



# Super Consumers Australia Activity Update

February 2020 - August 2020

# Our goals

Advocacy	Engagement	Shining a light	Research
<p>We will work independently and with others to advocate the consumer interest and help create a fairer superannuation system for low and middle income Australians.</p> <p>Where important data is missing, underutilised or hidden we will advocate for its provision</p>	<p>We will work with our sector to maximise the impact of our collective work.</p> <p>We will work with consumers to ensure that people's experience of the system is amplified.</p>	<p>We will find, investigate and tell powerful stories that shine a light on issues, are based on strong evidence and inspire change.</p> <p>We will provide information to help people to make better decisions about their superannuation</p>	<p>We will build a strong evidence base for our advocacy and consumer help through original research.</p>

## **Choice of fund**

In March we appeared before the Senate inquiry into legislation to create choice of superannuation fund. We supported the bill but recommended a number of specific measures to ensure people were supported to make choices appropriate to their needs, including the creation of 'choice product dashboards' and an ASIC developed comparator tool. The committee supported the bill and recommended the government consider the changes we suggested to assist consumer decision making. This legislation was ultimately delayed due to the pandemic. This was eventually passed into law in the second half of the year.

## **Consumer protection during the pandemic**

The team shifted focus quickly to respond to the pandemic and the impact it would have on people's super and bundled insurance. Using our data analytics capacity we were able to quickly identify 8 funds which had pandemic exclusions in their insurance policies. We worked with an AFR journalist to expose these funds and call on them to remove the exclusions. We were particularly concerned as some of the funds covered industries representing front line workers, like nurses, teachers and delivery drivers. Within less than a week 7 of the 8 funds had backed away from their exclusions and committed not to rely on them in future. The one hold out only applied the terms in limited circumstances and later announced it would not rely on the exclusions. This was a great early win for the team and displayed out data analytics, investigative journalist and advocacy skills in what was a very different advocacy environment.

## **Poor value insurance offerings**

The other major focus has been direct advocacy with superannuation funds and insurers on poor value insurance offers. We were concerned about the impact of restrictive tests which target people who are recently unemployed or have limited working hours due to the pandemic and more generally. A few weeks after we alerted key stakeholders to the problem the insurers acknowledged the harm these policies cause and agreed to waive these terms until September. This was only a short-term solution, so we have been following up directly with superannuation funds that have the most restrictive terms to push them to remove these terms altogether. We identified eight funds with highly restrictive terms and warned each that our research identified them as having poor value disability insurance for people who are unemployed or working limited hours.

One major fund has already agreed to only apply these terms in very limited circumstances. Most of the rest have committed to reviewing these terms in their upcoming insurance negotiations. Some have gone further still and committed to removing them as part of these reviews. We have continued to engage directly with funds and make their commitments public.

We are continuing to make the most of the thousands of case studies we collected as part of the retirement income review. We had lined some up in anticipation of a second phase of the campaign targeting funds with pandemic exclusions. Given the quick win they were not required.

We are attempting to be more proactive with these case studies and keeping a 'warm' list of people who have important stories to tell to demonstrate consumer detriment in our key campaign areas.

Our ongoing engagement with key stakeholders were important in being able to quickly team up and produce consumer advice on what to do with your super in response to the pandemic. As we build our reputation we saw value in working with established, trusted voices in this space.

We have continued positive engagement with key stakeholders in the sector, including joint media with CoTA over the impacts of early release of super.

We have briefed key case work organisations on our disability insurance research. In particular we have worked with PIAC and beyondblue on the mental health restrictions in these policies.

We have used consumer case studies in our recent work, including our supplementary RIR and choice of fund submissions.

# Shining a light



## Consumer information during the pandemic

In our first information piece on the pandemic we [interviewed Scott Pape](#), the resulting article got widespread pick up across major news outlets.

Our investigative journalism was also the driving force behind the pandemic exclusion campaign, unpacking insurance policies, contacting funds and explaining them to consumers.

We also produced an information piece explaining the [impacts of early withdrawal of super](#). We managed to get this out earlier than most and our modelling was used in a number of media outlets as an independent measure to help people make decisions about early release. One major superannuation fund even used our consumer advice and modelling in their consumer facing information.

We ran a Facebook livestream with experts from our team to explain the impact of the pandemic on super and what early release could mean for people.

We released content on [poor value insurance in superannuation products](#).

We are continuing to release advice pieces to help people make decisions about what to do with their super. This has included content on the [fundamentals of super](#), claiming on [income protection policies during a pandemic](#), [super scams](#) and [considerations for investing in super](#).

Our data analysts produced original research unpacking problems with insurance in super. As already noted, this led to our sprint campaign victory on pandemic exclusions.

Next we [released a research piece](#) which complemented ASIC's work on poor value TPD insurance. Our work showed the prevalence of these restrictive disability tests and how they disproportionately impact people who work limited hours or are unemployed. Due to COVID-19 these two groups are expected to grow. This feeds into our overall campaign to ensure people are efficiently and equitably protected if they can no longer work due to death or disability.

We have also been working on a scoping project to better understand consumer decision making in the retirement planning and fund selection.

# Challenges, risks and mitigation



## **Challenges and mitigation**

The pandemic has created challenges to our ability to work in a safe and productive way. We have mitigated this challenge by implementing a work from home policy and creating a COVID safe work environment for those who wish to work from the office. We have also made use of technology to overcome the challenges associated with remote work. We have also promoted the use by staff of employee assistance programs. Finally, we have set up new ways of working and socialising as a team in a COVID safe way.

## **Risks**

There are no major risks to note.

# **SUPERANNUATION CONSUMERS' CENTRE LTD**

ABN 34 163 636 566



**FINANCIAL REPORT**  
for the financial year ended 30 June 2020

# Superannuation Consumers' Centre Ltd

Financial report for the year ended 30 June 2020

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# Superannuation Consumers' Centre Ltd

Financial report for the year ended 30 June 2020

## Directors' Report

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The Board presents its report, together with the financial statements, on Superannuation Consumers' Centre Ltd (referred to hereafter as the 'Association') for the year ended 30 June 2020.

### 1. Directors

The following persons were Directors of the Association during or since the end of the financial year:

Board member	Board meetings	
	Eligible to attend	Number attended
Rodney Stowe (Chair)	3	3
Jenni Mack	4	4
Susan Thorp	4	4
Kevin Davis	4	4
Shane Tregillis	2	2

### 2. Secretary

The secretary of the Association during or since the end of the financial year was:

Linda Magee

### 3. About the Association

Superannuation Consumers' Centre advances and protects the interests of low and middle income people in Australia's superannuation system. It was founded in 2013 and received funding for the first time in 2018. We will change the superannuation system through:

- Campaigning and policy: We use real people's stories to shine a light on the biggest problems in superannuation.
- Investigative journalism: We uncover the truth about issues people have with their retirement savings and provide practical advice to help cut through the spin.
- Research and analysis: Our rigorous, conflict-free research lifts the lid on fund performance, fees and insurance. We turn this analysis into action by using it to back reform and make super easier for people to understand.

We work hard to keep the super industry accountable and fair.

### 4. Performance

The surplus of the Association for the year amounted to \$493,584 (2019: \$832,984).

Other than disclosed in this financial report, no significant changes in the Association's state of affairs occurred during the financial year.

2019-20 was the second year of operations with funding from the community benefit payments granted to the Super Consumers Centre.

Our operational spending was less than planned for a range of reasons. In part, we have found significant savings in our work through research agreements and our partnership with CHOICE. In part, spending on some expected items, such as travel, was significantly reduced due to the lock down caused by the COVID-19 pandemic.

We are able to continue operations at current levels until early 2022. We are urgently seeking additional and stable funding to ensure that we continue our work to improve the superannuation system.

# Superannuation Consumers' Centre Ltd

Financial report for the year ended 30 June 2020

## Directors' Report

### 4. Performance (continued)

In the last financial year we made significant progress towards our goal of assisting consumers in the superannuation market, with highlights extracted in the table below:

#### Major wins for consumers

2019



Worked with parliament to see Protecting Your Super legislation enacted. Placing a cap on certain fees, introducing auto-consolidation and switching off insurance on inactive accounts.



Worked with parliament to see Putting Members' Interests First legislation enacted. Making default insurance more appropriate to people's needs.

2020



Produced research to highlight the harm caused by pandemic exclusions in group life insurance and successfully pressured superannuation funds and insurers to drop these exclusions.



Produced research to highlight the harm caused by activities of daily living tests to people who are unemployed or working part time. This has led to a moratorium on the use of these terms and a public commitment from six funds to remove or reduce their impact.

#### Progress to better outcomes for consumers

2019



Advocated for reform of the default system by releasing independent research naming underperforming MySuper products and the number of people who had been defaulted into them in the last financial year.



Supported APRA's first heatmap of superannuation funds. Advocated for the Productivity Commission recommended 'right to remain' test for funds that chronically underperform in the heatmaps.

2020



Provided independent advice to help people weighing up what to do with their superannuation in light of the market impacts of the global pandemic. We partnered with important voices including Scott Pape and the Council on the Ageing.



Provided robust independent modelling on the impact of early release of super to that consumers could make informed decisions about whether to access funds.

# Superannuation Consumers' Centre Ltd

Financial report for the year ended 30 June 2020

## Directors' Report

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### 4. Performance (continued)

The Federal Government has announced a process to explore funding for a Consumer Advocacy Body for Superannuation. We actively engaged in the expression of interest process. We are currently waiting for a final decision from the Federal Government.

The other significant event affecting future finances is our approval as a specifically-listed deductible gift recipient organisation. The board is in the process of exploring funding opportunities this development opens to our Association.


### 5. Auditor's Independence Declaration

The auditor's independence declaration, for the financial year ended 30 June 2020 has been received and can be found on page 6.

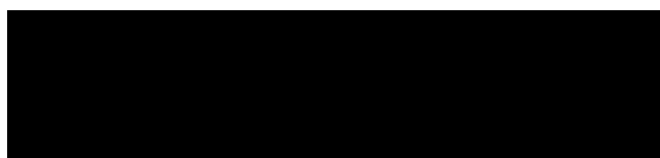
### 6. Events after the reporting period

The Centre's project based funding is set to expire by January 2022. We are in the process of developing long-term funding solutions to allow the work of the Centre to continue beyond this date. Also the ongoing significance of COVID-19 continues to be managed by staff and the Board.

Signed in accordance with a resolution of the Board:



Dated: 26/10/2020



Dated: 26/10/2020

**AUDITOR'S INDEPENDENCE DECLARATION****TO THE BOARD OF SUPERANNUATION CONSUMERS' CENTRE LTD**

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act, as lead auditor for the audit of Superannuation Consumers' Centre Ltd for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- i. no contraventions of the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Name of Firm: Moore Australia Audit (NSW)

Name of Partner: \_\_\_\_\_  
Charles Oosthuizen

Date:

Address: Level 7, 9 Castlereagh Street, Sydney NSW 2000

# Superannuation Consumers' Centre Ltd

Financial report for the year ended 30 June 2020

## Statement of Profit or Loss and Other Comprehensive Income

Figures in Australian Dollars	Notes	2020	2019
<b>Income</b>			
Revenue	2	1,250,000	1,145,833
Other income		-	369
Interest income		39,292	33,107
		<u>1,289,292</u>	<u>1,179,309</u>
<b>Expenses</b>			
General expenses	3	(795,708)	(346,325)
<b>Surplus before tax</b>		<b>493,584</b>	<b>832,984</b>
Tax expense		-	-
<b>Surplus for the year</b>		<u><b>493,584</b></u>	<u><b>832,984</b></u>

The accompanying notes form part of these financial statements

# Superannuation Consumers' Centre Ltd

Financial report for the year ended 30 June 2020

## Statement of Financial Position as at 30 June 2020

Figures in Australian Dollars	Notes	2020	2019
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	1,628,939	2,320,437
Trade and other receivables	5	43,192	33,100
<b>Total Current Assets</b>		<b>1,672,131</b>	<b>2,353,537</b>
<b>Total Assets</b>		<b>1,672,131</b>	<b>2,353,537</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	6	231,621	156,611
Amounts received in advance		104,167	1,354,167
<b>Total Current Liabilities</b>		<b>335,788</b>	<b>1,510,778</b>
<b>Total Liabilities</b>		<b>335,788</b>	<b>1,510,778</b>
<b>Net Assets</b>		<b>1,336,343</b>	<b>842,759</b>
<b>Equity</b>			
Accumulated surplus		1,336,343	842,759
<b>Total Equity</b>		<b>1,336,343</b>	<b>842,759</b>

The accompanying notes form part of these financial statements

# Superannuation Consumers' Centre Ltd

Financial report for the year ended 30 June 2020

## Statement of Changes in Equity as at 30 June 2020

<b>Figures in Australian Dollars</b>	<b>Accumulated surplus</b>	<b>Total equity</b>
<b>Balance at 1 July 2018</b>	<b>9,775</b>	<b>9,775</b>
Surplus for the year	832,984	832,984
<b>Balance at 30 June 2019</b>	<b>842,759</b>	<b>842,759</b>
<b>Balance at 1 July 2019</b>	<b>842,759</b>	<b>842,759</b>
Surplus for the year	493,584	493,584
<b>Balance at 30 June 2020</b>	<b>1,336,343</b>	<b>1,336,343</b>

The accompanying notes form part of these financial statements

# Superannuation Consumers' Centre Ltd

Financial report for the year ended 30 June 2020

## Statement of Cash Flows

Figures in Australian Dollars	Notes	2020	2019
<b>Cash flows from operating activities</b>			
Receipts from funders and other income		-	2,500,369
Payments to suppliers and employees		(730,790)	(222,814)
Interest received		39,292	33,107
<b>Net cash flows from operating activities</b>	7	<b>(691,498)</b>	<b>2,310,662</b>
<b>Net change in cash and cash equivalents</b>		<b>(691,498)</b>	<b>2,310,662</b>
Cash and cash equivalents at the beginning of the year		2,320,437	9,775
<b>Cash and cash equivalents at the end of the year</b>	4	<b>1,628,939</b>	<b>2,320,437</b>

The accompanying notes form part of these financial statements

# Superannuation Consumers' Centre Ltd

Financial report for the year ended 30 June 2020

## Notes to the Financial Statements

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### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements cover Superannuation Consumers' Centre Ltd (the Association) as an individual not-for-profit entity. The Association is incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Board on \_\_\_\_\_.

#### (a) Basis of Preparation

In the opinion of the responsible persons, the Association is not a reporting entity. These special purpose financial statements have been prepared to meet the reporting requirements of the Australian Charities and Not-for-profits Commission Act 2012.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 Presentation of Financial Statements, AASB 107 Statement of Cash Flows, AASB 108 Accounting Policies, AASB 1048, Interpretation of Standards Changes in Accounting Estimates and Errors and AASB 1054 Australian Additional Disclosures.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

#### (b) Income tax

As the Association is a charitable institution in terms of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

#### (c) Revenue and other income

Revenue is recognised when it is probable that the economic benefit will flow to the Association and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and is stated net of the amount of goods and services tax (GST).

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Funding and donation income are recognised when the Association obtains control over the funds, which is generally at the time of receipt.

If conditions are attached to the funding received that must be satisfied before the Association is eligible to receive the contribution, recognition of the funding as revenue will be deferred until those conditions are satisfied.

# Superannuation Consumers' Centre Ltd

Financial report for the year ended 30 June 2020

## Notes to the Financial Statements

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### **(d) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the assets and liabilities statement.

### **(e) Accounts receivable**

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from third parties. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

### **(f) Accounts payable**

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

### **(g) Cash and cash equivalents**

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

### **(h) Impairment of assets**

At the end of each reporting period, the Association reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, an impairment test is carried out on the asset by comparing 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 amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in surplus or deficit.

### **(i) Changes in accounting standards issued but not yet effective**

Several new standards, amendments to standards and interpretations are effective for annual reporting periods beginning after 30 June 2020, with early adoption permitted, but have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Association.

# Superannuation Consumers' Centre Ltd

Financial report for the year ended 30 June 2020

## Notes to the Financial Statements

Figures in Australian Dollars	2020	2019
<b>2 Revenue</b>		
Community Benefit Payments	1,250,000	1,145,833
<b>3 Results for the year</b>		
Results for the year were derived after accounting for the following specific items:		
Consulting fees	771,996	323,771
Accounting and audit fees	11,514	8,565
Secretarial fees	9,750	6,750
Insurance	2,257	-
Sundry expenses	191	520
Legal fees	-	6,719
	<b>795,708</b>	<b>346,325</b>
<b>4 Cash and cash equivalents</b>		
Term deposits	1,000,000	2,200,000
Bank balances	628,939	120,437
	<b>1,628,939</b>	<b>2,320,437</b>
<b>5 Trade and other receivables</b>		
GST receivable	40,062	33,100
Prepayments	3,000	-
	<b>43,062</b>	<b>33,100</b>
<b>6 Trade and other payables</b>		
Trade payables	222,697	148,486
Accrued expenses	8,924	8,125
	<b>231,621</b>	<b>156,611</b>
<b>7 Notes to the statement of cash flows</b>		
Reconciliation of result for the period to cash flows from operating activities		
Surplus for the period	493,584	832,984
- increase in trade and other receivables	(10,092)	(33,100)
- increase in trade and other payables	75,010	156,611
- (decrease)/increase in amounts received in advance	(1,250,000)	1,354,167
	<b>(691,498)</b>	<b>2,310,662</b>

# Superannuation Consumers' Centre Ltd

Financial report for the year ended 30 June 2020

## Notes to the Financial Statements

Figures in Australian Dollars	2020	2019
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### 8 Events after the reporting period

The financial report was authorised for issue on \_\_\_\_\_ by the Board.

The Centre's project based funding is set to expire by January 2022. We are in the process of developing long-term funding solutions to allow the work of the Centre to continue beyond this date. Also the ongoing significance of COVID-19 continues to be managed by staff and the Board.

### 9 Contingencies

There are no contingent liabilities or contingent assets as at the end of the reporting period (2019: \$nil).

### 10 Related parties

There were no transactions with related parties during the reporting period (2019: \$nil).

### 11 Commitments

There are no capital or operating lease commitments as at the end of the reporting period (2019: \$nil).

### 12 Impact of COVID-19

The COVID-19 pandemic has continued to develop rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. The Association has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for its people. At this stage, the impact on the Association's business and results has not been significant, however there is a high degree of uncertainty surrounding the future and the long-lasting financial impact that COVID-19 will have on the Association. The Association will continue to follow the various government policies and advice and, in parallel, will do its utmost to continue operations in the best and safest way possible without jeopardising the health of its people. All things considered, the Board is of the view that the Association continues to be a going concern on the basis that it has sufficient reserves to continue trading for the foreseeable future.

# Superannuation Consumers' Centre Ltd

Financial report for the year ended 30 June 2020

## Directors' Declaration

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The Board 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.

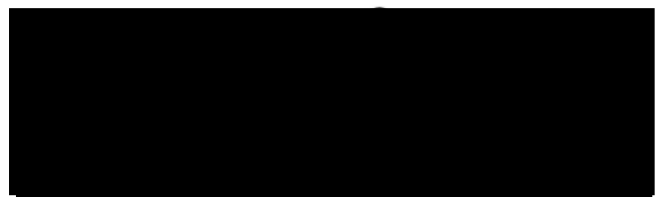
In accordance with a resolution of the Board, the Directors of the Association declare that:

- (a) there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable; and
- (b) the financial report and notes satisfy the requirements of the Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Act.

Signed in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profit Commission Regulation 2013.



Dated: 26/10/2020



Dated: 26/10/2020

**INDEPENDENT AUDITOR'S REPORT****To the members of Superannuation Consumers' Centre Ltd****Opinion**

We have audited the financial report of Superannuation Consumers' Centre Ltd (the Association), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by the Directors.

In our opinion, the financial report of the Association has been prepared in accordance with Division 60 of the Australian Charities and Not-for-Profits Commission Act 2012, including:

- (a) giving a true and fair view of the Association's financial position as at 30 June 2020, and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Association in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

**Emphasis of Matter – Basis of Accounting**

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The special purpose financial report has been prepared to assist the Association to meet the requirements of the Australian Charities and Not-for-Profits Commission Act and its members. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

**Emphasis of Matter - Impact of COVID-19**

We draw your attention to Note 12, which indicates the matters surrounding Covid-19 and the impact thereof on the Association. Our opinion is not modified in respect of this matter.

### **Responsibilities of the Directors**

The Directors of the Association is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Act and for such internal control as they determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

The Directors are responsible for overseeing the Association's financial reporting process.

### **Auditor's Responsibility**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

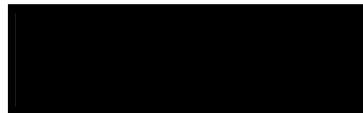


- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Name of Firm: Moore Australia Audit (NSW)

Name of Partner:



Date:

\_\_\_\_\_

Address: Level 7, 9 Castlereagh Street, Sydney NSW 2000