



FAIR WORK
AUSTRALIA

7 September 2011

Mr Lindsay Le Compte
NSW Chapter Secretary
The National Electrical Contractors Association
PO Box 1106
BURWOOD NORTH NSW 2134
By email: necansw@neca.asn.au

Dear Mr Le Compte,

Re: Financial Reports for year ending 30 June 2010 - FR2010/2585

s.268 Fair Work (Registered Organisations) Act 2009 (RO Act)

The Financial Report for the NSW Chapter of the National Electrical Contractors Association (NECA) for the year ended 30 June 2010 was lodged on 24 February 2011.

On 28 March, 19 May and 22 July 2011 we sought the lodgement of a revised Operating Report that provided details of significant changes to the financial affairs and/or activities of the NSW Chapter during the financial year - in accordance with s.254 of the *Fair Work (Registered Organisations) Act 2009* (RO Act).

Following correspondence from the Chapter of 2 May 2011 and 12 July 2011 a new Operating Report was lodged on 2 August 2011.

The financial report has now been filed.

Elected office holders and key management personnel

We attach a copy of correspondence from the NECA National Secretary of 16 June 2011 that confirms that the organisation and its Chapters will, from 2011 and thereafter, disclose relevant information regarding the remuneration paid to elected officers and key management personnel in accordance with the requirements of the RO Act and the Australian Accounting Standards.

If you have any queries regarding the above please contact me at: andrew.schultz@fwa.gov.au

Yours faithfully,

Andrew Schultz

Tribunal Services and Organisations



National office

national electrical and communications association
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16 June 2011

Mr Andrew Schultz
Tribunal Services and Organisations
Fair Work Australia
11 Exhibition Street
MELBOURNE VIC 3000
GPO Box 1994
MELBOURNE VIC 3001

By email only: andrew.schultz@fwa.gov.au

Dear Mr Schultz

Correspondence of 19 May 2011 re NECA Financial Reports

I refer to your correspondence of 19 May 2011.

In response to the issues raised, as they concern NECA reporting units, I respond as follows:

1. From 2011 and thereafter, reporting units will be separately disclosing in their Profit and Loss Statements (or in their Notes to the Accounts) the employee benefits paid to the elected National Secretary (or Chapter Secretary as the case may be).
2. From 2011 and thereafter, reporting units will list in their Operating Report the National Secretary (or the Chapter Secretary as the case may be) as a member of the 'Committee of Management' (including in South Australia and Tasmania).
3. From 2011 and thereafter, reporting units will treat the National Secretary (or the Chapter Secretary as the case may be) as a member of the 'key management personnel'.
4. From 2011 and thereafter, reporting units will include a Related Party Note in their financial reports that discloses the total compensation paid to 'key management personnel', including the elected Secretary (as well as compensation paid to any other members of the Committee of Management and any other relevant executives, directors and/or elected officers).

In view of the above, NECA does not consider it necessary to make further submissions or replies as to these matters. Please advise if you require otherwise.

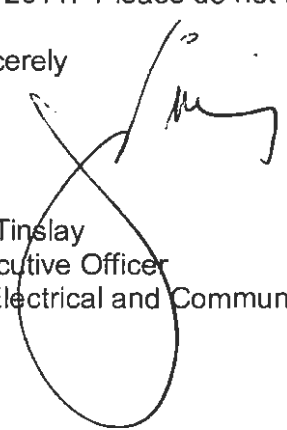
In terms of reporting units having a related party relationship with the entities listed in your correspondence of 19 May 2011, I respond (in table form) as follows:

Entity	Related Party Relationship	Comment
ECA Training Pty Ltd	Shares owned by NECA	Group training company trading as NECA Group Training operating in NSW
NECATec	See NECA Training Pty Ltd	Trading name for registered training organisation NECATec operating in NSW
NECA Legal Pty Ltd	Shares owned by NECA	Legal service
NECA Training Pty Ltd	Shares owned by NECA	Trading as NECATec
NECA Group Training	See ECA Training Pty Ltd	Trading name for group training company ECA Training Pty Ltd operating in NSW
NECA WA Group Property Trust	Trustee owned by NECA WA Group Pty Ltd	Owner of NECA WA building
NECA WA Group Pty Ltd	Shares owned by NECA	Corporate trustee for NECA WA Group Property Trust

The above related party relationships will be disclosed from 2011 and thereafter by relevant reporting units in their financial reports.

I trust the above information resolves all outstanding matters arising in your correspondence of 19 May 2011. Please do not hesitate to contact me should you require anything further.

Yours sincerely



James C Tinslay
 Chief Executive Officer
 National Electrical and Communications Association (NECA)





New South Wales chapter

national electrical and communications association

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email: necansw@neca.asn.au website: www.neca.asn.au
ABN 27 056 174 413

2 August 2011

Mr Andrew Schultz
Tribunal Services and Organisations
Fair Work Australia
GPO Box 1994
MELBOURNE VIC 3001

Dear Mr Schultz

Financial Reports for year ending 30 June 2010 FR2010/2585

I refer to your recent letter regarding the Operating Report for the National Electrical Contractors Association New South Wales Chapter and, in particular, your comments regarding the significant changes to operations.

I now enclose, for your information, revised financial statements incorporating reference to the Caltex fuel scheme, Neca Legal Pty Limited and NECA Training Limited.

I look forward to your comments in due course.

Yours sincerely

A handwritten signature in black ink, appearing to read 'L. Le Compte', is written over a large, stylized signature graphic.

Lindsay Le Compte
Chief Executive Officer
NECA NSW

**NATIONAL ELECTRICAL CONTRACTORS
ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010**

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

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**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

EXECUTIVE COMMITTEE'S OPERATING REPORT

Your Executive Committee members submit the financial report of National Electrical Contractors Association New South Wales Chapter for the financial year ended 30 June 2010.

Executive Committee Members

The names of the Executive Committee members in office at anytime during or since the end of the year are:

Mr. S. Griffiths - President	1-07-2009 to 30-06-2010
Mr. D. Orr (appointed 2 September 2009)	2-09-2009 to 30-06-2010
Mr. B. Duff (Treasurer) (appointed 2 September 2009)	2-09-2009 to 30-06-2011
Mr. A. Brown (appointed 4 November 2009)	4-11-2009 to 30-06-2010
Mr. K. Smith - Vice President	1-07-2009 to 30-06-2010
Mr. T. Pollard	1-07-2009 to 30-06-2010
Mr. R. Houlahan	1-07-2009 to 30-06-2010
Mr. S. Kerfoot	1-07-2009 to 30-06-2010
Mr. J. Hill (resigned 7 October 2009)	1-07-2009 to 07-10-2009
Mr. R. Bateman (resigned 2 September 2009)	1-07-2009 to 02-09-2009
Mr. A.H Glossop (resigned 5 August 2009)	1-07-2009 to 05-08-2009
Mr. L. Le Compte (Secretary)	1-07-2009 to 30-06-2010

Principal Activities

The principal activities of the Association during the financial year were:

The principal activity of National Electrical Contractors Association - New South Wales Chapter during the financial year was representing the interests of its members in the electrotechnology industry.

Significant Changes in Operations

The following significant change in the nature of these activities occurred during the year.

Caltex Fuel Scheme

For many years the Association has provided a fuel scheme to members through Caltex. Under the scheme, the Association meets the cost of the provision of fuel to members by Caltex and recoups the cost of the fuel and related administrative costs direct from members.

Prior to the 2009/2010 financial year, the Association's annual accounts recognised the moneys received from members of the fuel scheme as revenue while the corresponding payments made to Caltex were regarded as expenditure. The transactions had a nil effect in real terms. This action would leave a small amount that related to the administrative and related cost of operation of the scheme.

The recognition of the gross payments paid to Caltex and recovered from members has now been netted off so that the only transactions that appear in the accounts will be those costs and payments that are directly attributable to the Association's management of the fuel scheme.

The effect of this change in an accounting context will result in the annual revenue shown in Association's accounts as being received by the Association under the fuel scheme will be approximately \$6m less than in previous years. However, the net outcome will not change.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

EXECUTIVE COMMITTEE'S OPERATING REPORT

NECA Legal Pty Ltd

For many years, the Association has provided a range of commercial advice to members. Some of that advice was provided by NECAs manager of industrial relations and other advice was provided by the Association's commercial advisor. Certain matters that required special legal advice were outsourced to the private legal sector.

In the 2009/2010 financial year, the Association decided to provide the commercial and legal services through an incorporated legal practice known as NECA Legal Pty Ltd t/as NECA Legal.

This decision was made as a way of providing a more focused service to members delivered through a separate corporate structure. This also enables the Association to properly assess the cost of providing the services as staff and administrative costs will in future be shown in the separate incorporated entity.

In future, these revenues and costs will not specifically appear in the accounts of the Association

NECA Training Ltd

The Association continues to provide or arrange training for its members. However, in a manner similar to the decision relating to legal and commercial advice, the Association has established a company (NECA Training Ltd) to be specifically responsible for the provision of training.

The new corporate entity will undertake the same functions that were previously provided, but with staff and other costs and revenues being included in the annual accounts of the corporate entity.

In future, these revenues and costs will not specifically be shown in the accounts of the Association.

Operating Result

The profit after providing for income tax amounted to \$200,450.

Members Right to Resign

Members may resign from the Association in accordance with Rule 11, Resignation from Membership, of the Federal Rules of National Electrical Contractors Association. Rule 11 conforms with Section 174, Resignation from Membership, of the Fair Work (Registered Organisations) Act 2009.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
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EXECUTIVE COMMITTEE'S OPERATING REPORT

Significant Changes in State of Affairs

No significant changes in the National Electrical Contractors Association - New South Wales Chapter's state of affairs occurred during the financial year.

Membership

As at 30 June 2010, there were 1430 members of the National Electrical Contractors Association - New South Wales Chapter.

Employees

As at 30 June 2010 there were 15 employees of the National Electrical Contractors Association - New South Wales Chapter. There were 372 employees represented by Contractors, 9 administrative employees and 363 apprentices employed by ECA Training Pty Limited, a subsidiary company of National Electrical Contractors Association - New South Wales Chapter.

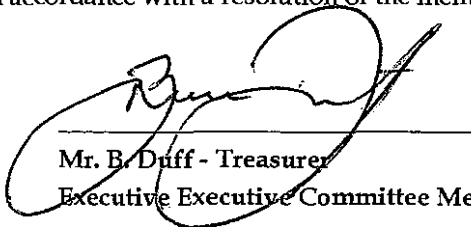
Trustee Position

During the year A.H. Glossop served as Trustee of the New South Wales Electrical Superannuation Scheme.


After balance date events

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

Signed in accordance with a resolution of the members of the Executive Committee:



Mr. B. Duff - Treasurer
Executive Executive Committee Member



Mr. S. Griffiths - President
Executive Executive Committee Member

Dated: 30/7/2011

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 \$	2009 \$
INCOME			
Rental Income:			
Rent received	2	54,500	-
Gross profit from rental activities		54,500	-
Membership Subscription	2	1,380,971	1,282,928
Membership Services	2	51,504	6,287,554
Contributions from other entities	2	373,611	489,162
Conference	2	176,984	252,324
Profit on sale of non-current assets	2	5,506	-
Interest received	2	71,796	77,839
Other revenue	2	38,268	49,330
Grants received	2	1,019,610	565,700
Trading Income:			
Sales			
Sales	2	486,512	405,302
Less Cost of Goods Sold			
Purchases	3	202,515	291,470
Gross profit on trading		283,997	113,832
		3,456,746	9,118,668
LESS EXPENDITURE			
Auditors' remuneration	4	24,000	20,004
Bad debts	3	783	-
Bank charges		19,999	19,333
Consultancy fees		29,998	188,801
Computer Expenses		80,935	25,272
Conference		263,603	288,986
Capitation fees		288,702	282,876
Depreciation		176,650	120,265
Electrocomms Foundation		13,930	14,290
Employees entitlement		1,528,476	1,451,218

The accompanying notes form part of these financial statements.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
	\$	\$
Insurance	17,959	17,645
Legal costs	45,275	17,223
Meetings	48,616	67,223
Members Services	204,120	6,027,147
Motor vehicle expenses	7,454	14,159
Education & Training- Project Funding	136,506	90,900
Occupancy costs	115,670	57,308
Printing and stationery	116,848	182,762
Other expenses	10,382	120,885
Subscriptions	20,849	20,732
Telephone	68,860	49,611
Travelling expenses	36,679	32,153
	3,256,296	9,108,792
NET OPERATING PROFIT	200,450	9,875
Retained profits at the beginning of the financial year	4,763,420	4,753,545
TOTAL AVAILABLE FOR APPROPRIATION	4,963,870	4,763,420
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR	4,963,870	4,763,420

The accompanying notes form part of these financial statements.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010**

	Note	2010 \$	2009 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	518,096	6,808,939
Trade and other receivables	6	1,527,195	1,241,290
Financial assets	7	6,020,026	-
Inventories	8	82,017	60,047
Other current assets	9	88,892	105,909
TOTAL CURRENT ASSETS		8,236,226	8,216,185
NON-CURRENT ASSETS			
Financial assets	7	5	5
Property, plant and equipment	10	2,659,708	2,547,881
TOTAL NON-CURRENT ASSETS		2,659,713	2,547,886
TOTAL ASSETS		10,895,939	10,764,071
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	2,682,400	2,512,147
Short-term provisions	12	243,307	242,487
Other	13	2,997,727	1,237,155
TOTAL CURRENT LIABILITIES		5,923,434	3,991,789
NON-CURRENT LIABILITIES			
Long-term provisions	12	8,635	8,355
TOTAL NON-CURRENT LIABILITIES		8,635	8,355
TOTAL LIABILITIES		5,932,069	4,000,144
NET ASSETS		4,963,870	6,763,927
EQUITY			
Reserves		-	2,000,507
Retained profits		4,963,870	4,763,420
TOTAL EQUITY		4,963,870	6,763,927

The accompanying notes form part of these financial statements.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

**STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2010**

	Retained Earnings	General reserve	Total
	\$	\$	\$
Balance at 1 July 2008	4,753,545	2,560,207	7,313,752
Profit attributable to equity members	9,875	-	9,875
Movement in reserve	-	(559,700)	(559,700)
Balance at 30 June 2009	<u>4,763,420</u>	<u>2,000,507</u>	<u>6,763,927</u>
Profit attributable to equity members	200,450	-	200,450
Movement in reserve	-	(2,000,507)	(2,000,507)
Balance at 30 June 2010	<u><u>4,963,870</u></u>	<u><u>-</u></u>	<u><u>4,963,870</u></u>

The accompanying notes form part of these financial statements.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 \$	2009 \$
Cash flows from operating activities			
Receipts from customers		3,331,987	9,217,299
Payments to suppliers and employees		(3,440,624)	(7,935,592)
Interest received		71,796	77,839
Rent received		54,500	-
Net cash provided by operating activities	20	<u>17,659</u>	<u>1,359,546</u>
Cash flows from investing activities			
Payment for property, plant and equipment		(297,518)	(119,338)
Net payment for financial investments/non-current assets		(6,020,026)	-
Proceeds from sale of investments		9,043	4,141,332
Net cash provided by (used in) investing activities		<u>(6,308,501)</u>	<u>4,021,994</u>
Net increase (decrease) in cash held		(6,290,842)	5,381,540
Cash at beginning of financial year		<u>6,808,939</u>	<u>1,427,399</u>
Cash at end of financial year	20	<u><u>518,097</u></u>	<u><u>6,808,939</u></u>

The accompanying notes form part of these financial statements.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Registration and Accountability of Fair Work (Registered Organisations) Act 2009.

The financial report covers National Electrical Contractors Association- New South Wales Chapter as an individual entity. The financial report of the New South Wales Chapter complies with all International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the National Electrical Contractors Association - New South Wales Chapter in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Reporting Basis and Conventions

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

(a) Income Tax

No provision for income tax has been raised as the National Electrical Contractors Association - New South Wales Chapter is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(b) Property, Plant and Equipment

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

Property

Freehold land and buildings are carried at cost or at independent or Executive Committee's valuation.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, is depreciated on a straight-line basis over their useful lives 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.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

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

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

Class of Fixed Asset	Depreciation Rate
Leasehold improvements- at cost	2.5 - 4%
Buildings- at cost	2.5%
Motor vehicles- at cost	20%
Office furniture and equipment- at cost	20%
Furniture and fittings- at cost	10 - 20%

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

(c) Financial Instruments

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.

(d) Employee Benefits

Provision is made for the New South Wales Chapter'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 the present value of the estimated future cash outflows to be made for those benefits.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(f) Revenue and Other Income

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

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

Other revenue and distribution income is recognised when the right to receive the revenue has been established.

All revenue is stated net of the amount of goods and services tax (GST).

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

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

(g) Controlled Entities

Separate financial statements are prepared for any controlled entity. The New South Wales Chapter's financial statement and those of its controlled entities are consolidated in the financial statements of the economic entity "National Electrical Contractors Association". Therefore, no consolidated financial statement are prepared at the New South Wales Chapter level.

(h) Change in Accounting Policy

During the year the reserves of \$2,000,507 that represented unspent Grants from the MERT Fund have been reclassified as a liability in accordance with the Accounting Standard AASB 1004.

The Grants received from MERT are to be applied specifically for the benefit of the members employer body.

The Association has prepared a specific program for the allocation of the grants.

	Previous Policy 2,000,507	2010 Adjustment	Revised Policy
General Reserve	-	(2,000,507)	2,000,507
		2010	2009
		\$	\$
Statement of Financial Position			
Movement in unearned grant monies:		2,000,507	2,569,207
Reductions		(1,050,665)	(559,700)
Grants received		868,565	-
Balance		<u>1,818,407</u>	<u>2,009,507</u>

The recognition of the income from the fuel scheme provided to members has changed from the recognition of gross income and expenses to the recognition of only the net income from the scheme. The transactions had a nil effect on the reported results of the scheme.

The effect of this change in an accounting is a reduction of revenue and expenses of approximately \$6m less than in previous years. There is no change to the results reported.

(i) Commitments

The Association has provided letters of support for NECA Legal Pty Ltd and NECA Training Limited to support these entities for the next 12 months. As at 30 June 2010 the estimated commitment is \$192,554 for both entities.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

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

	Note	2010	2009
		\$	\$
(j) Impairment of assets			
<p>At each reporting date, the incorporated Association 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 income statement.</p> <p>Where it is not possible to estimate the recoverable amount of an individual asset, the incorporated Association estimates the recoverable amount of the cash-generating unit to which the asset belongs.</p>			
2. REVENUE AND OTHER INCOME			
Revenue			
Sales revenue:			
Sale of goods		486,512	405,302
Other revenue:			
Rendering of services		1,983,070	8,311,968
Rental Revenue		54,500	-
Interest received	2(a)	71,796	77,839
Other revenue		38,268	49,330
Grants received		1,019,610	565,700
Total Revenue		3,653,755	9,410,138
Other Income			
Gain on disposal of property, plant and equipment		5,506	-
(a) Interest received from:			
Other corporations		71,796	77,839
3. PROFIT			
Expenses:			
Cost of sales		202,515	291,470
Bad and doubtful debts		783	-

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010
(Continued)**

	Note	2010 \$	2009 \$
4. AUDITORS' REMUNERATION			
Auditors' remuneration		24,000	20,004
		<hr/>	<hr/>
5. CASH AND CASH EQUIVALENTS			
Cash on hand		340	327
Cash at bank		517,757	6,808,612
		<hr/>	<hr/>
		<u>518,096</u>	<u>6,808,939</u>
6. TRADE AND OTHER RECEIVABLES			
CURRENT			
Sundry debtors		26,842	107,495
Trade receivables (less provision for doubtful debts NIL)		1,315,868	1,133,795
*Intercompany: NECA Legal Pty Ltd		184,484	-
		<hr/>	<hr/>
		<u>1,527,195</u>	<u>1,241,290</u>
7. FINANCIAL ASSETS			
CURRENT			
Other investments	(a)	<hr/>	<hr/>
		6,020,026	-
(a) Other Investments			
Financial investments		<hr/>	<hr/>
		6,020,026	-
NON-CURRENT			
Available-for-sale financial assets	(b)	<hr/>	<hr/>
		5	5
(b) Available-for-sale financial assets:			
Shares in subsidiary company		3	3
Shares in associated entities		<hr/>	<hr/>
		2	2
		<hr/>	<hr/>
		5	5

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010
(Continued)**

Finished Goods at cost	82,017	60,047
	<u>82,017</u>	<u>60,047</u>
9. OTHER ASSETS		
CURRENT		
Prepayments	31,187	32,946
Deferred Costs	57,705	72,963
	<u>88,892</u>	<u>105,909</u>
10. PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements- at cost	279,015	275,684
Less accumulated depreciation	(45,805)	(38,873)
	<u>233,210</u>	<u>236,811</u>
Buildings- at cost	2,570,501	2,570,501
Less accumulated depreciation	(527,120)	(462,858)
	<u>2,043,381</u>	<u>2,107,643</u>
Total land and buildings	<u>2,276,591</u>	<u>2,344,454</u>
Motor vehicles- at cost	49,442	45,409
Less accumulated depreciation	(7,153)	(33,342)
	<u>42,289</u>	<u>12,067</u>
Office furniture and equipment- at cost	550,630	407,163
Less accumulated depreciation	(314,664)	(238,480)
	<u>235,966</u>	<u>168,683</u>
Furniture and fittings- at cost	206,173	117,378
Less accumulated depreciation	(111,973)	(94,701)
	<u>94,200</u>	<u>22,677</u>
Software - at cost	12,482	-
Less accumulated amortisation	(1,819)	-
	<u>10,663</u>	<u>-</u>
Total plant and equipment	<u>383,118</u>	<u>203,428</u>
Total property, plant and equipment	<u>2,659,708</u>	<u>2,547,881</u>

(a) Movement in carrying amounts

For disclosure on movement in carrying amounts please refer to note 22(a) in the end of this financial report.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

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

	Note	2010 \$	2009 \$
11. TRADE AND OTHER PAYABLES			
CURRENT			
Trade creditors		647,982	578,234
Other creditors		225,955	150,199
Intercompany:			
Fund held on behalf of ECA Training Pty Ltd		1,808,463	1,783,714
		<u>2,682,400</u>	<u>2,512,147</u>
12. PROVISIONS			
Provision for holiday pay		81,934	85,772
Provision for building restoration		100,000	100,000
Provision for long service leave		70,008	65,071
		<u>251,942</u>	<u>250,843</u>
Analysis of Total Provisions			
Current		243,307	242,487
Non-current		8,635	8,355
		<u>251,942</u>	<u>250,843</u>
13. OTHER LIABILITIES			
CURRENT			
Unspent grant monies		1,818,407	-
Accrued charges		-	159,989
Income in advance		1,179,320	1,077,165
		<u>2,997,727</u>	<u>1,237,155</u>
14. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE			
(a) No significant events have occurred after balance date.			

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

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

	Note	2010	2009
		\$	\$
15. RELATED PARTY TRANSACTIONS			

Executive Committee Members

The names of each person on the Executive Committee of the New South Wales Chapter during the financial year are S. Griffiths, R. Houlahan, S Kerfoot, A.H. Glossop (Resigned 05/08/2009), R. Bateman (Resigned 02/09/2009), K. Smith, T. Pollard, J. Hill (Resigned 7/10/2009), L. Le Compte (secretary), B.Duff (appointed 02/09/2009), A.Brown (appointed 04/11/2009) and D.Orr (appointed 02/09/2009).

No volunteer member of the Executive Committee received any remuneration during the year for performing their duties as a member of the Executive Committee.

The New South Wales Chapter charges administration fees to ECA Training Pty Limited (ECA) for the expenses incurred on its behalf and for the provision of administrative services and occupancy of Level 3 of 28 Burwood Road. A fixed fee of \$75,000 based on a commercial estimate of time and cost involved in providing these services is charged on a quarterly basis.

The New South Wales Chapter also provides contributions to ECA Training Pty Ltd for training of apprentices. The amount paid/payable during the year was Nil (2009: \$90,000).

The New South Wales Chapter also holds an investment as nominee for ECA Training Pty Ltd. At balance date, the total investment was \$1,808,463 (2009: \$1,783,714).

16. SEGMENT REPORTING

The New South Wales Chapter of the Association primarily operates in New South Wales, Australia representing the interests of its members in the electrotechnology industry

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

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

	Note	2010	2009
		\$	\$
17. FINANCIAL RISK MANAGEMENT			

Financial Risk Management Policies

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

Credit risk for derivative financial instruments arises from the potential failure by counterparties to the contract to meet their obligations. The credit risk exposure to forward exchange contracts and interest rate swaps is the net fair value of these contracts.

The economic entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the economic entity.

Interest Rate Risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Floating Interest	
	Rate	Amount
Cash and cash equivalents	518,757	6,808,939
Investments	6,020,031	5
Total Financial assets	6,538,788	6,808,944

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

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

	Note	2010	2009
		\$	\$
		Non- interest Bearing	
Trade and sundry creditors		3,890,154	1,965,587
Total anticipated inflows		3,890,154	1,965,587

Net Fair Values

Fair value estimation

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities net fair value approximates their carry value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the association intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date.

18. COMPANY DETAILS

The registered office of the Association is:

National Electrical Contractors Association
New South Wales Chapter
Level 3, 28 Burwood Road Burwood NSW 2134

The principal place of business is:

National Electrical Contractors Association
New South Wales Chapter
Level 3, 28 Burwood Road Burwood NSW 2134

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

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

	Note	2010	2009
		\$	\$
19. MEMBER'S ACCESS TO FINANCIAL STATEMENTS			
Fair Work (Registered Organisations) Act 2009 Section 272 provides:			
(1) A member of a reporting unit, or a 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, 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.			
20. CASH FLOW INFORMATION			
(a) Reconciliation of Cash			
Cash at the end of financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:			
Cash		340	327
Cash at Bank		517,757	6,808,612
		518,097	6,808,939
(b) Reconciliation of cash flow from operations with profit			
Profit after income tax		200,450	9,875
Non-cash flows in profit:			
Depreciation		176,650	120,265
(Increase)/Decrease in trade receivables and others		(268,888)	(486,524)
(Increase)/Decrease in inventories		(21,970)	35,347
(Decrease)/Increase in trade payables and accruals		1,930,825	1,653,866
(Decrease)/Increase in provisions		1,099	26,717
(Decrease)/Increase in General Reserve		(2,000,507)	-
Net cash provided by (used in) operating activities		17,659	1,359,546

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010
(Continued)**

	Note	2010 \$	2009 \$
21. SIGNIFICANT CHANGES IN OPERATIONS.			

NECA Legal Pty Ltd

In the financial year, the commercial and legal services provided to members was provided through an incorporated legal practice known as NECA Legal Pty Ltd t/as NECA Legal.

NECA Legal Pty Limited is an associated entity owned by National Electrical Contractors Association. The results of NECA Legal Pty Ltd for the year ended 30 June 2010 was revenue of \$15,870 and a net loss of \$126,108.

NECA Training Ltd

Although the NSW Chapter continues to provide or arrange training for its members, a new associated entity, NECA Training Limited owned by the National Electrical Contractors Association, will be responsible for the provision of training.

NECA Training Limited is an associated entity owned by National Electrical Contractors Association. The results of NECA Training Limited for the year ended 30 June 2010 was revenue of \$223,295 and a net loss of \$66,546.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

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

22. (a) MOVEMENT IN CARRYING AMOUNTS

Movements in carrying amounts for each class of property, plant and equipment.

	Software at cost	Leasehold improvements- at cost	Buildings- at cost	Motor vehicles- at cost	Office furniture and equipment- at cost	Furniture and fittings- at cost	Total
	\$	\$	\$	\$	\$	\$	\$
Opening Balance	-	243,702	2,171,905	21,149	82,297	29,755	2,548,808
Additions	-	-	-	-	119,338	-	119,338
Disposals	-	-	-	-	-	-	-
Depreciation expense	-	(6,891)	(64,262)	(9,082)	(32,952)	(7,078)	(120,265)
Carrying amount at 30 June 2009	-	236,811	2,107,643	12,067	168,683	22,677	2,547,881
Additions	12,482	3,331	-	49,442	143,468	88,795	297,518
Disposals	-	-	-	(9,041)	-	-	(9,041)
Depreciation expense	(1,819)	(6,932)	(64,262)	(10,180)	(76,184)	(17,272)	(176,649)
Carrying amount at 30 June 2010	10,663	233,210	2,043,381	42,289	235,966	94,200	2,659,709


**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

STATEMENT BY MEMBERS OF THE EXECUTIVE COMMITTEE

In the opinion of the Executive Committee the general purpose financial report as set out on pages 4 to 22:

- 1 Presents a fair view of the financial position of National Electrical Contractors Association - New South Wales Chapter as at 30 June 2010 and its performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Standards Board.
- 2 The financial statement and notes comply with the reporting guidelines of the Industrial Registrar.
- 3 The financial statement and notes give a fair view of the financial performance, financial position and cash flows of the New South Wales Chapter for the financial year ended on 30 June 2010.
- 4 At the date of this statement there are reasonable grounds to believe that National Electrical Contractors Association-New South Wales Chapter will be able to pay its debts as and when they fall due.
- 5 During the financial year and since the end of the year:
 - a) meetings of the Executive Committee were held in accordance with the rules of the National Electrical Contractors Association, including the rules of the New South Wales Chapter.
 - b) the financial affairs of the New South Wales Chapter have been kept and maintained in accordance with the rules of the National Electrical Contractors Association, including the rules of the New South Wales Chapter.
 - c) the financial records of the New South Wales Chapter have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009.
 - d) there has been compliance with any request of a member of the National Electrical Contractors Association - New South Wales Chapter or the Registrar under Fair Work (Registered Organisations) Act 2009.
 - e) there has been compliance with any order for inspection of the financial records made by the Commission under Fair Work (Registered Organisations) Act 2009.
 - f) the financial records of the reporting unit have been prepared, as far as practicable in a consistent manner with each of the reporting units of the organisation.
- 6 There was no recovery of wages.

This statement is made in accordance with a resolution of the Executive Committee dated . . . and is signed for and on behalf of the Executive Committee by:



Mr. S. Griffiths - President
Executive Committee Member
Dated: 30 /7 /2011



Mr. B. Duff
Executive Committee Member

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER**

Report on the Financial Report

We have audited the accompanying financial report of National Electrical Contractors Association-New South Wales Chapter (the Association) which comprises the statement of financial position as at 30 June 2010 and the income statement, statement of change in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the statement by members of the committee.

Executive Executive Committee's Responsibility for the Financial Report

The Executive Committee of the Association is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and Part 3 of Chapter 8 of Fair Work (Registered Organisations) Act 2009. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free of 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 of 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 evaluation the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive Committee, as well as evaluation the overall presentation of the financial report.

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

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER**

Independence

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

Audit Opinion

In our opinion:

The Financial report of National Electrical Contractors Association New South Wales Chapter is in accordance with Part 3 of Chapter 8 of Fair Work (Registered Organisations) Act 2009 including:

- (i) giving a fairly presented view of the Association's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
- (ii) complying with applicable Australian Accounting Standards; and
- (iii) the requirements imposed by Part 3 of Ch 8 of the Fair Work (Registered Organisations) Act 2009.



Peter Douglas Woodhead
Chartered Accountant, Registered Company Auditor No 4223
Principal- Wearne & Co Audit Pty Limited
Authorised Audit Company No 338571

Dated: 1/8/2011

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413

CERTIFICATE BY MEMBERS OF THE EXECUTIVE COMMITTEE

We, Mr. B. Duff and Mr. S. Griffiths


- (a) We are members of the Executive Committee of the Association.
- (b) We attended the annual general meeting of the Association.
- (c) We are authorised by the attached resolution of the Executive Committee to sign this certificate.
- (d) The annual statement was submitted to the members of the Association at its annual general meeting.

Executive Committee
Member



Mr. B. Duff - Treasurer

Executive Committee
Member



Mr. S. Griffiths - President

Dated: 30/7/2011



FAIR WORK
AUSTRALIA

22 July 2011

Mr Lindsay Le Compte
NSW Chapter Secretary
The National Electrical Contractors Association
PO Box 1106
BURWOOD NORTH NSW 2134

By email: necansw@neca.asn.au

Dear Mr Le Compte,

**Re: Financial Reports for year ending 30 June 2010 - FR2010/2585
s.268 Fair Work (Registered Organisations) Act 2009 (RO Act)**

We refer to our correspondence of 28 March and 19 May 2011 regarding the Operating Report for the NSW Chapter of the National Electrical Contractors Association (NECA) for year ending 30 June 2010.

In that correspondence we sought the lodgment of a new Operating Report that provides details of significant changes to the financial affairs or activities of the Chapter during the financial year in accordance with the mandatory requirements of s254(2) (a) and (b) of the RO Act.

That information was requested as the original Operating Report did not specifically address:

- an apparent decline in revenue from \$9 million to \$3.4 million; and
- a possible outsourcing of legal and training services to NECA Legal and NECATec.

The NSW Chapter has provided correspondence dated 2 May 2011 and 12 July 2011 which has expressed the view that there were no significant changes that the Operating Report was required to disclose. For example, the correspondence of 12 July 2011 stated that the reduction in revenue 'was not regarded by our auditors as significant in real terms'. That correspondence also stated that the changes relating to legal services and training were not significant 'as the functionality did not significantly differ to our provision of these services in previous years. The only change was the vehicle of delivery'.

A reduction in revenue from \$9 million to \$3.4 million constitutes a reduction of 62%. The Australian Accounting Standards in normal circumstances defines any amount over 10% as 'material'. Accordingly we are of the view that the reduction in revenue is significant.

Similarly, it would appear that the change in the mode of delivery of legal and training services may well constitute a significant change to financial activities.

Action requested by Friday 5 August 2011

We request the NSW Chapter of NECA to prepare a new Operating Report under s254, provide a copy of it to members under s265 and then lodge it under s268 of the RO Act by Friday 5 August 2011.

If you have any queries regarding the above please contact me at: andrew.schultz@fwa.gov.au

Yours faithfully,

Andrew Schultz
Tribunal Services and Organisations

19 May 2011

Mr Lindsay Le Compte
NSW Chapter Secretary
The National Electrical Contractors Association
PO Box 1106
BURWOOD NORTH NSW 2134

By email: necansw@neca.asn.au



FAIR WORK
AUSTRALIA

Dear Mr Le Compte,

**Re: Financial Reports for year ending 30 June 2010 - FR2010/2585
s.268 Fair Work (Registered Organisations) Act 2009 (RO Act)**

We refer to the financial report for the NSW Chapter of NECA for year ended 30 June 2010. The documents were lodged on 24 February 2011. The documents have not yet been filed.

On 28 March 2011 we sent correspondence seeking:

1. a new Operating Report that provides details of significant changes to the financial affairs or activities of the Chapter during the financial year; and
2. further information regarding: employee benefits, key management personnel; and related parties

We appreciate your detailed response of 2 May 2011 that provided additional information regarding employee benefits paid to holders of office; compensation paid to key management personnel; and details of related party relationships with other corporate entities. However it is noted that a new Operating Report was not lodged.

1. Operating Report to be lodged by 3 June 2011

Section 254 of the RO Act requires an Operating Report to give 'details of any significant changes in the reporting unit's financial affairs' and to contain a review of 'any significant changes in activities'.

The financial report disclosed:

- an apparent decline in revenue from \$9 million to \$3.4 million; and
- an apparent outsourcing of legal and training services to NECA Legal and NECATec.

The original Operating Report did not address these changes to 'activities' or 'financial affairs'.

We acknowledge that your letter of 2 May 2011 (and the 'Annual Report' that was lodged with the financial report) did partly cover these issues. However s254 expressly requires that these matters be addressed in the Operating Report. The lodged Operating Report did not do so. Hence we request again that you prepare a new Operating Report (under s254 and Reg 159 of the RO Regulations), provide a copy to members under s265, and then lodge it under s268 of the RO Act by 3 June 2011.

2 - Employee benefits; related entities; key management personnel

Your response regarding employee benefits, related parties and key management personnel compensation is appreciated. We have also recently corresponded with the National Office regarding how similar issues are dealt with by the organisation on a national basis. A copy of that correspondence is attached for your assistance at Attachment 1.

If you have any queries regarding the above please contact me at: andrew.schultz@fwa.gov.au

Yours faithfully,

Andrew Schultz
Tribunal Services and Organisations

11 Exhibition Street Telephone: (03) 8661 7777
Melbourne VIC 3000 International: (613) 8661 7777
GPO Box 1994 Facsimile: (03) 9655 0401
Melbourne VIC 3001 Email: melbourne@fwa.gov.au



FAIR WORK
AUSTRALIA

19 May 2011

Mr James Tinslay
National Secretary
The National Electrical Contractors Association
Locked Bag 1818
ST LEONARDS NSW 1590

By email: necanat@neca.asn.au

Dear Mr Tinslay,

**Re: Financial Reports for year ending 30 June 2010 - FR2010/2581 - 2588
s.268 Fair Work (Registered Organisations) Act 2009 (RO Act)**

A review of the financial reports lodged by the NECA National Office and its Chapters¹ for year ending 30 June 2010 has identified a number of potential deficiencies.

These potential deficiencies concern the possible failure to disclose mandatory information regarding the remuneration and role of the National Secretary and each Chapter Secretary. Information is also sought regarding the disclosure of related party relationships with other corporate entities.

Some of these issues have previously been addressed in correspondence to the National Office and the NSW Chapter - see Attachments A and B. However, our review of the NECA financial reports suggests that these issues may prevail more broadly across the organisation.

Accordingly, in summary we seek a written response from the National Office by 3 June 2011 setting out the reasons why:

1. the remuneration that is paid to the elected National Secretary and each Chapter Secretary is not always disclosed as employee benefits paid to 'holders of office';
2. the elected National Secretary and each Chapter Secretary is not always listed as a member of the 'Committee of Management' in the Operating Report;²
3. the elected National Secretary and each Chapter Secretary is not always included as a member of the 'key management personnel' of the reporting unit; and
4. the remuneration paid to the elected National Secretary and each Chapter Secretary is not always disclosed in the related party note as compensation paid to 'key management personnel'.

In addition, on 2 May 2011 the NSW Chapter advised that the '*National Electrical Contractors Association*' is the sole shareholder of shares in NECATec, NECA Legal Pty Ltd and ECA Training Pty Ltd - see Attachment C. That reference would appear to refer to the NECA National Office. However the 2010 financial report for the National Office did not appear to disclose a relationship with those entities. Accordingly, please advise which reporting unit(s) have a related party relationship with the following:

- o ECA Training Pty Ltd
- o NECATec
- o NECA Legal Pty Ltd
- o NECA Training Ltd
- o NECA Group Training
- o NECA WA Group Property Trust
- o NECA WA Group Pty Ltd

Our consideration of the issues relating to the first four points are set out in the following pages.

¹ The National Office and each Chapter constitutes a 'reporting unit' under s.242 of the RO Act.

² The SA and Tasmanian Chapters may be an exception on some of these issues - as discussed further below.

You may wish to circulate this correspondence to the Chapters for their comments. If any reporting unit(s) wish to provide a separate written response to FWA they may do so - by 3 June 2011.

1. 'Employee benefits' paid to elected Secretary

It is mandatory, under the Reporting Guidelines³, for financial reports to separately disclose:

- the total amount expended on 'employee benefits to holders of office'; and
- the total amount expended on 'employee benefits to employees (other than holders of office)'.

The financial reports for each of the NECA reporting units for year ending 30 June 2010 did not appear to separately disclose any employee benefits paid to elected 'holders of office' - such as the elected Secretary of each reporting unit. The only exceptions were the WA Chapter (which disclosed 'CEO Expense' of \$423,454) and the Victorian Chapter (which disclosed 'Director fees' of \$130,908).

It appears that the reason for the non disclosure of employee benefits paid to the National Secretary (or Chapter Secretary as the case may be) is due to an arrangement⁴ whereby this position is held by one person as a dual office of Secretary/Chief Executive Officer (CEO) in each reporting unit so that:

- in his capacity as the elected Secretary he is not in receipt of any employee benefits;
- in his capacity as the appointed CEO he is in receipt of employee benefits.

A question therefore arises as to whether it is valid, under the RO Act, for a financial report not to disclose employee benefits paid to an elected Secretary when the same person at the same time is in receipt of employee benefits as a CEO from the same reporting unit.

Item 7 of the Reporting Guidelines provides that the Reporting Guidelines:

... are directed towards providing members of a reporting unit with information to enable them to gauge the performance of the committee of management and other holders of office in relation to the financial management of the reporting unit ...

Prima facie, the failure to separately disclose employment benefits (however arising) paid to an elected Secretary appears inconsistent with this purpose of the Reporting Guidelines.

An analysis of the NECA Rules would also suggest that the purported separation of the duties of a Secretary from the duties of a CEO may be difficult to sustain.

For example, Rule 19(d) of the NECA Federal Rules provides that:

The National Secretary shall carry out the directions of the Council, the Executive and President and subject to such directions shall supervise and control the routine and office work of the Organisation and keep the records thereof and shall keep proper and accurate minutes of meetings of the Council and the Executive and General Meetings of members. He shall be the person to sue and to be sued on behalf of the Organisation and shall be responsible for keeping records required to be kept and filing all returns and documents required under the Workplace Relations Act 1996.

Rule 26(d) of the NECA Federal Rules provides that:

The Chapter Secretary shall carry out the directions of the Chapter Committee, the Chapter Executive and the Chapter President and subject to such directions shall supervise and control the routine and office work of the Chapter and keep the records thereof and shall keep proper and accurate minutes of meetings of the Chapter Committee and the Chapter Executive.

³ See Items 11 (g) and (h) of the Reporting Guidelines. Note: the Reporting Guidelines were issued by the Industrial Registrar under section 255 of Schedule 1B to the *Workplace Relations Act 1996* and continue to operate as though they were made by the General Manager of FWA by virtue of Schedule 22 of the *Fair Work (Transitional Provisions and Consequential Amendments) Act 2009*.

⁴ On 12 April 2011 the SA Chapter Secretary, Mr Moore, advised by telephone that this arrangement prevails in SA. Recent correspondence from the NSW Chapter suggests a similar arrangement prevails in NSW - see Attachment C. A review of the financial reports of the other reporting units suggests it may prevail across the whole organisation.

We note that the National Secretary and the Chapter Secretaries do not give directions (for example to a CEO) rather they carry out directions. We also note that 'carry out' has been defined as '[t]o conduct to conclusion; to carry into practice'.⁵ We further note that the word 'shall' is normally interpreted as 'must'.

Therefore under Rules 19(d) and 26(d) the National Secretary and the Chapter Secretaries must carry into practice and bring to a conclusion the directions of the National Committee, Executive and President (or Chapter Committee, Executive and President as the case may be) by actively supervising and controlling the routine and office work of the National Office or the relevant Chapter.

It is difficult to see how these activities can be distinguished from the activities of a CEO.

Accordingly, in future each reporting unit will be required to separately disclose in its Profit and Loss Statement (or in its Notes to the Accounts) the employee benefits paid to the elected National Secretary (or Chapter Secretary as the case may be) - unless the organisation can provide persuasive submissions to the contrary.

2. Whether the Secretary is on the 'Committee of Management'

The Operating Report must provide the name of each person who has been a member of the 'committee of management' of the reporting unit during the financial year - see s254 and Regulation 159(c).

It appears that the National Secretary and each Chapter Secretary is a member of the relevant 'committee of management'. The only exceptions may be in SA and Tasmania - as set out further below.

It is noted however that:

- the Operating Report for the National Office *omitted* the National Secretary (Mr Tinslay) from the list of Committee of Management members; and
- the Operating Report for the Victorian Chapter *omitted* the Victorian Chapter Secretary (Mr Green) from the list of Committee of Management members.

These omissions may be incorrect - for the reasons set out below.

Section 6 of the RO Act defines the 'committee of management' of a reporting unit as:

...the group or body of persons (however described) that, under the rules of the reporting unit, is responsible for undertaking the functions necessary to enable the reporting unit to comply with Part 3 of Chapter 8.

We first consider the National Office. The National Office has two collective bodies, the National Executive and the National Council. The National Executive includes the National Secretary and meets once a month⁶. The National Council does not include the National Secretary and meets twice a year.⁷

The functions of the National Executive are set out in Rule 15. These functions appear to include '*the functions necessary to enable the reporting unit to comply with Part 3 of Chapter 8*' - such as having the '*general conduct and control of the business of the organisation*' and the power to authorise expenditure, establish general reserve and trust funds, and the responsibility for '*the collection of subscriptions, fees, levies, and any other monies*'. The Executive also has the power to approve loans, grants and donations exceeding \$1,000 under Rule 40(g) and the power to appoint the national auditor under Rule 41.

Hence it appears that 'under the rules of the reporting unit' the committee of management that has the relevant financial functions as defined in s.6 of the RO Act would be the National Executive (which includes the National Secretary).

Similarly, each Chapter Secretary appears to be a member of the relevant committee of management for the purposes of s.6 (except perhaps in SA and Tasmania) - for the reasons set out in Attachment D.

In particular, we note that the Victorian Chapter Council (which includes the Victorian Chapter Secretary) appears to have the functions of a 'committee of management' as defined in s.6 - see Victorian Chapter Rules 5(b) and 6.

⁵ Shorter Oxford English Dictionary.

⁶ See Rules 13(c) and 15.

⁷ See Rules 13(b) and 14.

Accordingly, in future each reporting unit will be required to list in its Operating Report the National Secretary (or Chapter Secretary as the case may be) as a member of the committee of management (except possibly in SA and Tasmania) - unless the organisation can provide persuasive submissions to the contrary.

3. Whether the Secretary is a member of the 'key management personnel'

Section 253 of the RO Act requires all financial reports to comply with the Australian Accounting Standards. It is mandatory under paragraph 16 of Australian Accounting Standard AASB 124 (Related Party Disclosures) for financial reports to disclose total key management personnel compensation.

It would appear that all member of the 'committee of management' in a reporting unit would be defined as 'key management personnel' of that reporting unit. This would include the National Secretary on a national basis and the Chapter Secretaries in each Chapter. The key management personnel may also extend to include other relevant executives, directors and/or elected officers.

It is noted however that:

- the financial report for the National Office *omitted* the National Secretary (Mr Tinslay) from the list of 'key management personnel' in the related party note to the accounts; and
- the financial report for the Victorian Chapter *omitted* the Victorian Chapter Secretary (Mr Green) from the list of 'key management personnel' in the related party note to the accounts.

While it is not mandatory under AASB 124 for the individual names of key management personnel to be listed in a financial report that is not prepared for the purposes of the *Corporations Act 2011* - if such a list is provided then it should list all relevant persons without exception.

Accordingly, in future each reporting unit will be required to treat the National Secretary (or Chapter Secretary as the case may be) as a member of the key management personnel - unless the organisation can provide persuasive submissions to the contrary.


4. Compensation paid to key management personnel

Consistent with the comments set out in point 3 above, it would appear that the Secretary of each of the reporting units is a member of the key management personnel of the reporting unit.

Accordingly, in future each reporting unit will be required to include a related party note in its financial report that discloses the total compensation paid to 'key management personnel' - and that total will be required to include compensation paid to the elected Secretary (as well as compensation paid to any other members of the Committee of Management and any other relevant executives, directors and/or elected officers) - unless the organisation can provide persuasive submissions to the contrary.

If you have any queries regarding the above please contact me on (03) 8661 7990 or at andrew.schultz@fwa.gov.au.

Yours faithfully,



Andrew Schultz
Tribunal Services and Organisations

NECA - Committees of Management for purposes of financial reporting under s.6 RO Act

The Rules of the National Electrical Contractors Association would appear to indicate that the following Chapter bodies have the relevant financial functions of a 'committee of management' as defined in s.6 of the RO Act:

- Victorian Chapter - the Victorian Chapter Council (which includes the Victorian Chapter Secretary under Victorian Chapter Rule 5(b)) would appear to have the relevant financial functions of a 'committee of management' as defined in s.6 of the RO Act - see Victorian Chapter Rule 6.
- NSW Chapter - the NSW Chapter Executive (which includes the NSW Chapter Secretary under NSW Chapter Rule 6(b)) would appear to have the relevant financial functions of a 'committee of management' as defined in s.6 of the RO Act - see NSW Chapter Rule 12(a)).
- Queensland Chapter - the Queensland Chapter Executive (which includes the Queensland Chapter Secretary under Queensland Chapter Rule 5(c)) would appear to have the relevant financial functions of a 'committee of management' as defined in s.6 of the RO Act - see Queensland Chapter Rule 7.
- WA Chapter - the WA Chapter Executive (which includes the WA Chapter Secretary under WA Chapter Rule 5(c)) would appear to have the relevant financial functions of a 'committee of management' as defined in s.6 of the RO Act - see WA Chapter Rule 7.
- ACT Chapter - the ACT Chapter Executive (which includes the ACT Chapter Secretary under ACT Chapter Rule 5(c)) would appear to have the relevant financial functions of a 'committee of management' as defined in s.6 of the RO Act - see ACT Chapter Rule 7.
- SA Chapter - the SA Chapter Management Committee (which does not appear to necessarily include the SA Secretary under SA Chapter Rule 6) would appear to have the relevant financial functions of a 'committee of management' as defined in s.6 of the RO Act - see SA Chapter Rules 10 and 12.
- Tasmanian Chapter - the Tasmanian Chapter Council (which does not appear to necessarily include the Tasmanian Chapter Secretary under Tasmanian Chapter Rule 5) would appear to have the relevant financial functions of a 'committee of management' as defined in s.6 of the RO Act - see Tasmanian Chapter Rule 8.



2 May 2011

Mr Andrew Schultz
Tribunal Services and Organisations
Fair Work Australia
GPO Box 1994
MELBOURNE VIC 3001

Dear Mr Schultz

Financial Report for NECA NSW Chapter – FR2010/2585

I refer to your letter of 28 March 2011 regarding the financial report for the NECA NSW Chapter for the year ending 30 June 2010 and advise as follows:

Operating Report – Apparent Decline in Revenue

I presume that the issue to which you refer relates to the difference in income from “Membership Services” between 2009 and 2010 financial years. I advise that the reason for the difference relates to how our auditors wish us to treat moneys received and expended from a fuel scheme provided to members.

NECA NSW provides a fuel scheme service to a number of its members. The scheme operates on the basis that members receive fuel cards which they and their employees use for business purposes. NECA pays to the fuel company a certain amount of money each month to cover the cost of the fuel and receives money from the relevant members that relates to their fuel usage and which covers the cost of the fuel.

NECA receives a small fee for managing the scheme. In prior years, the moneys received from members and paid out to the fuel company were reported as income and expenditure. However, NECA's auditors have advised that the transactions should not be regarded as gross income and expenditure. The auditors consider that the true revenue is the net rebate received for management of the scheme. Accordingly, the accounts for the 2009/2010 financial year reflect this change in the approach to accounting for the scheme. In real terms, the net result for NECA is largely unchanged.

Operating Report – Apparent Outsourcing of Legal and Training Services

For many years, NECA NSW has provided industrial relations and some legal/commercial advice to members through employed industrial officers with legal qualifications or through employees with commercial skills.

Members who raised legal matters of specific complexity were generally referred to external lawyers. However, as a result of the global financial crisis, many members were unable to afford to retain external solicitors at market rates. NECA NSW subsequently determined that an incorporated legal practice should be established to provide free or low cost legal assistance to members. This is fully disclosed to members in the Annual Report.

The sole shareholder of NECA Legal Pty Ltd is the National Electrical Contractors Association.

Employees who would otherwise be employed by NECA NSW to provide industrial/legal advice were transferred into the legal practice. As the practice is operating as a low cost service to members, and would not otherwise be viable, NECA NSW provided a letter of support to the practice and also provides administrative assistance.

A similar situation applies regarding the entity trading as NECATec. NECA NSW has, for many years, provided training to its members through NECA NSW employees. The establishment of NECATec is merely to provide a more regulated service to members under the umbrella of a registered training organisation.

Persons who would otherwise be employed by NECA NSW are now employed by NECATec. The only shareholder of NECATec is the National Electrical Contractors Association.

In operational terms, both NECA Legal and NECATec are managed under the auspices of the NSW Chapter of NECA because that is the jurisdiction in which the entities primarily operate and although the shareholder is the NECA national entity for all intents and purposes the businesses are operated by NECA NSW. However, they have separate accounts and are audited separately from NECA NSW.

In terms of whether the establishment of these entities and their operations constitute significant changes in the financial affairs of the reporting unit, I am currently of the view that they do not represent a significant change because the resources and the personnel involved are effectively the same as those who have been working, or who would have worked, in similar functional areas if the functions being undertaken through those entities were still being undertaken from within NECA NSW.

NECA Legal and NECATec are simply functional entities established for the convenience of concentrating the operations into separate entities for clarity of purpose. Both entities, as is the case with ECA Training Pty Ltd, operate under separate statutory schemes to that which applies to NECA NSW Chapter.

Advice from our auditors is that it was not necessary to disclose matters relating to these entities in more detail in the operating report because of the inconsequential nature of the transactions relating to them (1.4% of total costs re NECA Legal and 4.2% of total costs relating to NECATec). The auditors consider that on this basis there is no need to change the state of affairs section of the report.

Related Parties

In relation to the question about related parties, I advise that ECA Training Pty Ltd does not seem to have previously been considered to be a related party even though the entity has been in existence for over 20 years and reference to it has been included in every annual report of the NECA NSW Chapter. NECA Legal Pty Ltd and NECATec are in my view no different to ECA Training Pty Ltd.

While for legal purposes the National Electrical Contractors Association is the sole shareholder of the shares in the three companies, for practical purposes the entities are connected to the NSW Chapter as NSW is where the entities were originally established and is where they primarily operate.

The three companies operate as separate legal entities to NECA NSW and are audited separately. While NECA NSW provides some administrative services to the entities on a fee for service basis, they operate under a separate company board. The current issue raised about the relationship between NECA NSW and ECA Training has not previously been pursued.

The members of the NSW Chapter are and have been well aware of the establishment and operation of the 3 companies as you will note from the Annual Report section of the papers lodged each year. Reference on our website that the entities are owned by NECA NSW is there merely to ensure that members are properly aware of the services provided to them through the NSW Chapter.

Key Management Personnel Compensation

I advise that the Executive Committee of NECA NSW is constituted by 8 members, who are elected by the financial members of the Association in NSW, and a Chapter Secretary elected from a list of persons nominated by the contractor members of the Executive Committee.

While I am the Secretary of the Executive Committee it is not essential that I be the Secretary and I do not consider that I am a non-volunteer member of the Executive Committee because I may not necessarily be nominated for the position and I have the option of accepting or refusing a nomination for the position.

The Association has not determined that members of the Executive Committee, or the Chapter Secretary, should receive remuneration applicable to the holding of an office. Accordingly, all members of the Committee and the Secretary hold the positions on a voluntary basis and that is why there was no report as to the non-voluntary holders of office.

In the circumstances, I consider that there is no need to refer to key management personnel remuneration separate to that which is disclosed in the general salary and wage amounts paid to all those employed by the Association.

Accordingly, I am able to advise that the figure for employee entitlements contained in the financial report applies to employee benefits to employees (other than holders of office) and that the amount expended on employee benefits to holders of an office is nil.

I trust that the above information is of assistance in clarifying the issues that you have raised and upon which you have sought clarification in relation to the related party matters.

May I suggest that you consider the material I have provided and contact me should you require further clarification. I also request that the requirement to lodge a further Operating Report be held in abeyance pending your consideration of the material I have provided.

Yours sincerely



Lindsay Le Compte
Secretary
NECA NSW Chapter



FAIR WORK
AUSTRALIA

28 March 2011

Mr Lindsay Le Compte
Secretary
The National Electrical Contractors Association
NSW Chapter
PO Box 1106
BURWOOD NORTH NSW 2134
By email: necansw@neca.asn.au

Dear Mr Le Compte,

Re: Financial Reports for year ending 30 June 2010 - FR2010/2585
s.268 Fair Work (Registered Organisations) Act 2009 (RO Act)

We refer to the financial report for the NSW Chapter of *The National Electrical Contractors Association* for year ended 30 June 2010. The documents were lodged on 24 February 2011.

The documents have not yet been filed.

Further action is required by Friday 29 April 2011 as follows:

- lodge a new Operating Report with FWA that provides details of any significant changes to the financial affairs or activities of the NSW Chapter during the financial year; and
- provide a response to the issues raised at points 2, 3 and 4.

Details are provided below.

1. Operating Report

An Operating Report must 'give details of any significant changes in the reporting unit's financial affairs during the year' and 'contain a review of ...any significant changes in the nature of [its] activities during the year' - see s254 of the RO Act. The financial report disclosed:

- an apparent decline in revenue from \$9 million to \$3.4 million; and
- an apparent outsourcing of legal and training services to NECA Legal and NECATec.

These would appear to be significant changes. The lodged Operating Report did not mention these changes. To remedy this deficiency, please prepare a new Operating Report under s254, provide a copy of it to members under s265 and then lodge it under s268 of the RO Act.

2. Related Parties

The financial report referred to a number of entities (including NECA Legal and NECATec) that may be related to and/or controlled by the NSW Chapter. However Note 15 to the Accounts (Related Party Transactions) did not appear to clearly indicate the status of each such entity.

For example, in the Financial Report (and the Annual Report lodged with it):

- ECA Training Pty Ltd was described as a 'subsidiary company' of the NSW Chapter - see the lodged Operating Report;
- NECATec was described as 'the NECA owned Registered Training Organisation' - see page 12 of the Annual Report;
- NECA Legal Pty Ltd was described as 'NECAs own law firm' and two of its directors were stated to be: Mr L Le Compte (Secretary of the Chapter) and Ms A Maude (recently General Counsel of the Chapter) - see page 8 of the Annual Report;

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Melbourne VIC 3000 International: (613) 8661 7777
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Melbourne VIC 3001 Email: melbourne@fwa.gov.au

- Note 1(i) to the Accounts stated that: '[t]he Association has provided letters of support for NECA Legal Pty Ltd and NECA Training Limited to support these entities for the next 12 months. As at 30 June 2010 the estimated commitment is \$192, 554 for both entities'; and
- 'Note 6 to the Accounts (Trade and Other Receivable (Current))' stated: '*Intercompany: NECA Legal Pty Ltd [2010] 184, 484'.

In addition, NECA Group Training is currently described on the NECA NSW website¹ as 'a Training Company set up as a subsidiary of the National Electrical Contractors Association NSW Chapter'.

Section 253 of the RO Act requires all financial reports to comply with the Australian Accounting Standards. For present purposes the following standards are relevant:

- AASB 124 (Related Party Disclosures);
- AASB 127 (Consolidated and Separate Financial Statements).

In order to assess whether the NSW Chapter has complied with these standards please advise:

- whether any of the above entities are related parties or controlled entities of the NSW Chapter;
- with respect to those entities that are related parties or controlled entities of the NSW Chapter, whether prescribed information for those entities is disclosed in the financial report for the NSW Chapter; the financial report for the NECA National Office (as per Note 1(g) to the Accounts); or in some other way.

3. Key Management Personnel compensation

Note 15 to the Accounts stated that '*[n]o volunteer members of the Executive Committee received any remuneration during the year for performing their duties as a member of the Executive Committee*'. Note 15 failed to specify whether non volunteer Committee Members were paid.

Accordingly, please provide in accordance with AASB 124.16²:

- total key management personnel compensation for year ending 30 June 2010.

4. Employee benefits

Item 11 of the Reporting Guidelines³ requires the financial report to separately disclose⁴:

- the amount expended on 'employee benefits to holders of office'; and
- the amount expended on 'employee benefits to employees (other than holders of office)'.

The financial report provided one figure (\$1,528,476) for such entitlements not two. It was unclear whether that figure referred to elected persons, non elected persons or both.

Accordingly, please advise for year ending 30 June 2010:

- the amount expended on 'employee benefits to holders of office'; and
- the amount expended on 'employee benefits to employees (other than holders of office)'.

If you have any queries regarding the above please contact me on (03) 8661 7990 or at andrew.schultz@fwa.gov.au

Yours faithfully,



Andrew Schultz
Tribunal Services and Organisations

¹ http://nsw.neca.asn.au/index.php/education_training/neca_group_training/

² AASB 124 (Related Party Disclosures) as amended in November 2008.

³ The Reporting Guidelines were issued by the Industrial Registrar under section 255 of Schedule 1B to the *Workplace Relations Act 1996* and continue to operate as though they were made by the General Manager of FWA by virtue of Schedule 22 of the *Fair Work (Transitional Provisions and Consequential Amendments) Act 2009*.

⁴ FWA previously advised the Chapter of this requirement on 14 January 2010 [FR2009/290].

FR2010/2585



New South Wales chapter | national electrical and communications association
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PO Box 1106 Burwood North New South Wales 2134 Australia
telephone: +61 2 9744 1099 facsimile: +61 2 9744 1830
email: necansw@neca.asn.au website: www.neca.asn.au
ABN 27 056 174 413



13 October 2010

Mr Robert Pfeiffer
Tribunal Services and Organisations
Fair Work Australia
GPO Box 1994
MELBOURNE VIC 3001

Dear Mr Pfeiffer

Please find attached the reports and accounts required for NECA NSW in accordance with the Workplace Relations Act for the year ended 30 June 2010.

The financial statements for the year ended 30 June 2010 were forwarded to members on 1 September 2010. The Annual General Meeting of members was held on 24 September 2010. A copy of the Notice of the Annual General Meeting sent to members is also attached.

Yours sincerely

Lindsay Le Compte
SECRETARY



New South Wales chapter | national electrical and communications association
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telephone: +61 2 9744 1099 facsimile: +61 2 9744 1830
email: necansw@neca.asn.au website: www.neca.asn.au
ABN 27 056 174 413

I, Lindsay Graham LE COMPTE, being the Secretary of the National Electrical Contractors Association, NSW Chapter, 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 1 September 2010, and
- that the full report was presented to a general meeting of members of the reporting unit on 24 September 2010; in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature:

Date: 13 October 2010



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**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
SECRETARY'S STATEMENT**

I, Lindsay Graham Le Compte, being the Secretary of the National Electrical Contractors Association New South Wales Chapter, do hereby certify that the documents lodged herewith are true copies of the documents forwarded to members on 1 September 2010 and presented to the Annual General Meeting of members of the Chapter held on 24 September 2010.

**LINDSAY GRAHAM LE COMPTE
SECRETARY**

Date: 13 October 2010



AGENDA

ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 17th Annual General Meeting of the National Electrical Contractors Association New South Wales Chapter will be held at **11.30 am on Friday 24 September 2010** in the **Mill Room, Star City**

1. Apologies.
2. Confirmation of Minutes of the 16th Annual General Meeting held on 25 September 2009.
3. Submission of President's Report.
4. Presentation of the audited Financial Report and Balance Sheet for the twelve months ended 30 June 2010.
5. General Business.

L G LE COMPTE
SECRETARY

NOTE: THE AGM FOR ECA WILL BE HELD AT 11.45 AM



NECA NSW ANNUAL REPORT

2009/2010



neca

national
electrical and
communications
association

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(NECA NSW and ECA NSW)

Introduction

NECA NSW Executive Committee

Member President	Mr Stephen Griffiths Phasor Electrical Pty Ltd
Member Vice President – Appointed 4 November 2009	Mr Kelvin Smith Kelvin's Electrical Services (Australia) Pty Ltd
Member Treasurer – Appointed 4 November 2009 Appointed to casual vacancy 7 October 2009 Elected 14 July 2010	Mr Bruce Duff Ric Electrics Pty Ltd
Member	Mr Russell Houlahan Downer EDI Engineering Pty Ltd
Member	Mr Anthony Pollard Tony Pollard Electrics Pty Ltd
Member	Mr Stephen Kerfoot Kerfoot Electrics Pty Ltd
Member Resigned 5 August 2009	Mr Anthony Glossop Life Member
Member Resigned 2 September 2009	Mr Ronald Bateman Ron Bateman Pty Ltd
Member Vice-President Resigned 7 October 2009	Mr James Hill JES
Member Appointed to casual vacancy 7 October 2009 Elected 14 July 2010	Mr David Orr Crown Cabling Pty Ltd
Member Appointed to casual vacancy 4 November 2009 Elected 14 July 2010	Mr Alan Brown Fredon Industries
Secretary and Chief Executive Officer	Mr Lindsay Le Compte NECA NSW

Introduction

President's Report

We now have the 2009/2010 financial year behind us and the pundits are indicating that we have turned the corner on the global financial crisis, albeit with some nervousness still evident.

The financial crisis had a significant impact on our industry during the financial year, in many respects as a result of tightness in the money market and a reluctance of governments to endorse large infrastructure projects.

The domestic market was also much quieter than it may have been, but the stimulus package moneys did assist to hold up the commercial sector, particularly in relation to the Building the Education Revolution package.

While the past year has been a stressful one for a number of contractors it has also had the effect of requiring us to look more closely at our business operations and to consider how we should adjust our operational practices and policies.

You will recall that, last year we implemented a NECA Assistance Package that included a range of services that we made available to members including a debt recovery and security of payment service, training vouchers and other offerings.

The debt recovery and security of payment service was well utilised, a result of our members taking action to require clients to meet their payment responsibilities. The legal assistance we provided to members was very well received and we also began to provide legal assistance on commercial and contractual matters.

The success of the legal assistance we provided prompted us to establish NECA's own law firm and NECA Legal was brought into existence in the third quarter of the financial year. The legal practice has been such a success that we have added additional expertise to enable us to provide further services to members.

In my report to you last year, I advised that we were taking the opportunity to scope a number of business enhancements that we intended to implement in the 2009/2010 financial year as we moved into the reconstruction phase as the worst of the financial crisis passes.

One of those projects was the establishment of NECATec, our new registered training

organisation. NECATec, like NECA Legal, commenced operations in the third quarter of the financial year. NECATec is now offering a range of industry specific courses at competitive prices with many courses being eligible for government subsidies.

NECA Group Training, our industry leading group training company, again completed the year with its record intact. It has now had 22 consecutive years without having an apprentice out of work.

The success of NECA Group Training is based on the quality of the members of the Board of the company and the commitment of its management and staff. My thanks go to outgoing Chairman, Gerry Ping-Nam who joined the Board in 1996 and steered the operations of the company as Chairman from 2001 to 2009. Thank you Gerry for a job well done.

My thanks also to incoming Chairman, Peter Fitzpatrick, continuing Board members Tony Glossop (Treasurer), Stephen Kerfoot and James Tinslay, as well as new Board members Randall Easthorpe and Mark Brame. Congratulations also to Barry Dawson and his dedicated team of staff.

Of course, our group training operations cannot function without the support of host employers, and we thank all of those members who hosted one or more of our apprentices during the year.

During the year we also had some major changes at the Executive Committee with Tony Glossop, Ron Bateman and James Hill retiring from the Committee.

Tony, Ron and James all gave up significant amounts of their time to serve the Association as members of the Executive Committee.

It is always difficult, when expressing appreciation for the work of Executive Committee or other office holders of the Association, to single out any individual or individuals for special mention. However, on this occasion I consider that it is appropriate to provide special thanks to Tony Glossop and Ron Bateman.

Tony Glossop joined NECA in January 1945 and was appointed as a member of the Executive Committee in 1977. Tony served as President

Introduction

President's Report

from 1981 to 1990 and Treasurer from 1990 to 2009. This is a wonderful achievement.

Ron Baleman also provided magnificent service to the organisation. Ron joined NECA in 1988 and served as a member of the Executive Committee from 1993 to 2009.

I would like to take this opportunity to welcome Alan Brown, Bruce Duff and David Orr to the Executive Committee. Their appointments were confirmed by the members at the annual elections held in April 2010. Bruce Duff took over the Treasurer's role from Kelvin Smith and has done a wonderful job in difficult circumstances as we managed the global financial crisis and implemented new business operations.

My special thanks again this year to the Branch Chairmen and Secretaries, as well as the other Branch officers, who do so much to keep members advised of important industry issues at the local level. The input received from our Branch network is invaluable in business decision making and strategic planning.

I would also like to thank our Chief Executive, Lindsay Le Compte, and all of the NECA managers and staff for their commitment during the last year. Managing a diverse organisation such as NECA is often a complex one as competing priorities have to be addressed.

As we have moved through the year adjusting our approach to emerging issues while keeping sight of the way ahead, the role of the Association's management and staff has been of critical importance. We are now placed to take on further change and challenges as we come out of the financial crisis that has enveloped the nation over the last two years.

This brings me to the future for NECA and its membership as we work through the 2010/2011 financial year. There are still a number of projects to complete and much work still to do in terms of our involvement with our major stakeholders.

For members, I believe that NECA will be providing further enhanced services that will position members to take advantage of new business opportunities, and that is what an effective industry association should be doing.

My best wishes for a profitable 2010/2011 financial year.

Stephen Griffiths
President

Year in Review

Chief Executive Officer's Report

The 2009/2010 financial year was a hectic one for the staff of the organisation, not only in the context of the provision of advice and assistance to members, but in relation to the level and extent of our involvement in industry development and regulatory issues.

At the national level, Oliver Judd and David Bowen respectively provided significant input into our involvement in the award modernisation process and national OHS legislative developments. We were also involved in assisting National Chief Executive, James Tinslay, in a number of matters including the review of licensing, the insulation debacle and the Building the Education Revolution issues.

At the state level, we provided submissions into the review of the Accredited Service Provider regime, the review of the Home Building Act 1989, and the review of the Electricity (Consumer Safety) Act 2004, all of which are critical to the ongoing viability of our industry.

We were also involved in numerous licensing and regulatory working parties and task forces where we represented the interests of the industry and assisted government agencies to more effectively understand the impact of government proposals on business operations and the livelihood of industry participants in general.

As the primary industry employer representative body we represent the interests of both our members and the industry as a whole in respect of proposals that will have short and long term effects on the industry and the role it plays in the economic stability of the state and the country.

I would like to express my appreciation to the NECA staff for the significant work they do, as outlined above, that is not often seen or evident to industry participants in a day to day context.

Turning to matters that have a greater immediate impact on our members, this year saw the establishment of NECA Legal and NECATec.

We established NECA Legal to provide business protection to our members by representing them in litigation and contractual disputes as well as the review of legal and commercial risk factors in contract documentation. I believe that Assunta Maude and the legal team have been very successful in assisting a number of members and

the positive feedback we have been receiving has been particularly encouraging.

NECA Legal has demonstrated to members that having an experienced legal team to rely on in difficult times can be a distinct advantage in commercial negotiations.

NECATec, our new registered training organisation, has also hit the ground running and I am pleased that we were able to appoint Danny Collins as the inaugural General Manager. We see significant potential in NECATec being able to provide the right training for the industry at the right place and time, and at the right price.

Training in new and emerging technologies and processes, as well as in business management, is an essential component of all successful businesses. NECATec will, we believe, become the trainer of choice for many aspects of industry operations.

Our Member Services Department under Pam Scott has been particularly busy coordinating efficient and effective services to members while, at the same time, being involved in the management of a number of business development issues. The coming financial year will be a busy one for our member services team which I expect will expand as we implement a range of business assistance programs and meet the challenges of business operations in the 21st Century.

NECA is well-served by the support that it receives from those of its members who take the time to assist the organisation in its industry developmental activities. My thanks go to the many members who have provided input to submissions we have made to government reviews and other requirements.

My thanks also go to the members who have served on various internal working groups, or who have represented NECA on various government committees and working parties. This support is typical of the commitment that NECA members have for their industry and their input is greatly appreciated.

I must also congratulate Barry Dawson and the team at NECA Group Training who have done so well in employing and managing the NECA apprentices. Barry also represents NECA on a

Year in Review

Chief Executive Officer's Report

range of state and federal training bodies when he is not assisting me as Deputy Chief Executive.

Finally, I would like to thank Greg Kempton and the Executive Committee and members of the NECA ACT Chapter. NECA NSW provides services to NECA ACT and I am pleased to say that the Chapter continues to go from strength to strength through the work of Regional Operations Manager Grant Shaw and the NECA staff who provide the services. The ACT Chapter has grown its membership by 61% since February 2008 when we opened the new offices at Fyshwick.

As we move into a new financial year, I am pleased to say that we are progressing well down the path of the development and implementation of new services to our members. The 2010/2011 financial year will be an exciting and busy one for our industry and NECA itself. I and the staff of NECA are looking forward to the exciting developments planned for next financial year.

Lindsay Le Compte
Chief Executive Officer

Employee Relations

INDUSTRY CHANGES

Fair Work Act 2009

The 2009/2010 financial year has seen the introduction of the Fair Work Act 2009. With it there have been changes to enterprise bargaining, right of entry and unfair dismissal laws to mention but a few. Perhaps the most revolutionary aspect of the legislation was the Award Modernisation process and the introduction of Modern Awards. This has meant not only considerable resources being spent by NECA and its members as we attempt to grapple with the changes.

The ABCC

Despite the Governments best attempts, it was not able to abolish the Australian Building and Construction Commission. The Government did, however, make changes to the Australian Government Implementation Guideline for the National Code of Practice for the Construction Industry. This has significantly watered down the application of the Code and Guidelines and has opened it up for Unions to start bargaining for those clauses that had previously been outlawed by the former Government.

In August 2009 a new set of Implementation Guidelines for the National Code of Practice for the Construction Industry was introduced. All current awards and future awards are compliant with the new Guidelines.

The application of the new Guidelines is based on when the funding for the Commonwealth project was first approved. Most, if not all, current Commonwealth construction projects had their funding approved prior to August 2009. Accordingly, for the time being members need to comply with the July 2006 Guidelines.

Award Modernisation

NECA NSW led the charge in relation to the introduction of the Electrical, Electronic and Communications Contracting Award 2010 by creating the Practical Guide to the Electrical, Electronic and Communications Award 2010 and the National Employment Standards, running "Getting to Know Your Award" seminars and calculating transitional rates of pay for NSW, ACT and Queensland.

Fair Work Australia (FWA) – Minimum Wage Determination

FWA handed down its first wages decision for 2010 at the end of June increasing minimum wages by \$26 per week. These rates were required to be part of the transitional arrangements for Award Modernisation.

EMPLOYEE RELATIONS DEPARTMENT

Workplace Agreements

In the aftermath of the Fair Work Act, NECA experienced unprecedented levels of agreement making in last ditch attempts by members to avoid implementing a new award system. While members continue to make agreements with their employees the numbers are starting to drop off.

Industrial Relations Training Program

In the last annual report, the Employee Relations Department reported that it had developed an Industrial Relations Training Program. The program has been provided to a number of major contractors. The program is directed toward bringing topical and relevant information to employees of members to ensure that laws are being complied with on site.

The program covers the following topics:

1. Fair Work Australia – its powers and responsibilities
2. The Modern Award
3. The National Employment Standards
4. Agreement Making
5. Termination of Employment
6. General Protections
7. Right of Entry

This seminar is continuously being updated and remains available for members upon request.

ENTERPRISE BARGAINING - NSW / ACT / QLD

NECA is now receiving requests for information in relation to the next bargaining round which is scheduled for early 2012 in NSW.

In particular the Employee Relations Department has been requested to speak at member meetings regarding the up and coming round.

The ACT and QLD rounds have come to a close and remain dormant for the time being.

Year in Review

Employee Relations

PUBLICATIONS / SEMINARS

The Employee Relations Department has published the following documents that are available for members:

- Practical Guide to the Electrical, Electronic and Communications Contracting Award 2010 and NES – this was complimented with the “Getting to know your award” seminar.
- Guide to Agreement Making under the Fair Work Act 2009.
- Termination Handbook
- NECAs Policy Handbook

IN DEVELOPMENT

The Employee Relations Department has developed a termination seminar series to complement the Termination Handbook – this will commence being advertised shortly.

Additionally, the Department will be developing an Employment Handbook and a seminar series that will deal with common issues facing employers when engaging employees.

Oliver Judd
Employee Relations Manager

Year in Review

NECA Legal

From the third quarter of the 2009/2010 financial year the legal/commercial services provided by NECA to its members has been provided through NECA Legal Pty. Limited, trading as NECA Legal, an Incorporated Legal Practice.

The company was incorporated in January 2010, the Directors being Assunta Maude and Lindsay Graham Le Compte.

Prior to the establishment of NECA Legal, legal advice and assistance was provided to members by Oliver Judd as part of his management of the Commercial and Employee Relations Department. However, it became apparent that the amount of assistance being asked for by members would not be able to be fully provided by Oliver in conjunction with his Employee Relations role.

Following a decision by the Executive Committee, I was subsequently appointed as General Counsel to provide the additional services being asked for by members. However, it soon became apparent that the service needed to be supported through a formalised legal practice and work commenced early in the financial year to establish NECA Legal.

NECA Legal was established for the purpose of providing reasonable cost, high quality services to the electrotechnology industry in business areas where industry knowledge and experience are essential to achieving the outcomes required.

At the end of the financial year the success of NECA Legal resulted in Jane Button, a specialist construction law, litigation and dispute resolution solicitor, being appointed to further bolster the services being provided to members.

For the year ended 30 June 2010, 152 files were opened in respect of commercial/debt recovery matters.

Members have been assisted in the areas of:

- Security of Payment;
- Debt Recover in the Local Court & District Court;
- Contract advice;
- Contractual disputes – in particular relating to BER works;
- Preparation of agreements, subcontracts, Terms of Trade, etc;
- Dispute Resolution.

A number of Adjudication Applications under the Building and Construction Industry Security of Payment Act have all proven successful with funds exceeding \$2m being recovered on behalf of members.

NECA members have also benefited from the various training objectives and seminars delivered, particularly at the Branch Meeting level where informal discussion on various topics affecting members and their businesses has been extremely well received.

NECA Legal will continue to provide members with competent, practical commercial advice with the aim of assisting members to grow their businesses and manage risk.

Assunta Maude
Solicitor Director
NECA Legal

Occupational Health and Safety

OHS is a significant cost to our industry and no cost is greater than that of a safety incident. NECA continues to provide advice and assistance to members in meeting legislative obligations and improving OHS performance by way of incident reduction or prevention, as well as addressing the expectations of builders, clients and the regulators.

Along with the program of national OHS harmonisation there have been a number of key developments that affect our members.

National OHS Harmonisation

Safe Work Australia has been effective in completing the new national model Work Health and Safety (WHS) Act. They are now working on the development of national model WHS Regulations that will be released for public review at the end of 2010. A number of model Codes of Practice are also under development and are expected to be released in 2011.

As the peak industry body, NECA has participated in national advisory groups and provided input for the drafting of model WHS Electrical Policy and Regulations. The principal areas of attention for WHS electrical installation practices are expected to be:

- General requirement to not work live
- Precautions that will apply for the exception where live work may be undertaken:
 - In the interest of safety (eg hospitals)
 - Testing and faultfinding
 - In situations where it is not otherwise possible.
- Test and tag of electrical equipment, in construction and hostile operating environments
- Safe approach distances from overhead lines and other conductors
- Requirement for safety switches (RCDs) in the workplace.

It is expected that the electrical model Codes of Practice will include:

- electrical work
- electrical installations, construction and demolition sites
- work near overhead power lines.

All the model WHS documentation is expected to be complete by mid 2011 so that the nine jurisdictions (states, territories and commonwealth) can proceed to integrate the

legislation into their individual jurisdictional requirements. To a large extent the legislative framework being envisaged is similar to that which currently exists in New South Wales:

- WHS Act and Regulation that addresses electrical installation practices
- Electricity (Consumer Safety) legislation
- Electrical Supply Network legislation.

SWA is not covering the last two of these areas and has referred network practices to a second federal body named the Ministerial Council on Energy (MCE).

Most states have a more coordinated approach where electrical activities are regulated under an Electrical Safety Office. Our understanding is that this framework will still be permitted, for those jurisdictions that choose to follow the preferred regulatory structure, so long as relevant WHS requirements are observed in a manner that provides for consistency in work practices across Australia.

The changed regulatory structure will take effect from 1 January 2012 and NECA is proceeding to put systems and processes in place in anticipation of those changes. We will be able to have consistency in NECA OHS systems, procedures and other templates across all jurisdictions and this will have significant safety and efficiency benefits for NECA members.

Ceiling insulation stimulus package

This year has seen the Rudd/Gillard Government rollout of the multi-billion dollar ceiling insulation program resulting in 1.2 million house ceilings being insulated.

There are serious implications regarding electrical safety and this was alerted to the Federal Government very early in the program. In June/July 2009 NECA was instrumental in including electrical provisions in a new NSW WorkCover Fact Sheet. This covered issues of potential exposure to live conductors and of fire due to de-rating effects on conductors as well as safe distances from downlights.

Subsequently there were three electrocutions (in Queensland) and a fatality in NSW of an inexperienced and untrained insulation worker due to heat exhaustion. In addition, there have been some 200 related house fires. The insulation program was terminated and NECA

Year in Review

Occupational Health and Safety

provided the Department of Climate Change and Energy Efficiency expert input for the ongoing rectification work. Clearly a program of retrofitting RCDs prior to the work would have had a significant benefit.

There were serious safety issues with 50,000 homes fitted with conductive foil and the use of metal staples. NECA headed up the development of both safe testing and removal procedures. A program of rectification using a team of competent electrical workers is ongoing. The other million or so affected homes will also require attention, particularly with regard to the potential for fire.

Court decisions

There were two court decisions that are important to our industry.

A NSW cement manufacturer was prosecuted regarding an unfortunate electrocution of an experienced electrical worker. The Court found that the defendant failed to identify and isolate all sources of energy and two auxiliary circuits remained energised.

Most importantly, when working near low voltage, any exposed conductor that is within 500 mm of reach (including objects being held) is considered "near" and must be confirmed as de-energised and isolated or effectively shielded from the possibility of inadvertent contact. This is the primary cause of fatalities in our industry and all electrical workers need to remain vigilant.

The second case was in relation to a farm owner - Kirk. His farm manager was killed when driving an ATV off-road. Kirk was found guilty and the NSW law restrained his ability to appeal, but he pursued the case in the High Court of Australia.

The High Court held that NSW WorkCover must state the actions that Kirk should have undertaken in order to ensure the manager's safety and those actions were reasonably practicable. The obligation was now on the prosecutor to identify the exact measures expected of Kirk, so that Kirk could exercise his rights under Section 28 (Defence) of the NSW OHS Act. This judgment effectively criticises the presumption of guilt implied or as interpreted by the NSW Courts in Section 8 (Duties of Employer) and the need for the prosecution to identify an appropriate safe system of work. Whilst not

tested, it may only remain for the defendant to demonstrate that the prosecution's proposed system of work is not practicable or otherwise flawed.

Safe work method statements

NECA is strongly committed to the benefits of Safe Work Method Statements (SWMSs) as the most effective available tool for developing robust systems of work and communicating sound risk control measures to electrical workers. Along with other tools such as the NECA Red Book and a program of awareness particularly in relation to live work and safe use of ladders, there is strong anecdotal evidence that SWMSs have been fundamental to a significant reduction in injury and fatality rates within the electrical installation industry.

Specifically, just two columns in the control matrix are the most important contributors. For each relevant job step we must communicate the appropriate risk control measures to the person doing the job. All other information is of a secondary nature and should not distract the reader or otherwise degrade the document as a critical communications tool.

While the NSW OHS legislation specifically requires electrical workers to use SWMSs as a routine, it is unfortunate that the same part also places a competing obligation on the principal contractor. The builder seeks a management tool from the subcontractors, substantially for the purpose of "monitoring" the work of the subcontractors. The purpose is different and the optimum form will differ. NECA sees this as secondary to the prime reason for a SWMS to exist.

The matter of SWMSs is not yet resolved and NECA is continuing to work with the regulators, builders and owners to achieve a satisfactory outcome.

David Bowen
Senior OHS Advisor

Year in Review

NECATec

NECATec was established in January 2010 with the intention of providing the industry with quality and cost effective training. In March 2010 a General Manager was appointed and tasked with creating a Registered Training Organisation (RTO) capable of delivering the industry's training needs.

NECATec has finalised plans to deliver the accredited Design/Install Grid Connect Photovoltaic systems course in partnership with the South Western Institute of TAFE at its Chullora Campus. The facilities, which have been developed in collaboration with TAFE, will offer the participants a first class training environment. Simulated roof spaces have been developed within the electrical workshop area of the campus. This indoor environment will allow for the training delivery to be extremely flexible and will eliminate any issues associated with the weather.

NECATec has appointed Mark Barabas as its first Technical Trainer. Mark has already made an impact by looking at the way NECATec delivers the EcoSmart and Grid Connect courses by starting to look at other delivery models, such as blended learning strategies which include an e-learning component. Mark comes to us with a broad range of expertise and experience that will assist NECATec in the growth and development of its scope of registration.

In the medium term NECATec is continuing to look at developing blended learning strategies, utilising virtual classroom technology, establishing regional training partnerships, continue to broaden its scope of registration to provide even more electrical skills training and establish NECATec's brand in the market place.

A major component of increasing our profile is the introduction of a NECATec website. The website has been fully scoped and will include a range of essential features such as ecommerce capabilities allowing for 24/7 online booking, a platform for publishing the latest training news and updates, a fully automated training calendar, targeted marketing and a host site for our suite of online training solutions. The site will be capable of full integration with the existing NECA systems and processes.

In the long term NECATec will continue to develop strategic partnerships. NECATec's vision is to have in place effective and established

partnerships in regional areas to better serve the outlying electrical community. These centres will be able to cater for the needs of contractors and be capable of delivering a range of specialised courses as well as traditional electrical apprenticeships.

With the sound foundations NECATec is putting in place it is expected to develop into the provider of choice in NSW for electrical skills training.

Daniel Collins
General Manager NECATec

Year in Review

Member Services and Administration

Training

This year marked the transition of training as a general member service to the establishment of NECATec, the NECA owned Registered Training Organisation.

With the employment of key staff, NECATec has commenced the process of reviewing and analysing available training options coupled with differing delivery processes including the delivery of training as near as possible to where our members are located. These issues will continue to be progressed in the 2010/2011 financial year. See report from Daniel Collins, General Manager NECATec

NSW Chapter Branches

The NSW Chapter has an extensive network of branches covering the Sydney Metro, Wollongong, Gosford and Newcastle regions as well as regional country areas of New South Wales. Attendance at branch meetings and interaction with existing branch members is a great way for new members to develop their industry knowledge and experience.

The branch network not only provides a forum for members to exchange views and discuss industry issues, it is also an important forum for presentations by industry experts and for manufacturers and wholesalers to showcase new products. While the branches operate on a semi-autonomous basis, member services and other staff provide assistance in many ways including general administration and arrangements for speakers.

Member Stationery

NECA provides a range of forms and stationery for use by members in their business activities. This year, member services embarked upon a program of review of all of the material provided to members. This year has seen the reprinting of the Manual of Labour Units. This is now available as a package which includes the printed manual and CD it has been especially popular as a tool to members who have completed the estimating course.

NECA Apprentice and Excellence Awards

The NECA Excellence Awards continue to go from strength to strength thanks to the commitment of our members in nominating projects that showcase some of the most complex and rewarding work undertaken in the country, as

well as by nominating their top apprentices for the Apprentice Awards. The awards would not be possible without the support of members of our Business Partners and the work of our dedicated staff, in particular Marie Jones. This year's luncheon was again hosted by Sam Kekovich at Star City with around 550 members and their guests. The day as always was judged another resounding success by attendees and guests.

NECA NSW Conference 2009

This year's conference was held in late October at Crowne Plaza Hunter Valley with the theme *Taking Advantage of Business Opportunities*. The keynote speaker was Dr Chris Reidy, Research Director, Institute of Sustainable Futures, University of Technology, Sydney.

For the first time the NECA conference used parallel sessions for the business sessions which worked well and allowed guests to attend the sessions that were of interest. Sessions included, National Broadband Network, Intelligent Grid, Energy Efficient Lighting, Small Business on a Budget, Contracting – the Pitfalls, Planning for Success, Finding and Keeping the Right Customers, Industry Regulation, Wiring Rules, WorkCover/OH&S, the New Industrial Relations Framework.

Guests managed to have a great time enjoying both the social activities such as Golf, 4 WD Tour, Carriage or Bus Winery Tours, Horse Riding and Cooking School and the evenings entertainments including the Medieval/Scottish themed dinner at Hope Estate.

The annual conference continues to be a great opportunity for attendees to network and to hear about new developments in the industry that adds much value to business decisions.

NECA Fuel/Caltex Star Card Scheme

While fuel costs this year have been quite volatile, the fuel card scheme still remains a good business tool because it allows contractors to have some control over the spending on their vehicles. The statement, which is very detailed, is a valuable tool that allows you to monitor usage and to do routine checks on your vehicles and employees to ensure they are operating within set guidelines.

Year in Review

Member Services and Administration

Insurance

NECA continues to have close partnerships with several insurance providers to ensure that NECA members are offered not only competitively priced policies, but to also ensure they have a tailored policy to suit the specialised and diversified nature of their businesses. Positive feedback continues to be received from members who have saved substantial amounts on their policies when shopping around to compare prices.

Communications Cabling Registration

A large number of members and their employees make use of the Australian Cabling Registration Service (ACRS) for their cabling licence. ACRS is owned by NECA, is the lowest priced of the registrars and provides an efficient service to applicants out of the NSW office.

NECA Fleet/Mitsubishi/Volkswagen/Hyundai

We maintain partnerships with Mitsubishi, Volkswagen and Hyundai to provide discounts for the purchase of business motor vehicles. The fleet discount received generally more than covers the cost of the annual membership fee and provides discounts to contractors who would otherwise be unable to obtain any real savings on the purchase of vehicles. The three providers now offer members a good range of vehicles to choose from when purchasing new company vehicles. Hyundai offers deals across its whole range.

Administration

This year has seen plans approved by the Executive Committee for the upgrade of the website. During the course of the 2010/2011 year members should see a large number of changes to the website. This will include being able to book and pay on line for many services and the completion online of changes to the business as well as completing statutory requirements such as annual return. These changes are necessary for NECA to deliver more streamlined services in the future.

Business Partner Program

NECA NSW would like to acknowledge and thank the participants in the NECA Business Partners program who supported the NECA Excellence Awards and Annual Conference in the 2009/2010 financial year.

Excellence Awards

Gold – NHP, TLE, NECA Group Training, Hyundai, EcoSmart Electricians
Bronze – EE-Oz, Makita

Annual Conference

Gold – Go Electrical, NECA Group Training, EcoSmart Electricians.

Pamela Scott

Member Services and Administration Manager

Year in Review

NECA Group Training

The 2009 – 2010 financial year was a very rewarding year for NECA Group Training mainly due to a supportive Board, diligent staff and last but not least to our record number of successful hard working apprentices.

The NECA Group Training Board (New South Wales and Canberra) is comprised of:

Chairman - Peter Fitzpatrick

Treasurer - Tony Glossop

Board Members - James Tinslay, Stephen Kerfoot, Randell Easthorpe, Mark Brame

Secretary Lindsay Le Compte.

I am exceedingly grateful for their continued support and their vision toward growing a great organisation which supports our members and ensures the future of our next generation of electricians, engineers and businesspeople.

There is no doubt that well trained staff is a key factor to any successful business now and in the future. NECA Group Training employed an additional 115 first year electrical apprentices this financial year in the challenging economic conditions. When other training companies have not increased numbers this is a great achievement in itself. NGT is also able to boast of the fact that in the 21 years of business it has never had an apprentice out of work. This I may add is due to the overwhelming support of the NECA members.

NGT employed an additional 27 out of work apprentices during this last financial year. These apprentices, who are at various stages of their training, have found themselves without employment through no fault of their own, as their employers may have simply run out of work. This is where NGT has stepped in and after the usual interviews and checking has employed them and in this way assisted them in completing their apprenticeships.

It is envisaged that Apprenticeships can benefit both NECA members as the employers and the individual apprentice as the employee. The benefits to NECA members will be better trained and motivated staff and thus, more interested, skilled, efficient and productive workers. For the apprentice, the benefits will be an industry specific and recognised nationally accredited qualification, formal acknowledgement of the work experience gained whilst under NECA Group Training care and supervision.

This is borne out by the outstanding results we achieved at the *2009 NECA NSW Apprentice of the Year Awards*.

ACHIEVEMENTS

Commercial/Domestic

1st Nathan Roy – NECA Group Training hosted by Heyday Group Pty Ltd

2nd Jonathan Scott – NECA Group Training hosted by Heyday Group Pty Ltd

3rd Sam Pintabona – NECA Group Training hosted by Heyday Group Pty Ltd

Industrial Automation/ Communications

1st Elissa Galkin – NECA Group Training hosted by Elam Communications

2nd Luke Forner – Neca Group Training hosted by Stowe Australia Pty Ltd

3rd Sam Raiti – NECA Group Training hosted by Heyday Group Pty Ltd

Industrial

1st Joel Berghofer – NECA Group Training hosted by Bass Electrical Engineering Pty Ltd

2nd Baden Jones – NECA Group Training hosted by Bass Electrical Engineering Pty Ltd.

NECA Group Training is delighted with the synergy between host trainers, apprentices and ourselves to produce the high quality of apprentices that it has today.

A fine example was at the National Electrical and Communications Association (NECA) Apprentice of the year Awards held in Melbourne where Elissa Galkin NECA Group Training apprentice hosted by Elam Communications, won first prize in the Industrial Automation & Communications Award.

Congratulations to all our winners and to their host employers – job well done.

The Board and staff wish to express their sincere gratitude to our recently retired chairman Gerry Ping-Nam who after fifteen years of unflinching dedication and support to progressing quality apprenticeship training that is essential for our industry and its future has gone golfing.

Thank you Gerry for always being there when needed.

Barry Dawson

General Manager NECA Group Training

**NATIONAL ELECTRICAL CONTRACTORS
ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010**

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413

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**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

EXECUTIVE COMMITTEE'S OPERATING REPORT

Your Executive Committee members submit the financial report of National Electrical Contractors Association New South Wales Chapter for the financial year ended 30 June 2010.

Executive Committee Members

The names of the Executive Committee members in office at anytime during or since the end of the year are:

Mr. S. Griffiths - President	1-07-2009 to 30-06-2010
Mr. D. Orr (appointed 2 September 2009)	2-09-2009 to 30-06-2010
Mr. B. Duff (Treasurer) (appointed 2 September 2009)	2-09-2009 to 30-06-2011
Mr. A. Brown (appointed 4 November 2009)	4-11-2009 to 30-06-2010
Mr. K. Smith - Vice President	1-07-2009 to 30-06-2010
Mr. T. Pollard	1-07-2009 to 30-06-2010
Mr. R. Houlahan	1-07-2009 to 30-06-2010
Mr. S. Kerfoot	1-07-2009 to 30-06-2010
Mr. J. Hill (resigned 7 October 2009)	1-07-2009 to 07-10-2009
Mr. R. Bateman (resigned 2 September 2009)	1-07-2009 to 02-09-2009
Mr. A.H Glossop (resigned 5 August 2009)	1-07-2009 to 05-08-2009
Mr. L. Le Compte (Secretary)	1-07-2009 to 30-06-2010

Principal Activities

The principal activities of the Association during the financial year were:

The principal activity of National Electrical Contractors Association - New South Wales Chapter during the financial year was representing the interests of its members in the electrotechnology industry.

Significant Changes in Operations

No significant change in the nature of these activities occurred during the financial year.

Operating Result

The profit after providing for income tax amounted to \$200,450.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

EXECUTIVE COMMITTEE'S OPERATING REPORT

Members Right to Resign

Members may resign from the Association in accordance with Rule 11, Resignation from Membership, of the Federal Rules of National Electrical Contractors Association. Rule 11 conforms with Section 174, Resignation from Membership, of the Fair Work (Registered Organisations) Act 2009.

Significant Changes in State of Affairs

No significant changes in the National Electrical Contractors Association - New South Wales Chapter's state of affairs occurred during the financial year.

Membership

As at 30 June 2010, there were 1430 members of the National Electrical Contractors Association - New South Wales Chapter.

Employees

As at 30 June 2010 there were 15 employees of the National Electrical Contractors Association - New South Wales Chapter. There were 372 employees represented by Contractors, 9 administrative employees and 363 apprentices employed by ECA Training Pty Limited, a subsidiary company of National Electrical Contractors Association - New South Wales Chapter.

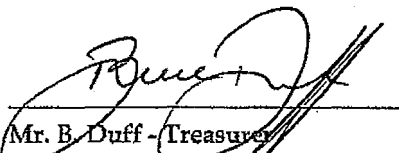
Trustee Position

During the year A.H. Glossop served as Trustee of the New South Wales Electrical Superannuation Scheme.

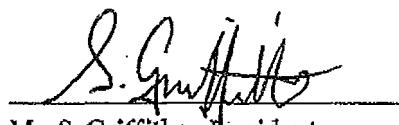
After balance date events

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

Signed in accordance with a resolution of the members of the Executive Committee:



Mr. B. Duff - Treasurer
Executive Executive Committee Member



Mr. S. Griffiths - President
Executive Executive Committee Member

Dated:

11 August 2010

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 \$	2009 \$
INCOME			
Rental Income:			
Rent received	2	54,500	-
Gross profit from rental activities		<u>54,500</u>	<u>-</u>
Membership Subscription	2	1,380,971	1,282,928
Membership Services	2	51,504	6,287,554
Contributions from other entities	2	373,611	489,162
Conference	2	176,984	252,324
Profit on sale of non-current assets	2	5,506	-
Interest received	2	71,796	77,839
Other revenue	2	38,268	49,330
Grants received	2	1,019,610	565,700
Trading Income:			
Sales			
Sales	2	486,512	405,302
Less Cost of Goods Sold			
Purchases	3	202,515	291,470
Gross profit on trading		<u>283,997</u>	<u>113,832</u>
		<u>3,456,746</u>	<u>9,118,668</u>
LESS EXPENDITURE			
Auditors' remuneration	4	24,000	20,004
Bad debts	3	783	-
Bank charges		19,999	19,333
Consultancy fees		29,998	188,801
Computer Expenses		80,935	25,272
Conference		263,603	288,986
Capitation fees		288,702	282,876
Depreciation		176,650	120,265
Electrocomms Foundation		13,930	14,290
Employees entitlement		1,528,476	1,451,218

The accompanying notes form part of these financial statements.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
	\$	\$
Insurance	17,959	17,645
Legal costs	45,275	17,223
Meetings	48,616	67,223
Members Services	204,120	6,027,147
Motor vehicle expenses	7,454	14,159
Education & Training- Project Funding	136,506	90,900
Occupancy costs	115,670	57,308
Printing and stationery	116,848	182,762
Other expenses	10,382	120,885
Subscriptions	20,849	20,732
Telephone	68,860	49,611
Travelling expenses	36,679	32,153
	<u>3,256,296</u>	<u>9,108,792</u>
NET OPERATING PROFIT	200,450	9,875
Retained profits at the beginning of the financial year	4,763,420	4,753,545
TOTAL AVAILABLE FOR APPROPRIATION	4,963,870	4,763,420
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR	4,963,870	4,763,420

The accompanying notes form part of these financial statements.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010**

	Note	2010 \$	2009 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	518,096	6,808,939
Trade and other receivables	6	1,527,195	1,241,290
Financial assets	7	6,020,026	-
Inventories	8	82,017	60,047
Other current assets	9	88,892	105,909
TOTAL CURRENT ASSETS		<u>8,236,226</u>	<u>8,216,185</u>
NON-CURRENT ASSETS			
Financial assets	7	5	5
Property, plant and equipment	10	2,659,708	2,547,881
TOTAL NON-CURRENT ASSETS		<u>2,659,713</u>	<u>2,547,886</u>
TOTAL ASSETS		<u>10,895,939</u>	<u>10,764,071</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	2,682,400	2,512,147
Short-term provisions	12	243,307	242,487
Other	13	2,997,727	1,237,155
TOTAL CURRENT LIABILITIES		<u>5,923,434</u>	<u>3,991,789</u>
NON-CURRENT LIABILITIES			
Long-term provisions	12	8,635	8,355
TOTAL NON-CURRENT LIABILITIES		<u>8,635</u>	<u>8,355</u>
TOTAL LIABILITIES		<u>5,932,069</u>	<u>4,000,144</u>
NET ASSETS		<u>4,963,870</u>	<u>6,763,927</u>
EQUITY			
Reserves		-	2,000,507
Retained profits		4,963,870	4,763,420
TOTAL EQUITY		<u>4,963,870</u>	<u>6,763,927</u>

The accompanying notes form part of these financial statements.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

**STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2010**

	Retained Earnings	General reserve	Total
	\$	\$	\$
Balance at 1 July 2008	4,753,545	2,560,207	7,313,752
Profit attributable to equity members	9,875	-	9,875
Movement in reserve	-	(559,700)	(559,700)
Balance at 30 June 2009	4,763,420	2,000,507	6,763,927
Profit attributable to equity members	200,450	-	200,450
Movement in reserve	-	(2,000,507)	(2,000,507)
Balance at 30 June 2010	4,963,870	-	4,963,870

The accompanying notes form part of these financial statements.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 \$	2009 \$
Cash flows from operating activities			
Receipts from customers		3,331,987	9,217,299
Payments to suppliers and employees		(3,440,624)	(7,935,592)
Interest received		71,796	77,839
Rent received		54,500	-
Net cash provided by operating activities	20	<u>17,659</u>	<u>1,359,546</u>
Cash flows from investing activities			
Payment for property, plant and equipment		(297,518)	(119,338)
Net payment for financial investments/non-current assets		(6,020,026)	-
Proceeds from sale of investments		9,043	4,141,332
Net cash provided by (used in) investing activities		<u>(6,308,501)</u>	<u>4,021,994</u>
Net increase (decrease) in cash held		(6,290,842)	5,381,540
Cash at beginning of financial year		6,808,939	1,427,399
Cash at end of financial year	20	<u>518,097</u>	<u>6,808,939</u>

The accompanying notes form part of these financial statements.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Registration and Accountability of Fair Work (Registered Organisations) Act 2009.

The financial report covers National Electrical Contractors Association- New South Wales Chapter as an individual entity. The financial report of the New South Wales Chapter complies with all International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the National Electrical Contractors Association - New South Wales Chapter in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Reporting Basis and Conventions

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

(a) Income Tax

No provision for income tax has been raised as the National Electrical Contractors Association - New South Wales Chapter is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(b) Property, Plant and Equipment

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

Property

Freehold land and buildings are carried at cost or at independent or Executive Committee's valuation.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, is depreciated on a straight-line basis over their useful lives 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.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

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

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

Class of Fixed Asset:	Depreciation Rate
Leasehold improvements- at cost	2.5 - 4%
Buildings- at cost	2.5%
Motor vehicles- at cost	20%
Office furniture and equipment- at cost	20%
Furniture and fittings- at cost	10 - 20%

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

(c) Financial Instruments

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.

(d) Employee Benefits

Provision is made for the New South Wales Chapter'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 the present value of the estimated future cash outflows to be made for those benefits.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(f) Revenue and Other Income

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

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

Other revenue and distribution income is recognised when the right to receive the revenue has been established.

All revenue is stated net of the amount of goods and services tax (GST).

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

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

(g) Controlled Entities

Separate financial statements are prepared for any controlled entity. The New South Wales Chapter's financial statement and those of its controlled entities are consolidated in the financial statements of the economic entity "National Electrical Contractors Association". Therefore, no consolidated financial statement are prepared at the New South Wales Chapter level.

(h) Change in Accounting Policy

During the year the reserves of \$2,000,507 that represented unspent Grants from the MERT Fund have been reclassified as a liability in accordance with the Accounting Standard AASB 1004.

The Grants received from MERT are to be applied specifically for the benefit of the members employer body.

The Association has prepared a specific program for the allocation of the grants.

	Previous Policy	2010 Adjustment	Revised Policy
General Reserve	2,000,507	(2,000,507)	-
Unearned grant monies	-	2,000,507	2,000,507
		2010	2009
		\$	\$
Statement of Financial Position			
Movement in unearned grant monies:		2,000,507	2,569,207
Reductions		(1,050,665)	(559,700)
Grants received		868,565	-
Balance		<u>1,818,407</u>	<u>2,009,507</u>

(i) Commitments

The Association has provided letters of support for NECA Legal Pty Ltd and NECA Training Limited to support these entities for the next 12 months. As at 30 June 2010 the estimated commitment is \$192,554 for both entities.

(j) Impairment of assets

At each reporting date, the incorporated Association 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 income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the incorporated Association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

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

	Note	2010 \$	2009 \$
2. REVENUE AND OTHER INCOME			
Revenue			
Sales revenue:			
Sale of goods		486,512	405,302
Other revenue:			
Rendering of services		1,983,070	8,311,968
Rental Revenue		54,500	-
Interest received	2(a)	71,796	77,839
Other revenue		38,268	49,330
Grants received		1,019,610	565,700
Total Revenue		<u>3,653,755</u>	<u>9,410,138</u>
Other Income			
Gain on disposal of property, plant and equipment		<u>5,506</u>	<u>-</u>
(a) Interest received from:			
Other corporations		<u>71,796</u>	<u>77,839</u>
3. PROFIT			
Expenses:			
Cost of sales		202,515	291,470
Bad and doubtful debts		783	-
4. AUDITORS' REMUNERATION			
Auditors' remuneration		<u>24,000</u>	<u>20,004</u>
5. CASH AND CASH EQUIVALENTS			
Cash on hand		340	327
Cash at bank		<u>517,757</u>	<u>6,808,612</u>
		<u>518,096</u>	<u>6,808,939</u>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

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

	Note	2010 \$	2009 \$
6. TRADE AND OTHER RECEIVABLES			
CURRENT			
Sundry debtors		26,842	107,495
Trade receivables (less provision for doubtful debts NIL)		1,315,868	1,133,795
*Intercompany: NECA Legal Pty Ltd		184,484	-
		<u>1,527,195</u>	<u>1,241,290</u>
7. FINANCIAL ASSETS			
CURRENT			
Other investments	(a)	<u>6,020,026</u>	<u>-</u>
(a) Other Investments			
Financial investments		<u>6,020,026</u>	<u>-</u>
NON-CURRENT			
Available-for-sale financial assets	(b)	<u>5</u>	<u>5</u>
(b) Available-for-sale financial assets:			
Shares in subsidiary company		3	3
Shares in associated entities		2	2
		<u>5</u>	<u>5</u>
8. INVENTORIES			
CURRENT			
At cost:			
Finished Goods at cost		<u>82,017</u>	<u>60,047</u>
9. OTHER ASSETS			
CURRENT			
Prepayments		31,187	32,946
Deferred Costs		57,705	72,963
		<u>88,892</u>	<u>105,909</u>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

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

	Note	2010 \$	2009 \$
10. PROPERTY, PLANT AND EQUIPMENT			
Leasehold improvements- at cost		279,015	275,684
Less accumulated depreciation		(45,805)	(38,873)
		<u>233,210</u>	<u>236,811</u>
Buildings- at cost		2,570,501	2,570,501
Less accumulated depreciation		(527,120)	(462,858)
		<u>2,043,381</u>	<u>2,107,643</u>
Total land and buildings		<u>2,276,591</u>	<u>2,344,454</u>
Motor vehicles- at cost		49,442	45,409
Less accumulated depreciation		(7,153)	(33,342)
		<u>42,289</u>	<u>12,067</u>
Office furniture and equipment- at cost		550,630	407,163
Less accumulated depreciation		(314,664)	(238,480)
		<u>235,966</u>	<u>168,683</u>
Furniture and fittings- at cost		206,173	117,378
Less accumulated depreciation		(111,973)	(94,701)
		<u>94,200</u>	<u>22,677</u>
Software - at cost		12,482	-
Less accumulated amortisation		(1,819)	-
		<u>10,663</u>	<u>-</u>
Total plant and equipment		<u>383,118</u>	<u>203,428</u>
Total property, plant and equipment		<u>2,659,708</u>	<u>2,547,881</u>

(a) Movement in carrying amounts

For disclosure on movement in carrying amounts please refer to note 21(a) in the end of this financial report.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

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

	Note	2010	2009
		\$	\$
11. TRADE AND OTHER PAYABLES			
CURRENT			
Trade creditors		647,982	578,234
Other creditors		225,955	150,199
Intercompany:			
Fund held on behalf of ECA Training Pty Ltd		1,808,463	1,783,714
		<u>2,682,400</u>	<u>2,512,147</u>
12. PROVISIONS			
Provision for holiday pay		81,934	85,772
Provision for building restoration		100,000	100,000
Provision for long service leave		70,008	65,071
		<u>251,942</u>	<u>250,843</u>
 Analysis of Total Provisions			
Current		243,307	242,487
Non-current		8,635	8,355
		<u>251,942</u>	<u>250,843</u>
13. OTHER LIABILITIES			
CURRENT			
Unspent grant monies		1,818,407	-
Accrued charges		-	159,989
Income in advance		1,179,320	1,077,165
		<u>2,997,727</u>	<u>1,237,155</u>
14. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE			
(a) No significant events have occurred after balance date.			

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

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

Note	2010	2009
	\$	\$

15. RELATED PARTY TRANSACTIONS

Executive Committee Members

The names of each person on the Executive Committee of the New South Wales Chapter during the financial year are S. Griffiths, R. Houlahan, S Kerfoot, A.H. Glossop (Resigned 05/08/2009), R. Bateman (Resigned 02/09/2009), K. Smith, T. Pollard, J. Hill (Resigned 7/10/2009), L. Le Compte (secretary), B.Duff (appointed 02/09/2009), A.Brown (appointed 04/11/2009) and D.Orr (appointed 02/09/2009).

No volunteer member of the Executive Committee received any remuneration during the year for performing their duties as a member of the Executive Committee.

The New South Wales Chapter charges administration fees to ECA Training Pty Limited (ECA) for the expenses incurred on its behalf and for the provision of administrative services and occupancy of Level 3 of 28 Burwood Road. A fixed fee of \$75,000 based on a commercial estimate of time and cost involved in providing these services is charged on a quarterly basis.

The New South Wales Chapter also provides contributions to ECA Training Pty Ltd for training of apprentices. The amount paid/ payable during the year was Nil (2009: \$90,000).

The New South Wales Chapter also holds an investment as nominee for ECA Training Pty Ltd. At balance date, the total investment was \$1,808,463 (2009: \$1,783,714).

16. SEGMENT REPORTING

The New South Wales Chapter of the Association primarily operates in New South Wales, Australia representing the interests of its members in the electrotechnology industry

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

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

	Note	2010	2009
		\$	\$
17. FINANCIAL RISK MANAGEMENT			
Financial Risk Management Policies			
Credit Risk			

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

Credit risk for derivative financial instruments arises from the potential failure by counterparties to the contract to meet their obligations. The credit risk exposure to forward exchange contracts and interest rate swaps is the net fair value of these contracts.

The economic entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the economic entity.

Interest Rate Risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Floating Interest	
	Rate	Amount
Cash and cash equivalents	518,757	6,808,939
Investments	6,020,031	5
Total Financial assets	<u>6,538,788</u>	<u>6,808,944</u>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

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

	Note	2010	2009
		\$	\$
		Non-Interest Bearing	
Trade and sundry creditors		3,890,154	1,965,587
Total anticipated inflows		3,890,154	1,965,587

Net Fair Values

Fair value estimation

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities net fair value approximates their carry value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the association intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date.

18. COMPANY DETAILS

The registered office of the Association is:

National Electrical Contractors Association
New South Wales Chapter
Level 3, 28 Burwood Road Burwood NSW 2134

The principal place of business is:

National Electrical Contractors Association
New South Wales Chapter
Level 3, 28 Burwood Road Burwood NSW 2134

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

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

	Note	2010	2009
		\$	\$
19. MEMBER'S ACCESS TO FINANCIAL STATEMENTS			
Fair Work (Registered Organisations) Act 2009 Section 272 provides:			
(1) A member of a reporting unit, or a 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, 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.			
20. CASH FLOW INFORMATION			
(a) Reconciliation of Cash			
Cash at the end of financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:			
Cash		340	327
Cash at Bank		517,757	6,808,612
		518,097	6,808,939
(b) Reconciliation of cash flow from operations with profit			
Profit after income tax		200,450	9,875
Non-cash flows in profit			
Depreciation		176,650	120,265
(Increase)/Decrease in trade receivables and others		(268,888)	(486,524)
(Increase)/Decrease in inventories		(21,970)	35,347
(Decrease)/Increase in trade payables and accruals		1,930,825	1,653,866
(Decrease)/Increase in provisions		1,099	26,717
(Decrease)/Increase in General Reserve		(2,000,507)	-
Net cash provided by (used in) operating activities		17,659	1,359,546

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

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

21. (a) MOVEMENT IN CARRYING AMOUNTS

Movements in carrying amounts for each class of property, plant and equipment.

	Software at cost	Leasehold improvements- at cost	Buildings- at cost	Motor vehicles- at cost	Office furniture and equipment- at cost	Furniture and fittings- at cost	Total
		\$	\$	\$	\$	\$	\$
Opening Balance	-	243,702	2,171,905	21,149	82,297	29,755	2,548,808
Additions	-	-	-	-	119,338	-	119,338
Disposals	-	-	-	-	-	-	-
Depreciation expense	-	(6,891)	(64,262)	(9,082)	(32,952)	(7,078)	(120,265)
Carrying amount at 30 June 2009	-	236,811	2,107,643	12,067	168,683	22,677	2,547,881
Additions	12,482	3,331	-	49,442	143,468	88,795	297,518
Disposals	-	-	-	(9,041)	-	-	(9,041)
Depreciation expense	(1,819)	(6,932)	(64,262)	(10,180)	(76,184)	(17,272)	(176,649)
Carrying amount at 30 June 2010	10,663	233,210	2,043,381	42,289	235,966	94,200	2,659,709


**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

STATEMENT BY MEMBERS OF THE EXECUTIVE COMMITTEE

In the opinion of the Executive Committee the general purpose financial report as set out on pages 4 to 20:

- 1 Presents a fair view of the financial position of National Electrical Contractors Association - New South Wales Chapter as at 30 June 2010 and it's performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative promouncements of the Australian Standards Board.
- 2 The financial statement and notes comply with the reporting guidelines of the Industrial Registrar.
- 3 The financial statement and notes give a fair view of the financial performance, financial postion and cash flows of the New South Wales Chapter for the financial year ended on 30 June 2010.
- 4 At the date of this statement there are reasonable grounds to believe that National Electrical Contractors Association-New South Wales Chapter will be able to pay its debts as and when they fall due.
- 5 During the financial year and since the end of the year:
 - a) meetings of the Executive Committee were held in accordance with the rules of the National Electrical Contractors Association, including the rules of the New South Wales Chapter.
 - b) the financial affairs of the New South Wales Chapter have been kept and maintained in accordance with the rules of the National Electrical Contractors Association, including the rules of the New South Wales Chapter.
 - c) the financial records of the New South Wales Chapter have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009.
 - d) there has been compliance with any request of a member of the National Electrical Contractors Association - New South Wales Chapter or the Registrar under Fair Work (Registered Organisations) Act 2009.
 - e) there has been compliance with any order for inspection of the financial records made by the Commission under Fair Work (Registered Organisations) Act 2009.
 - f) the financial records of the reporting unit have been prepared, as far as practicable in a consistent manner with each of the reporting units of the organisation.
- 6 There was no recovery of wages.

This statement is made in accordance with a resolution of the Executive Committee dated and is signed for and on behalf of the Executive Committee by:



Mr. S. Griffiths - President
Executive Committee Member

Dated: 11 August 2010



Mr. B. Duff
Executive Committee Member

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER**

Report on the Financial Report

We have audited the accompanying financial report of National Electrical Contractors Association-New South Wales Chapter (the Association) which comprises the statement of financial position as at 30 June 2009 and the income statement, statement of change in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the statement by members of the committee.

Executive Committee's Responsibility for the Financial Report

The Executive Committee of the Association is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and Part 3 of Chapter 8 of Fair Work (Registered Organisations) Act 2009. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free of 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 of 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 evaluation the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive Committee, as well as evaluation the overall presentation of the financial report.

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

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER**

Independence

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

Audit Opinion

In our opinion:

The Financial report of National Electrical Contractors Association New South Wales Chapter is in accordance with Part 3 of Chapter 8 of Fair Work (Registered Organisations) Act 2009 including:

- (i) giving a fairly presented view of the Association's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
- (ii) complying with applicable Australian Accounting Standards; and
- (iii) the requirements imposed by Part 3 of Ch 8 of the Fair Work (Registered Organisations) Act 2009.



Peter Douglas Woodhead
Chartered Accountant, Registered Company Auditor No 4223
Principal- Wearne & Co Audit Pty Limited
Authorised Audit Company No 338571

Dated: 12-08-2010



**EXTRACT OF MINUTES OF THE NSW EXECUTIVE COMMITTEE MEETING HELD
ON TUESDAY 11 AUGUST 2010**

The Committee **RESOLVED** to adopt the following resolutions at its meeting of 11 August 2010:

The financial year 2009/2010 audited financial statements for National Electrical Contractors Association – New South Wales Chapter and the Electrical Contractors Association of New South Wales (as per Attachments 1 and 2) are **APPROVED**.

The signing by the President and Treasurer of the Executive Committee Operating Report of the National Electrical Contractors Association – New South Wales Chapter is **APPROVED**.

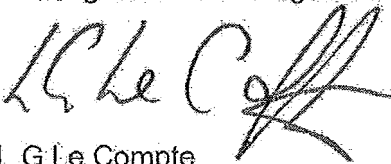
The signing by the President and Treasurer of the Statement by Members of the Executive Committee of the National Electrical Contractors Association – New South Wales Chapter is **APPROVED**.

The signing by the President and Treasurer of the Certificate by Members of the Executive Committee of the National Electrical Contractors Association – New South Wales Chapter is **APPROVED**.

The signing by the President and Treasurer of the Executive Committee Operating Report of the Electrical Contractors Association of New South Wales is **APPROVED**.

The signing by the President and Treasurer of the Statement by Members of the Executive Committee of the Electrical Contractors Association of New South Wales is **APPROVED**.

I certify that the above is a true copy of the resolutions adopted by the Executive Committee of the National Electrical Contractors Association NSW Chapter at its meeting held on 11 August 2010.

 13/10/10
L G Le Compte
Secretary

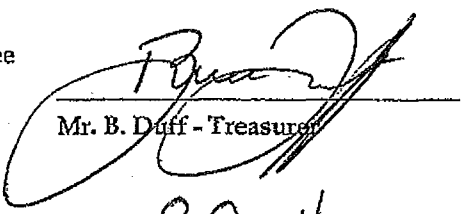
NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
NEW SOUTH WALES CHAPTER
ABN 27 056 174 413

CERTIFICATE BY MEMBERS OF THE EXECUTIVE COMMITTEE

We, Mr. B. Duff and Mr. S. Griffiths

- (a) We are members of the Executive Committee of the Association.
- (b) We attended the annual general meeting of the Association.
- (c) We are authorised by the attached resolution of the Executive Committee to sign this certificate.
- (d) The annual statement was submitted to the members of the Association at its annual general meeting.

Executive Committee
Member


Mr. B. Duff - Treasurer

Executive Committee
Member


Mr. S. Griffiths - President

Dated: 24th SEPTEMBER 2010