget	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005
	\$	\$	\$	\$	\$	\$	\$	\$
Total income	10,527,000	10,991,799	10,480,906	11,039,723	10,706,162	9,913,677	9,010,401	7,655,953
Total costs	(10,491,080)	(10,226,481)	(9,143,369)	(10,230,635)	(9,931,254)	(9,470,269)	(8,753,424)	(7,394,694)
Surplus	35,920	765,318	1,337,537	809,088	774,908	443,408	256,977	261,259
Stability Reserve	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,017,514	958,496	725,237
Fighting Fund Reserve	1,500,000	1,288,099	1,024,801	554,617	254,905	0	0	0

FEDERAL SECRETARY'S REPORT 30 JUNE 2011

On 17 October 2011 the Committee of Management of the Media, Entertainment & Arts Alliance (the "Alliance") passed the following resolution in relation to the general purpose financial statements (GPFS) of the reporting unit for the financial year ended 30 June 2011:

The Committee of Management declares in relation to the GPFS that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar for section 270 of the Registration and Accountability of Organisations (RAO) schedule
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the Alliance will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GPFS relates and since the end of the year;
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RAO Regulations; and
 - (iv) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been furnished to the member or Registrar; and
 - (v) there has been compliance with any order for inspection of financial records made by the Commission under section 273 of the RAO Schedule.
- (f) in relation to recovery of wages activity:
 - (i) the financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the reporting guidelines of the Industrial Registrar; and
 - (ii) the committee of management caused the auditor to include in the scope of the audit required under subsection 257(1) of the RAO Schedule all recovery of wages activity by the reporting unit in which revenues had been derived for the financial year in respect of such activity; and
 - (iii) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from moneys recovered from employers on behalf of workers other than reported in the financial report on recovery of wages activity and the notes to the financial statements; and
 - (iv) that prior to engaging in any recovery of wages activity, the organisation has disclosed to members by way of a written policy all fees to be charged or reimbursement of expenses required for recovery of wages activity, and any likely request for donations or other contributions in acting for a worker in recovery of wages activity; and
 - (v) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from moneys recovered from employers on behalf of workers until distributions of recovered money were made to the workers.

Significant change in State of Affairs

There has been no significant change in the Alliance's financial affairs or state of affairs during or since the end of the financial year.

Events After Balance Sheet Date

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Alliance, the results of those operations, or the state of affairs of the Alliance in future financial years.

For Committee of Management: Christopher Warren
 Title of Office held: Federal Secretary
 Dated this 17 day of October 2011

AUDITOR'S INDEPENDENCE DECLARATION

I am pleased to provide the following declaration of independence to the Federal Management Committee of Media, Entertainment & Arts Alliance. As lead audit principal for the audit of the financial statements of the Media, Entertainment & Arts Alliance for the financial year ended 30 June 2011, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

- (i) the auditor independence requirements in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely
CROWE HORWATH SYDNEY
LEAH RUSSELL
 Principal
 Dated this 17 day of October 2011

INDEPENDENT AUDITOR'S REPORT

Scope

The financial statements and the Federal Secretary's responsibility
 The financial statements comprise the Federal Secretary's report, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, notes to the financial statements and the Federal Secretary's Declaration for the Media, Entertainment & Arts Alliance (the "Alliance") for the year ended 30 June 2011. The officers of the Alliance are responsible for the preparation and true and fair presentation of the financial statements in accordance with the Alliance and the Workplace Relations Act. This includes the responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the Alliance. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. We performed procedures to assess whether in all material respects the financial statements present fairly, in accordance with the Alliance's Rules and Workplace Relations Act, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Alliance's financial position, and of its performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the officers.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed the applicable independence requirements of Australian professional ethical pronouncements and the Workplace Relations Act. We confirm that the independence declaration required by the Australian professional ethical pronouncements and the Workplace Relations Act, provided to the Federal Management Committee of the Alliance on 17 October 2011, would be in the same terms if provided to the Federal Management Committee as at the date of this auditor's report.

Audit Opinion

In our opinion, the financial statements of the Media, Entertainment & Arts Alliance is in accordance with the Workplace Relations Act, including:

- (i) giving a true and fair view of the Alliance's financial position as at 30 June 2011 and of their performance for the year ended on that date; and
- (ii) complying with Accounting Standards in Australia and the Workplace Relations Act.
- (iii) any other requirements imposed by these reporting Guidelines or Part 3 of Chapter 8 of the RAO schedule in relation to recovery of wages.
 - a) That the scope of the audit encompassed recovery of wages activity;
 - b) That the financial statements and notes and recovery of wages activity financial report properly and fairly report all information required by the reporting guidelines of the Industrial Registrar, including:
 - Any fees charged to or re-imbursements of expenses claimed from members and others for recovery of wages activity; and
 - Any donations or other contributions deducted from recovery money.

CROWE HORWATH SYDNEY
LEAH RUSSELL
 Principal – Registered Company Auditor
 Dated this 17 day of October 2011

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
REVENUE			
Revenue from ordinary activities	2	10,991,799	10,480,906
DIRECT COSTS			
Depreciation and amortisation	3	(198,205)	(335,609)
Finance costs	3	(116,999)	(156,994)
Employee costs		(6,190,008)	(5,423,658)
Site costs		(454,807)	(409,908)
Affiliation fees	3	(278,068)	(247,076)
Printing and postage		(195,466)	(211,641)
Telephone		(191,552)	(153,755)
Magazines		(455,536)	(390,565)
Repairs and maintenance		(445,077)	(346,029)
Travel		(248,846)	(232,579)
Events		(911,834)	(607,192)
Other expenses from ordinary activities		(540,083)	(628,363)
Total direct costs		(10,226,481)	(9,143,369)
Surplus		765,318	1,337,537
Other comprehensive income for the year		-	-
Total comprehensive income for the year		765,318	1,337,537

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	2011 \$	2010 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	4,633,657	3,650,278
Trade and other receivables	6	540,250	1,032,472
Other current assets	7	167,380	115,256
Total current assets		5,341,287	4,798,006
Non-current assets			
Financial assets	8	16,180	16,180
Property, equipment and vehicles	9	4,735,529	4,786,781
Total non-current assets		4,751,709	4,802,961
TOTAL ASSETS		10,092,996	9,600,967
LIABILITIES			
Current liabilities			
Trade and other payables	10	763,824	901,769
Short-term borrowings	11	-	-
Provisions	12	1,090,824	916,535
Other current liabilities	13	778,943	679,062
Total current liabilities		2,633,591	2,497,366
Non-current liabilities			
Provisions	12	28,698	38,212
Long-term borrowings	11	1,091,173	1,491,173
Total non-current liabilities		1,119,871	1,529,385
TOTAL LIABILITIES		3,753,462	4,026,751
NET ASSETS		6,339,534	5,574,216
EQUITY			
Reserves		4,142,158	3,420,632
Retained earnings		2,197,376	2,153,584
TOTAL EQUITY		6,339,534	5,574,216

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

2011	Stability Reserve \$	Fighting Fund \$	Equity Foundation Reserve \$	SOMA Reserve \$	Walkley Foundation Reserve \$	Western Australian Journalists Reserve \$	Campaign Reserve \$	Special Leave Reserve \$	Property and Mortgage Reserve \$	Retained Earnings \$	Total \$
Balance at 1 July 2010	1,000,000	1,024,801	384,808	20,429	373,511	630	401,453	215,000	-	2,153,584	5,574,216
Net surplus attributable to members of the entity	-	-	-	-	-	-	-	-	-	765,318	765,318
Transfers to and from reserves	-	-	-	-	-	-	-	-	-	-	-
- Fighting Fund Reserve	-	263,298 (i)	-	-	-	-	-	-	-	(263,298)	-
- Equity Foundation Reserve	-	-	90,813	-	-	-	-	-	-	(90,813)	-
- SOMA Reserve	-	-	-	31,742	-	-	-	-	-	(31,742)	-
- Walkley Foundation Reserve	-	-	-	-	(113,697)	-	-	-	-	113,697	-
- Western Australian Journalists Reserve	-	-	-	-	-	(630)	-	-	-	630	-
- Campaign Reserve	-	-	-	-	-	-	300,000	-	-	(300,000)	-
- Special Leave Reserve	-	-	-	-	-	-	-	-	-	-	-
- Property Mortgage Reserve	-	-	-	-	-	-	-	-	150,000	(150,000)	-
Balance at 30 June 2011	1,000,000	1,288,099	475,621	52,171	259,814	-	701,453	215,000	150,000	2,197,376	6,339,534
Supported by separate bank account	1,108,822	597,569	102,746	-	102,746	-	-	215,000	-	-	2,126,883

(i) Refer note 15(h) for reconciliation of transfer to reserve

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

2010	Stability Reserve \$	Fighting Fund \$	Equity Foundation Reserve \$	SOMA Reserve \$	Walkley Foundation Reserve \$	Western Australian Journalists Reserve \$	Campaign Reserve \$	Special Leave Reserve \$	Retained Earnings \$	Total \$
Balance at 1 July 2009	1,000,000	554,617	375,234	20,429	432,723	42,919	201,453	-	1,609,304	4,236,679
Net surplus attributable to members of the entity	-	-	-	-	-	-	-	-	1,337,537	1,337,537
Transfers to and from reserves	-	-	-	-	-	-	-	-	-	-
- Fighting Fund Reserve	-	470,184 (ii)	-	-	-	-	-	-	(470,184)	-
- Equity Foundation Reserve	-	-	9,574	-	-	-	-	-	(9,574)	-
- Walkley Foundation Reserve	-	-	-	-	(59,212)	-	-	-	59,212	-
- Western Australian Journalists Reserve	-	-	-	-	-	(42,289)	-	-	42,289	-
- Campaign Reserve	-	-	-	-	-	-	200,000	-	(200,000)	-
- Special Leave Reserve	-	-	-	-	-	-	-	215,000	(215,000)	-
Balance at 30 June 2010	1,000,000	1,024,801	384,808	20,429	373,511	630	401,453	215,000	2,153,584	5,574,216
Supported by separate bank account	1,048,687	564,990	-	-	-	-	-	-	-	1,613,677

(iii) Refer note 15(h) for reconciliation of transfer to reserve

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
Cash flows from operating activities:			
Receipts from members and sponsors		12,119,535	10,943,844
Payments to suppliers and employees		(10,991,679)	(9,349,897)
Interest received		519,475	365,790
Finance costs		(116,999)	(156,994)
Net cash provided by operating activities	14	1,530,332	1,802,743
Cash flows from investing activities:			
Acquisition of property, equipment and vehicles	9	(146,953)	(29,625)
Proceeds from disposal of property, equipment and vehicles		-	44,045
Net cash provided by/(used in) investing activities		(146,953)	14,420
Cash flows from financing activities:			
Repayment of borrowings		(400,000)	(640,000)
Net cash used in financing activities		(400,000)	(640,000)
Net increase in cash held		983,379	1,177,163
Cash and cash equivalents at beginning of year		3,650,278	2,473,115
Cash and cash equivalents at end of financial year	5	4,633,657	3,650,278

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Media, Entertainment & Arts Alliance (the "Alliance") is an entity created under the Workplace Relations Act, registered and domiciled in Australia.

The financial statements of the Alliance comply with the Australian equivalents to International Financial Reporting Standards (AIFRS) as they relate to a not-for-profit entity, and reduced disclosure regime.

The following is a summary of the material accounting policies adopted by the Media, Entertainment & Arts Alliance in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

Reporting Basis and Conventions

The Media, Entertainment & Arts Alliance (the "Alliance") has elected to early adopt the pronouncements AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements to the annual reporting period beginning 1 July 2010.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Workplace Relations Act.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

(a) Property, Equipment and Vehicles

Each class of property, equipment and vehicles is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are measured at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

In the opinion of the Federal Management Committee, the carrying value of land and buildings does not exceed recoverable amounts.

Equipment and Motor Vehicles

These are measured on the cost basis less depreciation and impairment losses. The carrying amount is reviewed annually by the Federal Management Committee to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the depreciated replacement cost of the asset or net cash flows that will be received from the assets' subsequent disposal.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Alliance commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Buildings	2.5%
Equipment and Motor Vehicles	10-30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Each asset class's carrying amount is written down immediately to its recoverable amount if the class's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(b) Impairment of Assets

At the end of each reporting period, the Alliance reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the Alliance would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of a class of assets, the Alliance estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(c) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when

the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company 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 either 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: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) 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; and (iv) less any reduction for impairment.

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 profit or loss.

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.

Available-for-sale financial assets

These include any financial assets not included in the above categories. They are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to the Statement of Comprehensive Income.

They 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. Changes to fair value are taken directly to the Statement of Comprehensive Income.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

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

Impairment

At each reporting date, the Alliance 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 either 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 profit or loss.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(e) Employee Benefits

Provision is made for the Alliance's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(f) Provisions

These are recognised when the Alliance has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(g) Revenue

This is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Grant revenue is recognised in the statement of comprehensive income when it is expensed. When there are conditions attached to grant revenue relating to the use of those grants for specific purposes it is recognised in the statement of financial position as a liability until such conditions are met or services provided.

Donations are recognised as revenue when received unless they are designated for a specific purpose, where they are carried forward as prepaid income on the statement of financial position until expensed. Membership subscription income has been accounted for on a mix of cash and accruals basis. Membership subscriptions outstanding at balance sheet date have been brought to account as receivables where subscriptions are paid by the members' employers through salary deductions. All other membership subscriptions due to be paid are recognised when received. Membership income is deemed earned in the year to which it relates. Membership subscriptions relating to the unexpired part of the membership year are deferred and recognised as income in the next financial year. Interest revenue is recognised when received. Dividend revenue is recognised when the right to receive a dividend has been established. All revenue is stated net of the amount of goods and services tax (GST).

(h) 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 Taxation Office or the New Zealand Inland Revenue. 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 statement of financial position 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.

(i) Income Tax

The Alliance is an income tax exempt entity under item 1.7 section SO-5 of the Income Tax Assessment Act 1997.

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the Alliance prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) Borrowings

These are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. They are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses. They are classified as current liabilities unless the Alliance has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(l) Foreign Currency Transactions and Balances

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

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

(m) Comparative Figures

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

(n) Critical accounting estimates and judgments

The Federal Management Committee evaluates estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Alliance.

Key estimates - Impairment

The Alliance assesses impairment at each reporting date by evaluating conditions specific to the Alliance that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. No impairment has been recognised.

2. REVENUE

	2011 \$	2010 \$
Operating activities		
- Subscriptions and fees	8,431,079	8,439,893
- Grants, sponsorships and events income	1,442,175	1,158,485
- Interest from financial institutions	519,475	365,790
- Rental income	94,340	88,582
- Sundry income	504,730	428,156
Total Revenue	10,991,799	10,480,906

3. SURPLUS FROM ORDINARY ACTIVITIES

Surplus from ordinary activities has been determined after charging the following:

	2011	2010
Finance costs		
- Financial institutions	116,999	156,994
Depreciation of non-current assets, including equipment and vehicles	46,167	182,280
Amortisation of non-current assets		
- leasehold improvements	152,038	153,329
	198,205	335,609
Remuneration of auditor		
Auditing the financial statements	54,000	54,000
Other services (taxation advice, review of Equity Trust payment runs)	38,700	31,250
	92,700	85,250
Affiliation fees		
- International	95,747	86,947
- Other	182,321	160,129
Total affiliation fees	278,068	247,076
Legal fees	49,516	144,411
Donations	(2,781)	1,865
Gain from disposal of property, equipment and vehicles	-	5,281
Honoraria	32,269	34,350
Rental expense on operating leases	119,468	110,091
Employee benefits to Elected Officials		
- salaries	695,593	667,669
- annual leave	116,470	96,584
- long service leave and severance pay	35,962	14,837
- superannuation	127,893	129,419
- benefits	5,963	5,145
Total Employee Benefits to Elected Officials	981,881	913,654
Employee benefits to Staff		
- salaries	3,610,047	3,151,579
- annual leave	340,509	345,503
- long service leave	76,561	51,184
- redundancies	53,417	12,068
- superannuation	498,153	456,138
- benefits	12,131	25,479
Total Employee Benefits to Staff	4,590,818	4,041,951

4. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Key Management Personnel

Names and positions held of key management personnel in office at any time during the financial year are:

Key Management Personnel	Position
Christopher Warren	Federal Secretary
Mark Ryan	Elected Official
Simon Whipp	Elected Official

Persons holding the position of salaried elected officials of the Alliance at any time during the year were:
C Warren, S Whipp, M Ryan, S Culph, L Connor, A Ivanica, M Sinclair-Jones and M White.

4. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT)
(b) Key Management Personnel Compensation

	Salary \$	Superannuation \$	Short-term and Long-term benefits \$	Total \$
2011	276,832	57,849	41,879	376,560
2010	326,183	61,819	4,990	392,992

(c) Committee of Management
Each of the following persons was a member of the Committee of Management during the year:
C Warren, P Amphlett, S Burke, S

Collins, R Pollard (resigned 26 November 2010), P Lewis (appointed 26 November 2010), and J West.
Committee members have been in office since the start of the financial year to the

date of this report unless otherwise stated.
C Warren's remuneration is included in Note 4(b) above. All other members of the Committee of Management receive an honorarium – refer Note 3.

5. CASH AND CASH EQUIVALENTS

	2011 \$	2010 \$
Cash on hand	6,099	5,488
Cash at bank	4,627,558	3,644,790
	4,633,657	3,650,278

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	4,633,657	3,650,278
	4,633,657	3,650,278

6. TRADE AND OTHER RECEIVABLES
CURRENT

Membership debtors	51,781	47,450
Other debtors	488,469	985,022
	540,250	1,032,472

(a) Other debtors

These amounts include a loan from a related party, Equity Trust	237,690	422,153
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7. OTHER ASSETS
CURRENT

Prepayments	160,527	109,970
Deposits refundable	1,802	1,802
Payroll clearing account	5,051	3,484
	167,380	115,256

8. FINANCIAL ASSETS

Available-for-sale Financial Assets comprise:

Listed investments		
- shares - at fair value	1,037	1,037
- shares in listed trusts – at fair value	15,143	15,143
Total available-for-sale financial assets	16,180	16,180

9. PROPERTY, EQUIPMENT AND VEHICLES
LAND AND BUILDINGS

Sydney - At cost	4,893,752	4,759,207
- Less accumulated depreciation	(1,809,368)	(1,703,888)
	3,084,384	3,055,319
Adelaide - At cost	204,628	204,628
- Less accumulated depreciation	(87,142)	(82,026)
	117,486	122,602
Melbourne - At cost	1,657,656	1,657,656
- Less accumulated depreciation	(187,658)	(146,216)
	1,469,998	1,511,440

EQUIPMENT AND VEHICLES

- At cost	1,382,019	1,473,841
- Less accumulated depreciation	(1,318,358)	(1,376,421)
	63,661	97,420
Total property, equipment and vehicles	4,735,529	4,786,781

9. PROPERTY, EQUIPMENT AND VEHICLES (CONT)

(a) Movements in Carrying Amounts

2011	Land and buildings			Equipment and Motor Vehicle \$	Total \$
	Sydney \$	Adelaide \$	Melbourne \$		
Balance at the beginning of year	3,055,319	122,602	1,511,440	97,420	4,786,781
Additions	134,545	-	-	12,408	146,953
Disposals	-	-	-	-	-
Depreciation expense	(105,480)	(5,116)	(41,442)	(46,167)	(198,205)
Carrying amount at the end of year	3,084,384	117,486	1,469,998	63,661	4,735,529

(b) Valuations of land and buildings

The Federal Management Committee has reviewed the book value of land and buildings and believes that the market value is substantially in excess of the book value.

The latest valuation of the Sydney property was performed by CB Richard Ellis on 10 August 2009, when the property was valued at \$4,600,000. At 30 June 2011, the Federal Management Committee has performed a valuation on the freehold land and buildings. The Federal Management Committee has reviewed the key assumptions adopted by the valuers in 2010 and do not believe there has been a significant change in the assumptions at 30 June 2011. The Federal Management Committee therefore believes the carrying value of the land correctly reflects the fair value less cost to sell at 30 June 2011.

The freehold land and building in Melbourne was independently valued on 15 April 2011 by CB Richard Ellis, when the property was valued at \$1,800,000. The valuation was based on vacant possession "as is". The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current demand for land and buildings in the area and recent sales data for similar properties.

The freehold land and building in Adelaide was independently valued on 30 June 2011 by CB Richard Ellis, when the property was valued at \$285,000. The valuation was based on vacant possession "as is". The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current demand for land and buildings in the area and recent sales data for similar properties.

(c) Non-current assets pledged as security

Refer to note 11 for information on non-current assets pledged as security.

10 TRADE AND OTHER PAYABLES

	2011 \$	2010 \$
CURRENT		
Unsecured liabilities		
Trade payables	249,474	209,256
Goods and services tax payable	118,775	113,609
Creditors and accruals	395,575	578,904
	763,824	901,769

(a) Included in creditors and accruals are the following:

Legal fees	116,382	132,384
Employee benefits to Office Holders and staff	29,103	14,022
	145,485	146,406

(b) Amounts not expected to be settled within the next 12 months

There are no amounts not expected to be settled within the next 12 months.

11. BORROWINGS

	2011 \$	2010 \$
CURRENT		
Secured liabilities		
Bank loans	-	-
NON-CURRENT		
Secured liabilities		
Bank loans	1,091,173	1,491,173

(a) Bank loans

The Alliance's bank loan facility is to 31 August 2012 with a facility limit of \$2,300,000.

(b) Assets pledged as security

The Bank has a fixed charge over all land and buildings owned by the Alliance in Sydney and Adelaide.

The carrying amounts of non-current assets pledged as security are:

First mortgage over freehold land and buildings	3,201,870	3,177,921
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12. PROVISIONS

	2011 \$	2010 \$
CURRENT		
Annual leave	506,154	423,241
Long service leave	517,333	426,924
Severance and other provisions	67,337	66,370
	1,090,824	916,535
NON-CURRENT		
Employee entitlements	28,698	38,212
Total officers employee entitlements	373,301	290,743
Total employee entitlements	746,221	664,004
	1,119,522	954,747

These entitlements are partly supported by funds of \$855,765 in a separate bank account

13. OTHER LIABILITIES

CURRENT		
Deferred membership income	16,351	30,821
Deferred other income	734,387	625,994
Other current liabilities	28,205	22,247
Total	778,943	679,062

Deferred other income includes funds raised and expended by the Alliance Safety & Solidarity Appeal Fund. The following is the movement in the Alliance Safety & Solidarity Appeal Fund during the year:

Balance as at 1 July	389,837	368,563
Funds raised during the year	40,480	89,744
Payments made during the year	(43,331)	(68,470)
Balance as at 30 June	386,986	389,837

These funds are invested in a separate bank account.

14. CASH FLOW INFORMATION

Reconciliation of cash flow from operations with surplus after nil income tax

Net surplus for the year	765,318	1,337,537
Non-cash flows in profit		
Distribution reinvested	-	(1,147)
Amortisation	152,038	153,329
Depreciation	46,167	182,280
(Gain)/loss on disposal of fixed assets	-	(5,281)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	492,222	(198,717)
(Increase) in other current assets	(52,124)	(7,683)
Increase/(decrease) in trade and other payables	(136,945)	87,741
Increase/ in other current liabilities	98,881	161,446
Increase/ in provisions	164,775	93,238
	1,530,332	1,802,743

15. RESERVES

- | | | |
|---|---|--|
| <p>(a) Stability Reserve
The Stability Reserve was set up to advance the working capital of the Alliance and has been invested in a separate bank account.</p> | <p>up to advance the interests of orchestral musicians.</p> | <p>(f) Western Australian Journalists' Reserve
The Western Australia Journalists' Reserve was set up to advance the interests of journalist members in Western Australia.</p> |
| <p>(b) Equity Foundation Reserve
The Equity Foundation Reserve has been set up to advance the interests of the Equity Foundation.</p> | <p>(d) Walkley Foundation Reserve
The Walkley Foundation Reserve has been set up to advance the interests of the Walkley Foundation.</p> | <p>(g) Fighting Fund Reserve
The Fighting Fund Reserve was set up to assist members undertaking action in support of Alliance objectives or other related activities in support of Alliance objectives.</p> |
| <p>(c) Symphony Orchestra Musicians' Association (SOMA)
The SOMA Reserve has been set</p> | <p>(e) Campaign Reserve
The Campaign Reserve has been set up to advance the interests of the members.</p> | |

15. RESERVES (CONT)

	2011 \$	2010 \$
Analysis of transfer to Fighting Fund Reserve		
Transferred from Alliance surplus	150,000	380,000
Interests received on Stability and Fighting Fund bank account balances	92,584	90,184
Sundry receipt	910	-
Donations received during the year	37,325	-
Donations paid during the year	(17,521)	-
Net transfer to reserve	263,298	470,184

(h) Special Leave Reserve

The Special Leave Reserve was set up to provide for unforeseen staff contingencies.

(i) Property and Mortgage Reserve

The Property Mortgage Reserve was set up to provide for unforeseen costs or obligations regarding the Alliance properties and mortgage bills.

16. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments		
- not later than 12 months	77,188	60,280
- between 12 months and 5 years	134,503	184,481
	211,691	244,761

The operating lease, which relates to the Brisbane office, will expire on 30 June 2014.

(b) Capital Expenditure Commitments

There are no material capital expenditure commitments as at 30 June 2011.

17. FINANCIAL RISK MANAGEMENT

	Note	2011 \$	2010 \$
Financial assets			
Cash and cash equivalents	5	4,633,657	3,650,278
Loans and receivables	6	540,250	1,032,472
Available-for-sale financial assets	8	16,180	16,180
Total financial assets		5,190,087	4,698,930
Financial liabilities			
Financial liabilities at amortised cost:			
- trade and other payables	10	763,824	901,769
- borrowings	11	1,091,173	1,491,173
Total financial liabilities		1,854,997	2,392,942

Net Fair Values

- (i) For listed available-for-sale financial assets and financial assets at fair value through profit or loss the fair values have been based on closing quoted bid prices at the end of the reporting period.
 In determining the fair values of the unlisted available-for-sale financial assets, the Federal Management Committee has used inputs that are observable either directly (as prices) or indirectly (derived from prices).

18. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirements of RAO Schedule, as amended, the attention of members is drawn to the provisions of section 272(5) which read as follows:

- (1) A member of the Alliance, or a Registrar, may apply to the Alliance for specified prescribed information in relation to the Alliance, to be made available to the person making the application.
- (2) The application must be in writing and must specify the period in 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 Alliance.
- (3) The Alliance must comply with an application made under subsection (1).

19. MONIES HELD IN TRUST

At year end the Alliance was holding in trust an amount of \$5,019,139 (2010: \$6,082,818). This amount and the corresponding liability are not reflected in the statement of comprehensive income or the statement of financial position of the Alliance.

Residuals

Equity Trust is responsible for distributing residual fees (residuals), which are fees paid by distributors to the performers concerned. They are sometimes referred to as "royalties", "repeats" or "second usage fees". These fees are negotiated by the Alliance and paid to qualifying performers who work on film or TV productions, after the initial use or exploitation of these productions.

Equity Trust collects these fees on behalf of the performers and then calculates the residuals for each of them. These calculations are audited by the Alliance's external auditors, prior to paying performers each quarter. On occasion, there are discrepancies relating to performers entitlement to residuals or the attributed portion and these need to be resolved before payments are made.

All residual fees received are banked in accounts specifically designated as trust accounts.

Equity Trust monitors exploitation or sales which may trigger residuals and contacts the producer and distributor when money is due from them.

Producers and distributors are required to provide regular reports on all income they have received and residuals owing.

Equity Trust aims to pay out all residuals received, but some performers are difficult to trace.

The Alliance Rules provides for the use of those amounts that are not able to be distributed within six years of being received by Equity Trust; they may be applied by the Alliance for the interests of the general class of people for whom the money was received, that is, performers. If, after six years, if any member can assert a right to any money received, the Alliance

shall make good that money. Any net interest or related earnings for the interests may also be applied to the interests of performers.

Superannuation contributions

Equity Trust also negotiates, monitors and collects superannuation contributions on behalf of Australian performers working overseas and, in some cases within Australia where the Alliance has negotiated a superannuation contribution greater than the superannuation guarantee levy, and forwards their entitlement to Media Super.

Bonds

To safeguard the wages of performers and crew working on productions, Equity Trust may require a bond to be lodged by the producer. In such cases, Equity Trust releases the bond after the production has provided a certificate from its accountants, certifying that all performers' and crews' wages, including superannuation and annual leave, have been paid.

Assets and liabilities of the Equity Trust not recorded in the financial statements of the Alliance were:

	2011 \$	2010 \$
Current assets		
Cash and cash equivalents	5,019,139	6,082,818
Total current assets	5,019,139	6,082,818
Current liabilities		
Bonds received and owing	55,140	-
Owed to cast members (see below)	4,680,405	5,614,765
Owed to Alliance	237,694	422,153
Provision	45,900	45,900
Total current liabilities	5,019,139	6,082,818

OWED TO CAST MEMBERS – RECOVERY OF WAGES ACTIVITY

	2011 \$	No of Performers	2010 \$	No of performers
Total owed to cast members at 1 July	5,614,765		5,205,737	
Monies received in the year				
Residuals and claims received	6,556,959	14,269	9,862,932	9,584
Monies paid in the year				
Residuals and claims paid to performers	(6,711,416)	2,189	(8,498,003)	2,239
Payments made on behalf of performers to the Alliance:				
- Union fees deducted from residuals received on behalf of members, of which \$287,979 (2010: \$336,660) was paid to the Alliance as member income	(289,094)		(349,775)	
- Outstanding union subscriptions less than 12 months old deducted from residuals received on behalf of members and paid to the Alliance as member income	(184,112)		(156,271)	
- Outstanding union subscriptions more than 12 months old deducted from residuals received on behalf of members and paid to the Alliance as member income	(5,394)		-	
- Administration fees deducted from residuals received on behalf of non-members, of which \$245,109 (2010: \$340,589) was paid to the Alliance Equity Foundation	(251,303)		(339,855)	
Amount paid to Alliance Equity Foundation:				
- Portion of amounts not able to be distributed within six years transferred to Alliance Equity Foundation for the interests of performers	(50,000)		(110,000)	
Total owed to cast members at 30 June	4,680,405		5,614,765	
The total owed to cast members at 30 June includes undistributable amounts that are over six years old	1,256,000		1,022,328	
Interest received on recovered monies				
- Interest received on Equity Trust bank accounts, of which \$323,374 (2010: \$253,156) was transferred to the Alliance Equity Trust	354,091		235,132	
Costs of administration (these have been accounted for in Alliance operations)	306,850		260,656	

20. EVENTS AFTER THE BALANCE SHEET DATE

There have been no material events subsequent to balance date. The financial statements were authorised for issue on 17 October 2011 by the Federal Management Committee. The Committee has the right to amend the financial statements after they have been issued.

21. RELATED PARTY TRANSACTIONS

At reporting date there are some employees with balances of less than \$2,000 either receivable or payable due to salary packaging arrangements.

22. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets as at 30 June 2011, (30 June 2010: nil).

23. COMPANY DETAILS

The registered office and principal place of business of the Alliance is:
245 Chalmers Street, Redfern NSW 2012

