



Aquna Sustainable Murray Cod
Member for 3 years

NSWBC Annual Report FY20

**BUSINESS
AUSTRALIA**

**BUSINESS
NSW**

Contents



Lyall Gorman, Vice President at the State Business Awards 2019



Boardroom Lunch with the Minister for Small Business and Finance, The Hon. Damien Tudehope MLC



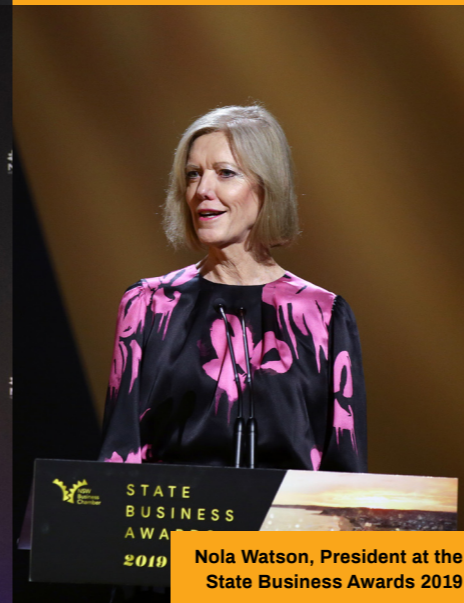
Mudgee Region Tourism CEO, Cara George at NSW Tourism Awards 2019 Member for 7 years



Everest business of racing lunch 2019



Adam Zarth, Executive Director, Illawarra Business Chamber, at Business After Hours event



Nola Watson, President at the State Business Awards 2019



CEO Club March 2020



Future proof your business ASA webcast



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Who we are and how we help

For more than 190 years, NSW Business Chamber has stood by business owners – boosting efficiency, advocating for better conditions and helping them grow.

Today we operate across the country. From major cities to country centres. From the smallest start-up to the largest corporation.

Our members are part of a powerful network that stands with business to make sure that business interests aren't overlooked by local, state or federal governments. Over the last 10 years, we've been able to scale our specialist business services, including our recruitment, legal and apprenticeship divisions.

In 2021, we will celebrate 195 years in business and while much has changed since we began, our founding mission remains true. We're in business to help business.

Throughout this growth we have remained member owned. Being member owned ensures that everything we do and every decision we make focuses on our members' interests and improving the opportunities for all businesses across Australia.

Membership of our organisation is accessed through four primary categories:

Business NSW

Our organisation has NSW domiciled members whose tenure extends back close to 100 years as well as many who have joined in just the last few months. Membership of Business NSW is now available through two new categories, Business Networker and Business Workplace, which allow access to our specialist business services including networking.

Firsts

Through our chambers in Sydney, Western Sydney, Illawarra and Hunter, our organisation has close to 250 Firsts Members. Members include top global businesses, major Australian corporations and government agencies that have a significant presence in one of these four key locations.

Business Australia

In FY20, for the first time, the organisation extended a free membership category to any and all businesses across Australia through a simple online application.

Membership of a Local Chamber of Commerce

There are 230 Local Chambers of Commerce (LCC) across NSW and every business which is a member of an LCC that is affiliated to the NSW Business Chamber can become a member of our organisation, free of charge.

Facts and figures

NSW Business Chamber can trace its heritage to 1826. It is NSW's peak business organisation and now has members and employees across the country.



32,629
members

661
employees

60
offices around
the world

4
countries where
we have offices

6
Australian states and territories
where we have a presence



LYALL GORMAN

President
NSW Business Chamber

"Small business is the heartbeat of our country and the cultural fabric of our communities."

President's report

Contemplating FY20 ahead of time, it was always going to be a big year for us. What we did not anticipate was the global COVID-19 pandemic and the massive impact it would have on our members.

As an organisation, we have always said to our members, "Through thick and thin, we're with you on every step of your journey." In difficult times, this commitment is more important than ever. In many ways, challenging business environments like those we experienced in FY20 are an opportunity to shine for our members.

Our values and motivations as an organisation are built around taking ownership of current issues, improving business conditions and delivering with passion – all notable objectives when conditions are good. However, we show our greatest strength as an organisation when times are difficult – helping businesses survive the tough times so that they can get through to the next step and thrive.

Small business is the heartbeat of our country and the cultural fabric of our communities. Small to medium enterprises (SMEs) account for almost 98% of Australian businesses, 35% of our gross domestic product (GDP) and employ 44% of Australia's workforce. It is so important, in times like this, that businesses with low cash reserves and vulnerable to difficult trading conditions can rely on our advocacy for initiatives like JobKeeper and apprenticeship support.

Regional NSW started FY20 in crisis due to years of drought. We were already advocating hard for regional Australia when devastating bushfires added to the burden. Drought impacts the whole country through supply chain risk, lost tourism and hospitality opportunities, and increased costs of poor health, including mental health. The impacts can be devastating. Once a regional community member is affected by job loss, this then flows onto the family and then through to the community.

Media coverage of the fires spread the message globally, damaging NSW's reputation as a tourism destination and source of clean, sustainably grown, high-quality produce. As the representative voice of the vitality of business in NSW, we needed to break down the doors for a strong unified message.

We responded strongly. When the rest of business in NSW is slowing down due to hardship, activity levels at Business NSW and Business Australia always increase. One initiative was the Backing the Bush campaign, which mobilised Sydney-based businesses to move their off-site events and meetings to regional NSW. Almost immediately, event planning began a shift to regions outside Sydney. A few events even went ahead.

Then COVID-19 hit, NSW went into lockdown and travel stopped.

We campaigned heavily for business relief, both directly to the NSW Government and to the Commonwealth Government through Australian Chamber of Commerce and Industry (ACCI). Advocacy for NSW businesses has never been more critical than in the last 12 months.

Our new digital systems – implemented in FY20 – allowed a largely seamless move to home-based working and we could continue to support the fire recovery effort, our COVID-19 response and the low-key rebranding launch.

Despite the low-key launch, the new branding and free membership have been popular. Membership has grown by around 12,000 over just three months.

It's a fitting tribute to Stephen Cartwright that his time as CEO ends with the successful completion of a change that he started 11 years ago. The changes, along with our increased membership, will strengthen our ability to drive the importance of small, emerging and growing businesses.

Australians have, and need, a deep understanding of how important small business is to our economy – they should be buying Australian and buying local – and we are better equipped to drive that message than we have ever been.

"Advocacy for NSW businesses has never been more critical than in the last 12 months."





STEPHEN CARTWRIGHT

CEO
NSW Business Chamber

“What happened in FY20 has demonstrated the importance of achieving organisational resilience that has been steadily built over a decade.”

CEO's report

As I reflect on the last 12 months, the year feels like a tale of two halves.

For the first six months, the Chamber powered along delivering an extensive range of products and services, including support for businesses affected by drought and bushfires. At the same time, we were progressing a significant change in our operational approach. This included implementing a new branding and digital strategy that improves our ability to meet the needs of members and customers.

In the second half of the year, the global health crisis arrived on top of disaster recovery. We redirected more of our resources to ensure that we were serving the needs of businesses at this most critical time. I am pleased to report that our people have maintained their energy, drive and commitment during what has been a challenging year.

Regarding our organisational strategy, for some time we had recognised that the world of business was changing and that the use of data and leading-edge technology would ultimately differentiate successful organisations from those that fell by

the wayside. That realisation led to the development of a digital transformation plan – Project Chamber 2.0 – which involved a total redesign of the way that we attract, engage, support and advocate for the business community.

This new way of working required a complete overhaul and upgrade of our entire IT infrastructure – an expensive exercise, but crucial to delivering the new value proposition for our members.

The thinking, planning, testing and building of this new capability took place over several years. The most visible change to members unveiled in March 2020, with the launch of two brands, Business NSW and Business Australia.

The newly named Business NSW remains focused on the traditional work of the Chamber – to advocate for the 700,000 businesses in NSW and ensure that our governments clearly understand what business needs to succeed, grow and create jobs.

The launch of Business Australia, with its offer of free membership, brought together many of the services that we provided to businesses across Australia under multiple brands.

We had planned to promote Business NSW and Business Australia with a roadshow throughout regional NSW, the Illawarra, the Hunter, and in Sydney. The regional aspect of the launch – apart from obvious awareness building – was an opportunity to show our support for regional businesses and their communities who had suffered through years of crippling drought.

The bushfires which ravaged our state in late 2019 and early 2020 made an already bad situation so much worse. We reached out to business communities through the 230 affiliated LCCs to learn what support our members needed from government, then we mobilised our advocacy resources. As usual, our teams stepped up and provided excellent support on the ground and strong representations to government.

While the bushfire support was underway, we were also implementing our new IT and digital systems. Almost every process our teams touched was impacted by changes in the new CRM, websites and event management systems.

By January 2020, with our new systems running, we prepared to introduce the new brands. It was then that the COVID-19 rumblings became a roar. On the back of the bushfires, with lockdowns being announced, borders closing around the world, supply chains under threat and uncertainty at every turn, a flamboyant launch seemed inappropriate.

At this point, I must pay tribute to our staff and the tremendous adaptability and resilience they demonstrated through a period of massive change. Everyone was working on unfamiliar new IT systems at a time of increased demand for bushfire recovery and COVID-19 support for members.

We launched our new brands in March 2020 and reached out to offer support to businesses struggling with the challenges posed by COVID-19. Within weeks, NSW was in Stage 3 lockdown and we didn't really know what to expect.

Our front-line teams and the local chambers were tested as businesspeople inundated them with enquiries. Our advocacy teams talked to government almost daily. The business advisors were mobilised to provide COVID-19 and lockdown advice to our members while also servicing their commercial clients.

Fortunately, our new IT infrastructure was designed to facilitate greater worker mobility so the switch to working from home was almost seamless. If COVID-19 had happened even as late as last year, our systems may not have coped. What happened in FY20 has demonstrated the importance of achieving the level of organisational resilience that has been steadily built over a decade.

In the three months since launching our new membership model, membership has grown from 20,000 to more than 32,000 – a strong validation of an approach that focuses entirely on how well we can serve our members.

After 11 years, the last year of which was my most challenging, I will complete my tenure as CEO at the end of August. I feel that I am leaving Business NSW and Business Australia well set up and ready to tackle the next chapter. Our great people are backed up by excellent systems and the organisation can move forward, confident of its ability to meet future challenges.



The Hon. Gladys Berejiklian, MP with Tristan Jones of Leogate Estate Wines, member for 5 years



Announcement of Virgin flights between Newcastle and Auckland



Business NSW first Tele-Town Hall with The Hon. Dominic Perrottet MP

Building strength in the business community

We knew that FY20 was going to be a tumultuous year from the beginning.

The year dawned with NSW in the throes of a prolonged drought with warnings of an early fire season. The subsequent bushfires in many regional and coastal areas of NSW were soon followed by COVID-19, which changed everything. The impacts of drought, bushfires and COVID-19 on business revenue, staff numbers and confidence continued to be felt at year's close.

Throughout, Policy and Advocacy supported our members by understanding their experiences, sharing information with key decision makers and advocating for policies that meet their needs.

Understanding business needs

Throughout the year we conducted a number of surveys to better understand business conditions and member needs. Our survey results were powerful testimony. They informed our advocacy efforts, we shared them with state and local government and included them in discussions with politicians and advisors.

Reflecting business confidence at the time, our quarterly **Business Conditions Survey** in March had a record-breaking 1,600 responses. 75 of our members also agreed to take part in in-depth interviews about the impact of COVID-19. The results confirmed that business confidence and revenue had declined significantly due to COVID-19. The timing of the survey also showed that the impact of on business revenue doubled – from 14% to 28% – when more severe restrictions were introduced during March.

Our **Business Recovery Survey** in June confirmed the impact of COVID-19 on business in NSW. Revenue was down in 43% of businesses due to both government restrictions and lack of customer demand. After Victoria went into lockdown, the number of respondents who expected the economy to strengthen reduced from 24% to 19%. But two-thirds of respondents believed that Australia would recover faster than comparable countries and 80% of businesses expected to be back to normal by October 2020.

Businesses said that relief from fees and charges coupled with payroll tax and \$10,000 grants were the most beneficial policies of the NSW Government. JobKeeper, a Commonwealth initiative, had kept 40% of businesses open, with the majority saying it would help their businesses 'snap back'. However, a third had no plan in place for when payments stopped.

Getting business back on track

Backed by our timely data we engaged early with government as soon as COVID-19 started to help address business impacts as they arose. Our policy wins included payroll tax relief and deferrals, a commitment to regulatory reform, rental abatements, \$10,000 and \$3,000 business support grants, and an extension of JobKeeper.

Building on the findings of our surveys, we also released a comprehensive COVID-19 recovery plan **Back on track: What businesses need to recover from the economic impacts of COVID-19** in mid-July 2020. The report outlined our vision for economic recovery and included 10 business recovery drivers and a further 40 recommendations to support businesses through the crisis and get them back on track. We will continue to call for governments to deliver the recommendations in our report in FY21.

Supporting skills and apprentices

We started the year by marking National Skills Week 2019 with the release of our **2019 Workforce Skills Survey**, which included feedback from more than 1,200 businesses from across NSW. With over half of the respondents reporting skill shortages, we recommended doubling the number of school-based apprenticeships in NSW and providing industry-based careers advice for students and parents from Year 9. Our long-term advocacy efforts saw the launch of the NSW Government's Educational Pathways Pilot Program in 24 south-western Sydney and NSW north coast schools in November.

COVID-19 made a significant immediate impact on the workforce and future skills needs.

Our advocacy efforts saw the launch of the Supporting Apprentices and Trainees subsidy in March 2020. In June, we called for an extension of

the subsidy beyond 30 September 2020 through our **Skilling Australia for a better future report**. Our report predicted that without intervention there would only be around 180,000 apprentices in training across Australia in 2021 – 30% less than the previous year and the lowest number since 1998. In early July, the Commonwealth Government announced an extension and expansion of the subsidy for a further six months until 31 March 2021.

In regional NSW, we continued the IllawarraYES program to build entry-level pathways for young people through training, work experience and employability skills workshops.

A spotlight on workers' compensation

During the first half of the year, we continued our participation in the Compliance and Performance Review of the Workers Compensation Nominal Insurer. Following the release of the review's report in December 2019, we convened a coalition of major employers from across the state to identify further opportunities for improving the workers' compensation scheme in NSW.

Our ongoing advocacy efforts on workers' compensation were also acknowledged this year. The NSW Government announced that premiums would remain on hold and that a scheduled review into the *State Insurance and Care Governance Act 2015* would be brought forward and expanded to include a 'root and branch' review into *icare*.

Ensuring a future with gas

Our report **Running on empty**, released in December 2019, analysed the damaging impact of a forecast shortage of gas supply in the mid-2020s on NSW's small businesses. We pressed the NSW and Commonwealth governments to deliver solutions before the effects of the shortfall are felt. These solutions include backing the Narrabri Gas Project, approved in October 2020, expanding pipeline capacity, as the Commonwealth has since committed to, and building an LNG import terminal in NSW.

1,600

responses to our Business Conditions Survey March 2020

Backing the regions

Conscious that the drought was damaging jobs and incomes in regional areas, we launched the **Backing the Bush** campaign in February. The campaign encouraged city-based corporates to relocate their off-site events to a region that had been impacted by natural disaster. More than 130 organisations signed up, including the NRL, AirBNB, Qantas, NAB, American Express and the University of Sydney, until the campaign was postponed due to COVID-19.

We also provided financial and administrative support to GIVIT, a community support charity that delivers locally sourced goods and donations to those in impacted areas. GIVIT injects vital income into the communities it supports by purchasing goods locally.

Collaborating with stakeholders

Throughout FY20, we initiated or participated in government and industry working groups, forums and taskforces to help shape the response of government and industry, particularly around COVID-19. This included:

- co-chairing the NSW Treasury Stimulus Taskforce, which brought together senior government and industry representatives throughout the pandemic
- working collaboratively with the ACCI and other state chambers on common issues and opportunities
- participating in the NSW Chief Economist industry roundtable
- working with the business community in areas such as Haymarket where the impact of reduced visitor numbers was most immediately felt.

Regional engagement a focus

The triple-whammy of drought, bushfires and COVID-19 created unprecedented challenges and uncertainty for regional businesses and communities.

As each crisis struck, we quickly tapped into our network of members. With members in every corner of the state, of different sizes and across a broad range of industries, we were well placed to provide accurate on-the-ground insight into issues as they emerged to inform regional development and policy discussions across the state.

In response to COVID-19, for example, our Regional Managers convened and attended countless Regional Advisory Committees, taskforces, working groups and other bodies to identify and advocate for localised recovery initiatives, particularly once state borders closed.

Leading through our chambers

In FY20, our Sydney, Western Sydney, Hunter and Illawarra chambers initiated responses including:

- securing government commitment to two major rail lines in the region: the \$8 billion Sydney Metro – Western Sydney Airport and \$20 billion Sydney Metro West between Westmead and the Sydney CBD, both game changers for Western Sydney
- a new Powerhouse Museum in Western Sydney, which is anticipated to start construction in late 2020
- securing \$1.8 billion in federal funds to help accelerate local councils projects in Western Sydney

- promoting a 24-hour economy and improved planning and land use in Sydney CBD to help businesses adapt to COVID-19 restrictions by using public spaces, like sidewalks, for dining and retail trading
- supporting a Metro station in the Pyrmont precinct to give residents, workers and visitors quick and easy access to and from the CBD and other transport hubs
- progressing the South West Illawarra Rail Link business case to unlock the economic capacity of the Illawarra by connecting it to south-western Sydney and opening Port Kembla to greater freight opportunities
- leading the Picton Road advocacy campaign to deliver a vital upgrade to the state's busiest road freight corridor that connects the Illawarra south-western Sydney
- successfully backing a Special Activation Precinct at Williamtown to drive growth and economic diversification in the Hunter region with potential to create more than 15,000 jobs.

Keeping members connected

The importance of staying in contact with our members and keeping them abreast of policy developments, particularly on the health and economic impacts of COVID-19, increased during FY20.

However, as NSW went into lockdown, we quickly pivoted to embrace the new way of working to maintain the attention of the nation's business and government leaders on business concerns. Overnight, our state-wide member events became virtual and were welcomed by both our high-calibre speakers and participants.

We also introduced new and improved ways to stay connected to our members and stakeholders. Highlights include:

- a Tele-Town Hall with NSW Treasurer Dominic Perrottet in April which attracted more than 3,000 callers from businesses across the state. The socially distanced town hall event allowed participants to listen over the phone and ask questions about the State Government's response to the COVID-19 crisis and the resources available to businesses
- an increase in social media blogs and posts, including on the availability of grants and support for businesses and policy outcomes
- the introduction of a monthly member email on policy updates and advocacy activities
- webinars with high-calibre speakers on issues such as border closures, surviving and thriving after COVID-19
- a record number of media mentions including in regional communities across the state.

Testament to the success and value of our engagement with members is the growth in the number of members in our First membership category, despite the economic impact of COVID-19.

Business sentiment at year's close

Our **Back on track** report highlighted just how big an impact COVID-19 had been on NSW businesses. While government restrictions had eased, lack of customer demand remained an issue for many businesses. Despite business confidence being fragile, particularly following the Victorian lockdowns, we remain optimistic for the future of business in NSW, and will continue to advocate to ensure a business-led recovery from COVID-19.

3,000

callers from businesses joined our first Tele-town Hall

April 2020

Board Director Warrick McClean donating products for the GIVIT drought relief appeal





Erin Brown, Special Counsel, Suzie Leask, Associate Director, and Kyle Scott, Associate Director from ABLA Newcastle team

Legal services to our members and the community

Workplace and Employment team

FY20 saw Australian Business Lawyers & Advisors (ABLA) continued involvement in workplace and employment policy cases, representing significant implications to businesses nationally. In a year of unprecedented challenges, ABLA demonstrated excellence in employment law working with clients, and in the spirit of 'generosity of information', focused on providing the business community with accessible and informative guides to help them navigate the pandemic.

ABLA was at the forefront of industry-wide test cases, particularly as the COVID-19 crisis emerged, requiring urgent and consensus-based amendments to the regulatory regime. In particular, ABLA:

- was at the forefront of unprecedented employer-union negotiations leading to urgent consent variation of Hospitality, Restaurant, Clerical and Vehicle Manufacturing/Repair/Retail Awards by the Fair Work Commission (FWC) in response to the COVID-19 pandemic. Each case was the subject of expedited hearings with substantial award amendments achieved in order to maintain employment during the pandemic
- represented ACCI in supporting the introduction of streamlined COVID-19 response measures into 99 modern awards
- advised and supported ACCI in consultation with the Attorney General's Office for JobKeeper legislation
- represented the Australian Childcare Alliance in landmark 'equal remuneration order' proceedings
- representing the disability employment sector in ongoing test case before FWC Full Bench and Federal Court of Australia seeking award rates of pay for people with disability for the first time
- representing ACCI and Business NSW in defending introduction of unprecedented 'pandemic leave' provisions into range of health industry awards
- represented ACCI in the seminal (and only Full Bench) FWC case that applied recent amendments to enterprise bargaining laws – Huntsman Chemical Company Australia Pty Ltd & Ors [2019] FWCFB 318.

ABLA continues to invest in providing information to clients, associations and businesses generally, to educate them on minimising risk.

Workplace Advice Unit

Our Workplace Advice Unit continued to thrive, providing detailed advice in over 27,580 calls – a record number. Between April to May, call volumes were up by 200% on the norm.

Workplace Assured

Through Workplace Assured, ABLA has supported members and clients achieve compliance in workplace relations – with 31% growth year on year.

Corporate and Commercial

The Corporate and Commercial team had a very successful year, taking out Commercial Team of the Year at the Australian Law Awards 2020. The team made a significant contribution to its parent company, including:

- commercial and corporate governance advice on membership and structural organisational changes
- improvement of governance and risk frameworks with the implementation of a group-wide contract indemnity policy and advice on best practice data retention and privacy matters
- business-critical IT transactions
- management of an extensive trademark portfolio including acting on the acquisition and registration of the Business Australia brand
- management of national leasing portfolio and commercial property requirements.

ABLA continues to be recognised for excellence by peers and industry with the following accolades:

Award recognition

- 2020** Commercial Team of the Year – Australian Law Awards
- 2020** Employment Law Specialist Firm of the Year – Excellence Award – Australasian Law Awards
- 2020** Workplace and Employment Team of the Year – Finalist – Australian Law Awards
- 2020** Leading Workplace Health & Safety Doyles Guide
- 2020** Recommended Employment Law Doyles Guide
- 2019** Workplace and Employment Firm of the Year – Australian Law Awards

200%
uplift in call volumes in April to May

76%
audience growth



ABLA celebrates winning Workplace Relations and Employment Team of the Year 2019



Sogna Ocello, Founder of Formaggi Ocello, member for 7 months

Business services for members

FY20 was a period of momentous change for both Business and Consulting Solutions and Customer Experience as the business units were merged to become Business Australia, launching our new free membership model.

Why change a good thing?

The aim of this change is to drive membership engagement by inviting businesses to be part of our organisation for free. From there, we have the opportunity to convert our members to customers by providing businesses services they need, at the point in time that they need them. If they don't buy services, or stop buying services, then our members remain engaged with our organisation and we can continue to help advise and support them through our digital platform.

Free membership is encouraging small and medium businesses, as well as startups, to become involved earlier in their business lifecycle, ensuring that Business Australia is in the best position to support and advise as many businesses as possible, all across the country.

Opportunities for new products

Being in a position to support a wider range of businesses enables Business Australia to widen the range of products and services available and allows the organisation to more directly help businesses improve their margins, become better employers and grow. It also gives us the opportunity to catch small, rapidly growing businesses before they experience common compliance issues and set them on the right track before things develop.

The new membership model creates more potential customers for our paid services. A larger and broader customer base exposes us to a wider range of needs and, to meet those needs, we can develop new products and services.

The new brand brings a new way of thinking

Above all, the decoupling of membership and commercial services enables us to focus on understanding our members well enough to offer them products that are only relevant and useful to their particular business. It makes us look at how we can help our members – first to encourage them to take up their free membership and then to entice them into buying services. It also means our commercial offerings must be of high enough quality to stand on their own in the marketplace.

Early success

The launch of our new brand has been a great success. We had 21,390 members when we launched Business Australia and our free membership model in March 2020. By 30 June, membership had grown to 32,609 and unique visits to our online business advisory hub grew 949% to 301,815* with, pleasingly, a commensurate increase in our net promoter score. Even with the increases in membership, our member satisfaction scores increased from 3.6 to 4.0 out of a possible 5.0.**

* The average monthly traffic through the content hub from March through June 2020 compared to the three months prior to launch

** 2020 MSat ratings in comparison to 2019 ratings, measured internally on an annual basis

BEAP (Business Energy Advice Program)

BEAP has posted excellent results, delivering over 5,000 consultations to small and medium sized businesses nationally within its first 12 months of operation. Additionally, over 2,500 small businesses within the BEAP program have requested a referral to Business Australia's energy comparison service which has helped identify an estimated annual average saving of almost \$900.

In November 2019, the program was extended by the Australian government, on Business Australia's recommendation, to include drought affected businesses with up to five equivalent full-time employees. This has seen 890 self-declared drought affected businesses access the program.

The Entrepreneurs' Program

Our Entrepreneurs' Program continues its user-centred approach and is becoming more flexible and responsive to its clients' needs. The focus in FY20 has been bushfire relief, which we expect to expand to include COVID-19 relief in the year ahead. The program has expanded to 40 facilitators, 13 of whom are dedicated to bushfire relief, four dedicated to micro and startup businesses and the remaining 23 distributed across the general activities of the Entrepreneurs' Program.

Catrina McAuliffe, Regional Services Manager NSW Farmers, participated in BEAP for her family farm



Apprenticeships and skills

Alliance Community Sydney Support Stars awards night 2019



FY20 has been a busy year for us with greater than anticipated demand for Productivity Force due to drought and fire recovery, and the COVID-19 response, record numbers of students signing up for Skills Road, further success with Productivity Bootcamps and providing information and support for all our members and clients.

Productivity Force

The first half of FY20 belonged to our crews, trades and apprentice labour hire solutions due to the devastating fires in the second half of 2019. Demand for qualified, pre-screened personnel who were certified and ready to work on building sites rose dramatically as teams mobilised across NSW to fight fires, do charity work and staff the rebuilding and recovery effort.

Demand was further bolstered in Western Sydney by new road, rail and airport infrastructure, which somewhat compensated for the reductions in demand from rural areas due to drought and the north and south coasts due to fire. This demand did not bounce back, as it usually would, due to COVID-19.

COVID-19 was, however, a positive driver of demand for food handling and processing personnel due to the increase in online food and grocery shopping. That demand continues to be high.

Apprenticeships

Apprenticeships are always at risk during economic downturns and reduced activity in the last six months saw apprenticeships reduce by 30% due to layoffs or new apprentices not starting. The \$1.3bn Apprentice Wage Subsidy announced in March will help keep apprentices in work and prevent a shortage of new skilled trades people a few years from now.

Skills Road

Our popular service helps students navigate their entry into the jobs market by assessing their career aspirations and helping them select subjects to support their goals. There are currently 350,000 students registered on Skills Road and 50,000 of those registered in 2020 alone.

Productivity Bootcamps in Construction

Our joint venture with Productivity Force continues to train youth in a productivity bootcamp, then place them on infrastructure sites throughout NSW, with road and tunnelling projects around Sydney being particularly popular. Of the more than 1,000 young people on the program in the last three years, 86% are still employed and 10% are back at school or doing further study.

Accreditations and awards

Our Recruitment Solutions division continued to support members and customers in the area of specialist recruitment, health services and apprentice hire across Australia.

Recruitment Solutions met all requirements for re-accreditation of the following industry standards, demonstrating the organisation's commitment to setting new industry standards for quality, safety and risk:

- NDIS (National Disability Insurance Scheme)
- ACIS (Australian Community Industry Standard 2018)
- AS4801 (Occupational Health & Safety Management Systems)
- Group Training Organisation Certificate of Registration – ACT and NSW
- ISO Quality Framework 9001:2015
- HSQF (Human Services Quality Framework).

The team was also honoured by the peak body for the Recruitment and Staffing industry, the RCSA, beating some of Australia's largest staffing organisations to win their Excellence in Safety Culture award in 2020.

Ongoing support for our customers and members

Throughout FY20 we have provided advocacy and advice to our members and customers, keeping them abreast of developments and making their needs known to government. We will continue to fight on behalf of NSW businesses in the coming year.

The Numbers

50,000

new Skills Road registrations

96%

of Productivity Bootcamp youth in employment or education

30%

reduction in apprenticeships

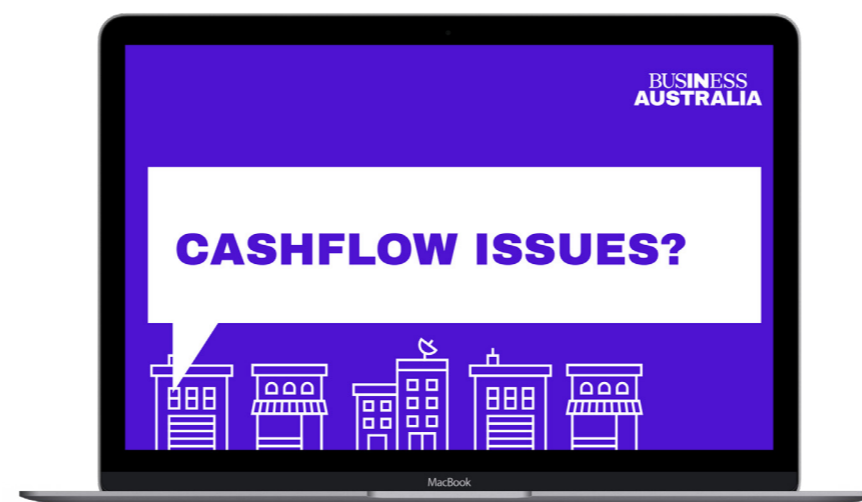
\$1.3bn

Apprentice Wage Subsidy

Apprentice of the Year for the Illawarra, Joshua Nickl



The launch of Business Australia



As 88% of all businesses employ fewer than five people, and 48% of all workers are employed in an SME, losing relevance to SMEs represented a big risk.

After 194 years providing advocacy, policy and essential commercial services to its members, the NSW Business Chamber (NSWBC) was churning members at an unprecedented rate. While absolute membership numbers were steady, membership had churned 50% in five years, and 22% in FY19 alone.

Constantly acquiring new members to replace those lost was inefficient and unsustainable. Research showed that non-member SMEs (small to medium enterprises) didn't see NSWBC as relevant to them and couldn't justify the cost of membership. As 88% of all businesses employ fewer than five people, and 48% of all workers are employed in an SME, losing relevance to SMEs represented a big risk.

The Executive Projects and Investments Committee created seven projects to analyse its membership, audience, product portfolio needs, customer experience, borderless working, financial transparency and organisational architecture. The outcomes of these projects were the genesis for the way forward – Project Chamber 2.0 was born.

The projects showed that radical changes were required to NSWBC's business model and branding. It also identified that the organisation's systems were inadequate for the challenge ahead.

NSWBC took the radical step of decoupling membership from the products and services that had previously been regarded as membership entitlements. Membership of the newly launched Business Australia is now free and perpetual. Members now purchase the business products or services they need from Business Australia as and when they need them.

To support the membership change, the policy and public affairs team rebranded itself as Business NSW.

The emergence of COVID-19 in Australia dramatically curtailed the roadshow to launch the new brands throughout NSW and across Australia. Despite this, the launch was more successful than anyone expected. Membership churn immediately reduced. It had taken 194 years, to March 2020, to acquire 21,390 members. In the three months to 30 June 2020, membership grew to 32,609. The content hub at businessaustralia.com has attracted over 300,000 unique visitors and nearly 900,000 page views.

Perhaps the greatest endorsement for the change came in comments from new members. One stood out for stating almost word-for-word that we had achieved our goals:

"I learnt about Business Australia during COVID-19. I was amazed at the valuable information that was supplied for small business that included government support and other assistance... on the money and ahead of the curve. Practical advice and thought-provoking insights daily, love it."

Owning a small business is an all-consuming passion that requires more time, effort and commitment than most people imagine. The new Business Australia doesn't make it simple to run a successful business, but it does make it a little easier. Since the rebranding and technology improvements, Business Australia's net promoter score has increased by 27 points, and member satisfaction to 4.0 out of 5.0.

At Business NSW and Business Australia we can confidently say that we are more ready than ever before to represent businesses in NSW and provide business services across Australia.



Business Australia content hub statistics

300,000

unique visitors

900,000

page views

The Board of NSW Business Chamber



Nola Watson



Ellie Brown



Judith Field



Lyall Gorman



Jennifer Levy



Brett Manwaring



Greg McNamara



Warrick McLean



Natalie Mitchell



Ian Ward-Ambler

NSW Business Chamber Councillors

Omar Afioni	Judith Field	Warrick McLean	Ian Pedersen
Cameron Arnold	Debra Fraser	Greg McNamara	Ian Penfold*
Sean Ashby	Lyall Gorman	Michael Mekhitarian	Daniel Rowan
Ellie Brown	Stephen Grabowski	Daniel Meyer	Frank Sammut
Prof. Trevor Cairney OAM	Amy Harper	Brian Millar	Gary Scott
Janine Cullen OAM	Simon Harrop	Natalie Mitchell	Andrew Vlachos
Rod Dever	Bruce Mackenzie	Graham Morgan	John Wakeling
Rob Drage	Brett Manwaring	David Mumford	Nola Watson
Hennie du Plooy	Lynn McColl	Grahame Nash	Terence Wetherall
Scott Emerson	Anthony McFarlane	Anne Parnham	Kerry Wilson

* Resignation effective 1 October 2020



Manly Co-op, member for 7 months



Anoulack Chanthivong MP and The Hon. Matt Kean MP with Katherine Rooney of Brookfarm Member for 14 years



State Business Awards 2019



The Hon. Stuart Ayres, Minister for Jobs, Investment, Tourism and Western Sydney at NSW Tourism Awards 2019



Employee secondment with bushfire relief charity GIVIT



Sydney Business Chamber with The Hon. Gladys Berejiklian, MP



Financial report 30 June 2020

NSW Business Chamber Limited
ABN 63 000 014 504

**NSW Business Chamber Limited
Trading as Business Australia
Directors' report
30 June 2020**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of NSW Business Chamber Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2020.

Directors

The following persons were directors of NSW Business Chamber Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

L N Gorman (President) (appointed as President on 20 February 2020)
B A Manwaring (Vice President) (appointed as Vice President on 20 February 2020)
N Watson
E T Brown
J R Field
J Levy (appointed on 12 March 2020)
W McLean
G J McNamara
N Mitchell (appointed on 20 February 2020)
I Ward-Ambler (appointed on 6 March 2020)
T H Cairney (resigned on 20 February 2020)
I B Penfold (resigned on 20 February 2020)
T C Wetherall (resigned on 20 February 2020)

Objectives

The consolidated entity's core mission is to create a better Australia by maximising the outcome and potential of Australian businesses.

The consolidated entity's vision encompasses being NSW's premier business organisation for small and medium-sized enterprises and large businesses; the recognised strong and respected voice for business in NSW; the pre-eminent thought leader and advocate for business; and to invigorate business through the delivery of a wide range of relevant, quality and innovative advice, services and solutions available to all businesses wherever located.

Strategy for achieving the objectives

The consolidated entity's strategy to deliver on its vision includes:

- Attracting, developing and retaining the best and the brightest talent in the market;
- Investing in enabling technology to support stability, member/client engagement and product/service delivery and innovation;
- Focusing on research and business engagement to develop thought leadership reports that address issues impacting on business;
- Profitable growth through a concentration on core activities and competencies and through targeted acquisitions;
- Considered, effective and relevant governance to maximise the value provided to members, clients and the wider business community;
- Maximising returns from a diversified investment portfolio to support its activities and to fund strategic projects as well as capability development to anticipate and pro-actively deliver on business needs; and
- Championing a collaborative chamber network to exert impactful influence on government at all levels, local, state and federal, to benefit business and the wider Australian community.

Principal activities

During the financial year, the principal activity of the consolidated entity continued to be an employer association, to promote, encourage, maintain and assist the manufacturing industry and trade and commerce in Australia through the provision of business services, support and advocacy.

Significant events

During the financial year, the consolidated entity undertook a rebranding exercise to be known as "Business Australia". In addition the policy and advocacy done in NSW is to be known as "Business NSW".

**NSW Business Chamber Limited
Trading as Business Australia
Directors' report
30 June 2020**

The Coronavirus (COVID-19) pandemic has had wide ranging and variable impacts on member businesses and the operations of the Chamber. The response to the pandemic led to the postponement of the face to face events program of the Chamber from March 2020. This impacted the financial performance of the organisation. Membership renewals have remained stable and directors were deliberate in ensuring contact and communication with the members was maintained since the onset of the pandemic.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Performance measures

The consolidated entity's performance is constantly measured against the following key performance indicators:

- Financial performance to budget, forecast and benchmark;
- Member retention and acquisition;
- Client satisfaction;
- Employee engagement;
- Policy and advocacy outcomes;
- Media effectiveness; and
- Various operational metrics appropriate to specific business activities.

Information on directors

Name:	Lyall N Gorman
Title:	President
Qualifications:	Dip Teach, BEd, MEd Admin
Experience and expertise:	Lyall was appointed President in February 2020. He has been a director of the Board since 2014 and has been a Councillor since that time. He is currently the Chief Executive Officer of Evolve Housing and was previously the Group Chief Executive Officer of the Manly Sea Eagles and, prior to that, the Cronulla Sharks. He is currently a Director of Cricket NSW. In June 2017 he was appointed as Chair of the Parramatta Park Trust. In June 2010 he was appointed by Football Federation Australia as Head of the Hyundai A-League and in May 2012 as the founding Executive Chairman of the Western Sydney Wanderers, a position he held until July 2014. Lyall is the former Executive Director of an Australian Securities Exchange ('ASX') listed public company (a merchant bank and investment holding company specialising in corporate finance, corporate advisory, strategic investment, property and asset management) and was formerly its Executive Director of Finance and Administration. He was the founding Chief Executive Officer and subsequently Executive Chairman of the Central Coast Mariners, one of the eight founding clubs in the Hyundai A-League. Lyall was extensively involved as the NSW Manager for the implementation and management of the Commonwealth Government Block Grant Authority capital construction program involving the assessment of project viability, risk analysis, financial overseeing and monitoring of the construction of property projects valued in excess of \$50 million per annum.
Special responsibilities:	Member of all Board Committees

**NSW Business Chamber Limited
Trading as Business Australia
Directors' report
30 June 2020**

Name: Brett A Manwaring
Title: Vice President
Qualifications: B.Econ (Accounting), Six Sigma (Green Belt)
Experience and expertise: Brett was appointed Vice President in February 2020. He joined as a Councillor in 2009 before being elected to the Board in 2012. Brett is a former director of the Illawarra Business Chamber, current joint Trustee of the Illawarra First Fund and is currently Chief Financial Officer and General Manager, Corporate Services at Evolve Housing. Brett's previous experience includes almost two years as Chief Operating Officer at Manly Sea Eagles, nine years as a director with Australasian advisory firm PPB Advisory, five years as Chief Operating Officer and Chief Financial Officer of a major Australian based textiles manufacturing, wholesale and distribution group and more than ten years banking and finance experience, including roles with GE Capital, St George Bank and Commonwealth Bank of Australia.

Special responsibilities: Chair of the Audit, Risk and Compliance Committee and Member of the Investment Committee

Name: Nola Watson FAICD
Title: Executive director
Qualifications: BA (Syd) Master Public Policy (ANU), Advanced Management Program (INSEAD), Advanced Risk Management Program (Wharton)
Experience and expertise: Nola has been a director since 2014, is the immediate past President and was previously the Chair of the Audit, Risk and Compliance Committee and the Business Environment & Economics Committee. She is a Director of the Australian Chamber of Commerce and Industry. She is also the Chair of the International Chamber of Commerce - Australia. Nola is an experienced company director with a strong executive career in risk management, governance and business strategy. She is the Principal of Indar Business Consulting. For over a decade, she held executive leadership roles in one of Australia's largest insurance companies, Insurance Australia Group ('IAG'). Prior to this, Nola spent many years in senior executive positions within the Commonwealth and NSW governments. Nola has been a Director of the IAG and NRMA Superannuation Board and Chair of its Audit and Risk Committee. She was also a Director of Australian Services Roundtable, Business for Millennium Development and the State Records Authority of NSW.

Special responsibilities: Member of the Investment Committee and Chairman of Australian Business Lawyers & Advisors ('ABLA')

Name: Eleanor T Brown
Title: Non-executive director
Qualifications: BBus: Marketing, WLA Advanced Leadership Program Cert IV TAE, Cert IV Beauty Therapy, GAICD
Experience and expertise: Ellie joined as a Councillor in 2005 before being elected to the Board in 2012. Ellie was previously the Chair of the Human Resources and Succession Committee. Ellie is the Principal of Ellie Brown Business Solutions, a business consulting company specialising in working with small to medium businesses, focusing on strategy, change and leadership development. She also works for Women in Leadership Australia as a Senior Facilitator and Executive Coach. Previously Ellie was the owner-operator of multi-site/multi-discipline small businesses in regional NSW. Ellie joined the Local Chamber movement over 20 years ago. She was the President of the Orange Business Chamber and the founding President of the Central West Business Chamber. Ellie was named in the Australian Financial Review and Westpac 100 Women of Influence Awards and Orange Electorate Woman of the Year, for her work within the business community and her involvement with the Business Chamber.

Special responsibilities: Member of the Human Resources and Succession Committee

**NSW Business Chamber Limited
Trading as Business Australia
Directors' report
30 June 2020**

Name: Judith R Field
Title: Non-executive director
Qualifications: Dip Teach: Early Childhood Education, MAICD
Experience and expertise: Judith has been a Councillor since 2005 and a director since 2016. Judith chaired the Skills Committee from 2006 to 2018 and was a member of the Investment Committee from 2016 to 2018. In 2002, Judith joined Lendlease and has had various roles within the Communities business with a strong focus on economic and social sustainability across NSW on projects such as Jordan Springs, Ropes Crossing, Calderwood Valley and Fig Tree Hill. Prior to Lendlease, Judith worked for 11 years at the University of Western Sydney in various roles in business development and research commercialisation. Her career has included early childhood teaching, retail and marketing experience as buyer/senior buyer with the Myer Group, and operation of her own successful marketing consultancy company for six years. Judith has been active in the Western Sydney region through a number of organisations including Penrith Valley Chamber of Commerce where she was a member of the Executive Committee as Vice President and President; as Vice Chairperson of the Board of Mamre Plains Ltd; as a Board Member of Penrith Business Alliance, and Chair of its Finance and Risk Committee. She was appointed to the Board of Western Sydney Parklands Trust in July 2018.

Special responsibilities: Chair of the Human Resources and Succession Committee and Chair of Workforce Skills Taskforce

Name: Jenny Levy
Title: Non-executive director
Qualifications: Masters in Project Management, MBA, GAICD
Experience and expertise: Jenny was appointed to the Board in March 2020. She is an accomplished executive, who has enjoyed success in various roles leveraging her leadership and experience in technology, innovation, cyber security, digital and strategy. She has delivered organisation change over a broad range of sectors, including finance, banking, funds management, superannuation, insurance, port authority, recruitment, primary and secondary health care. Her most recent roles include Group Director Digital and Transformation at St John of God Healthcare, member of the Optus Advisory Board, Chief Information Officer at Primary Health Care Limited, Non-Executive Director at Talent International, Chief Information Officer at Perpetual Limited, General Manager IT at Sydney Ports Corporation and Head of Technology and Chief Operating Officer at Westpac Banking Corporation.

Special responsibilities: Member of the Audit, Risk and Compliance Committee

NSW Business Chamber Limited
Trading as Business Australia
Directors' report
30 June 2020

Name: Warrick McLean
Title: Non-executive director
Qualifications: MBA, GradDipFinMan, BA
Experience and expertise: Warrick first joined as a Councillor in 2014, having been a former Vice President and Past President of Western Sydney First and was appointed to the Board in 2018. Warrick is the Chief Executive Officer and a Principal of Coleman Greig Lawyers, Western Sydney's largest commercial law firm based in Parramatta, Norwest and Penrith. Warrick is an experienced leader with a proven record in creating change through organisational transformation and process redesign. Warrick has over 20 years' experience in senior leadership roles within professional service organisations in Sydney and regional NSW. His success has been demonstrated through a track record of growing professional services firms, and creating sustainable performance improvement. His high level interpersonal skills allow him to genuinely engage with stakeholders at all levels. He is a former Member of Parramatta Local Residents Advisory Committee and former member of the City of Parramatta/Riverside Theatre Advisory Board. He is a Member of the Local Resident Representative - City of Parramatta Local Planning Panel. He is the past President of Australasian Legal Practice Management Association ('ALPMA').

Special responsibilities: Member of the Audit, Risk and Compliance Committee, Member of the Human Resources and Succession Committee and Chair of the BEE Committee

Name: Gregory J McNamara
Title: Non-executive director
Qualifications: MAICD
Experience and expertise: Greg joined as a Councillor in 2013 before being elected to the Board in 2014. Greg has spent his entire life working in the agricultural sector, firstly as a dairy share farmer, then moving to farm ownership in his mid-twenties. Greg currently runs a 300-strong dairy herd in partnership with his wife Sue and son Todd at Goolmangar, near Lismore. Greg was a director of Norco Co-Operative Limited between 1996 and 2020 and was Chairman of Norco's Board between 1999 and July 2020. Until recently, Greg was also a member of the Northern Rivers Cooperatives Alliance and Chair of Australian Organic Industries.

Special responsibilities: Chair of the Investment Committee and Member of the Human Resources and Succession Committee

Name: Natalie Mitchell
Title: Non-executive director
Qualifications: M.Comm (Professional Accounting), GAICD
Experience and expertise: Natalie was elected to the Council in 2015 and was elected to the Board in February 2020. Natalie's 25-year career in business management began with accounting and finance roles with Arthur Andersen, AGL and Dairy Farmers. These roles led to involvement in business management and inventory control software, taking her overseas to lead sales and software design and implementation teams in Tokyo, Singapore and Chicago. Upon returning to Australia, Natalie founded her own business, Capital Office Business Solutions, which provides business advisory services to businesses in the mid and north coast of NSW, including risk management, financial modelling, strategic planning, management accounting and systems implementation services. Natalie is passionate about promoting and developing businesses in regional Australia and was the Chair of Business NSW's Regional Presidents' Forum.

Special responsibilities: Member of the Audit, Risk and Compliance Committee

NSW Business Chamber Limited
Trading as Business Australia
Directors' report
30 June 2020

Name: Ian Ward-Ambler
Title: Non-executive director
Qualifications: BA (Melbourne), Advanced Management Program (INSEAD)
Experience and expertise: Ian was appointed to the Board in March 2020. He has spent most of his career in financial services, initially with JBWere/Goldman Sachs where he served as a director and member of the Management Committee and Risk Committee. He was President of JBWere's Securities Division in New York from 1995 to 2000. Ian was a director of the Financial Services Council, the industry peak body from 2010 to 2012. His final executive role was Chief Executive Officer of Goldman Sachs Asset Management in Australasia, which had \$12 billion in assets under management. Ian is also a member of the following boards: CBA Group Superannuation Board (Chair, Investment Committee); Melbourne Grammar School (Chair, Investment Management Committee); Trinity College, University of Melbourne (Chair, Finance & Audit Committee); Melbourne University Advisory Board – Indigenous Leadership, Excellence and Achievement Program; The Man Cave Global (Chair). Ian's previous board roles included Deputy Chair of Voyager Indigenous Tourism (Ayers Rock Resort), Deputy Chair of Australia's National Research Organisation for Women's Safety and Chair of the Indigenous Land Corporation's Board's Finance & Legal Committee. Ian is also an experienced executive coach.

Special responsibilities: Member of the Investment Committee

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2020, and the number of meetings attended by each director were:

	Full Board		Investment	
	Attended	Held	Attended	Held
L N Gorman*	10	10	4	4
B A Manwaring	9	10	4	4
N Watson	10	10	4	4
E T Brown	9	10	-	-
J R Field	8	10	-	-
J Levy	5	5	-	-
W McLean**	10	10	1	-
G J McNamara	9	10	3	4
N Mitchell	6	6	-	-
I Ward-Ambler	5	5	1	1
T H Cairney	4	4	-	-
I B Penfold	4	4	-	-
T C Wetherall	3	4	2	2

	Audit, Risk & Compliance		Human Resources & Succession	
	Attended	Held	Attended	Held
L N Gorman*	2	2	4	4
B A Manwaring**	4	4	1	-
N Watson	4	4	3	3
E T Brown**	1	-	4	4
J R Field**	1	-	4	4
J Levy	2	2	-	-
W McLean	3	4	2	2
G J McNamara	-	-	2	4
N Mitchell	2	2	-	-
I Ward-Ambler	-	-	1	1
T H Cairney	1	2	-	-
I B Penfold	1	2	-	-

NSW Business Chamber Limited
Trading as Business Australia
Directors' report
30 June 2020

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

- * The President is an ex officio member of all committees. N Watson completed her presidency on 20 February 2020 and L N Gorman was appointed as President on the same date.
- ** Attended meetings but not a member of the committee.

Company secretary

Chris Burubu (LLB (Hons), BA, GAICD) was appointed to the role of General Counsel & Company Secretary in 2017. Chris has 20 years of legal experience, with expertise in mergers and acquisitions, private equity, capital markets and general commercial law. Chris was previously the General Counsel of Transfield Holdings and has also held senior legal roles at AMP, Lazard and MinterEllison.

Corporate governance

The consolidated entity is committed to ensuring that its policies and practices reflect a high standard of corporate governance. The Board considers that the governance framework and adherence to that framework are fundamental in demonstrating that the directors are accountable to stakeholders and are appropriately overseeing the management of risk and the future direction of the consolidated entity.

Contributions on winding up

In the event of the company being wound up, members are required to contribute a maximum of \$10 each.

The total amount that members of the company are liable to contribute if the company is wound up is \$326,650 (2019: \$207,700) based on 32,665 (2019: 20,770) current ordinary members.

The Constitution does not permit the return of capital or the distribution of surplus by way of dividend to members.

Rounding of amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

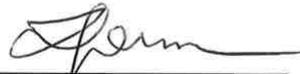
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 60-40 of the Australian Charities and Not-for-Profit Commission (ACNC) Act 2012 is set out immediately after this directors' report.


PricewaterhouseCoopers continues in office in accordance with Section 327 of the Corporations Act 2001.

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

On behalf of the directors


 L N Gorman
 Director

22 September 2020
 Sydney

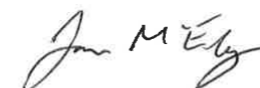

 B A Manwaring
 Director



Auditor's Independence Declaration

As lead auditor for the audit of NSW Business Chamber Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of NSW Business Chamber Limited and the entities it controlled during the year.



James McElvogue
 Partner
 PricewaterhouseCoopers

Sydney
 22 September 2020

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NSW Business Chamber Limited
Trading as Business Australia
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General information

The financial statements cover NSW Business Chamber Limited as a consolidated entity consisting of NSW Business Chamber Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is NSW Business Chamber Limited's functional and presentation currency.

NSW Business Chamber Limited is a not-for-profit public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 15
 140 Arthur Street
 North Sydney NSW 2060

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 September 2020. The directors have the power to amend and reissue the financial statements.

All press releases, financial reports and other information are available on the company's websites:
www.businessaustralia.com
www.businessnsw.com

NSW Business Chamber Limited
Trading as Business Australia
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	Consolidated	
		2020 \$'000	2019 \$'000
Revenue	3	246,916	247,444
(Losses)/gains and investment income	4	(382)	18,450
Interest revenue calculated using the effective interest method		55	183
Government grants	5	10,049	8,326
Expenses			
Advertising and marketing expense		(6,822)	(4,163)
Direct salary and other costs of providing services		(145,387)	(158,619)
Consultants, governance, legal and professional expenses		(4,904)	(5,222)
Employee benefits expense		(81,799)	(77,539)
Events and training		(3,173)	(3,728)
Depreciation and amortisation expense	6	(8,106)	(768)
Finance and investment costs		(1,870)	(1,947)
Impairment of receivables		(714)	(215)
Information technology expense		(9,939)	(4,256)
Motor vehicle expense		(1,744)	(3,127)
Rent, building and occupancy costs		(2,992)	(7,045)
Telecommunication expense		(2,736)	(2,655)
Travel and entertaining expense		(2,318)	(2,727)
Other expenses		(3,372)	(4,139)
Finance costs	6	(896)	-
Deficit before income tax expense		(20,134)	(1,747)
Income tax expense	7	(1,370)	(531)
Deficit after income tax expense for the year		(21,504)	(2,278)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>(21,504)</u>	<u>(2,278)</u>
Deficit for the year is attributable to:			
Non-controlling interest		(496)	(325)
Members of NSW Business Chamber Limited		(21,008)	(1,953)
		<u>(21,504)</u>	<u>(2,278)</u>
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(496)	(325)
Members of NSW Business Chamber Limited		(21,008)	(1,953)
		<u>(21,504)</u>	<u>(2,278)</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

NSW Business Chamber Limited
Trading as Business Australia
Statement of financial position
As at 30 June 2020

	Note	Consolidated	
		2020 \$'000	2019 \$'000
Assets			
Current assets			
Cash and cash equivalents		13,118	10,543
Trade and other receivables	8	21,902	35,855
Contract assets	9	8,930	-
Financial assets at fair value through profit or loss	10	179,839	190,809
Investments in cash managed trusts	11	64,549	84,311
Other	12	3,800	7,585
Total current assets		<u>292,138</u>	<u>329,103</u>
Non-current assets			
Property, plant and equipment	13	4,189	1,484
Right-of-use assets	14	9,387	-
Intangibles	15	51,605	40,670
Total non-current assets		<u>65,181</u>	<u>42,154</u>
Total assets		<u>357,319</u>	<u>371,257</u>
Liabilities			
Current liabilities			
Trade and other payables	16	19,885	20,827
Lease liabilities	17	3,994	-
Contract liabilities	18	9,588	-
Income tax payable		1,064	609
Employee benefits	19	6,565	7,594
Provisions	20	657	4,031
Other	21	-	8,139
Total current liabilities		<u>41,753</u>	<u>41,200</u>
Non-current liabilities			
Lease liabilities	22	6,690	-
Employee benefits	23	2,458	2,293
Provisions	24	759	601
Total non-current liabilities		<u>9,907</u>	<u>2,894</u>
Total liabilities		<u>51,660</u>	<u>44,094</u>
Net assets		<u>305,659</u>	<u>327,163</u>
Equity			
Retained surpluses		307,396	328,404
Equity attributable to the members of NSW Business Chamber Limited		307,396	328,404
Non-controlling interest		(1,737)	(1,241)
Total equity		<u>305,659</u>	<u>327,163</u>

The above statement of financial position should be read in conjunction with the accompanying notes

NSW Business Chamber Limited
Trading as Business Australia
Statement of changes in equity
For the year ended 30 June 2020

	Retained surpluses \$'000	Non- controlling interest \$'000	Total equity \$'000
Consolidated			
Balance at 1 July 2018	330,357	(916)	329,441
Deficit after income tax expense for the year	(1,953)	(325)	(2,278)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	<u>(1,953)</u>	<u>(325)</u>	<u>(2,278)</u>
Balance at 30 June 2019	<u>328,404</u>	<u>(1,241)</u>	<u>327,163</u>
Consolidated			
Balance at 1 July 2019	328,404	(1,241)	327,163
Deficit after income tax expense for the year	(21,008)	(496)	(21,504)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	<u>(21,008)</u>	<u>(496)</u>	<u>(21,504)</u>
Balance at 30 June 2020	<u>307,396</u>	<u>(1,737)</u>	<u>305,659</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

NSW Business Chamber Limited
Trading as Business Australia
Statement of cash flows
For the year ended 30 June 2020

	Note	Consolidated	
		2020 \$'000	2019 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		275,736	270,731
Payments to suppliers and employees (inclusive of GST)		(290,400)	(299,049)
Receipts from members (inclusive of GST)		6,729	6,806
Receipt of government grants		6,639	-
Interest paid		(896)	-
Income taxes refunded/(paid)		(914)	276
Interest received		55	183
Net cash used in operating activities	35	(3,051)	(21,053)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	32	-	(6,677)
Proceeds from/(payments for) investments		9,388	11,230
Payments for property, plant and equipment	13	(3,647)	(363)
Payments for intangibles	15	(13,498)	(4,340)
Dividends and investment income		18,344	20,748
Net cash from investing activities		10,587	20,598
Cash flows from financing activities			
Repayment of lease liabilities		(4,961)	-
Net cash used in financing activities		(4,961)	-
Net increase/(decrease) in cash and cash equivalents		2,575	(455)
Cash and cash equivalents at the beginning of the financial year		10,543	10,998
Cash and cash equivalents at the end of the financial year		13,118	10,543

The above statement of cash flows should be read in conjunction with the accompanying notes

NSW Business Chamber Limited
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Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

AASB 15 'Revenue from Contracts with Customers', AASB 16 'Leases' and AASB 1058 'Income of Not-for-Profit Entities' are most relevant to the consolidated entity and were adopted using the modified retrospective approach and as such comparatives have not been restated.

AASB 15 Revenue from Contracts with Customers

The consolidated entity has adopted AASB 15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price (see accounting policies below for further information on revenue recognition). Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position (see accounting policies below for further information on right-of-use-assets and lease liabilities).

Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117.

For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

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Note 1. Significant accounting policies (continued)

AASB 1058 Income of Not-for-Profit Entities

The consolidated entity has adopted AASB 1058 from 1 July 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9 'Financial Instruments', or provisions in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

The impact of adoption on opening retained surpluses as at 1 July 2019 was \$nil and the impact to the statement of financial position was as follows:

	1 July 2019 \$'000
Impact from AASB 16	
Operating lease commitments as at 1 July 2019 (AASB 117)	20,234
Operating lease commitments discount based on the weighted average incremental borrowing rate of 6.8% (AASB 16)	(3,614)
Additional lease payment applicable to lease term on exercise of extension option	2,044
Leases not recognised as a right-of-use asset (AASB 16)	(4,579)
Other lease related accruals	(1,189)
Right-of-use assets (AASB 16)	<u>12,896</u>
Right-of-use assets (AASB 16)	12,896
Lease liabilities - current (AASB 16)	(4,734)
Lease liabilities - non-current (AASB 16)	(9,351)
Other lease related accruals	<u>1,189</u>
Change in opening retained surpluses as at 1 July 2019	<u>-</u>

When adopting AASB 16 from 1 July 2019, the company has applied the following practical expedients:

- applying a single discount rate to the portfolio of leases with reasonably similar characteristics;
- accounting for leases with a remaining lease term of 12 months as at 1 July 2019 as short-term leases;
- excluding any initial direct costs from the measurement of right-of-use assets;
- using hindsight in determining the lease term when the contract contains options to extend or terminate the lease; and
- not to apply AASB 16 to contracts that were not previously identified as containing a lease.

Changes to disclosure as required by these standards, and consequential amendments to other standards, includes:

- reclassifying accrued income (previously included in other receivables) as contract assets; and
- reclassifying deferred revenue and revenue received in advance as contract liabilities.

NSW Business Chamber Limited
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Note 1. Significant accounting policies (continued)

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards ('AASB') and Interpretations issued by the Australian Accounting Standards Board, the Australian Charities and Not-for-profits Commission Act 2012 and associated regulations and the Corporations Act 2001, as appropriate for not-for-profit oriented entities.

Historical cost convention

These financial statements are prepared under the historical cost convention, except for financial assets at fair value through profit or loss and investments in cash managed trusts.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 36.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of NSW Business Chamber Limited ('company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. NSW Business Chamber Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

**NSW Business Chamber Limited
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Notes to the financial statements
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Note 1. Significant accounting policies (continued)

Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. (Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment). Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Revenue recognition

The company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Fee for services and other related income

Fee for service, including apprenticeship placement fees and legal services income, are recognised over time, on delivery of service in accordance with engagement letters or other relevant contracts or agreements.

Other products' income is recognised at a point in time, when goods are despatched to a customer.

Recruitment services

Recruitment services income are recognised as revenue over time when on-hire staff provide services in accordance with the recruitment contract.

Membership fees

Membership fees comprise annual subscriptions and are recognised over time as revenue on a monthly basis over the period of membership.

Other revenue

Other revenue is recognised at the point in time when it is received or when the right to receive payment is established.

**NSW Business Chamber Limited
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Notes to the financial statements
30 June 2020**

Note 1. Significant accounting policies (continued)

Investment income

Dividend income is recognised when it is received or when the right to receive payment is established.

Interest income from managed investments is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Government grants

Grant revenue is recognised in profit or loss when the consolidated entity satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the consolidated entity is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Volunteer services

The consolidated entity has elected not to recognise volunteer services as either revenue or other form of contribution received. As such, any related consumption or capitalisation of such resources received is also not recognised.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets

Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

NSW Business Chamber Limited
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Notes to the financial statements
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Note 1. Significant accounting policies (continued)

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or (ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Fair value movements are recognised in profit or loss.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	2-10 years
Furniture, fixtures and equipment	2-10 years
Motor vehicles	2-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

NSW Business Chamber Limited
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Notes to the financial statements
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Note 1. Significant accounting policies (continued)

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Client lists

Client lists acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of between two and five years.

Software development

Software development acquired in a business combination is capitalised at the fair value on acquisition. Costs incurred in developing products or systems and costs incurred in acquiring software and licences include the external direct costs of materials and services. An intangible asset arising from software development expenditure on an internal project is recognised only when the consolidated entity can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Capitalised software development is amortised on a straight-line basis over the period of their expected benefit, being their finite useful lives of between three and five years. Amortisation commences when the asset is available for use.

Impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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Note 1. Significant accounting policies (continued)

Contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for employee benefits leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Long-term employee benefits

Liabilities for employee benefits not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The consolidated entity recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

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Note 1. Significant accounting policies (continued)

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

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Note 1. Significant accounting policies (continued)

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Comparatives

Comparatives have been reallocated to be aligned with current year presentation. The reallocations did not affect profit, assets, liabilities or equity.

Rounding of amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2020. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Amending accounting standards

Amending accounting standards issued but not mandatory are not considered to have a significant impact on the financial statements of the consolidated entity as they provide either clarification of existing accounting treatment or editorial amendments.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make certain judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

NSW Business Chamber Limited
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Note 2. Critical accounting judgements, estimates and assumptions (continued)

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 8, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows (refer to note 15).

Impairment of non-financial assets other than goodwill

The consolidated entity assesses impairment of non-financial assets other than goodwill at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

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Note 2. Critical accounting judgements, estimates and assumptions (continued)

Control of entities where less than half of voting rights held

Management have determined that the consolidated entity controls Hunter Business Chamber Limited, even though it holds no voting rights of this Chamber. Control is established via contractual agreements.

Management have determined that the consolidated entity controls Productivity Force Holdings Pty Ltd, even though it holds only 50% of the voting rights of this company. Control is established via contractual agreements.

Management have also determined that the consolidated entity has control over Australian Business Foundation Limited, CBD Sydney Chamber of Commerce Limited, Illawarra Business Chamber, Sydney Chamber of Commerce and Business Australia, companies limited by guarantee. Control is established via sole membership and voting rights that the parent entity has in these entities.

Note 3. Revenue

	Consolidated	
	2020 \$'000	2019 \$'000
<i>Revenue from contracts with customers</i>		
Fee for service and other related income	61,331	49,880
Recruitment services	179,473	191,298
Membership fees	6,032	6,194
	<u>246,836</u>	<u>247,372</u>
<i>Other revenue</i>		
Rents and sub-lease rentals	80	72
Revenue	<u>246,916</u>	<u>247,444</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 2020 \$'000
<i>Geographical regions</i>	
Australia	<u>246,836</u>
<i>Timing of revenue recognition</i>	
Goods transferred at a point in time	12,864
Services transferred over time	<u>233,972</u>
	<u>246,836</u>

As AASB 15 has been applied prospectively from 1 July 2019, comparative information on disaggregation of revenue has not been provided.

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Note 4. (Losses)/gains and investment income

	Consolidated	
	2020 \$'000	2019 \$'000
Net fair value (loss)/gain on investments	(16,983)	(1,302)
Net loss on disposal of assets	(2,873)	(996)
Dividend income	19,274	19,767
Interest income from managed investments	200	981
(Losses)/gains and investment income	<u>(382)</u>	<u>18,450</u>

Note 5. Government grants

	Consolidated	
	2020 \$'000	2019 \$'000
Government grants *	-	8,326
Government grants - Coronavirus (COVID-19) related	10,049	-
	<u>10,049</u>	<u>8,326</u>

Government grants are recognised as income in the financial year the grant is received. A number of these grants extend into the following financial year and will be acquitted in accordance with the terms of the grants. There are no unfulfilled conditions or contingencies relating to the current financial year attached to these grants.

* Government grants have been reclassified to revenue from customers in the current year following the adoption of AASB 15.

In addition, during the year the consolidated entity received payments from the Australian Government amounting to \$9,300,000 as part of its 'JobKeeper' scheme in response to the Coronavirus ('COVID-19') pandemic. These non-tax amounts have been recognised as government grants and recognised as income once there is reasonable assurance that the consolidated entity will comply with any conditions attached.

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Note 6. Expenses

	Consolidated	
	2020	2019
	\$'000	\$'000
Deficit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	453	302
Furniture, fixtures and equipment	430	247
Motor vehicles	16	14
Buildings right-of-use assets	3,786	-
Motor vehicles right-of-use assets	945	-
Computer equipment right-of-use assets	254	-
Total depreciation	5,884	563
<i>Amortisation</i>		
Client lists	-	64
Software development	2,222	141
Total amortisation	2,222	205
Total depreciation and amortisation	8,106	768
<i>Finance costs</i>		
Interest and finance charges paid/payable on lease liabilities	896	-
<i>Leases</i>		
Minimum lease payments	-	7,413
Short-term lease payments	1,784	-
Low-value assets lease payments	77	-
	1,861	7,413
<i>Superannuation expense</i>		
Defined contribution superannuation expense	16,700	17,603

Note 7. Income tax expense

	Consolidated	
	2020	2019
	\$'000	\$'000
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Deficit before income tax expense	(20,134)	(1,747)
Tax at the statutory tax rate of 30%	(6,040)	(524)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Tax exempt loss/(income)	7,035	689
Tax loss/(income)	375	366
Income tax expense	1,370	531

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Note 7. Income tax expense (continued)

	Consolidated	
	2020	2019
	\$'000	\$'000
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	19,019	18,361
Potential tax benefit @ 30%	5,706	5,508

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed. These tax losses reside in a subsidiary of the company that itself is subject to income tax.

Note 8. Current assets - trade and other receivables

	Consolidated	
	2020	2019
	\$'000	\$'000
Trade receivables	20,371	27,769
Less: Allowance for expected credit losses	(870)	(550)
	19,501	27,219
Other receivables	2,401	8,636
	21,902	35,855

Allowance for expected credit losses

The consolidated entity has recognised a loss of \$714,000 (2019: \$215,000) in profit or loss in respect of impairment of receivables for the financial year ended 30 June 2020.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2020	2019	2020	2019	2020	2019
	%	%	\$'000	\$'000	\$'000	\$'000
Not overdue	0.699%	0.015%	10,746	14,718	75	2
30 days overdue	1.069%	0.040%	3,909	6,109	42	2
60 days overdue	2.579%	0.460%	1,667	2,221	43	10
Over 90 days overdue	17.530%	11.350%	4,049	4,721	710	536
			20,371	27,769	870	550

The consolidated entity has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay, due to the Coronavirus (COVID-19) pandemic. As a result, the calculation of expected credit losses has been revised as at 30 June 2020 and rates have increased in each category up to 6 months overdue.

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Note 8. Current assets - trade and other receivables (continued)

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	2020 \$'000	2019 \$'000
Opening balance	550	543
Additional provisions recognised	714	215
Receivables written off during the year as uncollectable	(394)	(208)
Closing balance	<u>870</u>	<u>550</u>

Note 9. Current assets - contract assets

	Consolidated 2020 \$'000
Contract assets	<u>8,930</u>

Reconciliation

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

Opening balance	-
Additions on adoption of AASB 15	6,359
Additions	246,836
Transfer to trade receivables	(244,265)
Closing balance	<u>8,930</u>

Note 10. Current assets - financial assets at fair value through profit or loss

	Consolidated	
	2020 \$'000	2019 \$'000
Shares and units in public entities	124,081	110,721
Shares and units in unrelated entities (including equity and pool trusts)	36,841	40,751
Other investments (including corporate bonds and investment trusts)	18,917	39,337
	<u>179,839</u>	<u>190,809</u>

Refer to note 26 for further information on fair value measurement.

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Note 11. Current assets - investments in cash managed trusts

	Consolidated	
	2020 \$'000	2019 \$'000
Investments in cash managed trusts	63,349	83,159
Illawarra First Fund	1,200	1,152
	<u>64,549</u>	<u>84,311</u>

The purpose of the Illawarra First Fund is to provide funding for strategic business leadership in the Illawarra region.

Note 12. Current assets - other

	Consolidated	
	2020 \$'000	2019 \$'000
Prepayments	1,565	2,548
Lease incentives	-	2,863
Employee insurance related deposits	2,235	2,174
	<u>3,800</u>	<u>7,585</u>

Note 13. Non-current assets - property, plant and equipment

	Consolidated	
	2020 \$'000	2019 \$'000
Leasehold improvements - at cost	10,764	8,975
Less: Accumulated depreciation	(8,923)	(8,470)
	<u>1,841</u>	<u>505</u>
Furniture, fixtures and equipment - at cost	3,963	2,152
Less: Accumulated depreciation	(1,640)	(1,210)
	<u>2,323</u>	<u>942</u>
Motor vehicles - at cost	145	145
Less: Accumulated depreciation	(120)	(108)
	<u>25</u>	<u>37</u>
	<u>4,189</u>	<u>1,484</u>

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Note 13. Non-current assets - property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Leasehold improve- ments \$'000	Furniture, fixtures and equipment \$'000	Motor vehicles \$'000	Total \$'000
Consolidated				
Balance at 1 July 2018	556	1,044	51	1,651
Additions	248	115	-	363
Additions through business combinations (note 32)	3	30	-	33
Depreciation expense	(302)	(247)	(14)	(563)
Balance at 30 June 2019	505	942	37	1,484
Additions	1,789	1,817	41	3,647
Write off of assets	-	(6)	(37)	(43)
Depreciation expense	(453)	(430)	(16)	(899)
Balance at 30 June 2020	1,841	2,323	25	4,189

Note 14. Non-current assets - right-of-use assets

	Consolidated 2020 \$'000
Land and buildings - right-of-use	12,871
Less: Accumulated depreciation	(3,753)
	9,118
Motor vehicles - right-of-use	1,109
Less: Accumulated depreciation	(945)
	164
Computer equipment - right-of-use	359
Less: Accumulated depreciation	(254)
	105
	9,387

Additions to the right-of-use assets during the year were \$1,468,000.

The consolidated entity leases land and buildings for its offices under agreements of between one to seven years with, in some cases, options to extend. The leases have various escalation clauses. The consolidated entity also leases motor vehicles and computer equipment under agreements of between one to two years. On renewal, the terms of the leases are negotiable.

The consolidated entity leases office equipment, these leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

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Note 15. Non-current assets - intangibles

	Consolidated 2020 \$'000	2019 \$'000
Goodwill - at cost	38,065	38,406
Less: Impairment	(2,000)	(2,000)
	36,065	36,406
Client lists - at cost	839	839
Less: Accumulated amortisation	(839)	(839)
	-	-
Software development - at cost	21,157	7,659
Less: Accumulated amortisation	(5,617)	(3,395)
	15,540	4,264
	51,605	40,670

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Goodwill \$'000	Client lists \$'000	Software develop- ment \$'000	Total \$'000
Consolidated				
Balance at 1 July 2018	29,335	64	65	29,464
Additions	-	-	4,340	4,340
Additions through business combinations (note 32)	7,071	-	-	7,071
Amortisation expense	-	(64)	(141)	(205)
Balance at 30 June 2019	36,406	-	4,264	40,670
Additions	-	-	13,498	13,498
Finalisation of prior year business combinations (note 32)	(341)	-	-	(341)
Amortisation expense	-	-	(2,222)	(2,222)
Balance at 30 June 2020	36,065	-	15,540	51,605

Impairment testing

Goodwill acquired through business combinations have been allocated to the following cash-generating units:

	Consolidated 2020 \$'000	2019 \$'000
Australian Business Recruitment Solution Group ('ABRS')	34,430	34,771
Others	1,635	1,635
	36,065	36,406

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on financial budgets approved by management. The cash flow projections covers a five-year period, together with a terminal value.

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Note 15. Non-current assets - intangibles (continued)

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive. The key assumptions were as follows:

Assumption	Description	2020 %	2019 %
Forecast revenue	Projected revenue growth rate for initial five-year period, determined with reference to historical experience.	6.50	3.50
Terminal value growth rate	Terminal value growth rate determined with reference to the industries in which the consolidated entity operates. For ABRS this is the healthcare industry.	1.50	2.00
Pre-tax discount rate	Based on weighted average cost of capital which reflects the time value of money and risks specific to the CGU.	17.00	17.00

Based on the value-in-use calculations, the goodwill's recoverable amount exceeded the carrying amount and therefore no impairment was required.

Sensitivity analysis

As disclosed in note 2, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

- (a) Terminal value growth rate would need to decrease by more than 1.0% and the discount rate would be required to increase by 10.9%, before goodwill would need to be impaired, with all other assumptions remaining constant.
- (b) The discount rate would be required to increase by 11.3% before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of the cash generating units for which goodwill has been allocated would not cause the carrying amount to exceed its recoverable amount.

Note 16. Current liabilities - trade and other payables

	Consolidated	
	2020 \$'000	2019 \$'000
Trade payables	2,976	1,627
Refundable carnet premiums	1,379	1,888
Other payables	15,530	17,312
	<u>19,885</u>	<u>20,827</u>

Refer to note 25 for further information on financial instruments.

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Note 17. Current liabilities - lease liabilities

	Consolidated	
	2020 \$'000	2019 \$'000
Lease liability	3,994	-

Refer to note 25 for further information on financial instruments.

Note 18. Current liabilities - contract liabilities

	Consolidated	
	2020 \$'000	2019 \$'000
Deferred revenue on workplace employment services	4,113	-
Membership fee and subscription fee received in advance	5,435	-
Subsidies and grants received in advance	40	-
	<u>9,588</u>	<u>-</u>

Note 19. Current liabilities - employee benefits

	Consolidated	
	2020 \$'000	2019 \$'000
Employee benefits	6,265	7,001
Redundancies	300	593
	<u>6,565</u>	<u>7,594</u>

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	Consolidated	
	2020 \$'000	2019 \$'000
Employee benefits	2,683	3,358

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Note 20. Current liabilities - provisions

	Consolidated	
	2020	2019
	\$'000	\$'000
Deferred lease incentives	-	2,806
Lease make good	59	98
Long-term incentives	120	445
Short-term incentives	478	682
	<u>657</u>	<u>4,031</u>

Refer to note 24 for explanation and movements in provisions.

Note 21. Current liabilities - other

	Consolidated	
	2020	2019
	\$'000	\$'000
Deferred revenue on workplace employment services	-	2,206
Membership fee and subscription fee received in advance	-	5,733
Subsidies and grants received in advance	-	200
	<u>-</u>	<u>8,139</u>

Note 22. Non-current liabilities - lease liabilities

	Consolidated	
	2020	2019
	\$'000	\$'000
Lease liability	<u>6,690</u>	<u>-</u>

Refer to note 25 for further information on financial instruments.

Note 23. Non-current liabilities - employee benefits

	Consolidated	
	2020	2019
	\$'000	\$'000
Employee benefits	<u>2,458</u>	<u>2,293</u>

Note 24. Non-current liabilities - provisions

	Consolidated	
	2020	2019
	\$'000	\$'000
Long-term incentives	616	381
Lease make good	143	220
	<u>759</u>	<u>601</u>

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Note 24. Non-current liabilities - provisions (continued)

Deferred lease incentives

The provision represents operating lease incentives received. The incentives are allocated to profit or loss in such a manner that the rent expense is recognised on a straight-line basis over the lease term.

Lease make good

The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

Long-term and short-term incentives

The provision represents the estimated value of incentives recommended by management to be paid to employees.

Movements in provisions

Movements in each class of provision (current and non-current) during the current financial year, other than employee benefits, are set out below:

	Deferred lease incentives	Lease make good	Long-term incentives	Short-term incentives
	\$'000	\$'000	\$'000	\$'000
Consolidated - 2020				
Carrying amount at the start of the year	2,806	318	826	682
Additional provisions recognised	-	21	715	608
Amounts used	-	-	(805)	(812)
Transferred to lease liabilities on adoption of AASB 16	(2,806)	-	-	-
Unused amounts reversed	-	(137)	-	-
Carrying amount at the end of the year	<u>-</u>	<u>202</u>	<u>736</u>	<u>478</u>

Note 25. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks, market risk (price and interest rate risk), credit risk and liquidity risk. The consolidated entity's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable and leases. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the long-term financial performance of the consolidated entity.

Risk management for the consolidated entity is carried out by a centralised finance and treasury function under policies approved by the Board of Directors. An Audit, Risk and Compliance Committee operates under a charter approved by the Board, monitoring the management of operational, financial and business risk in the consolidated entity. Risk management policies are reviewed by the Board on a regular basis.

The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Investment policy

The Investment Committee, a committee of the Board, is responsible for monitoring the performance of the appointed investment consultant, custodian and investment managers. The Investment Committee reviews the investment policy to assess the ability of the portfolio structure to successfully meet the objectives of the portfolio and recommends changes to the Board.

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Note 25. Financial instruments (continued)

The consolidated entity maintains an investment portfolio for the purpose of providing an annual sustainable distribution to finance ongoing activities, including operational expenses and strategic investments. The investment strategy and asset allocation recognises the tax status of NSW Business Chamber Limited as an employer association which is exempt from Australian income tax and which derives no economic benefit from imputation credits attaching to dividends from investments in shares of Australian companies.

The investment objectives for the portfolio is to generate a total return which, when averaged over the total lifetime of the portfolio, will exceed the rate of inflation, as measured by the consumer price index ('CPI'), by at least 3.5% per annum. Maximisation of this long-term return is subject to preserving the real value of the portfolio in perpetuity, which is dependent on the draw-downs as mentioned below.

The portfolio is diversified by asset class and active management process to reduce the risk from failure of individual investments and managers and to reduce volatility of the portfolio valuation. Diversification is in accordance with asset allocation ranges as set forth in the Strategic Asset Allocation as approved by the Investment Committee.

Investment managers which make use of derivatives within the investment strategy used by the consolidated entity are required to state the purpose of such use and the impact on risk and to provide copies of Risk Management Statements and other relevant documentation approved by the directors of the investment manager regarding use of derivatives of that manager.

Ongoing professional advice is sought in respect of the structure of investment mandates, the performance and continued suitability of externally appointed fund managers, the adequacy of the returns achieved and the continuing suitability of the investment policy. The consolidated entity has appointed a custodian and investment consultant to enhance the security of the consolidated entity's investments, advise on an appropriate investment strategy and to report on the performance of the fund managers.

The Board has implemented a strategy of draw-down from the investment portfolio to finance ongoing activities of the consolidated entity whilst preserving the real value of the portfolio in perpetuity. Currently, the long-term rate of distribution is 3.5%. 70% of the distribution for the financial year is calculated as a composite of the average of previous five years' distributions (adjusted for inflation) and 30% relating to the portfolio value (valued as at 31 March of the previous financial year).

The Board may vary the draw-down for a particular year in exceptional circumstances at its discretion. Such abnormal additional draw-down causes future draw-downs to be adjusted to reflect the changed capital base.

The portfolio of assets at the reporting date is cash and cash equivalents, investments in cash managed trusts and financial assets at fair value through profit or loss, as detailed in the statement of financial position.

Market risk

Foreign currency risk

The consolidated entity does not have any material assets or liabilities denominated in foreign currency.

The investment portfolio held by the consolidated entity and disclosed at fair value through profit or loss does contain securities that have underlying exchange rate exposures, however as any exchange rate fluctuations impact the price of the securities, this risk category is considered to be price risk.

Price risk

The consolidated entity is exposed to equity securities price risk arising from investments held and classified on the statement of financial position at fair value through profit or loss. The consolidated entity is not exposed to commodity price risk. In accordance with the Investment Policy, to manage its price risk arising from investments in equity securities, the consolidated entity diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Board.

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Note 25. Financial instruments (continued)

Consolidated - 2020	% change	Average price increase		% change	Average price decrease	
		Effect on profit before tax \$'000	Effect on equity \$'000		Effect on profit before tax \$'000	Effect on equity \$'000
Shares and other investments	10%	17,984	17,984	10%	(17,984)	17,984

Consolidated - 2019	% change	Average price increase		% change	Average price decrease	
		Effect on profit before tax \$'000	Effect on equity \$'000		Effect on profit before tax \$'000	Effect on equity \$'000
Shares and other investments	10%	19,081	19,081	10%	(19,081)	(19,081)

Interest rate risk

The consolidated entity's interest bearing assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis. In accordance with the Investment Policy, a sufficient percentage of the investment portfolio is held in interest bearing securities to enable the consolidated entity to meet its cash flow requirements. These interest bearing securities have underlying fair value interest rate risk exposures; however as any interest fluctuation impacts the price of the securities, this risk category is considered to be price risk. The Investment Committee constantly monitor the diversity of the portfolio mix.

Consolidated - 2020	Basis points change	Basis points increase		Basis points change	Basis points decrease	
		Effect on profit before tax \$'000	Effect on equity \$'000		Effect on profit before tax \$'000	Effect on equity \$'000
Cash	100	131	131	100	(131)	(131)
Investments in cash managed trusts	100	633	633	100	(633)	(633)
Illawarra First Fund	100	12	12	100	(12)	(12)
		776	776		(776)	(776)

Consolidated - 2019	Basis points change	Basis points increase		Basis points change	Basis points decrease	
		Effect on profit before tax \$'000	Effect on equity \$'000		Effect on profit before tax \$'000	Effect on equity \$'000
Cash	100	105	105	100	(105)	(105)
Investments in cash managed trusts	100	832	832	100	(832)	(832)
Illawarra First Fund	100	12	12	100	(12)	(12)
		949	949		(949)	(949)

Credit risk

Credit risk primarily arises from investments in debt securities. None of these assets are impaired nor past due but not impaired. The consolidated entity invests in debt securities which have an investment grade as rated by reputable independent rating agencies. At the time of the initial investment, all debt securities must have a minimum rating of 'A'. The Investment Committee approves the investment in any debt securities before any investment is undertaken and monitors the ongoing performance of the security.

NSW Business Chamber Limited
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Note 25. Financial instruments (continued)

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available. As disclosed in note 8, due to the Coronavirus (COVID-19) pandemic, the calculation of expected credit losses has been revised as at 30 June 2020 and rates have increased in each category up to 6 months overdue.

Other credit risks arise from cash and cash equivalents, as well as credit exposures to members, non-members and government organisations, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted for initial investments. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The credit risk of members and non-members are regularly monitored by line management. The provision of member services is withdrawn to members who are un-financial for more than 90 days. For non-member entitlements, goods and services are not generally rendered until full payment is received. For some receivables the consolidated entity may also obtain security in the form of guarantees which can be called upon if the counterparty is in default under the terms of the agreement.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings, if available, or to historical information about counterparty default rates. The maximum exposure for investments is the carrying amount of the financial assets at the reporting date.

	Consolidated	
	2020	2019
	\$'000	\$'000
Credit quality of financial assets held at the reporting date, net of impairment:		
A rated cash and cash equivalents	13,118	10,543
Trade receivables counterparties without credit rating	19,501	27,219
Current unsecured other receivables without external credit rating	2,401	8,636
Contract assets	8,930	-
Financial assets at fair value through profit or loss	179,839	190,809
Investments in cash managed trusts	63,349	83,159
Illawarra First Fund	1,200	1,152
Employee insurance related deposits	2,235	2,174
	<u>290,573</u>	<u>323,692</u>

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial assets mentioned above.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of available cash equivalents. The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. Further, the Board has adopted a distribution policy to finance the short-term cash flow requirements of the consolidated entity.

Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets. The consolidated entity does not have any exposure to borrowings or finance leases.

NSW Business Chamber Limited
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Note 25. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Consolidated - 2020						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	2,976	-	-	-	2,976
Other payables	-	15,530	-	-	-	15,530
<i>Interest-bearing - variable</i>						
Lease liability	6.80%	4,523	2,818	3,660	1,047	12,048
Total non-derivatives		<u>23,029</u>	<u>2,818</u>	<u>3,660</u>	<u>1,047</u>	<u>30,554</u>
Consolidated - 2019						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	1,627	-	-	-	1,627
Other payables	-	17,312	-	-	-	17,312
Total non-derivatives		<u>18,939</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,939</u>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 26. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Consolidated - 2020				
Assets				
Investments in cash managed trusts	-	63,349	-	63,349
Illawarra First Fund	-	1,200	-	1,200
Financial assets at fair value through profit or loss	124,081	55,758	-	179,839
Total assets	<u>124,081</u>	<u>120,307</u>	<u>-</u>	<u>244,388</u>

NSW Business Chamber Limited
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Note 26. Fair value measurement (continued)

Consolidated - 2019	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Investments in cash managed trusts	-	83,159	-	83,159
Illawarra First Fund	-	1,152	-	1,152
Financial assets at fair value through profit or loss	110,721	80,088	-	190,809
Total assets	110,721	164,399	-	275,120

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Valuation techniques for fair value measurements categorised within level 2 and 3

The fair value of financial assets and liabilities that are not traded in an active market are recorded at their net realisable value, or redemption value per unit, as reported by the investment managers of such investments.

Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PricewaterhouseCoopers, the auditor of the company:

	Consolidated	
	2020	2019
	\$	\$
<i>Audit services - PricewaterhouseCoopers</i>		
Audit of the financial statements	329,436	297,933
<i>Other services - PricewaterhouseCoopers</i>		
Other accounting services	62,156	55,753
Taxation compliance services	84,074	48,776
	146,230	104,529
	475,666	402,462

It is the consolidated entity's policy to employ PricewaterhouseCoopers ('PwC') on assignments additional to their statutory audit duties where PwC's expertise and experience with the consolidated entity are important. These assignments are principally tax advice and consulting services. PwC is awarded assignments on a competitive basis. It is the consolidated entity's policy to seek competitive tenders for all major consulting work.

Note 28. Contingent liabilities

Potential redundancies upon the non-renewal of the apprenticeship placement contracts

The consolidated entity has a contingent liability of \$1,739,000 (2019: \$1,592,000) as at 30 June 2020, in respect of potential statutory redundancies payable upon the non-renewal of the apprenticeship placement contracts held by the consolidated entity with the Commonwealth Government of Australia.

The existing contracts have terms until January 2022, at which time the consolidated entity intends to retender for contracts. The consolidated entity has been successful on a number of occasions with past tenders. It is not practical to estimate the potential effect of this contingency as at 30 June 2020 in the event that the contracts are not renewed or new contracts awarded, as it cannot be determined how many current employees will remain in employment at that time.

NSW Business Chamber Limited
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Note 28. Contingent liabilities (continued)

Productivity Bootcamp contingent expenses

The consolidated entity holds 50% of the share capital of Productivity Force Holdings Pty Limited. The remaining shares are held by interests associated with Productivity Bootcamp, a construction training organisation. Productivity Force Holdings Pty Limited places graduates of Productivity Bootcamp into work crews for the construction industry.

Contingent on the accumulation of sufficient retained earnings and cash surpluses, payments will be made to interests associated to Productivity Bootcamp to contribute towards the direct establishment and ongoing operating costs of the youth training project run by Productivity Bootcamp.

The establishment payment is \$428,000 as specified in the Productivity Force Holdings Pty Limited shareholders agreement. Ongoing contributions towards operating costs will be determined annually based on financial reports produced by Productivity Bootcamp.

Note 29. Commitments

	Consolidated	
	2020	2019
	\$'000	\$'000
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	7,343
One to five years	-	12,891
	-	20,234
<i>Service contract committed at the reporting date but not recognised as liabilities, payable:</i>		
Within one year	4,538	-
One to five years	12,209	-
	16,747	-

The service contract is for the delivery of IT services over four years.

Note 30. Related party transactions

Parent entity

NSW Business Chamber Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 33.

Associates

Interests in associates are set out in note 34.

Key management personnel

Disclosures relating to key management personnel are set out in note 31.

NSW Business Chamber Limited
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Note 30. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2020	2019
	\$	\$
Provision to related party of goods and services:		
Provision of office support services to Chambers Apprenticeship Support Australia Pty Ltd	85,032	100,500
Provision of marketing services to Chambers Apprenticeship Support Australia Pty Ltd	84,452	82,122
Provision of labour hire to Productivity Force Pty Ltd	311,638	1,287,803
Provision of office support services to Australian Chamber of Commerce and Industry	192,271	270,291
Provision of legal services to Australian Chamber of Commerce and Industry	57,077	37,191
Provision of event sponsorship to Australian Chamber of Commerce and Industry	-	24,000
Provision of consulting, meeting and other services to Australian Business Industrial	155,244	212,085
Provision by related party of goods and services:		
Provision of consultancy services from Breen Global Pty Ltd	67,500	67,500
Provision of labour hire from Productivity Boot Camp Pty Ltd	56,606	24,036
Provision of membership fees from Australian Chamber of Commerce and Industry	661,000	644,800
Provision of trade documentation services from Australian Chamber of Commerce and Industry	145,845	137,748
Provision of premises from Australian Chamber of Commerce and Industry	45,810	49,628
Provision of membership fees from Australian Business Industrial	189,000	205,000

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2020	2019
	\$	\$
Current receivables:		
Trade receivables from Chambers Apprenticeship Support Australia Pty Ltd	288,183	83,705
Trade receivables from Productivity Force Pty Ltd	46,391	610,663
Trade receivables from Australian Chamber of Commerce and Industry	98,413	7,318
Trade receivables from Australian Business Industrial	145,599	220,000
Current payables:		
General accruals to Breen Global Pty Ltd	22,500	45,000
Trade payables to Australian Business Industrial	189,043	225,555

- Chambers Apprenticeship Support Australia Pty Ltd is an entity formed to administer the apprenticeship placements contracts with the Commonwealth Government of Australia on behalf of its shareholders which includes the NSW Business Chamber Limited and other state based business chambers. Income earned by the shareholders from this contract is co-ordinated by Chambers Apprenticeship Support Australia Pty Ltd. Shareholders contribute to cover its operating expenses, for services provided by the NSW Business Chamber Limited.
- Australian Chamber of Commerce and Industry ('ACCI') is a director related entity with S M Cartwright, N Watson and T C Wetherall being current directors of ACCI. All transactions were at arm's length and on commercial terms and conditions.
- Paul Breen is a director of Productivity Force Holdings Pty Ltd, Breen Global Pty Ltd, Productivity Boot Camp Pty Ltd and Productivity Force Pty Ltd. Breen Global Pty Ltd holds shares in Productivity Force Holdings Pty. All transactions with these entities were at arm's length and on commercial terms and conditions. Productivity Force Pty Ltd is a significant customer of Productivity Force Holdings Pty Ltd.

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Note 30. Related party transactions (continued)

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions. Outstanding balances are unsecured and are repayable in cash.

Note 31. Key management personnel disclosures

Directors

The following persons were directors of NSW Business Chamber Limited during the financial year:

L N Gorman	President - non-executive
B A Manwaring	Vice President - non-executive
N Watson	Non-executive director
E T Brown	Non-executive director
J R Field	Non-executive director
J Levy	Non-executive director
W McLean	Non-executive director
G J McNamara	Non-executive director
N Mitchell	Non-executive director
I Ward-Ambler	Non-executive director
T H Cairney	Non-executive director
I B Penfold	Non-executive director
T C Wetherall	Non-executive director

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

S M Cartwright	Chief Executive Officer
B R Pearce	Chief Financial Officer
D J Cocks	Chief Operating Officer
C A Mackenzie	Chief Digital Officer
R K Spencer	Chief Customer Experience Officer
A Fiumara (appointed on 22 January 2020)	Director, Policy and Advocacy
A Diab	Director, People and Property
T J Haddow	Director, Consulting and Solutions
N J Ward	CEO and Director, Australian Business Lawyers & Advisors ('ABLA')
C Lamont (resigned on 18 October 2019)	Director, Policy, Advocacy & Influence

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2020	2019
	\$	\$
Short-term employee benefits	4,047,539	3,937,769
Post-employment benefits	273,118	296,108
Long-term benefits	321,918	265,896
Termination benefits	-	215,530
	<u>4,642,575</u>	<u>4,715,303</u>

NSW Business Chamber Limited
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Note 31. Key management personnel disclosures (continued)

The specific banding of directors and other members of key management personnel remuneration from the consolidated entity are as follows:

	Consolidated	
	2020	2019
\$'000		
under \$100	12	10
\$100 to \$200	3	2
\$200 to \$300	1	4
\$300 to \$400	3	2
\$400 to \$500	1	1
\$500 to \$600	1	-
\$600 to \$700	1	1
\$700 to \$800	1	1
	<u>23</u>	<u>21</u>

Note 32. Business combinations

Heartbeat Nursing Agency Pty Ltd (comparative period)

In the previous financial year, on 7 June 2019, the consolidated entity acquired 100% of the share capital of Heartbeat Nursing Agency Pty Ltd, a health care provider based in Western Sydney, engaged by organisations as a supplier of care staff and nurses to hospitals, facilities and families.

The acquisition recognised in the 2019 financial statements was provisional as there was insufficient time between the acquisition date and reporting date to finalise the fair values of the assets and liabilities acquired.

During the year, the acquisition values were finalised. The changes included a reduction in the acquisition value \$299,000 and a reduction in goodwill paid of \$341,000.

NSW Business Chamber Limited
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Note 32. Business combinations (continued)

The revised acquisition details are as follows:

	Heartbeat Nursing Agency Pty Ltd		
	Revised Fair value \$'000	Provisional Fair value \$'000	Difference Fair value \$'000
Cash and cash equivalents	423	423	-
Trade receivables	335	369	(34)
Other receivables	311	355	(44)
Leasehold improvements	-	3	(3)
Furniture, fixtures and equipment	-	30	(30)
Trade payables	(88)	(90)	2
Other payables	(494)	(372)	(122)
Employee benefits	(416)	(689)	273
Net assets acquired	71	29	42
Goodwill	6,730	7,071	(341)
Acquisition-date fair value of the total consideration transferred	<u>6,801</u>	<u>7,100</u>	<u>(299)</u>
Acquisition costs expensed to profit or loss	<u>332</u>	<u>332</u>	<u>-</u>
Cash used to acquire business, net of cash acquired:			
Acquisition-date fair value of the total consideration transferred	6,801	7,100	(299)
Less: cash and cash equivalents	(423)	(423)	-
Net cash used/(received)	<u>6,378</u>	<u>6,677</u>	<u>(299)</u>

Note 33. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2020 %	2019 %
Australian Apprenticeship Alliance Pty Limited	Australia	100%	100%
Australian Business Limited Apprenticeship Centre Pty Limited	Australia	100%	100%
Australian Business Foundation Limited (a)	Australia	-	-
Australian Business Lawyers & Advisors Pty Limited	Australia	100%	100%
Australian Business Pty Limited	Australia	100%	100%
Australian Business Training Solutions Group Pty Limited	Australia	100%	100%
Australian Chambernet Pty Limited	Australia	100%	100%
Australian Business Solutions Group Pty Ltd	Australia	100%	100%
First People HR Pty Limited	Australia	100%	100%
Hunter Business Chamber Limited (b)	Australia	100%	100%
Illawarra Business Chamber Limited (a)	Australia	100%	100%
Recruitment Solutions Group Australia Pty Limited	Australia	100%	100%
Sydney Chamber of Commerce (a)	Australia	100%	100%
Workplaceinfo Pty Limited	Australia	100%	100%

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Note 33. Interests in subsidiaries (continued)

Name	Principal place of business / Country of incorporation	Ownership interest	
		2020 %	2019 %
Amaroo Business Centre Pty Limited	Australia	100%	100%
Amaroo (Shanghai) Trading Co. Ltd	China	100%	100%
Workplace Assured Pty Limited (c) (e)	Australia	51%	51%
CBD Sydney Chamber of Commerce Limited (a)	Australia	-	-
Alliance Health Services Group Pty Limited	Australia	100%	100%
Business Australia (a)	Australia	-	-
CQ Nurse Pty Ltd	Australia	100%	100%
Productivity Force Holdings Pty Ltd (d) (e)	Australia	50%	50%
Heartbeat Nursing Agency Pty Ltd	Australia	100%	100%

(a) Australian Business Foundation Limited, CBD Sydney Chamber of Commerce Limited, Illawarra Business Chamber Limited, Sydney Chamber of Commerce and Business Australia are companies limited by guarantee in which the parent entity owns a special membership in each entity which entitles it to control them.

(b) The parent entity has agreements with Hunter Business Chamber Limited that enabled it control of this Chamber, without holding an equity interest.

(c) 49% of the share capital in Workplace Assured Pty Limited is held by the Victorian Chamber of Commerce & Industry.

(d) 50% of the share capital in Productivity Force Holdings Pty Limited. is held by interests associated with Productivity Boot Camp Pty Ltd, a construction training organisation.

(e) The interest that non-controlling interests have in the group are not material and their summarised financial information hence not provided.

Note 34. Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2020 %	2019 %
Australian Chamber Alliance Pty Ltd	Australia	14%	14%
Chambers Apprenticeship Support Australia Pty Ltd	Australia	25%	25%
Campaign for Small Business Pty Ltd	Australia	17%	17%

Summarised financial information for the associates has not been provided as they are not material to the consolidated entity.

NSW Business Chamber Limited
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Note 35. Reconciliation of deficit after income tax to net cash used in operating activities

	Consolidated	
	2020 \$'000	2019 \$'000
Deficit after income tax expense for the year	(21,504)	(2,278)
Adjustments for:		
Depreciation and amortisation	8,106	768
Net loss on disposal of property, plant and equipment	45	-
Net fair value loss on investments	19,815	2,298
Distributions received	(18,343)	(20,748)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	7,663	(3,595)
Increase/(decrease) in trade and other payables	(2,429)	2,924
Increase in provision for income tax	455	807
Increase/(decrease) in other provisions	3,141	(1,229)
Net cash used in operating activities	<u>(3,051)</u>	<u>(21,053)</u>

The company has a bank guarantee facility at 30 June 2020 of \$2,766,541 (2019: \$2,834,419) for the provision of rental guarantees on leasehold properties. The facility was drawn at 30 June 2020 to \$2,706,048 (2019: \$2,516,937).

Note 36. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2020 \$'000	2019 \$'000
Deficit after income tax	(23,624)	(6,019)
Total comprehensive income	<u>(23,624)</u>	<u>(6,019)</u>

Statement of financial position

	Parent	
	2020 \$'000	2019 \$'000
Total current assets	265,271	304,115
Total assets	<u>346,351</u>	<u>356,875</u>
Total current liabilities	45,901	33,172
Total liabilities	<u>48,594</u>	<u>35,494</u>
Equity		
Retained surpluses	297,757	321,381
Total equity	<u>297,757</u>	<u>321,381</u>

**NSW Business Chamber Limited
Trading as Business Australia
Notes to the financial statements
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Note 36. Parent entity information (continued)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2020 and 30 June 2019.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019, except for as disclosed in note 28.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity;
- investments in associates are accounted for at cost, less any impairment, in the parent entity; and
- dividends received from subsidiaries and associates are recognised as other income by the parent entity and their receipt may be an indicator of an impairment of the investment.

Note 37. Events after the reporting period

The Coronavirus (COVID-19) pandemic has had wide ranging and variable impacts on member businesses and the operations of the Chamber. The response to the pandemic lead to the postponement of the face to face events program of the Chamber from March 2020. This impacted the financial performance of the organisation. Membership renewals have remained stable and directors were deliberate in ensuring contact and communication with the members was maintained since the onset of the pandemic.

SM Cartwright resigned as Chief Executive Officer from 21 August 2020 and N Watson was appointed as an interim Chief Executive Officer on 17 August 2020.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**NSW Business Chamber Limited
Trading as Business Australia
Directors' declaration
30 June 2020**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Australian Charities and Not-for-profits Commission Act 2012 and associated regulations and other mandatory professional reporting requirements
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- 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 directors made pursuant to section 295(5)(a) of the Corporations Act 2001 and section 60.15 of the Australian Charities and Not-for-profits Commission Regulations 2013.


L N Gorman
Director

22 September 2020
Sydney


B A Manwaring
Director



Independent auditor's report

To the members of NSW Business Chamber Limited

Our opinion

In our opinion:

The accompanying financial report of NSW Business Chamber Limited (the Company) and its controlled entities (together the Group) is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended
- complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

What we have audited

The Group financial report comprises:

- the Statement of financial position as at 30 June 2020
- the Statement of changes in equity for the year then ended
- the Statement of cash flows for the year then ended
- the Statement of profit or loss and other comprehensive income for the year then ended
- the Notes to the financial statements, which include a summary of significant accounting policies
- the Directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. This declaration would be in the same terms if it had been given to the relevant directors at the time the auditor's report was made.

PricewaterhouseCoopers, ABN 52 780 433 757

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Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included Director's report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.



Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of NSW Business Chamber Limited for the year ended 30 June 2020 included on NSW Business Chamber Limited's web site. The directors of the Company are responsible for the integrity of NSW Business Chamber Limited's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

A handwritten signature in black ink, appearing to read 'PwC', positioned above the company name.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'James McElvogue', positioned above the name and title.

James McElvogue
Partner

Sydney
25 September 2020

NSW Business Chamber

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