



Fair Work Australia

13 December 2011

Kyle Kutasi
Secretary
The National Electrical Contractors Association
Western Australian Chapter
PO Box 782
BALCATTWA WA 6914

Dear Mr Kutasi,

Re: Application for certificate stating financial affairs of Chapter encompassed by financial affairs of associated State body

Financial year ended 30 June 2011 - FR2011/2603

s.269 Fair Work (Registered Organisations) Act 2009

I refer to your application for a certificate to be issued under s.269 of the *Fair Work (Registered Organisations) Act 2009* (the Act) in respect of the Western Australian Chapter of The National Electrical Contractors Association for the financial year ended 30 June 2011.

The application was lodged with Fair Work Australia on 2 November 2011.

I note that the Operating Report (prepared under s.254 of the Act) that was initially lodged with the application was unsigned. The signed Operating Report was lodged on 16 November 2011. In future please ensure that the Operating Report is always correctly signed and dated before being lodged.

I have granted the application. My certificate is enclosed.

Yours sincerely,

Terry Nassios

Delegate of the General Manager
Fair Work Australia

FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009

s.269(2)(a) - Reporting unit's financial affairs encompassed by financial affairs of associated State body

The National Electrical Contractors Association

[FR2011/2603]

CERTIFICATE

On 2 November 2011 an application was made under s.269(2)(a) of the *Fair Work (Registered Organisations) Act 2009* (the Act) by the Western Australian Chapter (the Chapter) of the abovenamed organisation for a certificate stating that the financial affairs of the Chapter are encompassed by the financial affairs of *The Electrical and Communications Association of Western Australia (Union of Employers)* (the Association) an associated State body, in respect of the financial year ended 30 June 2011.

On 2 November 2011, the Chapter lodged a copy of the audited accounts of the Association with Fair Work Australia.

On 16 November 2011 the Chapter lodged additional material with respect to the application.

I am satisfied that the Association:

- is registered under the *Industrial Relations Act 1979 (WA)*, a prescribed State Act; and
- is, or purports to be, composed of substantially the same members as the Chapter; and
- has, or purports to have, officers who are substantially the same as designated officers in relation to the Chapter; and
- is an associated State body.

I am further satisfied that:

- the Association has in accordance with prescribed State legislation, prepared accounts, had those accounts audited, provided a copy of the audited accounts to its members, and lodged the audited accounts with the relevant State authority; and
- any members of the Chapter who are not also members of the Association have been provided with copies of the accounts at substantially the same time as the members of the Chapter who are members of the Association; and
- a report under s.254 of the Act has been prepared in respect of the activities of the Chapter and has been provided to members of the Chapter with the copies of the accounts.

I am satisfied that the financial affairs of the Chapter in respect of the financial year ended 30 June 2011 are encompassed by the financial affairs of the Association and I certify accordingly under s.269(2)(a) of the Act.



T. Nassios
Delegate of the General Manager
Fair Work Australia

13 December 2011

THE NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION, WESTERN AUSTRALIA CHAPTER

Operating report for year ended 30 June 2011 – s254

Principal Activities

The principal activities of the Chapter during the reporting period were to provide services and representation to the members, consistent with the objects of the Association.

The Chapter's principal activities result in improving the business environment for the membership, particularly with respect to negotiated and arbitrated employee wages outcomes.

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

Manner of Resignation

Members may resign from the Chapter in accordance with Rule 7, which reads as follows:

- a) *Subject to Rule 8 below, a member, including a provisional member, associate member and a Life member, may discontinue his membership with the Association by giving written notice of resignation to the Association and serving such notice of resignation on the Association by:
 - i) *delivering the notice personally to the registered office of the Association, or*
 - ii) *sending by certified mail to the address mentioned in sub paragraph (i) or to the address of the Association as ascertained by referring to a current directory of telephone numbers.*
 - iii) *In a format approved by the Management Committee.**
- b) *The notice of resignation takes effect on the day on which it was served on the Association or on a later day specified in the notice.*
- c) *A member who has ceased to be eligible to be a member of the Association or who has become disqualified from continuing, as a member shall upon request being made to the Secretary and with the approval of the Management Committee be issued with a notification of clearance and thereupon membership of such member shall terminate.*
- d) *Subject to Rule 8, nothing in this Rule prevents the Association from recovering all unpaid fees, fines, levies or other dues payable by a member under the Rules to the end of the period covered by the notice or upon the date of issue of a clearance card.*

Trustee or director of trustee company of superannuation entity or exempt public sector superannuation scheme

No officers of the Chapter held positions of Trustee or director of a Trustee Company of a superannuation entity or exempt public sector superannuation scheme.

Number of Members

The number of members recorded on the register of members of the Chapter as at the end of the reporting period was 744.

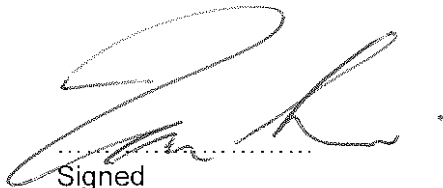
Number of Employees

The number of persons who were, at the end of the reporting period, employees of the Chapter was one (1).

Members of Committee of Management

The persons who held office as members of the Committee of Management of the Chapter during the reporting period were:

I. Swain (Chapter President)
S. Higgins (Chapter Vice President)
G. Mizza (Chapter Treasurer)
J. Sweeting (Chapter Immediate Past President)
W. Carter (Chapter Executive)
Z. Grego (Chapter Executive)
R. Hatherley (Chapter Executive)
M. Pearson (Chapter Executive)
M. Green (Chapter Executive)
P. Mannion (Chapter Executive)
K. Kutasi (Chapter Secretary)



Signed
Ian Swain
Chapter President

Date: 13 September 2011

FR2011/2599



Western Australia chapter | national electrical and communications association
ABN 19 295 806 769
Unit 18, 199 Balcatta Road, Balcatta WA 6021
PO Box 782, Balcatta WA 6914
telephone +61 8 6241 6100 facsimile +61 8 9240 4866
email necawa@neca.asn.au website www.neca.asn.au/wa

1 November 2010

General Manager
Attn: Robert Pfeiffer
Statutory Services Branch
Australian Industrial Registry
GPO Box 1994S
MELBOURNE VIC 3001



Dear Mr Pfeiffer,

**National Electrical Contractors Association, The-Western Australia Chapter
Annual Returns for Financial Year Ending 30 June 2011**

The National Electrical Contractors Association, Western Australia Chapter makes application pursuant to Section 269 of the *Fair Work (Registered Organisations) Act 2009* ('the Act') to be taken to have satisfied Part 3 of Chapter 8 of the Act for the financial year ending **30 June 2011**.

Relief Sought

- That the General Manager issue a certificate stating that the financial affairs of the Reporting Unit are encompassed by the financial affairs of the associated State body.
- That the Reporting Unit is taken to have satisfied Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*.

Grounds and Reasons.

Section 269 of the Act applies to The National Electrical Contractors Association, Western Australia Chapter (the 'Reporting Unit') on the following basis:

1. The Electrical & Communications Association of Western Australia (the 'associated State body') is registered as an industrial organisation pursuant to the *Industrial Relations Act 1979 (WA)*.
2. The associated State body is composed of substantially the same members as the Reporting Unit.
3. The officers of the associated State body are substantially the same as the officers of the Reporting Unit.

The Reporting Unit is taken to have satisfied Part 3 of Chapter 8 of the Act on the following basis:

neca

Western Australia

Western Australia chapter | national electrical and communications association
ABN 19 295 806 769
Unit 18, 199 Balcatta Road, Balcatta WA 6021
PO Box 782, Balcatta WA 6914
telephone +61 8 6241 6100 facsimile +61 8 9240 4866
email necawa@neca.asn.au website www.neca.asn.au/wa

- a) The associated State body has, in accordance with the *Industrial Relations Act 1979 (WA)* prepared accounts, had those accounts audited, provided a copy of the audited accounts to its members, and lodged the audited accounts with the Western Australian Industrial Registry;
- b) A copy of the audited accounts are attached hereto (See Annexure 1);
- c) All the members of the Reporting Unit and the associated State body, at substantially the same time, have been provided a copy of the Auditor's Report, Balance Sheet and Statement of Income and Expenditure, free of charge, in accordance with Division 4 of the *Industrial Relations Act 1979 (WA)*; and
- d) All members of the Reporting Unit have been provided with a copy of the Operating Report. A copy of the Operating Report is attached hereto (See Annexure 2).

The National Electrical Contractors Association, Western Australia Chapter submits that based on the grounds and reasons stated herein and the supporting documentation, the Branch satisfies section 269 of the Act and consequently seeks the relief as sought.

Should you wish to discuss this or any other matter, please do not hesitate to contact this office at any time.

Regards,



Kyle Kutasi
Secretary

THE NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION, WESTERN AUSTRALIA CHAPTER



Operating report for year ended 30 June 2011 – s254

Principal Activities

The principal activities of the Chapter during the reporting period were to provide services and representation to the members, consistent with the objects of the Association.

The Chapter's principal activities result in improving the business environment for the membership, particularly with respect to negotiated and arbitrated employee wages outcomes.

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

Manner of Resignation

Members may resign from the Chapter in accordance with Rule 7, which reads as follows:

- a) *Subject to Rule 8 below, a member, including a provisional member, associate member and a Life member, may discontinue his membership with the Association by giving written notice of resignation to the Association and serving such notice of resignation on the Association by:
 - i) *delivering the notice personally to the registered office of the Association, or*
 - ii) *sending by certified mail to the address mentioned in sub paragraph (i) or to the address of the Association as ascertained by referring to a current directory of telephone numbers.*
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- c) *A member who has ceased to be eligible to be a member of the Association or who has become disqualified from continuing, as a member shall upon request being made to the Secretary and with the approval of the Management Committee be issued with a notification of clearance and thereupon membership of such member shall terminate.*
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Trustee or director of trustee company of superannuation entity or exempt public sector superannuation scheme

No officers of the Chapter held positions of Trustee or director of a Trustee Company of a superannuation entity or exempt public sector superannuation scheme.

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- P. Mannion (Chapter Executive)
- K. Kutasi (Chapter Secretary)

.....
Signed
Ian Swain
Chapter President

Date: 13 September 2011

FR 2011/2599



national
electrical and
communications
association

**THE ELECTRICAL AND COMMUNICATIONS
ASSOCIATION OF WESTERN AUSTRALIA**

ABN 19 295 806 769

The Electrical and Communications Association of Western Australia is a registered industrial organisation pursuant to the *Industrial Relations Act 1979* of Western Australia and is the Western Australian Chapter of the National Electrical Contractors Association

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2011



**THE ELECTRICAL AND COMMUNICATIONS
ASSOCIATION OF WESTERN AUSTRALIA
CONTENTS TO FINANCIAL REPORT**

Income Statement	3
Balance Sheet	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-12
Statement by Principal Accounting Officer	13
Management Committee Statement to Members	14
Audit Report	15-16



**THE ELECTRICAL AND COMMUNICATIONS ASSOCIATION OF
WESTERN AUSTRALIA
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2011**

	Notes	2011 \$	2010 \$
REVENUE			
Revenue	3 (a)	1,168,886	1,029,970
Other Income	3 (b)	2,325,140	1,371,320
Total revenue		<u>3,494,026</u>	<u>2,401,290</u>
LESS EXPENDITURE:			
Service delivery costs	3 (c)	1,601,412	1,252,477
Depreciation	3 (d)	37,708	46,076
Impairment of financial asset	3 (d)	359,216	-
Loss on sale of non-current assets	3 (d)	4,089	919
Employee benefits	3 (d)	1,195,669	964,145
Total expenditure		<u>3,198,094</u>	<u>2,263,618</u>
Profit for the year		295,932	137,674
Retained earnings at beginning of year		<u>5,019,235</u>	<u>4,881,561</u>
Retained earnings at end of year		<u>5,315,167</u>	<u>5,019,235</u>

The accompanying notes form part of these financial statements.



THE ELECTRICAL AND COMMUNICATIONS ASSOCIATION OF
WESTERN AUSTRALIA
BALANCE SHEET AS AT 30 JUNE 2011

	Notes	2011 \$	2010 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	838,321	789,550
Trade and other receivables	5	616,677	781,484
Other current assets		129,073	81,911
TOTAL CURRENT ASSETS		1,584,071	1,652,945
NON-CURRENT ASSETS			
Financial assets	6	386,463	917,554
Property, plant and equipment	7	115,476	165,412
Investment properties	8	5,275,000	4,966,020
TOTAL NON-CURRENT ASSETS		5,776,939	6,048,986
TOTAL ASSETS		7,361,010	7,701,931
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	1,134,165	1,386,589
Provisions	10	54,740	37,391
Borrowings	11	-	401,778
TOTAL LIABILITIES		1,188,905	1,825,758
NET ASSETS		6,172,105	5,876,173
EQUITY			
Retained earnings		5,315,167	5,019,235
Asset revaluation reserve	12	856,938	856,938
TOTAL EQUITY		6,172,105	5,876,173

The accompanying notes form part of these financial statements.

**THE ELECTRICAL AND COMMUNICATIONS ASSOCIATION OF
WESTERN AUSTRALIA
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011**

	Notes	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Operations		3,513,151	2,016,764
Payments to suppliers and employees		(3,289,313)	(1,601,106)
Interest received		26,697	17,969
Net cash inflow from operating activities		<u>270,535</u>	<u>433,627</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment and motor vehicles		(3,680)	(84,112)
Proceeds from sale of property, plant and equipment, and motor vehicles		11,618	26,850
Payment from (for) investments		62,876	(19,618)
Net cash outflow from investing activities		<u>71,014</u>	<u>(76,880)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(292,778)	(341,558)
Net cash inflow from financing activities		<u>(292,778)</u>	<u>(341,558)</u>
Net increase in cash held		48,771	15,192
Cash at the beginning of the financial year		789,550	774,358
Cash at the end of the financial year		<u>838,321</u>	<u>789,550</u>
RECONCILIATION OF SURPLUS NET CASH FLOW FROM OPERATING ACTIVITIES			
Surplus for the year		295,832	137,674
Plus (minus) non-cash items:			
Depreciation		37,708	46,076
Loss on sale of non-current assets		4,089	919
Gain on revaluation of investment properties		(308,979)	-
Impairment of financial asset		359,216	-
Change in assets and liabilities			
Decrease/(Increase) in receivables		164,807	(377,834)
Increase in other current assets		(47,162)	(36,849)
Decrease/ Increase in payables		(252,425)	655,649
Increase in provisions		17,349	7,992
Net cash inflow from operating activities		<u>270,535</u>	<u>433,627</u>

The accompanying notes form part of these financial statements.

THE ELECTRICAL AND COMMUNICATIONS ASSOCIATION OF
WESTERN AUSTRALIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared to satisfy the reporting requirement of the *Industrial Relations Act 1979*. The Electrical and Communications Association of Western Australia is a registered industrial organisation pursuant to the *Industrial Relations Act 1979* of Western Australia and is the Western Australian Chapter of the National Electrical Contractors Association. The Committee of Management has determined that the Association is not a reporting entity.

The financial report is prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report:

(a) Consolidated financial statements

Consolidated financial statements have not been prepared for the entity and its subsidiaries because neither the entity nor the group is a reporting entity and the management committee have decided not to comply with AASB 127 Consolidated and Separate Financial Statements.

(b) Property, Plant and Equipment

Property, plant and equipment are carried at cost, less, where applicable, any accumulated depreciation. The depreciable amount of all fixed assets, including building and capitalised lease assets, but excluding freehold land, is depreciated on a diminishing value basis over their useful lives to the association commencing from the time the asset is held ready for use. Profit and losses on disposal of property, plant and equipment are taken into account in determining the result for the year.

(c) Investment Property

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Association. Investment property is carried at fair value, representing open-market value determined by external valuers every year. Changes in fair values are recorded in the income statement as part of other income.

(d) Impairment of Assets

At each reporting date, the entity 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.

(e) Employee Benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits have been measured at the amounts expected to be paid when the liability is settled.

THE ELECTRICAL AND COMMUNICATIONS ASSOCIATION OF
WESTERN AUSTRALIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Cash and Cash Equivalents

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

(g) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Membership income is recognised on a straight line proportional basis over the duration of the membership. Memberships received in advance for future financial years are recognised as a liability.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

(h) Financial assets

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

(i) Comparative Figures

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

NOTE 2: INCOME TAX

The Association has self assessed itself to be exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

THE ELECTRICAL AND COMMUNICATIONS ASSOCIATION OF
WESTERN AUSTRALIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 3: REVENUE, OTHER INCOME AND EXPENSES	2011 \$	2010 \$
(a) Revenue		
Membership Income	652,140	714,366
Administration	180,000	180,000
Commissions	98,906	107,764
Financial administration	27,840	27,840
Total Revenue	1,168,886	1,029,970
(b) Other Income		
Interest received	26,697	17,969
Rent	331,788	276,721
Gain on revaluation of investment properties	308,979	-
SAA and publications income	352,738	260,114
Sponsorship	-	97,534
Group management	734,119	455,241
Other income	137,479	80,044
Members' activities revenue	433,340	181,897
Total Other Income	2,325,140	1,371,320
Total Income	3,494,026	2,401,290
(c) Service Delivery Costs		
Membership expense	140,868	133,486
Members activities expenses	399,401	327,178
Administration	115,265	115,091
IT costs	70,145	94,878
Group Management	118,551	50,666
Marketing	68,576	49,610
Professional costs	249,547	37,323
SAA and publications	290,618	243,565
Sundry employee costs	54,751	25,672
Other expenditure	103,690	175,008
Total service delivery costs	1,601,412	1,252,477
(d) Expenses		
Depreciation	37,708	46,076
Impairment of financial asset (Note 6)	359,216	-
Loss on sale of non-current assets	4,089	919
Employee benefits	1,195,669	964,145
Total expenses	1,596,682	1,011,140

THE ELECTRICAL AND COMMUNICATIONS ASSOCIATION OF
WESTERN AUSTRALIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$	2010 \$
4. CASH AND CASH EQUIVALENTS		
Cash on hand	314	500
Cash at bank	839,007	633,414
Cash on deposit	-	155,636
	<u>839,321</u>	<u>789,550</u>
5. TRADE AND OTHER RECEIVABLES		
Trade receivables	497,437	516,561
Other receivables	119,240	264,923
	<u>616,677</u>	<u>781,484</u>
6. FINANCIAL ASSETS		
Investment in NECA WA Group Property Trust	386,166	917,554
Investment in NECA Legal (WA) Pty Ltd	1	-
	<u>386,167</u>	<u>917,554</u>
Balance of investment as at 1 July	917,554	897,936
Movement in net assets of NECA WA Group Property Trust	(171,876)	19,618
Impairment of financial asset	(359,216)	-
Investment acquired - NECA Legal (WA) Pty Ltd	1	-
	<u>386,463</u>	<u>917,554</u>
Balance of investment as at 30 June	386,463	917,554
Units at \$1 each held in NECA WA Group Property Trust	745,678	917,554
Ordinary shares at \$1 each held in NECA Legal (WA) Pty Ltd	1	-

During the year:

- the NECA WA Group Property Trust transferred asset and liabilities from the entity with a net liability value of \$171,876, which has offset against the investment value.

THE ELECTRICAL AND COMMUNICATIONS ASSOCIATION OF
WESTERN AUSTRALIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

7. PROPERTY, PLANT AND EQUIPMENT

	2011 \$	2010 \$
Plant & equipment – at cost	107,777	104,401
LESS: Accumulated Depreciation	<u>(85,773)</u>	<u>(75,649)</u>
	<u>22,004</u>	<u>28,752</u>
Fixtures & fittings – at cost	101,645	101,341
LESS: Accumulated Depreciation	<u>(93,587)</u>	<u>(91,568)</u>
	<u>8,058</u>	<u>9,773</u>
Motor vehicles – at cost	149,898	181,572
LESS: Accumulated Depreciation	<u>(64,484)</u>	<u>(54,885)</u>
	<u>85,414</u>	<u>126,687</u>
Total property, plant and equipment	<u>115,476</u>	<u>166,412</u>

8. INVESTMENT PROPERTIES

Land and Building - 9 Cressall Road, Balcatta	4,150,000	4,000,000
Land and Building - 9 Prowse Street, West Perth	<u>1,125,000</u>	<u>4,966,020</u>
Total Investment Properties	<u>5,275,000</u>	<u>4,966,020</u>

The basis of the valuation of investment properties is fair value, being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and subject to similar leases. The fair values of the investment properties at 9 Cressall Road, Balcatta and 9 Prowse Street, West Perth, have been arrived at on the basis of independent valuations performed on 13 July 2010 and 20 June 2011 respectively, by a licensed Certified Practising Valuer.

**THE ELECTRICAL AND COMMUNICATIONS ASSOCIATION OF
WESTERN AUSTRALIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

9. TRADE AND OTHER PAYABLES

	2011	2010
	\$	\$
Trade payables	10,516	80,383
Other payables	224,443	421,793
Petrol deposits	57,393	90,693
Income received in advance	841,813	793,720
	<u>1,134,165</u>	<u>1,386,589</u>

10. PROVISIONS

Provision for annual leave	52,967	37,391
Provision for long service leave	1,773	-
	<u>54,740</u>	<u>37,391</u>

11. BORROWINGS

Bank loan - secured	<u>-</u>	<u>401,778</u>
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The bank loan is a commercial bill facility, secured by a corporate guarantee and indemnity from the Association and NEC WA Group Pty Ltd in its own capacity and as trustee for NEC WA Group Property Trust, as well as first registered standard mortgages over the Association's property at 9 Cressall Road, Balcatta and by NECA WA Group Pty Ltd in its own capacity and as trustee for NECA WA Group Property Trust over property at Lot 2, Delawney Street, Balcatta WA. \$292,778 of the loan was repaid during the financial year. The balance of \$109,000 as at 30 June 2011, was assigned to financial assets and is included in the movement in net assets of NECA WA Group Property Trust (refer Note 5).

NECA WA Group Pty Ltd in its own capacity and as trustee for NECA WA Group Property Trust, has in place a commercial bill, with a facility limit of up to \$125,000 at a variable interest rate. The commercial bill facility expires on 18 February 2013.

**THE ELECTRICAL AND COMMUNICATIONS ASSOCIATION OF
WESTERN AUSTRALIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

12. RESERVES

Asset Revaluation Reserve

This reserve records the revaluation of property, plant and equipment.

13. PRIOR YEAR RESTATEMENT

	Previously Stated	2010 Adjustment	2010 Restated
<i>Balance Sheet</i>			
Property, plant and equipment	1,131,432	(966,020)	165,412
Investment properties	4,000,000	966,020	4,966,020

The Land and Buildings at Prowse Street, West Perth have been reclassified from Fixed assets to Investment Properties. The property was leased out from 1 Jan 2010, is not occupied by the Association and is held for long-term rental yields.

14. ADMINISTRATION SCHEMES

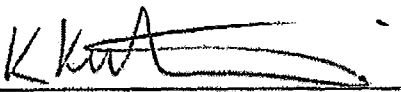
**REDUNDANCY ADMINISTRATION
SEVERANCE SCHEME ADMINISTRATION**

These are employee cessation schemes administered for the benefit of members. The results of such schemes do not form part of the trading results of the Association. However income earned for their administration is revenue of the Association.

STATEMENT BY PRINCIPAL ACCOUNTING OFFICER

I, MR KYLE KUTASI being the Officer in charge of the preparation of the accompanying accounts of the Electrical and Communications Association of Western Australia, state that to the best of my knowledge and belief, such accounts present a true and fair view of the financial position of the Association as at 30 June 2011, and the results of its operations for the period then ended.

DATED at Balcatta this *20th* day of *September*, 2011


MR KYLE KUTASI


MANAGEMENT COMMITTEE STATEMENT TO MEMBERS

The Management Committee of the Electrical and Communications Association of Western Australia has determined that the association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the Management Committee, the financial statements as set out on pages 1 to 12:

1. Presents a true and fair view of the financial position of the Electrical and Communications Association of Western Australia as at 30 June 2011 and its performance for the year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that the Electrical and Communications Association of Western Australia will be able to pay its debts as and when they fall due.

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



PRESIDENT



TREASURER

DATED at Balcatta this 20th day of September 2011

RSM Bird Cameron

Chartered Accountants

RSM Bird Cameron
8 St George's Terrace Perth WA 8000
GPO Box R1253 Perth WA 6844
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www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

THE ELECTRICAL AND COMMUNICATIONS ASSOCIATION OF WESTERN AUSTRALIA

We have audited the accompanying financial report, being a special purpose financial report, of the Electrical and Communications Association of Western Australia (the Association), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by members of the committee.

Committee's Responsibility for the Financial Report

The committee is responsible for the preparation of the financial report, and have determined that the basis of preparation described in Note 1, is appropriate to meet the requirements of the *Industrial Relations Act 1979 (WA)* and is appropriate to meet the needs of the members. The committee's responsibility also includes such internal control as the committee determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

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

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ABN 65 319 382 479

Major Offices in:
Perth, Sydney,
Melbourne, Adelaide
and Canberra

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is the name given to a network of independent accounting and consulting firms
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Independence

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

Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of the Association as of 30 June 2011 and its financial performance and its cash flows for the year then ended in accordance with the *Industrial Relations Act 1979 (WA)*.

Basis of accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Association to meet the requirements of the *Industrial Relations Act 1979 (WA)*. As a result, the financial report may not be suitable for another purpose



RSM BIRD CAMERON
Chartered Accountants



S.C. CUBITT
Director

Perth, WA

Dated: 20 September 2011

RSM Bird Cameron
Chartered Accountants

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Direct line: 08 9281 8404
GCC:SET

16 September 2011

The Board of Directors
The Electrical and Communications Association
of Western Australia
18/199 Balcatta Road
BALCATTWA WA 6021

Dear Sirs

Audit for the year ended 30 June 2011

In order to carry out our duties and responsibilities as the auditors of The Electrical and Communications Association of Western Australia (ECA), RSM Bird Cameron is required by ASA 260 "Communication of Audit Matters to those Charged with Governance" ("ASA 260"), to communicate to you setting out the matters arising from our audit.

Our audit was conducted in accordance with the audit engagement letter dated 4 May 2011.

Our fieldwork is substantially complete and we anticipate issuing an unqualified audit opinion, once the financial statements have been approved by the management committee.

The Auditor's Responsibilities in relation to the Financial Report Audit

The management committee should understand that:

- a) We are responsible for forming and expressing an opinion on the financial report that has been prepared by management with the oversight of the management committee; and
- b) The audit of the financial report does not relieve management or the management committee of their responsibilities.

Auditor's Independence

We are not aware of any other relationships between member firms of RSM Bird Cameron and ECA that, in our professional judgement, may reasonably be thought to bear on our independence or the objectivity of the audit engagement team.

We confirm that in our professional judgement, the RSM Bird Cameron is independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement director and audit staff has not been compromised.

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Significant Findings from the Audit

Consideration of Tax status

In the prior year, the audit report on ECAWA's financial report was modified to make specific reference to an inherent uncertainty with respect to the income tax status of the entity. As part of our audit procedures we have requested our tax division review the supporting material maintained by the entity in order to assist our evaluation of the income tax issues.

Background

ECAWA is an association whose membership is open to any person who is either an Electrical Contractor or a Communications Contractor and who is substantially engaged in the work usually performed by either an Electrical Contractor or a Communications Contractor. The organisation is registered under the *Industrial Relations Act 1979 (WA)*, to represent its members in the Western Australian Industrial Commission.

In June 2005, ECAWA applied to the ATO for a private ruling that it was exempt from income tax under section 50-15 of the *Income Tax Assessment Act 1997 ("ITAA 1997")* on the basis that it was an 'employer association'. In July 2005, the ATO issued a private ruling that the organisation was not exempt from income tax on the basis that the ATO did not consider ECAWA to be an employer association for the purposes of section 50-15.

In September 2005, ECAWA lodged an objection to the private ruling and in June 2006, the ATO disallowed the objection. ECAWA then lodged an application for review of the objection with the AAT in July 2006. The ATO's statement of facts and contentions note that ECAWA asserts that the scheme on which it sought the private ruling is materially different to the scheme identified in the ruling issued by the ATO in July 2005. It had no objection to the ruling being set aside on that basis, but noted that the applicant would need to make a new private ruling application in respect of the materially different scheme. In January 2007, the AAT handed down its decision in the matter, noting that the parties had reached a mutual agreement for the AAT to set aside the ATO's objection decision and that ECAWA was to apply for another private ruling.

Correspondence from Bentleys MRI dated September 2007, notes that the ATO had not formally requested the ECAWA to submit its new private ruling application and that ECAWA had not made the new private ruling application and was under no obligation to do so. The advice from Bentleys MRI and of the Counsel who represented ECAWA at the AAT, appears to be that for ECAWA to achieve income tax exempt status, it not to proceed with another private ruling application, but instead to lodge an income tax return on the basis that it is subject to the principle of mutuality. Once that income tax return is assessed by the ATO, ECAWA would then proceed to object to the assessment and mount its argument that it is a tax exempt body. In general terms we concur with this strategy, as it will bring certainty to the position, whereas a second application for a private ruling may leave ECAWA, in the same position it is today.

It is our understanding that ECAWA has not lodged a tax return, to undertake this course of action.

It is noted that two associated entities, being the Electrical Group Training Limited and the College of Electrical Training (Inc), have income tax exempt status.

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Exemption Under section 50-15

In its private ruling and its subsequent rejection of the objection to it, the ATO noted that section 50-15 of the ITAA 1997 was a rewritten form of paragraph 23(f) of the *Income Tax Assessment Act 1936* ("ITAA 1936"), which exempted income of an "association of employers". The meaning of that term was considered in the High Court decision of *Associated Newspapers Co-operative Ltd. v. Federal Commissioner of Taxation* 70 ATC 4030. In the case, a co-operative of newsagents, registered as an industrial union of employers under NSW industrial relations, were denied the paragraph 23(f) ITAA 1936 (now section 50-15 ITAA 1997) income tax exemption, with Owen J stating that :

Its members are associated not because they or some of them are employers of labour but because they carry on the occupation of newsagents. The words "association of employers" in sec. 23(f) are, in my opinion, confined to a combination of persons who associate in their capacity as employers of labour and do not cover an association of persons merely because they pursue the same calling.

Based on its review of ECAWA's activities and services available on its website, the ATO concluded that ECAWA was not an association of persons who associate in their capacity as employers of labour, but was an association of persons who associate in their capacity as contractors within the industry.

ECAWA's position

ECAWA contends that it satisfies the conditions of section 50-15, as it is:

- An employer association; and
- A registered industrial organisation pursuant to the *Industrial Relations Organisation 1979* of Western Australia and is thus recognised under the *Fair Work (Registered Organisations) Act 2009*

To clarify the matter of whether it is an employer association, ECAWA amended its constitution to the effect that

"Electrical Contractor means a person who holds an Electrical Contractors Licence and who employs at least one person (which may include themselves) who is, a person who holds an Electrical Worker's Licence issued under the provisions of the Electricity (Licensing) Regulations 1991 (WA)"

ECAWA also contends that:

- The revenue it derives other than from its members, is not inconsistent with the activities of many trade union organisations that are qualified as income tax exempt and have many revenue streams outside of their union membership;
- It is an association of persons who associate in their capacity as employers of labour and has the ability to prove such at the present time; and
- On a daily basis, it advises its membership and advocates on their behalf about industrial relations matters and on a weekly basis, it communicates with Fair Work Australia about such matters.

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Conclusions

- The Administrative Appeals Tribunal ("AAT") set aside the original Australian Taxation Office ("ATO") private ruling, but only with the consent of both parties (i.e. the ATO and ECAWA) and only on the basis that ECAWA were to reapply for a new private ruling based on a different set of facts;
- We understand that ECAWA has not reapplied for a new private ruling, nor has it lodged an objection against an income tax assessment on the basis that they consider themselves to be an income tax exempt entity;
- Given the ATO have already ruled that ECAWA is not an income tax exempt entity based on information available to it, and that ECAWA have not provided the ATO with additional information, subsequent to the AAT Ruling, we consider that the ATO is unlikely to consider ECAWA to be an income tax exempt entity, until further information is put before it;
- We agree with advice provided by Graeme Jolley of Bentleys MRI that ECAWA should lodge an income tax return as a taxable entity, but exclude receipts of members' subscriptions from assessable income under the principle of mutuality; and
- ECAWA has on the basis of its present activities, a reasonable probability of being able to sustain that it is an income tax exempt body for the purposes of Section 50-15.

Consolidated financial reports

ECA has control over NECA Legal (WA) Pty Ltd and NECA WA Group Property Trust. ECA has decided to not produce consolidated financial statements on the basis that as a non-reporting entity it is not mandatory to apply AASB 127 – Consolidated and Separate Financial Statements.

The financial statements of a non-reporting parent entity which does not prepare consolidated financial statements should include a note stating that consolidated financial statements have not been prepared because neither the parent nor the group is a reporting entity. An example of such a note which has been included in the draft financial report is as follows:

"Consolidated financial statements have not been prepared for the entity and its subsidiaries because neither the entity nor the group is a reporting entity and the management committee have decided not to comply with AASB 127 Consolidated and Separate Financial Statements".

Accounting for financial assets

As part of our audit testing, we performed testing on the net assets of the NECA WA Group Property Trust (the Trust). At this time we noted that the carrying amount of the investment in ECA's records (\$917,554) was significant greater than the net assets of the Trust indicating an impairment of ECA's investment.

We recommended and management agreed to recognise an impairment charge in the financial report of \$359,216.

Accounting for investment properties

The entity has adopted the revaluation model for its investment properties in accordance with AASB 140 – Investment Property.

The key differences from the revaluation model applied in AASB 116 – Property, Plant and Equipment are:

- Investments properties are not subject to depreciation;
- revaluations are required to be conducted for each reporting period;
- revaluations are required to be effective at the reporting date; and
- increments/decrements in fair value are recognised directly in profit or loss.

Investment properties were valued by a Certified Practising Valuer in July 2010 and July 2011. The basis of the valuation of investment properties is fair value being the amounts for which the properties could be exchanged

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between willing parties in an arm's length transaction, based on current prices in an active market for with similar characteristics and location and subject to similar leases. The impact of the revaluation was an increase in the carrying amount other revenue, of the same amount recorded in the balance sheet by \$308,979 (10%) and a corresponding increase of investment properties.

We have reviewed the valuation report and have accepted its basis and conclusions.

Internal Financial Controls

During our audit we examined the design and implementation of the internal controls relevant to the accounting and financial control systems.

The review of internal controls was carried out with a view to expressing an opinion on the financial statements for the year and was not directed primarily towards discovering weaknesses or towards the detection of fraud. Therefore, our comments on these systems include only those matters that have come to our attention as a result of our normal audit procedures and consequently our comments should not be regarded as a comprehensive record of all weaknesses that may exist or of all improvements that might be made.

We have no matters to report to management in relation to the entity's internal financial controls.

Unadjusted Audit Differences

- There are no unadjusted audit differences as outlined in the management representation letter;

Other Matters

- As a result of our procedures, we have not identified any matters of fraud to report to you;
- We had no disagreements with management about significant accounting or disclosure matters; and
- Our discussions with management revealed no material legal or compliance matters that are significant enough to warrant separate disclosure in the financial report.

This letter has been prepared for the sole use of ECA. It must not be disclosed to a third party or quoted to or referred to without our written consent. No responsibility is assumed by RSM Bird Cameron to any other person.

Finally, we would like to take this opportunity to thank you staff for the co-operation we have received throughout our audit. If there are any further matters which you wish to discuss concerning our audit, please do not hesitate to contact me.

Yours faithfully



S C CUBITT
Director

