



CUAC

Consumer Utilities
Advocacy Centre

**REPORT ON CUAC ACTIVITIES
AND FINANCIAL REPORT
FOR THE 15 MONTHS ENDED 30 JUNE 2003**

CONSUMER UTILITIES ADVOCACY CENTRE LTD
ACN 100 188 752

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CUAC Mission Statement

CUAC 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.

CUAC 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
- All Victorians have a right to not be disconnected from electricity, gas and water due solely to an inability to pay.

CUAC Corporate Objectives

CUAC achieves its mission through its corporate objectives, which are

1. To provide a voice for Victorian utility consumers in the regulatory debate
2. To increase the capacity of consumers and consumer advocates to influence the regulatory debate, particularly on issues affecting low-income, disadvantaged and rural consumers.
3. To research and to fund research into consumer utility issues, with a particular focus on low-income, disadvantaged and rural consumers, and to disseminate that knowledge as widely as possible.
4. To monitor consumer utility issues, particularly those affecting low-income, disadvantaged and rural consumers.

Chairman's Report

I am pleased to present the Report for the Consumer Utilities Advocacy Centre Ltd (CUAC), covering the period from CUAC's formal establishment in April 2002 to the end of the last financial year 30 June 2003.

The CUAC model - an independent consumer advocacy organisation funded by government - is a new initiative to Australia, and one that promises to make a valuable contribution to the ability of Victorian utility consumers to influence Government decisions on these essential services.

There have been – and continue to be – substantial changes to the way that consumers across the State are provided with electricity, gas and water. The environment in which CUAC operates is both complex and dynamic, and negotiating the policy and regulatory framework remains a difficult task for all participants in the debate. That remains particularly true for consumer representatives, who rarely if ever have the resources available to industry and government.

CUAC's establishment, as an independent consumer advocate and as the manager of a grants program to facilitate community participation, has gone some way in Victoria to addressing that imbalance, but our experience over the past year has underlined the fact that this will not be achieved overnight. Expertise in energy and water issues must be further developed within the community, particularly among those groups who have not been so far represented. There needs to be more rigorous scrutiny and analysis of decisions by the media and academics, sectors which have in the past shown intermittent interest.

Enabling consumers and their representatives to make their voices heard in the decision-making process was therefore given a very high priority over the past fifteen months. Once the CUAC office opened in August, we worked quickly to establish the Grants Program principles and procedures and were able to complete our first funding round by the end of 2002. The establishment of the Rural and Regional Network, in which CUAC was integrally involved and will manage in the future, should provide a means for rural and regional consumers to participate more easily in the debate.

CUAC's advocacy role has also developed over the last fifteen months, through direct representations to government on regulatory and policy issues and also in offering CUAC resources to coordinate responses from community groups. That role will continue to strengthen and expand in line with the development of CUAC's inhouse research and expertise.

An essential element of CUAC's operations has been its continuing consultation of key stakeholders as it has developed its policies and workplans, formally through the CUAC Reference Group and informally through contacts with Reference Group members and others. The CUAC Grants Program procedures have been reviewed twice in the reporting period, to ensure that they meet the demands of the operating environment (including the need for transparent and accountable processes) and do not place too onerous a burden on applicants.

Finally, I would like to thank all the Directors of the CUAC Board, who have devoted considerable time and thought to CUAC over the last fifteen months. While we were sorry to see the departure of Director Dimity Fifer, who resigned in September 2002 upon her appointment as CEO of Australian Volunteers International, we have been fortunate in securing the services of John Mumford, who has brought to CUAC his extensive experience as a Financial Counsellor and active advocate for low-income and rural consumers. I would also like to convey the Board's thanks to CUAC staff, Executive Officer Kerry Connors and Policy Officer May Mauseth, for their hard work over the past year.

E W Russell
Chairman

Report on CUAC Activities

The Consumer Utilities Advocacy Centre Ltd (CUAC) was registered as a not-for-profit public company limited by guarantee on 11 April 2002. The Board was appointed by the Member of CUAC, the incumbent Minister for Consumer Affairs, and met for the first time on 30 April 2002. Directors' activities initially centred on recruitment and appointment of staff, securing office space and equipment, and creating the broad principles by which CUAC would operate. The assistance offered by Consumer Affairs Victoria was extremely valuable during this time and, particularly, the help of Lois Goodes, Brian Beecham, Katie Rossi and Heather Ridley.

With the appointment of Kerry Connors as Executive Officer, the CUAC office opened on 5 August 2003. CUAC's immediate objectives were to establish appropriate guidelines and procedures for the CUAC Grants Program, convene the CUAC Reference Group and meet other key stakeholders, set in place CUAC's office workplan and operational systems, including a detailed budget, recruit further staff and establish appropriate and transparent corporate governance procedures.

CUAC's corporate objectives, as defined by the CUAC Constitution, were articulated to stakeholders in September and October 2003, and it is within these objectives that CUAC's activities over the reporting period will be detailed.

Advocacy

To provide a voice for Victorian utility consumers in the regulatory debate

In line with its mandate to represent the interests of Victorian utility consumers, particularly low-income, disadvantaged and rural consumers, during the reporting period CUAC actively participated in a number of government policy and regulatory reviews, including the Essential Services Commission's (ESC) Review of the Energy Retail Code and the consultative process around the Draft Charter of Consultation, and the Department of Human Services (DHS) review of non-mains winter energy concessions. CUAC has also been involved in a number of

other government consultative processes, including discussion around the proposed amendments to the Fair Trading Act and the potential impact to electricity and gas consumers.

CUAC is a member of the ESC Customer Consultative Committee and the Case Handling Advisory Committee of the Energy and Water Ombudsman Victoria (EWOV). CUAC Board and staff meet regularly with the relevant portfolio Ministers, EWOV and key government agencies, including Consumer Affairs Victoria, the ESC, and Energy and Security Division, Department of Infrastructure. CUAC also sits on the Steering Committee for a nationally-focused project to enhance the community sector's capacity to influence energy policy, managed by the Consumer Law Centre Victoria.

Enabling participation

Grants Program

CUAC's management and promotion to key stakeholders of the Grants Program was a key priority for the reporting period. The Program's structure and principles, as well as a list of grants issued, are outlined in further detail on page 7.

Reference Group

A key element of CUAC's operations is its Reference Group, a consultative body representing a wide range of consumers. The function of the Reference Group is laid out in CUAC's Constitution, and is to advise the CUAC Board on current and emerging issues, and on the development of CUAC's work program. The Reference Group meets quarterly, with meetings chaired by the Executive Officer and with at least one Board member in attendance. It met first on 2 October 2002, and subsequently on 30 January and 5 June 2003. A list of Reference Group members is at Appendix A. The Reference Group is an integral part of CUAC operations, as it provides a direct link to consumers, develops and supports consumer advocates, ensures CUAC's

To increase the capacity of consumers and consumer advocates to influence the regulatory debate, particularly on issues affecting low-income, disadvantaged and rural consumers

workplan is relevant and directed at the areas of greatest need, and provides a forum for consumer representatives to discuss emerging issues. At the moment the Reference Group can be extended to include another seven consumer representatives; the Board intends that those seats be offered to organisations to expand consumer expertise and participation in the policy and regulatory debate.

CUAC Roundtable

At the suggestion of the Reference Group members at its first meeting, CUAC agreed to convene a meeting of consumer advocates to identify priority consumer utility issues in 2003 and identify opportunities for collaboration. CUAC funded a professional facilitator to direct discussions. To ensure broad participation, discussions were spread over two meetings, held on 20 March and 1 May 2002. The major issues identified were grouped into seven broad categories: water and the forthcoming changes arising from changes to the regulation of the sector; consumer protection framework and, particularly the possible changes to the current regime; the need for consumer representatives to get across the complexities of distribution and retail pricing; demand side management; energy efficiency; industry conduct; and capacity building for the sector. The outcomes of those discussions were circulated to Reference Group members and incorporated in the planning of CUAC's 2003-04 work program.

Rural and Regional Network

The establishment of the Rural and Regional Network with Denis Nelthorpe has formed a major part of CUAC activities since work began on the project in January 2003. The objective of the Network is to provide some much-needed information infrastructure to facilitate the participation of rural and regional consumers in the policy and regulatory debate on electricity, gas and water. With Denis, CUAC staff have visited Ballarat, Bendigo, Wangaratta, Shepparton, Bairnsdale, Sale, Morwell, Churchill, Geelong, Colac, Warrnambool and Mildura, to contact potential Network participants. Community workers, farmers, businessmen, conservationists and local government were briefed on the initiative, with response being uniformly enthusiastic. Government agencies were also informed on the initiative, to secure their agreement to provide training and briefing to Network participants as required, as well as to relay participants' concerns and questions heard during discussions. CUAC will provide an administrative base for the Network in the future, sending email alerts when policy and regulatory reviews are announced, and producing a bi-monthly newsletter which will offer participants the opportunity to share ideas and information.

Research

To research and to fund research into consumer utility issues, with a particular focus on low-income, disadvantaged and rural consumers, and to disseminate that knowledge as widely as possible.

CUAC's research program has developed in alignment with the evolution of CUAC's own in-house resources, and has been based on an assessment of where activity would add most value to the debate. Over the reporting period, apart from the work done in association with CUAC's participation in the policy and regulatory debate, CUAC undertook to take part in a joint research project with the Consumer Law Centre (Victoria), to assess and document the impact of disconnection on consumers and members of the disconnected household.

A crucial need for the sector remains the requirement for a central resource centre, to assist consumer and community groups easily access knowledge about consumer utility issues and so encourage greater participation in the debate. While we had hoped that the CUAC website could go some way to meeting that need, it has become clear that it cannot be achieved quickly and will now be developed in two stages.

To monitor consumer utility issues, particularly those affecting low-income, disadvantaged and rural consumers.

CUAC Grants Program

CUAC receives annual funding of \$500,000 per annum, of which at least \$180,000 is committed to the CUAC Grants Program. In the period until 30 June 2003, CUAC had approved grants totalling \$253,088 (exc. GST) to community and consumer groups. The grants approved in 2002/03 are listed in the following table.

In developing the Grants Program principles and procedures, the Board paid close attention to CUAC's corporate objectives (as laid out in its Constitution) and the features of the operating environment. As such the Board decided that it would consider both research and capacity-building projects and, particularly, those focusing on low-income, disadvantaged and rural consumers. Part of the surplus carried by CUAC from receipt of its 2001/02 funding allocation was incorporated into the Grants Program budget.

The Grants Program over the reporting period was divided into the following four programs:

Public Grants Program

The Public Grants Program constitutes the largest element of the CUAC Grants budget. Two funding rounds were held in the reporting period— the first was completed in December 2002 and the second in May 2003 - with grants made totalling \$178,463 (applications were received totalling over \$900,000). The procedures for application were reviewed after each funding round, to ensure that the objectives were being met, including the need for transparent and accountable management of the program, as well as to ensure that applicants were satisfied with the process.

Calls for applications were made through print media advertisements across the state, with Reference Group members and key peak bodies also informed. Feedback about their application was provided to any recipient at their request. The degree of interest from rural and regional consumer and community groups and academic institutions has risen steadily as the Grants Program has become more widely known.

EO Grants Program

Because regulatory reviews often take place with short timelines for consultation, in December 2002 the CUAC Board allocated funds to a program to facilitate quick support to community and consumer groups, with a maximum amount of \$8,000 (inc. GST) to be approved by the Executive Officer. The selection criteria are the same as for the Public Grants Program. Four grants totalling \$28,698 (exc. GST) were distributed in 2002/03.

CUAC Initiated Grants Program

CUAC also has the capacity to undertake inhouse research, and commission research and capacity-building projects. Two projects were undertaken and/or funding approved over the reporting period, both in partnership with another organisation, totalling \$45,927.

Information Dissemination

Recognising that disadvantaged consumers, particularly in rural and regional Victoria, often have trouble accessing information on the internet, CUAC reserved funds to be able to publish hard copies of research of particular relevance to particular customer groups. No grants were made from this program during the reporting period, and the excess funds were transferred to the 2003/04 Grants Program budget.

Grants made from the CUAC Grants Program

The following outlines the grants approved by CUAC during the reporting period. Please note that some projects had not received the full component of their grants as at 30 June 2003.

Grant Recipient	Project Focus	\$ (GST-exclusive)
Public Grants Program: Round ending Dec 02		
Customer Energy Coalition	Analysis of incentive regulation regime effect on supply reliability with rural/regional case studies collected.	15,000
Customer Energy Coalition	Detailed assessment of customer impacts of 2000 Electricity Distribution Price Review – non revenue requirement aspects.	22,000
Council to Homeless Persons	Improve options and outcomes for homeless in regard to responsible access and payment for utilities, through research into issues raised by Retail Code with regard to residents in Transitional Housing Arrangements.	25,000
Kildonan Child & Family Services	Publication for young people leaving home covering the range of utility consumer issues (rights and responsibilities, how to connect, how to be financially aware, shared housing, understanding contracts etc)	22,528
Our Energy Inc	To identify reasons for lack of retailer response to aggregation of 2500 residential, 400 farm and 400 small business users.	5,000
Public Grants Program: Round ending May 2003		
Swinburne University	To gauge the effects of competition between housing and utility costs in low-income households and to propose strategies for ensuring supply at adequate and affordable levels.	7,371
Headberry Partners P/L	To assess the impact of interval metering on full retail competition and demand side responses.	22,000
CLCV & Centre for the Study of Privatisation and Public Accountability	An independent and comprehensive analysis of who has benefited from market reforms and to what extent, and to ensure that further market reform is structured in a way that is fully informed of these consumer outcomes.	30,000
City of Darebin	Electricity aggregation seminar to provide an overview of barriers, opportunities and general experience of aggregation groups.	8,200
Energy Users Association Australia and Energy Action Group	To define how to re-apply the urban/rural cross-subsidy to ensure (1) the best value to rural customers for new and replacement installations and (2) a small price reduction for urban customers.	15,000
Springvale Community Aid and Advice Bureau	Production of case-studies on experience of low-income consumers.	6,364
	Sub-total	178,463

Grant Recipient	Project Focus	\$ (GST-exclusive)
CUAC Initiated Research		
Denis Nelthorpe	Establishment of a Rural and Regional Network	22,727
Consumer Law Centre Victoria	Report on experiences of utility consumers who have been disconnected or faced access restrictions.	23,200
	Sub-Total	45,927
EO Grants Program		
Energy Action Group	Response to the ESC Interval Metering paper	7,272
Energy Action Group	Prepayment meters campaign	6,882
Energy Action Group/Energy Users Association Australia	Submission to ESC Review of Significant Producers' Provisions of Gas Industry Act	7,272
Consumer Law Centre Victoria	Submission to the ESC review of electricity and gas retail codes.	7,272
	Sub-Total	28,698
	CUAC GRANTS PROGRAM TOTAL EXPENDITURE	253,088

Directors' Report for the 15 months ended 30 June 2003

The directors of the Consumer Utilities Advocacy Centre Ltd present this report for the period from establishment until 30 June 2003.

Directors

The names of each person who has been a director during the period in review and to the date of this report are:

Professor E.W. Russell, BA (Hons), B Ec PhD, FIPAA(Vic), FAIM	Chairman
Ms Jennifer Dawson, BBus (Accounting), FCA, MAICD	Director
Mr Chris Field, BA LLB (Hons)	Director
Ms Dimity Fifer, BA (Psych/Ed), Dip. Ed	Director (retired 3/9/02)
Mr John Mumford, Dip Community Services (Financial Counselling)	Director (appointed 3/9/02)
Ms Joan Sturton-Gill, B Ed, Grad Dip Career Ed, Masters Administration	Director

No director has any interest in business contracts or proposed financial dealings for personal benefit with the company declared during the fifteen months ended 30 June 2003.

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 Chairman 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' Meeting

During the current financial year ended 30 June 2003, 13 meetings of the company's directors were held, in respect of which, each director of the company attended the following number:

Director	Number of Meetings Conducted whilst a Director	Number of Meetings Attended
Professor E W Russell	13	13
Ms Jennifer Dawson	13	12
Mr Chris Field	13	13
Ms Dimity Fifer	6	6
Mr John Mumford	7	7
Ms Joan Sturton-Gill	13	12

Operating Result

The surplus of the organisation for the fifteen months ending 30 June 2003 amounted to \$493,141.

Review of Operations

A review of the operations of the company during the fifteen months ending 30 June 2003 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 fifteen months ending 30 June 2003.

Principal Activities

In line with CUAC's corporate objectives (see p. 3), the principal activities of the company in the course of the financial year were: to establish CUAC 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 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.

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.

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.

Signed in accordance with a resolution of the directors made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the directors

E W Russell
Chairman

Melbourne, 29 October 2003

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***INDEPENDENT AUDIT REPORT TO THE MEMBER OF
CONSUMER UTILITIES ADVOCACY CENTRE LTD***

Scope

We have audited the financial report of Consumer Utilities Advocacy Centre Ltd comprising the Directors' Declaration, Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes to the Financial Statements for the 15 months ended 30 June 2003. The company's Directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements so as to present a view which is consistent with our understanding of the company's financial position and performance as presented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Consumer Utilities Advocacy Centre Ltd is in accordance with:

- (a) The Corporations Act 2001, including
- i. giving a true and fair view of the company's financial position as at 30 June 2003 and on its performance for the year ended on that date; and
 - ii. complying with Accounting Standards and the Corporations Regulations; and other mandatory professional reporting requirements.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

Dated at Melbourne

2003

K C WOOD
Partner

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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.



Directors' Declaration

The Directors of the company declare that:

1. The financial statements and notes set out on pages 14 to 23,
 - (a) Comply with Accounting Standards and the Corporations Act 2001; and
 - (b) Give a true and fair view of the financial position as at 30 June 2003 and performance for the 15 months ended on that date of the company.
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 with a resolution of the Board of Directors.

Dated this 29th day of October 2003.

Signed in accordance with a resolution of the Directors.

DIRECTOR

Statement of Financial Performance for the 15 months ended 30 June 2003

	Note	2003 \$
Revenue from Ordinary Activities	2	<u>996,733</u>
		<u>996,733</u>
Grant Programs		253,936
Employee Benefits		157,862
Office Establishment		14,090
Depreciation		9,760
Rent		18,662
Audit and Accounting		4,000
Reference Group Costs		4,700
Insurance		9,354
Office Expenses		7,678
Grants Program Advertising		7,937
Other		<u>15,613</u>
		<u>503,592</u>
Operating Profit	3	<u>493,141</u>

The accompanying notes form part of these accounts.

Statement of Financial Position as at 30 June 2003

	Note	2003 \$
CURRENT ASSETS		
Cash Assets	4	473,741
Receivables	5	<u>16,104</u>
TOTAL CURRENT ASSETS		<u>489,845</u>
NON-CURRENT ASSETS		
Equipment	6	<u>43,478</u>
TOTAL NON-CURRENT ASSETS		<u>43,478</u>
TOTAL ASSETS		<u>533,323</u>
CURRENT LIABILITIES		
Payables	8	33,715
Employee Benefits	7	<u>6,467</u>
TOTAL CURRENT LIABILITIES		<u>40,182</u>
TOTAL LIABILITIES		<u>40,182</u>
NET ASSETS		<u>493,141</u>
EQUITY		
Retained Profits	9	<u>493,141</u>
TOTAL EQUITY		<u>493,141</u>

The accompanying notes form part of these accounts.

Statement of Cash Flows for the 15 months ended 30 June 2003

	Note	2003 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Government Funding		970,274
Interest received		26,459
Payments to suppliers and others		<u>(469,754)</u>
Net cash from operating activities	10(b)	<u>526,979</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for Property, Plant and Equipment		<u>(53,238)</u>
Net (decrease) / increase in cash held		473,741
Cash at the beginning of the financial year		<u>-</u>
Cash at the end of the financial year	4	<u>473,741</u>

The accompanying notes form part of these accounts.

Notes To and Forming Part of the Financial Statements for the 15 months ended 30 June 2003

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

This general purpose financial report has been drawn up in accordance with Australian Accounting Standards, Urgent Issues Group Consensus views and other authoritative pronouncements of the Australian Accounting Standards Board, and the requirements of the Corporations Act 2001.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following specific accounting policies have been adopted in the preparation of this report.

a) Income Tax

The company is a non-profit company for income tax purposes and is taxable only on non-member income. The company is currently in the process of applying for a private ruling to confirm its exempt status as a non-profit company for income tax purposes.

b) Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within two months and net of bank overdrafts.

c) Property, Plant and Equipment

Each class of equipment is carried at cost less any accumulated depreciation. The depreciable amount of all fixed assets is depreciated on a straight line basis over their estimated useful lives to the economic entity commencing from the time the asset is held ready for use. The depreciation rates used for each class of assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	5% - 25%

1 STATEMENTS OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than 1 year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

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

e) Revenue

Funding provided by the State Government is recognised on a receipts basis.

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

Funding provided by the State Government is not subject to goods and services tax (GST).

f) 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 the 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.

g) Comparative Information

Comparative information has not been included as this is the entity's first year of operations.

2003

\$

2 OPERATING REVENUE

The revenue entering into the determination of operating result is:

Grant Funding Received	970,274
Interest Received	26,459
	<u>996,733</u>

3 OPERATING PROFIT

Profit from ordinary activities after income tax includes the following specific items, amongst others:

Depreciation of non-current assets	9,760
Remuneration of auditor	
- audit of the Company's Financial Report	3,000
- other services provided	1,000
	<u>1,000</u>

4 CASH ASSETS

Cash at Bank	<u>473,741</u>
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5 RECEIVABLES

GST Receivable	<u>16,104</u>
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	2003
	\$
6	PROPERTY, PLANT AND EQUIPMENT
	Plant and Equipment at Cost 53,238
	Less Accumulated Depreciation (9,760)
	43,478

a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Plant and Equipment \$
Balance at the beginning of the year	-
Additions	53,238
Disposals	-
Depreciation expense	(9,760)
Carrying amount at the end of the year	43,478

7	EMPLOYEE BENEFITS
	Provision for Annual Leave
	6,467

8	PAYABLES
	Grants payable 17,964
	Creditors and accruals 15,751
	33,715

9	RETAINED PROFITS
	Retained Profit at the beginning of the year -
	Net Profit 493,141
	493,141

	2003
	\$
10 RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING PROFIT	
(a) Reconciliation of Cash	
Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:	
Cash on hand and at bank	473,741
(b) Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities	
Profit from ordinary activities after income tax	493,141
Non-cash flows in profit from ordinary activities:	
Depreciation	9,760
Changes in assets and liabilities	
Increase in other assets	(16,104)
Increase in payables	33,715
Increase in provisions	6,467
Cash flows from operations	<u>526,979</u>

11 FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

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

	Weighted Average Effective Interest Rate 2003 %	Floating Interest Rate 2003 \$	Fixed Interest Rate Maturing	
			Within 1 Year 2003 \$	1 – 5 Years 2003 \$
Cash at Bank	4.15%	<u>473,741</u>	<u>-</u>	<u>-</u>
Total Financial Assets		<u><u>473,741</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

(b) Credit Risk

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

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

12 RELATED PARTY TRANSACTIONS

During the reporting period, two grants (one of \$30,000 and one of \$23,200 exc. GST) were provided to the Consumer Law Centre Victoria, of which Mr Field is the Executive Director. In line with CUAC processes, a conflict of interest was declared and Mr Field did not participate in the Board's assessment of those two projects.

13 SEGMENT REPORTING

The company operates in one business and geographical segment, being the provision of utility consumer advocacy in Victoria.

14 EVENTS SUBSEQUENT TO BALANCE DATE

No events have occurred since balance date which have a significant impact on the operations of the company.

15 EMPLOYEE NUMBERS

The number of full-time employees as at 30 June 2003 was 2.

16 DIRECTORS' REMUNERATION

Directors' remuneration was based on the Government's *Guidelines for the Appointment and Remuneration of Part-Time Non-Executive Directors of State Government Boards and Members of Statutory Bodies and Advisory Committees*.

Total remuneration for Directors was \$63,115. The numbers are shown in the relevant income bands below:

Income bands	No.
\$ 0 – 10,000	2
\$10,001 – 20,000	4

17 COMPANY INFORMATION

The registered office of the company is:
Consumer Utilities Advocacy Centre Ltd
Level 2, 172 Flinders Street
Melbourne VIC 3000

Appendix A: Reference Group Members

Mr Rob Lorenzon
Manager - Environment & Energy
Australian Industry Group

Mr Ric Brazzale
Executive Director
Business Council for Sustainable Energy

Mr Denis Nelthorpe
Consumers Federation of Australia

Ms Anna Stewart
Principal Solicitor
Consumer Law Centre, Victoria

Ms Andrea Sharam
Vice-President
Energy Action Group

Mr Roman Domanski
Executive Director
Energy Users Association of Australia

Mr Daniel Vornoff
Cool Communities Facilitator
Environment Victoria

Ms Sue Fraser
Vice-Chair
Financial & Consumer Rights Council Inc.

Mr Ken Stickland
Chairman, Regulatory Reform Committee
Property Council of Australia

Mr Gavin Dufty
Policy Officer
St Vincent de Paul

Ms Angela Savage
Policy and Research
Victorian Council of Social Services

Mr Chris James
Principal Economist
Victorian Employers' Chamber of Commerce and Industry

Mr Simon Price
Senior Policy Analyst
Victorian Farmers Federation