



**CUAC**

ANNUAL REPORT 2009/10



ACN 100 188 752

## **Mission**

To ensure the interests of Victorian consumers, especially low-income, disadvantaged, rural and regional and indigenous consumers, are effectively represented in the policy and regulatory debate on electricity, gas and water.

## **Values**

We believe:

- All Victorians have a right to affordable and sustainable electricity, gas and water;
- All Victorians have a right to have their interests heard in policy and regulatory decisions on electricity, gas and water; and
- All Victorians have a right to not be disconnected from electricity, gas and water due solely to inability to pay.

## **Corporate Objectives**

CUAC achieves its mission through its corporate objectives, which are:

1. To facilitate and provide an independent, proactive and informed advocacy voice for Victorian utility consumers in regulatory and consultation processes.
2. To facilitate, undertake and disseminate research into consumer utility issues, with the aim of enabling consumers to take full advantage of utility markets.
3. To monitor grassroots consumer utility issues, particularly those affecting low-income, disadvantaged and rural consumers.

## **Consumer Utilities Advocacy Centre (CUAC) Ltd.**

172 Flinders Street  
Melbourne, VIC 3000  
Phone (03) 9639 7600  
Fax (03) 9639 8966  
Free call 1300 656 767  
[www.cuac.org.au](http://www.cuac.org.au)

ACN 100 188 752

## Contents

Chair's Report.....	1
Executive Officer's Report.....	2
Consumer issues: energy.....	4
Consumer issues: water.....	9
Engagement and communications.....	11
CUAC Grants.....	13
Governance.....	14
Directors' Report.....	19
Auditor's Independence Declaration.....	22
Independent Auditor's Report to the members of the Consumer Utilities Advocacy Centre Limited.....	23
Directors' Declaration.....	25
Statement of Comprehensive Income for the year ended 30 June 2010.....	26
Statement of Financial Position as at 30 June 2010.....	27
Statement of Changes in Equity for the year ended 30 June 2010.....	28
Statement of Cash Flows for the year ended 30 June 2010.....	29
Notes to the Financial Statements for the Year ended 30 June 2010.....	30

## Chair's Report

CUAC has had a very successful year working actively in the interests of Victorian consumers. CUAC's expertise as a specialist energy and water consumer advocate was in great demand in 2009/2010, with energy market design and consumer protection issues high on the agenda for Victorian and Federal governments and regulators. CUAC's advice was also in demand on national water reform and in relation to legislative and regulatory changes in Victoria.

Throughout the year, CUAC has sought input from communities and organisations across metropolitan, rural and regional Victoria. These efforts have been integral to CUAC's participation in policy and regulatory debates and to its work representing consumers on advisory committees. In line with strategic directions set by the Board, CUAC has expanded its partnerships with key consumer, social equity and environment organisations, and is vigorously pursuing a research and action model.

CUAC has also extended its representation of consumers on external committees. In 2009/10 we were invited to represent consumers on the Australian Energy Regulator's (AER) Customer Consultative Group and its Customer Consultative Forum for the Victorian Distribution Price Review. CUAC was also called upon to advise the Essential Service Commission in its review of water hardship programs. CUAC increased its representation on industry committees, joining the South East Water Customer Advisory Committee and taking up a position on the Standing Advisory Committee on Consumer Affairs to the Australian Communications Consumer Action Network.

A focus of CUAC's advocacy this year has been the consumer impacts of Victoria's smart meter roll-out. We identified several consumer issues on which we advocated strongly to the state government, including equity impacts, regulatory gaps and the need for community information and education. In recognition of these contributions we were invited to participate in new governance arrangements put in place by the Minister for Energy and Resources, The Hon. Peter Batchelor, and now participate in the four committees reporting directly to the Minister on the smart meter review. The Minister also announced funding for a CUAC project to identify the information and communication tools that community organisations will need to assist their clients to understand smart meters.

This year the Board has overseen significant corporate governance work, examining CUAC's future strategic directions and developing a Corporate Governance Policy to underpin its work. The Board has initiated the first comprehensive review of CUAC's grants program, involving extensive research and consultation with key stakeholders. The Board has also instigated a communications review, ensuring that CUAC continues to communicate effectively in this busy and changing space.

The Board acknowledges the support of Consumer Affairs Victoria and CUAC's Member, the Minister for Consumer Affairs, the Hon. Tony Robinson MP throughout the year. I thank our two new Board members, Ronda Held and Ian Wilson and our continuing director Sandra Slatter for their contributions to CUAC's direction and success in 2009/10. This year we also farewelled Board members Joan Sturton-Gill, Dr Peter Hansen and John Chu. I particularly want to acknowledge Joan's leadership and commitment as Chair from 2007 to 2010, and Peter for his gracious support in his role as director since 2006 and as Chair in 2010. Finally, I thank the Executive Officer and CUAC's highly skilled and dedicated staff for their achievements over the year.



**Fanoula Ferro**  
**Acting Chair**

## Executive Officer's Report

In a year of significant achievement for CUAC, we have advocated proactively at both the federal and state level to ensure that the best practice protections available to Victorian consumers under our local regulatory jurisdiction are maintained in the development of a national energy consumer protection framework. This has entailed working with consumer and social equity colleagues to develop a clear consumer position in submissions to the review and in addition, lobbying hard with ministers to let them know the impact of lowering these standards. In the context of rising prices, two "stand out" issues are protections for those consumers experiencing hardship in paying energy bills, and protections for consumers who have inadvertently had appliances damaged as a result of voltage events on the poles and wires network. With the national laws soon to be announced, a focus for CUAC in the coming year will be ensuring that legislation in Victoria enshrines these basic rights.

The roll-out of smart meters across Victoria has created a great deal of public interest. While the focus of government and industry was on technical implementation of the roll-out, CUAC was concerned that key social policy issues and protections had not been adequately addressed. We are pleased that the state government has responded, putting in place a moratorium on mandatory time of use pricing, in order to examine these areas. CUAC is working to ensure that Victorian consumers maximise the benefits of better understanding their energy use, and that appropriate tariff options and concessions are available so that electricity is still accessible and affordable. In the coming year, under CUAC's Smart Meter Information Needs project, we will seek the views of community agencies across Victoria about what their members and clients need to achieve this outcome.

Climate change has been a vexed policy issue over the past year. The consensus needed to achieve a price on carbon was not achieved, and problems with the home insulation roll-out have had a paralysing effect on greenhouse gas emission reduction schemes. In this period, CUAC concentrated its efforts on energy efficiency, urging the federal government to target its programs to people on low incomes, including renters. Home audits and retrofits make sense for the environment and for affordability, especially by reducing dependence on electricity for heating and cooling. We were pleased to partner with Sustainability Victoria and community agencies in developing a Victorian bid when the Green Start Program was announced by the federal government. Although Green Start was then shelved and has been redesigned, this partnership has been carried forward. CUAC is a proud partner in the "One Million Homes" alliance with ten environment and social equity organisations. In the coming year we will be seeking the support of all levels of government to implement this exciting project to audit and retrofit one million homes of Victorian concession card holders.

The dreadful heatwave and bushfires of January and February 2009 and consequent loss of life are further reminders of the need to act on a number of fronts. In April 2010 CUAC participated in a national forum entitled "Reducing the Risk of Catastrophic Bushfires caused by Overhead Power Lines" at the request of the Department of Primary Industries (DPI). CUAC put forward strategies for inclusive consultation and community engagement. We will continue this work at the invitation of Energy Safe Victoria, representing consumers on the Review of Bushfire Start Minimisation.

CUAC's work with community partners has also resulted in an exciting new project. Over three months of visits and discussions this year, CUAC has developed the Indigenous Research and Action Project with the support of the Consumer Affairs Victoria Indigenous Unit and in partnership with the Energy and Water Ombudsman (Victoria) (EWOV), Sustainability Victoria, the Department of Human Services (DHS) and RMIT University. Integral to the project's development was the advice and help provided by the Mildura Aboriginal Corporation, Murray Valley Aboriginal Cooperative, the Mildura Advocacy and Rights Centre, and Mallee Family Care. CUAC will seek funding to implement this project in the coming year.

A highlight of CUAC's work on national water reform has been its advocacy for meaningful engagement with consumers in the development of policy and programmes. Together with the Australian Council of Social Service (ACOSS) and the Public Interest Advocacy Centre (PIAC), CUAC hosted a national forum, bringing together consumers, government and regulators to emphasise the need for best practice in the development of national consumer protections and approaches to minimum standards. We were also successful at the Victorian level in advocating for the introduction of a Guaranteed Service Level measure to protect water consumers experiencing hardship. We will continue to work with consumer colleagues and to advise the Essential Services Commission (ESC) on its optimum design.

Through its links with financial counsellors and its community visits program, CUAC was able to alert the ESC to potential code compliance breaches by some water businesses.

Reflecting on CUAC's endeavours over this year it is difficult to contemplate how an organisation the size of CUAC has achieved so many positive outputs and outcomes. We provided 34 submissions to key government and regulatory reviews, based on our research and consultation, and we proactively identified and engaged on consumer issues in the interests of Victorians. I am enormously proud of the way this team has responded to the challenges and demands by their commitment and hard work. They care about the outcomes and each other and have worked to increase their individual knowledge and skill and to work across projects to maximise the quality of the end product.

I am also very grateful for the ongoing support of the CUAC Board and in particular to Joan Sturton-Gill, Dr Peter Hansen and Fanoula Ferro who have provided excellent stewardship for CUAC in their periods as Chair. I value their contributions and support to my role.



**Jo Benvenuti**

**Executive Officer**

### Smart meters

#### *Smart Meter Roll-out*

The Victorian Government mandated roll-out of smart meters to all residential and small business customers began in September 2009 with a completion date set for December 2013. This year, CUAC and Consumer Action Law Centre (CALC) successfully advocated for a hardship assistance process for consumers who can't afford the repair costs of wiring defects found during meter replacement. While the number of cases is expected to be very small, the impact may be highly significant as consumers might otherwise be left without power for a long period.

On 11 September CUAC made a submission to the Australian Energy Regulator (AER) Draft Determination – Victorian AMI review 2009-2011, making some twenty recommendations. One key recommendation is that the AER ensure the benefit of expected industry savings associated with improved system reliability and reduced meter reading costs are passed on to consumers.

CUAC research identified a number of regulatory gaps, such as data access and security, had not been adequately addressed in the roll-out. Together with other consumer groups CUAC advocated for government to address unresolved policy issues including the equity impacts of time-of-use pricing on consumers, particularly vulnerable groups. CUAC called for a review of concessions in light of time-of-use pricing; advocated for immediate and effective consumer information and education; and developed a smart meter project designed to help community agencies to respond to the information needs of their clients and members. CUAC was pleased that the Minister for Resources and Energy, the Hon. Peter Batchelor responded by announcing a moratorium on time-of-use pricing while equity issues and governance procedures were addressed. CUAC was invited to participate in each of the four governance committees established to advise the Minister. The Minister also announced funding for CUAC's smart meter information project, on which work has now begun. CUAC will hold a series of forums in metropolitan and regional Victoria in July 2010.

#### *National Smart Meter Roll-out*

The Council of Australian Government's initiative to develop a National Smart Meter Program (NSMP) also continued this year, with the aim of finalising jurisdictional smart meter business cases (except Victoria) by 2012. CUAC was a member of the National Smart Meter Steering Committee's (NSSC) Regulation Working Group and made submissions on the National Electricity Law and the NSMP regarding the need for consumer protections. We were disappointed that the National Energy Customer Framework (NECF) did not address smart meter issues and that as a result, the NECF will require further review and amendment in 2011. The review of the NECF will need to consider the regulatory issues that may arise as a result of distinct roll-out specifications across jurisdictions.

### Pricing

#### *Energy Retail Price Deregulation and Price Information Disclosure*

CUAC remains concerned that many consumers are confused by market offers. Low income and vulnerable consumers, in particular, lack the information required for meaningful participation in the competitive market. Without adequate general consumer education, the complexity of market offers prevents consumers from effectively exercising their choice of retailer.

Because of these concerns, CUAC has been active in various forums on price disclosure, including the AER consultation on pricing information guidelines. CUAC provided a submission to this process and was an active participant at a public forum on 14 May 2010. CUAC also put these views to the Australian Energy Market Commission (AEMC) in March 2010 in a meeting with the Commission's then Chair, Executive Officer and Senior Director Retail, Distribution and Network Regulation.

#### *AER Victorian Electricity Distribution 2011-2015 Price Review*

The regulation of price determinations has been transferred from the Essential Services Commission (ESC) to the AER. A review of Victorian Distribution pricing began in March 2010. Distribution price reviews have a significant impact on energy customer pricing as network charges often comprise up to half a customer's bill. CUAC was represented on the AER's Consumer Consultative Forum for the review and made a written submission to the review in February 2010. We were pleased that the draft decision released on 17 June 2010 significantly reduced the revenue requirements proposed by the Victorian distribution businesses. CUAC will provide a further submission to this process. If the decision holds, consumers will pay lower fixed charges for their distribution network in 2011 than they did in 2010.

## **Hardship**

CUAC's involvement in policy and regulatory consultation over the past year has included a significant focus on the unique requirements of energy consumers experiencing financial hardship. This has included CUAC's work on the National Energy Customer Framework (NECF) and on the smart meter roll-out. CUAC made two submissions to the ESC in relation to energy retailers' hardship programs, and also contributed to Origin Energy's own review of its hardship program. CUAC also participated extensively in AER consultation regarding the development of performance indicators for hardship programs nationally, including making a submission on the Issues Paper – Developing National Hardship Indicators.

#### *Financial Counsellors Workshop*

As part of CUAC's focus on consumers experiencing hardship, Jo Benvenuti, on 7 October, was a guest panellist in a forum held for Financial Counsellors across the state on energy related financial hardship issues.

#### *Emergency Relief Forum 2010: Beyond the Band-Aid, Melbourne Convention and Exhibition Centre*

CUAC was invited by Community Information Victoria (CIV) to present at a utilities workshop held as part of the Emergency Relief Forum 2010 (16-17 June 2010, Melbourne). CUAC presented on issues around the roll-out of smart meters in Victoria, and provided an update on water matters.

## **Consumer protections**

#### *National Energy Market (NEM) Reform – consumer protections*

CUAC continued to actively advocate for a best practice National Energy Customer Framework (NECF). CUAC worked with other community agencies on the preparation of a joint submission to the first exposure draft of the law and regulation. In particular, we provided analysis and responses on definitions, hardship, customer thresholds and customer/distribution relationship issues. CUAC also provided an individual submission on additional areas of concern including small business customer protection thresholds.

The ability of community groups to provide evidence-based responses is important to the submission process. Recognising this, CUAC made partnership grants available to the Victorian Council of Social Service (VCOSS) and the Financial and Consumer Rights Council (FCRC) to undertake research



projects documenting consumer experiences of payment difficulty and financial hardship. In November 2009, CUAC participated in the launch of the FCRC report *Still an Unfair Deal: Reassessing the impacts of energy reform and deregulation on low income and vulnerable consumers*. VCOSS launched its report *A snapshot of electricity and gas services and their impact on households seeking Emergency Relief* in January 2010.

CUAC was successful in gaining funding from the Consumer Advocacy Panel for a research project examining the customer/distributor relationship, and made a submission to the Ministerial Council on Energy (MCE) Standing Committee of Officials (SCO). This research informed the responses of consumer advocates on the National Energy Consumer Roundtable (the Roundtable). Together with other community groups, CUAC met with state and federal Ministers to lobby for its policy positions on the NECF. CUAC will continue to represent consumers in this reform process.

### ***National Energy Consumer Roundtable (the Roundtable)***

CUAC continued to co-convene the Roundtable with CALC, a network of consumer advocates from around Australia with an interest in national energy reform issues. Three meetings were held during the year, providing opportunities for advocacy to government ministers and departmental representatives and regulators.

### ***New National Energy Market Retail Regulation***

CUAC is engaged in ongoing consultation with the AER as it begins the task of establishing a framework for its regulatory approach in readiness for the expansion of its jurisdiction to retail regulation in 2011. CUAC is represented on the AER's Customer Consultative Group. CUAC has also argued for best practice consumer protections in a series of consultative forums and submissions, including in responses to:

- The AER Issues Paper Retail Pricing Information Guidelines;
- The AER Issues Paper Retailer Authorisation Guidelines;
- The AER Issues Paper National Hardship Indicators; and
- AER Issues Paper Approach to Compliance with the National Energy Retail Law, Rules and Regulations

### ***Australian Consumer Law***

On 22 April 2010 CUAC responded to the Trade Practices Amendment (Australian Consumer Law) Bill (No.2) 2010 by supporting the submission made by Consumer Action Law Centre (CALC). CUAC strongly opposed the 'carving out' of utility services from the consumer guarantees provisions of the Bill.

## **National Energy Market Design**

### ***AEMC Review of Distribution Network Planning and Expansion Arrangements***

The AEMC was instructed by the Ministerial Council on Energy to review arrangements for distribution network planning and expansion. CUAC participated in a stakeholder workshop in August 2009 and provided a submission to the interim report. The final AEMC report, published in September 2009 took into account and referenced CUAC's views, particularly in regard to coordinated planning of network connections.

### ***Energy Market Design in the Light of Climate Change***

The AEMC undertook a review of energy market frameworks to determine whether they should be amended to accommodate the introduction of the Carbon Pollution Reduction Scheme (CPRS) and the 20 percent Renewable Energy Target. CUAC was the only small-end consumer representative on the Advisory Committee. CUAC provided written submissions to the AEMC's interim reports and arranged for a number of consumer representatives to meet with the then AEMC Commissioner, Dr John Tamblyn to discuss their views. CUAC received a commitment from Dr Tamblyn that the final

report would note CUAC's concern that a well functioning energy market depends on consumer confidence and that in turn, customer protections play an important role in ensuring consumer confidence.

### *Review of the Effectiveness of NEM Security and Reliability Arrangements in light of Extreme Weather Events*

The AEMC has conducted a review of the effectiveness of the National Electricity Market (NEM) security and reliability arrangements in light of recent extreme weather events. The Ministerial Council on Energy (MCE) directed the AEMC to examine the adequacy of reliability standards and settings as well as cost effective approaches to improving supply reliability in the context of extreme weather events. It is important for consumers that an appropriate balance is found between cost of supply and supply reliability. The outcome of this review could, therefore, have a significant impact on consumers.

CUAC provided a submission to the review on 31 March 2010. The submission examined the potential consumer impacts of different Wholesale Electricity Market Price Caps in different NEM regions, and argued for innovative new approaches taken to reliability standard setting in the NEM.

## **Climate change/energy efficiency**

### *Victorian Climate Change White Paper*

CUAC provided a detailed submission in response to the Victorian Government's climate change green paper. The Government's final policy white paper is expected to be released in the near future. CUAC's submission focused on energy and water efficiency, assisting vulnerable Victorians with the transition to a carbon constrained economy, and community engagement with the climate change issue. This submission was also circulated to a variety of community, government, regulatory and academic institutions.

### *Federal Climate Change and Energy Efficiency Policy*

CUAC has played a strong advocacy role influencing the Federal Government on the need to support vulnerable consumers as policies in response to climate change are developed. In particular, CUAC has advocated for appropriate support for consumers in the presence of an emissions trading scheme, and for the provision of specific energy efficiency programmes for Australians on low incomes. CUAC's advocacy has included meetings with the Federal Minister for Energy and the Minister for Environment Protection, Heritage and the Arts. As a result of advocacy by CUAC and other community agencies, the Minister for Environment Protection, Heritage and the Arts announced the Green Start program, an energy efficiency program for people on low incomes. The new minister for this sector, the Minister for Climate Change, Energy Efficiency and Water, Senator Penny Wong, has announced that Green Start will involve energy audits for households followed by practical help for low income households.

### *Prime Minister's task group on Energy Efficiency*

The former Prime Minister launched an interdepartmental task group to improve energy efficiency in Australia. The task group aims to achieve a "step change" to energy efficiency in Australia and asked for community views on all aspects of energy efficiency in Australia. CUAC provided a submission in response to an issues paper released by the task group on 5 May 2010. The submission focussed on the need to improve energy market design in the interests of efficiency as well as potential opportunities for efficiency among low income Australians and in the commercial sector. The recommendations of the task group are expected to be delivered in the coming financial year.

### ***Smart Grid, Smart City***

CUAC was a supporter of Victoria's bid for the Federal Government's Smart Grid, Smart City program. The Federal Government committed up to \$100 million for the development of a commercial scale smart grid in an Australian city. Smart grids use innovative approaches to the management of the energy supply system and should include greater opportunities for demand side efficiencies and market response. CUAC supported the bid by the City of Frankston, the Victorian Government and United Energy Distribution for the Smart City program to be awarded to Frankston. Unfortunately, the Victorian bid was unsuccessful, with the Federal Government announcing on 7 June 2010 that Newcastle was the preferred location for the smart grid.

### ***National Forum: Reducing the Risk of Catastrophic Bushfires Caused by Overhead Power Lines***

CUAC was invited by the Victorian Government Department of Primary Industries (DPI) and Energy Safe Victoria to participate as a panellist on a National forum: Reducing the Risk of Catastrophic Bushfires Caused by Overhead Power Lines. CUAC advocated for robust cost benefit analysis of the options to reduce the potential for bushfires, for better coordination between regulators, planning authorities and distribution businesses in fire prone areas, and for meaningful consultation with affected communities about local responses and options.

### Market design

#### *Inquiry into an access regime for water and sewerage infrastructure services*

Following the release of Essential Services Commission's (ESC) Final Report on its *Inquiry into an access regime for water and sewerage infrastructure services* in September 2009, CUAC issued a media release with Consumer Action Law Centre (CALC) and the Victorian Council of Social Service (VCOSS), outlining concerns about the lack of rigorous assessment of the potential risks and benefits to Victorian consumers of competition in the water sector through third party access. On 14 December 2009, CUAC and CALC met with the Victorian Government Department of Sustainability and Environment (DSE) to discuss concerns around its consultation approach and access regime policy outcomes. CUAC is awaiting further policy announcements from the State Government with regard to third party access.

### Hardship

#### *Development of a hardship related Guaranteed Service Level measure*

One outcome of CUAC and others' consumer advocacy in the most recent Metropolitan Melbourne Water Price Review was the ESC's decision to introduce a Guaranteed Service Level (GSL) measure linked to hardship. In 2009/10, CUAC has represented consumer interests in hardship related GSL negotiations through an ESC working group. The ESC, in June 2010, released its Issues Paper on this matter. CUAC is developing a submission in response to this issues paper.

### Legislative reform

#### *Migration of metropolitan water businesses from the Water Industry Act 1994 to the Water Act 1989*

In the previous financial year, the Victorian Government Department of Sustainability and Environment (DSE) began work on the migration of the metropolitan water businesses from the Water Industry Act 1994 to the Water Act 1989. CUAC is concerned that the merger of this legislation may see the power to charge interest on overdue accounts and place a lien on property for non-payment extended to metropolitan water businesses. In 2009/10, CUAC has continued its advocacy on this issue, raising concerns in a letter to the ESC Chair, Dr Ron Ben-David. Although legislation was expected to be tabled in Parliament in late May 2010, tabling has been delayed. CUAC will continue to monitor developments and to advocate for the repeal of unfair provisions presently contained in the Water Act.

#### *National Urban Water Reform*

CUAC is represented on the Urban Water Stakeholder Reference Panel (UWSRP) which operates under the jurisdiction of the Department of the Environment, Water, Heritage and the Arts (DEWHA). The Panel provides feedback on the Water for the Future Program, contributing views on the design and implementation of urban water programs and related policy issues.

DEWHA has identified a work program for 2010-11 which includes the development of national consumer protections. CUAC remains dissatisfied with the level of consumer consultation and will continue to advocate for improved processes.

## **Consumer engagement**

### ***Water Reform – A National Consumer Forum***

On July 3 2009, CUAC in partnership with the Australian Council of Social Service (ACOSS) and the Public Interest Advocacy Centre (PIAC) of NSW held a national forum exploring issues in national water reform and considering strategies for increasing consumer consultation and engagement with the Federal Government on the issue of water reform policy and programs. The event was attended by more than sixty consumer, welfare, environment and government representatives from across Australia.

The final session involved discussion around developing a national consumer voice on water. Participants agreed that the Federal Government should be approached with the proposal of allocating funding through its Water for the Future program for a consumer panel on water. Following on from the National Consumer Forum, CUAC has been involved in discussions with the Department of the Environment, Water, Heritage and the Arts (DEWHA) about future consumer consultations.

## **Pricing**

### ***National Water Initiative Pricing Principles***

On 1 December 2009, CUAC participated in a meeting with DEWHA on the Draft National Water Initiative Pricing Principles consultation. CUAC put forward a submission to DEWHA on the Draft National Water Initiative Pricing Principles on December 18. The final National Water Initiative Pricing Principles released in May 2010 did not reflect CUAC's recommendations and differed very little from the draft principles. CUAC will continue to advocate on these issues in 2010/11.

## Engagement and communications

### Rural and regional communities

CUAC maintains a network of rural and regional stakeholders who have an interest in utilities issues. The network includes individual residents, local business people, state and local government representatives, community group members, financial counsellors and other relevant professionals. CUAC maintains contact with the network through regular publication of a *Rural and Regional Network Newsletter*.

CUAC staff also continued a program of visits to rural and regional Victoria throughout the period.

#### *Rural and regional visits*

Location	Activities	Date
Morwell	Executive Officer Jo Benvenuti and Policy Officer Anita Lumbus toured the area and met with community members, hosted by Merv Geddes of the Gippsland Resource Group	24.09.09
Shepparton	Policy Officer Anita Lumbus participated in a Federal Government Department of the Environment, Water and Heritage and the Arts 'Water for the Future' community information session	04.11.09
Wodonga	Policy Officer Anita Lumbus presented on the topic 'Customisation should not be at the expense of minimum standards' at the La Trobe University Third Annual Water Forum	05.11.09
Myrtleford	Executive Officer Jo Benvenuti and Policy Officer Anita Lumbus met with representatives of the Ovens and King Action Group and St Vincent de Paul (Wangaratta & Bright) to discuss utilities issues	18.01.10
Mildura	Executive Officer Jo Benvenuti and Policy Officer Anita Lumbus met with representatives of government, welfare, advocacy and Aboriginal organisations to discuss utilities issues and the development of CUAC's Indigenous Research and Action Project	10.02.10 11.02.10
Morwell & Bairnsdale	Policy Officer Anita Lumbus met with representatives of Aboriginal and welfare organisations	01.03.10 02.03.10

### Smart meter information needs project

CUAC has received funding from the Victorian Government Department of Primary Industries (DPI) to undertake the smart meter information needs project. The aim of this project is to assess the information needs of Victorian community and business agencies so that they can inform their clients/constituents about smart meters and time-of-use tariffs.

Stage one of the project commenced in 2010, with the conduct of a community sector information needs survey and preparation for three information-sharing forums, to be held in Bendigo and Melbourne in July 2010.

Information from stage one is expected to feed into development of a set of targeted communication resources (such as caseworker speaking points, translated materials, or newsletter inserts) that community and business organisations will be able to use to help clients and/or members to best deal with the impacts of smart metering.

## Indigenous research and action project

In May 2010 CUAC applied for a grant from the Department of Justice (DoJ) Consumer Credit Fund to roll-out an indigenous research and action project that has been developed by CUAC Policy Officer Anita Lumbus. The project will involve action across two streams: direct consumer education and empowerment; and advocacy work to government, regulators, energy businesses and others. CUAC envisions that an important outcome of the research will be a final report outlining policy recommendations within the context of Victorian energy and water reforms. Recommendations will also be made, where appropriate, in response to national processes and policy.

The Indigenous Research and Action project has been designed in three parts, beginning with a project development stage and relationship-building with agencies in Melbourne and rural and regional Victoria. Partnerships have been developed with the Indigenous Consumers Unit at Consumer Affairs Victoria (CAV), the Energy and Water Ombudsman of Victoria (EWOV), Department of Human Services (DHS) Concessions Unit and Sustainability Victoria. The aim of phase one was to ensure a project design likely to benefit Indigenous communities.

Pending approval of CUAC's grant application, Part Two, the Research and Strategy development component, will involve establishing a Steering Committee to oversee the research and provide appraisal. This phase will involve learning about the needs of Indigenous consumers, through the collection of data by agencies and a survey of energy and water businesses, with findings to help inform the development of action strategies to be outlined in an interim report.

The final part of the project will primarily be composed of action, including an energy and water forum involving key partners and industry, and the roll-out of consumer information as identified throughout the consultation and research.

## Publications

During 2008/09, CUAC continued publication and circulation of its two quarterly newsletters.

CUAC's main newsletter, the *CUAC Quarterly*, offers analysis of consumer utilities issues, and updates subscribers on CUAC activities and developments in the sector. As CUAC was without a publications officer for several months, three (rather than four) issues of the *CUAC Quarterly* were produced in 2009/10.

The *Rural and Regional Network (RRN) Newsletter* is a supplementary newsletter targeted at rural and regional network members. The content of the RRN Newsletter is similar to that of the *CUAC Quarterly*, but is focused on issues, activities and developments likely to be of particular interest to rural and regional stakeholders. As with the *CUAC Quarterly*, three issues of the RRN were produced in 2009/10.

## Communications Action Plan

Following on from CUAC's strategic directions review in 2008/09, in 2010 CUAC engaged a specialist communications consultant to begin a review of CUAC's communications and develop a Communications Action Plan. The first phase of the process, currently underway, includes an audit of CUAC's communications materials, in-depth interviews with key stakeholders, and workshops with CUAC staff. The second phase, preparation of the Communications Action Plan, will be ongoing in the 2010/11 financial year.

## CUAC Grants

In the 2009/10 period CUAC funded research and capacity building projects totalling \$80,117.

CUAC maintains a grants program comprised of three sub-programs: Partnership Grants, Executive Officer Grants and CUAC-Initiated Research. Partnership Grants arise from the work of CUAC's Reference Group, whose members recommend research and/or capacity-building projects that are assessed and approved by the CUAC Board. These projects are developed collaboratively by Reference Group members and CUAC staff, with the aim of producing work that receives broad recognition as well as making a valuable contribution to advocacy. Two Partnership Grants were approved during the period, totalling \$59,117.

Executive Officer Grants support advocacy or research into regulatory reviews, where timelines can be constrained. These grants are made up to a maximum amount of \$8,000 (inc. GST). There were three Executive Officer Grants approved in 2009/10 to a total value of \$21,000.

The CUAC Board decided that funding allocated to CUAC Initiated Grants should be directed towards a strategic communications review and a Grants Review, as detailed below.

### *Grants approved 2009/10*

Grant type	Recipient	Project focus	Amt. (ex. GST)
EO Grant	Gippsland Resource Group Inc	Submission on the Gippsland Sustainable Water Strategy regarding the use of recycled water from the Gippsland Water Factory	\$8,000.00
EO Grant	Community Housing Federation of Victoria Inc	Sustainable community housing innovations	\$8,000.00
EO Grant	Footscray Community Legal Centre Inc and Financial Counselling Service	EWOV process training for settlement/ welfare agencies assisting recently arrived Horn of Africa consumers	\$5,000.00
Partnership Grant	Victorian Council of Social Service	Disconnection processes and emergency relief clients	\$9,617.00
Partnership Grant	Financial and Consumer Rights Council	Assessment of the impacts of energy reform and deregulation on low income and vulnerable Victorians	\$49,500.00

## Grants review

At the December 2009 Board Meeting it was resolved by the Board that a review of the grants program should be undertaken. This was in response to a number of developments, including the establishment of the Consumer Advocacy Panel, which also provides funding to consumers for advocacy and research on electricity and natural gas issues. It was proposed that the review involve:

- an assessment of the effectiveness of the grants program against CUAC objectives (including the current strengths and weaknesses of the grants program);
- feedback from key stakeholders;
- consideration of the governance procedures, including recommendations that may improve the functioning of the program; and
- consideration of alternative models or options.

The grants review was undertaken from April to July 2010. A final report has been developed, including recommendations to guide the Board in decision making on how CUAC should approach its grants program in future, ensuring it is effective and aligned with CUAC's objects and priorities. It is anticipated that the report will be put to the Board in July 2010.



## Governance

The following Directors' Report outlines in detail CUAC's compliance with its obligations under Corporations Law. There were, however, some developments of note in CUAC's governance in the 2009/10 financial year.

### CUAC Board

There were changes to the CUAC Board in the reporting period with the retirement of CUAC Chair Joan Sturton-Gill on 17 December 2009. Two new Directors, Ronda Held and Ian Wilson, were both appointed on 24 March 2010.

Replacing Joan Sturton-Gill, Dr Peter Hansen was appointed Chair on 17 December 2010. Dr Hansen subsequently retired on 5 June 2010. At the end of the financial year, recruitment of a new Chair was underway, and Director Fanoula Ferro was appointed by the Board as Acting Chair on 9 July 2010.

John Chu ceased to be Director effective 17 December 2009.

### Corporate Governance Policy

During this period the Board developed a Corporate Governance Policy, setting out the accountabilities of the Directors and Executive Officer and the organisation's key corporate governance procedures.

### CUAC Strategic Planning

On 13 April 2010, the CUAC Reference Group met for its annual discussion forum to provide input into the development of CUAC's advocacy and research plans for the year. Following this, a number of staff meetings were held focussed on strategic planning. Based on these processes, a Preliminary Strategic Plan was developed and circulated to the Board on 24 May 2010. The Strategic Plan will be finalised in the coming year.

### CUAC Representation

Staff represented CUAC on the following groups:

Area	Body	Group
Government	Victorian Government Department of Primary Industries	Advanced Metering Infrastructure Industry Steering Committee
	Victorian Government Department of Primary Industries	Customer Communications Integration Working Group
	Victorian Government Department of Primary Industries	Advanced Metering Infrastructure Policy Committee
	Victorian Government Department of Primary Industries	Advanced Metering Infrastructure Customer Consultation Working Group
	Consumer Affairs Victoria	Working Together Forum
	Federal Government Department of Environment, Water and Heritage	Urban Water Stakeholder Reference Panel
	Consumer Advocacy Panel	National Roundtable on Energy

Regulatory	Australian Energy Regulator	Customer Consultative Group
	Australian Energy Regulator	Customer Consultative Forum for Distribution Price Review
	Essential Services Commission	Consumer Consultative Committee
Community sector	Victorian Council of Social Service	Essential Services Working Group
	Financial and Consumer Rights Council	Utilities Working Group
	Australian Communications Consumer Action Network	Standing Advisory Committee on Consumer Affairs
Industry	Origin Energy	National Customer Consultative Council
	SP AusNet	Stakeholder Consultative Committee
	South East Water	Customer Advisory Committee
Other	Energy and Water Ombudsman (Victoria)	Case Handling Advisory Committee

## CUAC Reference Group

The CUAC Reference Group consists of two partnership groups, the Domestic Issues Group (DIG), which focuses on issues relevant to residential consumers, particularly low-income and disadvantaged consumers, and a Market Issues Group (MIG) which addresses broader market and competition issues, focusing on the needs of rural and regional customers, and water.

The expertise and advice of the Reference Group helps CUAC in its work by providing advice on emerging issues and contributing to the development of CUAC's work program.

The two partnership groups meet separately each quarter, and participate in a combined annual planning meeting. Each group agrees on priority issues and actions to work on cooperatively throughout the year, and can access funding for research and capacity-building projects through CUAC's Grants Program.

### Reference Group Members

Domestic Issues Group	Market Issues Group
<ul style="list-style-type: none"> <li>• Brotherhood of St Laurence</li> <li>• Consumer Action Law Centre</li> <li>• Consumers' Federation of Australia</li> <li>• Eastern Access Community Health</li> <li>• Financial and Consumer Rights Council</li> <li>• Kildonan UnitingCare</li> <li>• National Seniors Association</li> <li>• Springvale Community Aid Advice Bureau</li> <li>• St Vincent de Paul Society Victoria</li> <li>• Tenants Union of Victoria</li> <li>• Victorian Council of Social Service</li> </ul>	<ul style="list-style-type: none"> <li>• Alternative Technology Association</li> <li>• Australian Industry Group</li> <li>• City of Greater Bendigo</li> <li>• Clean Energy Council</li> <li>• Country Women's Association</li> <li>• Environment Victoria</li> <li>• Moreland Energy Foundation Limited</li> <li>• Victorian Employers' Chamber of Commerce and Industry</li> <li>• Victorian Farmers Federation</li> <li>• Victorian Local Governance Association</li> </ul>

## CUAC Submissions

During 2009/10, CUAC made 34 submissions on consumer utilities issues, mostly directed towards Victorian and national regulators. The bulk of CUAC submissions during the year dealt with energy matters, including: the national energy market; smart meters; pricing & billing; retailer authorisation; climate change & energy efficiency; hardship; wrongful disconnection payments and supply reliability. One submission, made jointly with the Consumer Action Law Centre and Victorian Council of Social Service, dealt exclusively with a water issue. A further six submissions dealt with other overarching issues such as consumer law and public housing.

### *National Energy Market*

Submitted to	Issue	Date
Australian Energy Market Commission	Review of National Framework for Electricity Distribution Network Planning and Expansion	13.08.09
Infrastructure Australia and ACIL Tasman	Development of a National Energy Grid – Stakeholder Consultations	13.08.09
Ministerial Council on Energy	National Framework for the Connection of Retail Customers to Natural Gas Distribution Networks	17.09.09
Ministerial Council on Energy	National Energy Customer Framework – Second Exposure Draft	26.02.10

### *Smart meters*

Submitted to	Issue	Date
AMI Program Manager	Proposed Introductory Letter regarding Advanced Metering Infrastructure Roll-out	23.07.09
Ministerial Council on Energy	Submission on the Second Exposure Draft of the Amendment to the National Electricity Law in Relation to Smart Meters and the Draft Initial Rule	06.08.09
National Smart Meter Program	Joint submission with Australian Council of Social Service, Queensland Council of Social Service, South Australian Council of Social Service, Consumer Action Law Centre, Ethnic Communities Council of New South Wales, Public Interest Advocacy Centre, Uniting Care Wesley Adelaide on National Smart Meter Program – Policy Issues Consultation Consumer Views	01.09.09
Australian Energy Regulator	Submission on AER Draft Determination Victorian Advanced Metering Infrastructure Review 2009-11 AMI Budget and Charges Applications (July 2009)	11.09.09
Ministerial Council on Energy	Smart Meter Customer Protection and Safety Review – Draft Policy Paper One	29.09.09
Essential Services Commission	Open Letter Regulatory Review – Smart Meters	18.02.10
Essential Services Commission	Issues Paper – Regulatory Review – Smart Meters (with additional material prepared by Etrog Consulting)	25.05.10

### *Pricing & billing*

Submitted to	Issue	Date
Office of Clean Energy	Energy Bill Benchmarking Consultation Regulatory Impact Statement (October 2009)	03.12.09
Australian Energy Regulator	Response to the Victorian Distribution Businesses' Regulatory Proposals	17.02.09
Australian Energy Regulator	Issues Paper – AER Retail Pricing Information Guidelines	30.04.10

### *Retailer authorisation*

Australian Energy Regulator	Issues Paper – Retailer Authorisation Guideline and Draft for preliminary consultation – Retailer Authorisation Guideline	30.04.10
-----------------------------	---	----------

### *Climate Change & Energy Efficiency*

Submitted to	Issue	Date
Australian Energy Market Commission	Review of Energy Market Design in Light of CPRS and MRET: 2 <sup>nd</sup> Interim Report	03.08.09
Department of Premier and Cabinet	Response to Victorian Government's Climate Change Green Paper	30.09.09
Prime Minister's Task Group on Energy Efficiency	Prime Minister's Task Group on Energy Efficiency Issues Paper	05.05.10

### *Hardship*

Submitted to	Issue	Date
Essential Services Commission	Open Letter: Review of Energy Retailers' Hardship Programs – Views from Interested Parties	05.02.10
Origin Energy	Review of Power On Program (Confidential submission)	01.04.10
Essential Services Commission	Comparative Performance Report – Energy Retailers: Survey of Financial Hardship Programs	08.04.10
Australian Energy Regulator	Issues Paper – Developing National Hardship Indicators	04.06.10

### *Wrongful disconnection payments*

Submitted to	Issue	Date
Essential Services Commission	Review of Victoria's Wrongful Disconnection Payment	30.10.09
Essential Services Commission	Draft Report Review of Wrongful Disconnection Payment (November 2009)	08.01.10

### *Supply reliability*

Submitted to	Issue	Date
Essential Services Commission	Response to Draft Decision – Electricity Distributors' Communications in Extreme Supply Events	02.10.09
Essential Services Commission	Response to Issues Paper – Electricity Distributors' Communications in Extreme Supply Events	06.10.09
Australian Energy Market Commission	Review of the Effectiveness of NEM Security and Reliability Arrangements in Light of Extreme Weather Events: 2 <sup>nd</sup> Interim Report and Consultation Paper	31.03.10

### *Water*

Submitted to	Issue	Date
Essential Services Commission	Joint submission with Consumer Action Law Centre and Victorian Council of Social Service on Inquiry into and Access Regime for Water and Sewerage Infrastructure Services – Draft Report	04.08.09

**Other**

<b>Submitted to</b>	<b>Issue</b>	<b>Date</b>
Australian Government, The Treasury	Consumer Voices: Sustaining Advocacy and Research in Australia's New Consumer Policy Framework	17.07.09
Essential Services Commission	Amendments to the Energy Retail Code Draft Decision (September 2009)	28.09.09
Essential Services Commission	Review of Regulatory Instruments – Stage 2 Amendments to the Electricity Customer Transfer Code Draft Decision	23.10.09
Essential Services Commission	Charter of Consultation and Regulatory Practice (2009 Edition)	30.10.09
Parliament of Australia, Senate Standing Committee on Economics	Inquiry into the Trade Practices Amendment (Australian Consumer Law) Bill (no. 2) 2010	22.04.10
Parliament of Victoria, Family & Community Development Committee	Inquiry into the Adequacy and Future Directions of Public Housing in Victoria	26.05.10

## Directors' Report

The Directors of the Consumer Utilities Advocacy Centre Ltd present this report for the financial year ended 30 June 2010.

### Directors

The names of the Directors over the reporting period are:

Fr Peter Hansen, MA (Monash) LLB (Melb) BTheol (Hons) (MCD) PhD (MCD)	Chair (appointed 17 Dec 2009, retired 5 June 2010), Director
Ms Fanoula Ferro, LLB (Bond) GDiplIntLaw (Melb)	Acting Chair (from 9 July 2010), Director
Ms Sandra Slatter, CM, MIEF, GradDip (Swinburne) Entrepreneurship & Innovation, GradDip (Monash) Arts, Civil Ceremonies	Director
Ms Ronda Held, BEcon BSocial Administration MPolicy & Administration (Flinders)	Director (appointed 24 Mar 2010)
Mr Ian Wilson, B Economics (Hons) (Melb.), Dip. Public Administration (RMIT), MBA (Melb.)	Director (appointed 24 Mar 2010)
Ms Joan Sturton-Gill, BEd, GDip Career Ed., MAdmin	Chair (retired 17 Dec 2009)
Mr John Chu, CPA, BInformation Systems, BBus, MBA	Director (ceased 17 December 2009 under clause 5.7 of the Constitution)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

No director has any interest in business contracts or proposed financial dealings for personal benefit with the company declared during the financial year ended 30 June 2010.

The company is incorporated as a company limited by guarantee and therefore does not have share capital.

The CUAC Constitution stipulates the skills and expertise that Directors bring to the organisation. The Chair must hold a demonstrated understanding of regulated industries and consumer advocacy methodologies, two Directors are appointed on the basis of their knowledge and expertise in areas related to the functions of the company, such as economics, regulatory affairs, consumer affairs or communications and the remaining two Directors represent key consumer interests.

## Directors' Meetings

During the current financial year ended 30 June 2010, 10 meetings of the company's Directors were held, in respect of which each director of the company attended the following number:

Director	Meetings conducted whilst a member	Meetings attended
Dr Peter Hansen	10	8
Ms Fanoula Ferro	10	10
Ms Sandra Slatter	10	7
Ms Ronda Held	3	1*
Mr Ian Wilson	3	3*
Ms Joan Sturton-Gill	5	5
Mr John Chu	5	3

## Company Secretary

The name of the person who is a company secretary at the end of and throughout the financial year is Jo Benvenuti.

## Operating Result

The organisation incurred a deficit for the year ended 30 June 2010 of \$154,557 (2009: surplus of \$103,873). \*\*A project funded by the Victorian Property Trust in 2006 was not proceeded with due to changes in CUAC staff, resulting in the return of \$70,830 and non receipt of income of \$50,260.

These amounts were originally recognised in 2006 as grant revenue and grant receivable for \$70,830 and \$50,260 respectively.

Additional contributing items included \$12,908 depreciation on an IT upgrade undertaken in the period and \$11,552 in annual leave accrual.

## Review of Operations

A review of the operations of the company for the year ended 30 June 2010 is contained in the Report on CUAC Activities.

## Significant Changes in State of Affairs

No significant changes in the state of affairs of the company occurred during the year ended 30 June 2010. \*\*Please see comments under Operating result above.

## Principal Activities

In line with CUAC's corporate objectives (see inside front cover), the principal activities of the company in the course of the financial year were: to operate as an independent advocate for Victorian electricity, gas and water consumers, particularly low-income, disadvantaged and rural consumers; to increase the capacity of consumers and consumer advocates to participate in policy and regulatory decisions on electricity, gas and water through its own resources and its management of the CUAC Grants Program; undertake research and commission research into consumer utility

---

\* Note: commenced as Directors as of 24 March 2010.

issues, with a particular focus on low income, disadvantaged and rural consumers, and to disseminate that knowledge as widely as possible; and to monitor consumer utility issues, particularly those affecting low-income, disadvantaged and rural consumers. There were no significant changes in these activities during the financial year.

### **After Balance Date Events**

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

### **Future Developments**

In the opinion of the Directors there are no likely developments in the operations of CUAC which would affect the results of future years, taking into account that CUAC is funded on an annual basis.

### **Environmental Issues**

The company's operations are not regulated by any significant environmental regulation under a law of the Federal or of a State or Territory.

### **Indemnities and insurance for Directors and officers**

During the financial year, the company paid a premium in respect of a contract insuring the Directors of the company (as named above), the company secretary and all executive officers of the company against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001, to the amount of \$10 million. The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

### **Proceedings on Behalf of Company**

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The Consumer Utilities Advocacy Centre Ltd is responding to an appeal against a decision of Fair Work Australia, concerning an application under s394 of the Fair Work Act 2009. As at the date of this report, the appeal has not been heard.

### **Auditor's Declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 22.

Signed in accordance with a resolution of the Board of Directors.



**Fanoula Ferro**  
**Acting Chair**

Melbourne, 3 August 2010



# Auditor's Independence Declaration

**RSM Bird Cameron Partners**  
Chartered Accountants

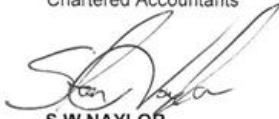
**RSM Bird Cameron Partners**  
Level 8 Rialto South Tower  
525 Collins Street Melbourne VIC 3000  
PO Box 248 Collins Street West VIC 8007  
T +61 3 9286 1800 F +61 3 9286 1999  
www.rsmi.com.au

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Consumer Utilities Advocacy Centre Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

**RSM BIRD CAMERON PARTNERS**  
Chartered Accountants

  
**S W NAYLOR**  
Partner

Melbourne, Victoria  
Dated: 4 August 2010

22

Liability limited by a  
scheme approved under  
Professional Standards  
Legislation

Major Offices in:  
Perth, Sydney, Melbourne,  
Adelaide and Canberra  
ABN 36 966 185 036

RSM Bird Cameron Partners is an independent member firm of RSM International, an affiliation of independent accounting and consulting firms. RSM International is the name given to a network of independent accounting and consulting firms each of which practises in its own right. RSM International does not exist in any jurisdiction as a separate legal entity.

# Independent Auditor's Report to the members of the Consumer Utilities Advocacy Centre Limited

**RSM Bird Cameron Partners**  
Chartered Accountants

**RSM Bird Cameron Partners**  
Level 8 Rialto South Tower  
525 Collins Street Melbourne VIC 3000  
PO Box 248 Collins Street West VIC 8007  
T +61 3 9286 1800 F +61 3 9286 1999  
www.rsmi.com.au

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONSUMER UTILITIES ADVOCACY CENTRE LIMITED

### *Report on the Financial Report*

We have audited the accompanying financial report of Consumer Utilities Advocacy Centre Limited ("the company"), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 directors, 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.

### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

23

Liability limited by a  
scheme approved under  
Professional Standards  
Legislation

Major Offices in:  
Perth, Sydney, Melbourne,  
Adelaide and Canberra  
ABN 36 965 185 036

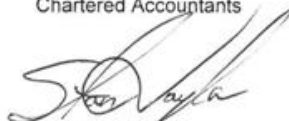
RSM Bird Cameron Partners is an independent member firm of RSM International, an affiliation of independent accounting and consulting firms. RSM International is the name given to a network of independent accounting and consulting firms each of which practises in its own right. RSM International does not exist in any jurisdiction as a separate legal entity.

*Auditor's Opinion*

In our opinion the financial report of Consumer Utilities Advocacy Centre Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

**RSM BIRD CAMERON PARTNERS**  
Chartered Accountants



**S W NAYLOR**  
Partner

Melbourne, Victoria  
Dated: 4 August 2010

## Directors' Declaration

The Directors of the company declare that:

1. The financial statements and notes set out on pages 26 to 43 are in accordance with the Corporations Act 2001 and,
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date;
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



**Fanoula Ferro**  
**Acting Chair**

Melbourne, 3 August 2010

## Statement of Comprehensive Income for the year ended 30 June 2010

	Note	2010 \$	2009 \$
Revenue	2	560,381	564,886
Other income	2	3,816	14,265
Grant programs expense		(79,777)	(40,384)
Project expense		(107,647)	-
Employee benefits expense		(397,922)	(343,897)
Depreciation and amortisation expenses		(12,806)	(2,276)
Rental expense		(30,229)	(24,415)
Audit and accounting fees		(11,804)	(12,940)
Insurance expense		(15,511)	(11,880)
Office expenses		(22,936)	(16,715)
Other expenses		(40,122)	(22,772)
<b>Profit before income tax</b>	3	<b>(154,557)</b>	<b>103,873</b>
Income tax expense		-	-
		<b>(154,557)</b>	<b>103,873</b>
<b>Other comprehensive income for the year</b>		-	-
<b>Total comprehensive income for the year</b>		-	-
Profit attributable to members of the entity		(154,557)	103,873
<b>Total comprehensive income attributable to members of the entity</b>		<b>(154,557)</b>	<b>103,873</b>

The accompanying notes form part of these financial statements.

## Statement of Financial Position as at 30 June 2010

	Note	2010 \$	2009 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	340,701	585,694
Trade and other receivables	5	76,623	72,435
<b>TOTAL CURRENT ASSETS</b>		<u>417,324</u>	<u>658,129</u>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	6	62,519	8,408
<b>TOTAL NON-CURRENT ASSETS</b>		<u>62,519</u>	<u>8,408</u>
<b>TOTAL ASSETS</b>		<u>479,843</u>	<u>666,537</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	45,730	89,337
Provisions	8	25,257	13,787
<b>TOTAL CURRENT LIABILITIES</b>		<u>70,987</u>	<u>103,124</u>
<b>TOTAL LIABILITIES</b>		<u>70,987</u>	<u>103,124</u>
<b>NET ASSETS</b>		<u>408,856</u>	<u>563,413</u>
<b>EQUITY</b>			
Retained Earnings		<u>408,856</u>	<u>563,413</u>
<b>TOTAL EQUITY</b>		<u>408,856</u>	<u>563,413</u>

The accompanying notes form part of these financial statements.

## Statement of Changes in Equity for the year ended 30 June 2010

	Note	2010 \$	2009 \$
Balance at beginning of financial year		563,413	459,540
Profit attributable to members of the entity		(154,557)	103,873
Total other comprehensive income for the year		<u>-</u>	<u>-</u>
<b>Balance at end of the financial year</b>		<b><u>408,856</u></b>	<b><u>563,413</u></b>

The accompanying notes form part of these financial statements.

## Statement of Cash Flows for the year ended 30 June 2010

	Note	2010 \$	2009 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from government funding		556,635	611,341
Payments to suppliers and employees		(738,527)	(468,512)
Interest received		3,816	14,265
		<u>                    </u>	<u>                    </u>
Net cash provided by (used in) operating activities	10(b)	<u>(178,076)</u>	<u>157,094</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for plant and equipment		<u>(66,917)</u>	<u>(360)</u>
Net cash used in investing activities		<u>(66,917)</u>	<u>(360)</u>
Net increase/(decrease) in cash held		(244,993)	156,734
Cash and cash equivalents at beginning of the financial year		<u>585,694</u>	<u>428,960</u>
Cash and cash equivalents at the end of the financial year	10(a)	<u><u>340,701</u></u>	<u><u>585,694</u></u>

The accompanying notes form part of these financial statements.



# Notes to the Financial Statements for the Year ended 30 June 2010

## 1 STATEMENTS OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is for Consumer Utilities Advocacy Centre Limited as an individual entity, incorporated and domiciled in Australia. Consumer Utilities Advocacy Centre Limited is a company limited by guarantee.

### Basis of Preparation

The financial report comprises general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*.

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

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

### Accounting Policies

#### a) Revenue

Grant Funding provided by the State Government is recognised in the statement of comprehensive income on a receipts basis.

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

#### b) Plant and Equipment

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

The depreciable amount of all fixed assets are depreciated on a straight line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Plant and Equipment	5% - 25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

## Notes to the Financial Statements for the Year ended 30 June 2010 (cont'd)

### 1 STATEMENTS OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### c) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses over the lease term.

#### d) Financial Instruments

##### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

##### Classification and subsequent measurement

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

*Amortised cost* is calculated as:

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

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

##### (i) Loans and receivables

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

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

## Notes to the Financial Statements for the Year ended 30 June 2010 (cont'd)

### 1 STATEMENTS OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (ii) *Held-to-maturity investments*

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

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

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

#### (iii) *Financial liabilities*

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

#### **Fair Value**

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

#### **Impairment**

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

#### **e) Impairment of Assets**

At the end of each reporting period, 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 statement of comprehensive income.

## Notes to the Financial Statements for the Year ended 30 June 2010 (cont'd)

### 1 STATEMENTS OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### f) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. 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. 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. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

#### g) Cash and Cash Equivalents

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

#### h) Goods and Services Tax (GST)

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

Funding received from the State Government is not subject to GST.

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

#### i) Income Tax

The company is a non-profit company for income tax purposes and is taxable only on non-member income.

#### j) Comparative Figures

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

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

## Notes to the Financial Statements for the Year ended 30 June 2010 (cont'd)

### 1 STATEMENTS OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### k) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company 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.

#### l) Economic Dependence

The continued operation's of Consumer Utilities Advocacy Centre Limited is dependent on ongoing funding from the State Government. At the date of this report the Board of Directors has no reason to believe the Department will not continue to support Consumer Utilities Advocacy Centre Limited.

#### m) Adoption of New and Revised Accounting Standards

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

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Consumer Utilities Advocacy Centre Limited.

#### **AASB 101: Presentation of Financial Statements**

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

##### *Disclosure impact*

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

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

## Notes to the Financial Statements for the Year ended 30 June 2010 (cont'd)

### 1 STATEMENTS OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

#### n) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The company has decided against early adoption of these standards. A discussion of those future requirements and their impact on the company follows:

- AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The company has not yet determined any potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows.

## Notes to the Financial Statements for the Year ended 30 June 2010 (cont'd)

### 1 STATEMENTS OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the company.

- AASB 2009-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the company.

- AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the company.

- AASB 2009-13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).

This Standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This Interpretation is not expected to impact the company.

The company does not anticipate early adoption of any of the above Australian Accounting Standards.

## Notes to the Financial Statements for the Year ended 30 June 2010 (cont'd)

	2010 \$	2009 \$
<b>2 REVENUE AND OTHER INCOME</b>		
Revenue from government grants and other grants:		
- DG research project	552,000	563,659
- grant funding received	<u>8,381</u>	<u>1,227</u>
	<u>560,381</u>	<u>564,886</u>
Other revenue:		
- interest received	<u>3,816</u>	<u>14,265</u>
	<u>564,197</u>	<u>579,151</u>
<b>3 PROFIT FOR THE YEAR</b>		
Depreciation and Amortisation		
- plant and equipment	12,806	2,276
Remuneration of auditor		
- audit of the company's financial report	<u>7,000</u>	<u>4,900</u>
<b>4 CASH AND CASH EQUIVALENTS</b>		
Cash at bank	<u>340,701</u>	<u>585,694</u>
<b>5 TRADE AND OTHER RECEIVABLES</b>		
Grants receivable	23,016	66,963
Net GST receivable	52,706	5,013
Other receivables	<u>901</u>	<u>459</u>
	<u>76,623</u>	<u>72,435</u>
<b>6 PLANT AND EQUIPMENT</b>		
Plant and equipment - at cost	130,310	63,395
Less accumulated depreciation	<u>(67,791)</u>	<u>(54,987)</u>
	<u>62,519</u>	<u>8,408</u>



## Notes to the Financial Statements for the Year ended 30 June 2010 (Cont'd)

	2010 \$	2009 \$
<b>6 PLANT AND EQUIPMENT (Cont'd)</b>		
<b>(a) Movements in Carrying Amounts</b>		
Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:		
	Plant and Equipment \$	Plant and Equipment \$
Balance at the beginning of the year	8,408	10,323
Additions at costs	66,917	360
Depreciation expense	<u>(12,806)</u>	<u>(2,275)</u>
Carrying amount at the end of the year	<u>62,519</u>	<u>8,408</u>
<b>7 TRADE AND OTHER PAYABLES</b>		
Grants payable	12,408	44,718
Creditors and accruals	<u>33,322</u>	<u>44,619</u>
	<u>45,730</u>	<u>89,337</u>
<b>8 PROVISIONS</b>		
Provision for annual leave	25,257	13,705
Provision for long service leave	<u>-</u>	<u>82</u>
	<u>25,257</u>	<u>13,787</u>
	Annual Leave \$	Long Service Leave \$
Opening balance at 1 July 2009	13,705	82
Additional provisions raised during year	29,397	-
Amounts used	<u>(17,845)</u>	<u>(82)</u>
Balance at 30 June 2010	<u>25,257</u>	<u>-</u>

## Notes to the Financial Statements for the Year ended 30 June 2010 (Cont'd)

	2010 \$	2009 \$
<b>9 LEASING COMMITMENTS</b>		
<b>Operating Lease Commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable – minimum lease payments		
- not later than 12 months	20,573	19,781
- later than 12 months but not later than 5 years	14,076	34,648
- greater than 5 years	-	-
	<u>34,649</u>	<u>54,429</u>
<p>The property lease commitments are non-cancellable operating leases contracted for but not capitalised in the financial statements with a five-year term. Increase in lease commitments may occur in line with CPI.</p>		
<b>10 CASH FLOW INFORMATION</b>		
<b>(a) Reconciliation of Cash</b>		
Cash at bank	<u>340,701</u>	<u>585,694</u>
<b>(b) Reconciliation of Cashflow from Operations with Profit after Income Tax</b>		
Profit after income tax	(154,557)	103,873
Non-cash flows:		
Depreciation and amortisation	12,806	2,275
Changes in assets and liabilities:		
(Increase)/Decrease in trade and other receivables	(4,188)	46,455
Increase/(Decrease) in trade and other payables	(43,607)	21,519
Increase/(Decrease) in provisions	<u>11,470</u>	<u>(17,028)</u>
Cash flows from operations	<u>(178,076)</u>	<u>157,094</u>

## Notes to the Financial Statements for the Year ended 30 June 2010 (Cont'd)

### 11 FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term and long-term investments, and accounts receivable and payable.

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

	Note	2010 \$	2009 \$
<b>Financial Assets</b>			
Cash and cash equivalents	4	340,701	585,694
Trade and other receivables	5	<u>76,623</u>	<u>72,435</u>
<b>Total Financial Assets</b>		<b><u>417,324</u></b>	<b><u>658,129</u></b>
<b>Financial Liabilities</b>			
Trade and other payables	7	<u>45,730</u>	<u>89,337</u>
<b>Total Financial Liabilities</b>		<b><u>45,730</u></b>	<b><u>89,337</u></b>

#### Financial Risk Management Policies

The Board's overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

#### Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and equity price risk.

##### (a) Credit risks

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for the company. The company does not have any material credit risk exposure as its major source of revenue is the receipt of grants. Credit risk is further mitigated as 100% of the grants being received from state and federal governments are in accordance with funding agreements which ensure regular funding on a yearly basis.

##### (b) Liquidity risks

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The company manages this risk through monitoring forecasts cashflows as required.

## Notes to the Financial Statements for the Year ended 30 June 2010 (Cont'd)

### 11 FINANCIAL RISK MANAGEMENT (Cont'd)

#### (c) Markets risks

##### *i. Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility on floating rate instruments.

##### *ii. Price risk*

The company is not exposed to any material commodity price risk.

#### **Sensitivity Analysis**

The following table illustrates sensitivities to the company's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit \$	Equity \$
<b>Year ended 30 June 2010</b>		
+/-2% in interest rates	9,264	9,264
<b>Year ended 30 June 2009</b>		
+/-2% in interest rates	10,147	10,147

No sensitivity analysis has been performed on foreign exchange risk as the company is not exposed to foreign currency fluctuations.

#### **Net Fair Values**

The carrying amount of financial assets and financial liabilities approximate fair value and are presented in the statement of financial position.

## Notes to the Financial Statements for the Year ended 30 June 2010 (Cont'd)

### 12 RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

### 13 KEY MANAGEMENT PERSONNEL COMPENSATION

Directors' total remuneration from the company over the reporting was as follows.

	Short-term Benefits \$	Post- employment Benefits \$	Other Long- term Benefits \$	Total \$
<b>2010</b>				
Total compensation	161,738	14,462	-	176,200
<b>2009</b>				
Total compensation	117,340	10,561	-	127,901

### 14 SEGMENT REPORTING

The company operates predominantly in one business and geographic segment, being the advocacy of utility services in Victoria.

### 15 COMPANY INFORMATION

The registered office and principal place of business of the Company is:  
Consumer Utilities Advocacy Centre Limited  
Level 2 172 Flinders Street  
MELBOURNE VIC 3000

## 16 MEMBERS' GUARANTEE

The entity is incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding and obligations of the entity. At 30 June 2010 the number of members was 1 member (2009: 1).

This page purposefully blank

