

Australian Institute of Marine and Power Engineers



FEDERAL TREASURER'S REPORT TO ANNUAL GENERAL MEETING 2009 & FEDERAL COUNCIL 2009

INTRODUCTION

Attached please find a copy of the audited accounts for the financial year 2007-2008.

The Workplace Relations Act requires that the accounts be received by the governing body of the union. This was done in November 2008 by way of a postal ballot of the AIMPE Federal Executive. The accounts were signed off by the auditor and then circulated to all members with the November 2008 edition of the On Watch. The December meeting of the Federal Executive endorsed the postal ballot decision.

However changes to the regulations in recent years mean that the AIMPE's Rules do not comply with the requirements of the Workplace Relations Act on reporting to the members. Draft rule changes have been prepared to enable financial reports to be presented to members within 6 months of the end of the financial year as required by the regulations.

Each meeting should record that the audited accounts have been received and noted.

INCOME

AIMPE's Total Income for the year was almost \$350,000 less than in the previous financial year:

2001-2002	\$1,107,608
2002-2003	\$1,568,963
2003-2004	\$2,076,047
2004-2005	\$1,533,691
2005-2006	\$2,038,815
2006-2007	\$1,649,941
2007-2008	\$1,298,496

The reduced income is primarily the result of the realized losses [\$206,888] and the unrealized losses [\$363,818] incurred as a result of the dramatic plunge in the value of our investments managed by the Macquarie Bank. These changes in the value of our investments have been dealt with in previous reports however in operational terms the impact is that we are not in receipt of the interest income that we had anticipated to generate by the market based investment.

There was an increase in revenue from membership contributions, levies and On Watch contributions to a level which exceeded the amount received in recent years:

2001-2002	\$1,022,502
2002-2003	\$1,070,415
2003-2004	\$1,175,073
2004-2005	\$1,290,746
2005-2006	\$1,430,873
2006-2007	\$1,519,312
2007-2008	\$1,680,712

This reflected a further increase in the number of members in one or other of the Seagoing categories – especially in the offshore oil and gas sector and also to a lesser extent the tugs. Also the increase in membership fees approved by the Federal Council assisted in gathering more income.

The combined income from Interest, Rent, Dividends and Distributions recovered somewhat as a result of increased interest rates obtained on short term investments during the period:

2001-2002	\$117,781
2002-2003	\$169,706
2003-2004	\$217,074
2004-2005	\$209,791
2005-2006	\$218,731
2006-2007	\$104,765
2007-2008	\$172,825

EXPENDITURE

On the expenditure side of the ledger, expenses during 2007-2008 were above the levels of previous years:

2001-2002	\$1,503,567
2002-2003	\$1,457,709
2003-2004	\$1,517,911
2004-2005	\$1,523,876
2005-2006	\$1,682,282
2006-2007	\$1,737,296
2007-2008	\$1,841,975

We spent less on legal fees [down by \$98,000], travel and accommodation expenses, as well as project related expenditure, approximately the same on building costs and motor vehicle expenses but more on salaries, superannuation and communications. The biggest single increase in dollar terms was the donations category which included the \$100,000 donation to the Australian Labor Party in the run-up to the 2007 Federal Election.

ASSETS

The Institute remains in a solid financial position with non-current assets of \$3,713,779 [\$4,282,793 in 2006-2007] incorporating the value of the investments in the Macquarie Managed Portfolio. Current assets increased to a total of \$1,188,489 [\$971,249 in 2006-2007]. The reduction in the value of the non-current assets is due to the impact of the stockmarket and property market reductions during the course of the financial year.

Total assets now stand at \$4,902,268 [\$5,254,042 in 2006-2007]. AIMPE continues to own all of the premises where the employees operate [as well as the SA Building] however the investments managed by Macquarie lost value during the financial year and continue to impact adversely on our accounting position. Four of the AIMPE buildings are currently valued as at their 1989 valuations and a process has been commenced of obtaining up to date valuations to provide a more contemporary value for the accounts. However there has been no change to the policy of owning our operating premises [and the SA building]

and so the valuations do not impact on our day to day finances.

When total liabilities are taken into account the net asset position of AIMPE is \$4,084,159 [compared to \$4,627,638 in 2006-2007].

TRENDS AND CONCLUSIONS

The operating deficit of \$543,479 for 2007- 2008 is a worse result than any in recent year and reflects the severe impact of the global financial crisis on the stock markets and the property markets in which the Macquarie Managed Portfolio have been invested.

Income for 2008-2009 is likely to be around \$1,950,000 due to the additional seagoing members working particularly in the Offshore Oil and Gas sector. We budgeted for \$1,868,459.

Expenditure for 2007-2008 is likely to be approximately \$1,720,000 [we budgeted for \$1,758,709]. So we have managed our monthly expenditure well.

However the value of the Macquarie Managed Portfolio at \$1,174,516 as at the end of April 2009 [compared with \$1,543,299 at 30th June 2008] continues to impact negatively on our accounts.

A handwritten signature in black ink, appearing to read 'Martin Byrne', with a long horizontal flourish extending to the right.

Martin Byrne
Federal Treasurer