

30th ANNUAL REPORT

1994



RTA STAFF CREDIT UNION LIMITED
Incorporate in NSW ARBN 055 427 079



REGISTERED OFFICE
Suite 2, 86 Mary Street
SURRY HILLS NSW 2010

CREDIT UNION MISSION

The RTA STAFF Credit Union was established for the sole purpose of improving the financial well-being of RTA employees, their families and friends.

NOTICE OF ANNUAL GENERAL MEETING

The 30th Annual General Meeting of the RTA STAFF Credit Union Limited will be held in the 1st Floor Conference Room of the Centennial Plaza Building, 260 Elizabeth Street, Surry Hills on Thursday, 17th November, 1994 commencing at 1.05pm.

The formal notice of the business of the meeting was contained in the September, 1994 issue of "Member News".

REGISTERED OFFICE

RTA STAFF Credit Union Limited
ARBN 055 427 079
Suite 2, 86 Mary Street, Surry Hills NSW 2010
PO Box K198, Haymarket NSW 2000
Telephone: (02) 218 6854 Facsimile: (02) 218 6605

K NOW YOUR CREDIT UNION

MEMBERS

BOARD OF DIRECTORS

RON SINCLAIR (Chairman)

ALLAN COOK (Deputy Chairman)
GLEN MORGAN
WARWICK RANDELL

PHILIP GALLAGHER
SUZANNE SINCLAIR
PATRICK MURPHY

ADMINISTRATION

DON JONES (General Manager)
IRENE MAIDMENT (Investment Edvest)
CATHY MILNE and JOANNE BADENOCH (Loans)
VIENA YEE and SANDRA DOWN (Memberships/Tellers)

AUDITORS

KMPG PEAT MARWICK
THE KMPG CENTRE
45 CLARENCE STREET, SYDNEY

BANKERS

CREDIT UNION SERVICES CORPORATION
(AUSTRALIA) LTD
CENTRALISED BANKING SCHEME WITH
THE NATIONAL AUSTRALIA BANK LTD

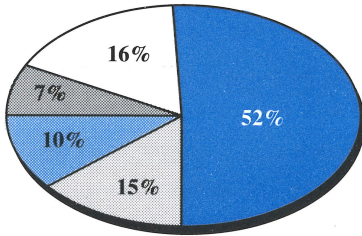
SOLICITORS

LANGE & CO
4TH FLOOR
416 GEORGE STREET,
SYDNEY

PROGRESS OVER FIVE YEARS

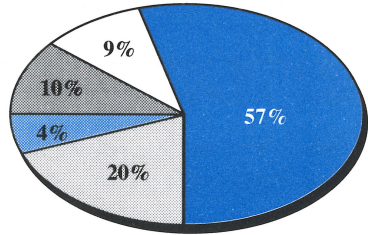
How your income was used

Interest paid to members 52%
 Surplus 15%
 Staff Costs 10%
 Loan Costs 7%
 Office Administration 16%

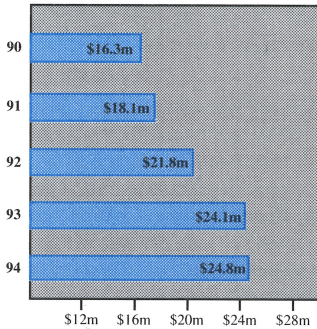


Purpose of Loans

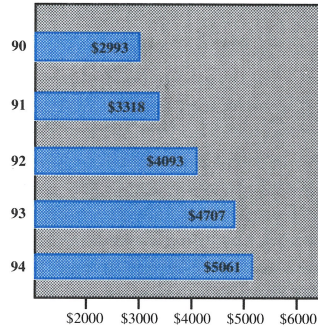
Property Purchases and Improvements 57%
 Motor Vehicle Purchases and costs 20%
 Household Goods 4%
 Consolidating Debts 10%
 Miscellaneous including Boats and Caravans 9%



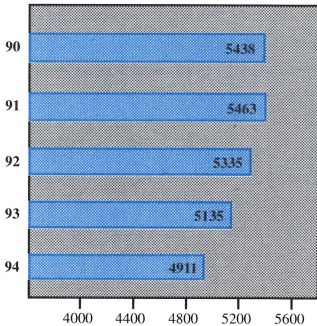
DEPOSITS



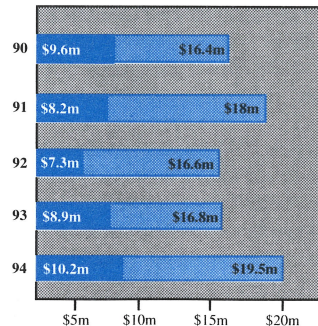
AVERAGE SAVINGS PER MEMBER



MEMBERSHIP



LOANS FUNDED AND BALANCES



OPERATIONS OVERVIEW

FINANCIAL PERFORMANCE

- **THE SURPLUS** (before abnormals) of \$360,899 was 39% up on 1993 and represented a 1.3% return on net assets.
- **INTEREST PAID** to members was 52% of total income compared with the industry average of 38%.
- **OPERATING EXPENSES** as a percentage of average assets was 2.86% compared with the industry average of 4.99%.
- **RESERVES/CAPITAL** increased to \$2,416,152 which is equal to 15.67% of risk weighted assets, almost double the AFIC requirement of 8.0%.
- **MEMBERS' DEPOSITS** up by 3% to 24.9M. The average deposit per member increased to \$5,071. The industry average is \$3,797.
- **LOANS TO MEMBERS** outstanding as at 30/6/94 increased by 15.6% to a total of \$19.45M.

LOANS

A total of 832 loans were granted during the year totalling \$10,187,627 which was an increase of 14.4% over the previous year. 64% of this amount was secured by mortgage whilst a further 19% was secured by other means (mainly bills of sale) and 17% of loans were unsecured. More and more members are taking advantage of the Credit Union's "all in one package" by purchasing their motor vehicles and consumer goods under their mortgage umbrella. This arrangement is both good for the member, who is charged a lower interest rate and therefore repays the loan quicker and good for the Credit Union because it brings strength to our loan portfolio with the potential to lower bad debts and improve the measurement of capital against risk weighted assets.

DEPOSITS

Members' deposits increased by a modest 3% to \$24,857,342 despite the low interest rate environment during the year, when many investors turned to other forms of investment to maintain their income. Two initiatives were put in place during 1993/94 which are expected to improve access and have a major influence on the members' use of the Credit Union's services. They are:

- In March 1994 the Credit Union Association (CUSCAL) joined with the Banks and Building Societies to form a bulk electronic clearing system. This system allows employers to remit all payroll details by a single tape or disk etc, even though a number of financial institutions might be involved. This means that should a member leave the RTA their new employer can deposit their pay to the Credit Union as before.

- In April 1994 the Credit Union introduced plastic card access to members' deposits. Whilst the initial card is "off line" ie (no direct link between the ATM and the Credit Union's computer) it does give members, especially country members, much quicker access to cash.

GENERAL

During the year the Credit Union processed over 275,000 member transactions totalling \$102M whilst still maintaining a low cost staffing structure by industry standards. As a comparison the RTA Credit Union ratio of assets per employee (\$4M to 1) and members per employee (700 to 1) outperforms the industry average for New South Wales credit unions of \$2M to 1 and 450 to 1 respectively.

Despite the uncertainty of employment within the RTA and a decline in membership, the Credit Union has continue to grow within its niche market and continued to provide members with a low cost/no fees financial institution dedicated to the well-being of RTA employees and their families.

CHAIRMAN'S REPORT 1993/94

On behalf of the Board of Directors, I am pleased to present to you the 30th Annual Report for the year ended 30 June 1994.

The RTA STAFF Credit Union Limited was incorporated in September 1964 (then known as The Main Roads Staff Credit Union Limited) and through the first year of operation to June 1965 achieved a membership of 182, total assets of \$24,066 and an end of year surplus of just \$29. After 30 successful years the membership is now 4,911 and the total assets \$27.7M. Today's position of the Credit Union is due to the dedication of Board members and staff over the years together with the continuing support and patronage by the host Management and staff.

The Credit Union has continued its success in the competitive Home Loan market with a steady increase in the refinancing area. Outstanding members loans have increased by 15.6% to a total of \$19.45M, about one third of which are for housing. Mortgage security is now 59% of all loan balances. The impact of his longer term lending is continually monitored to determine its future effect. There has been some reduction in the demand for smaller personal loans. This is considered to be due to the Banks becoming more competitive in a traditional Credit Union area. In our 30th year of trading total loans now exceed \$100 million. I am pleased to report that your Credit Union has responded well to the new regulatory format and complies with all prudential standards laid down by the legislation of the Australian Financial Institutions Commission (AFIC).

Whilst the Roads and Traffic Authority has reduced staff by approximately 26% over the last three years, your Credit Union membership has only declined by 10%. The Credit Union membership rule "Once a member always a member" seems to have a meaning to many members who have continued their membership with payroll deductions now originating from ten government departments and several major private organisations. To celebrate our 30th Anniversary and to encourage more family membership, a promotion with \$1,000 on offer as prize money has been circulated to all members. The slogan adopted for the promotion is "Share \$1,000 with your Family or Workmate".

Two major changes for the Credit Union took place during 1993/94 - ie: office relocation and the introduction of card access to members funds. Due to rationalisation of the Roads and Traffic Authority's office accommodation the Credit Union was forced to find an alternative location. Fortunately, the present site at 2/86 Mary Street, Surry Hills became available, but due to timing, the disruption of a double move was necessary. The introduction this year of "Redicard" to provide improved access to members' funds has been a huge success. Over 400 cards have been issued to date. This service will be further enhanced during 1994/95 following the development and implementation of a fully integrated 'on-line' system. In addition, a comprehensive review of existing hardware and software has commenced and it is expected that the Credit Union computer facility will be subsequently upgraded to reflect contemporary technology.

I would like to record my appreciation to my fellow Directors for their support to me as Chairman over the past year. Two valuable members retired during the year, Bob McDowell who served as a Director for eight years with the last five years as Chairman and Don Black who served as Director for seven years with the last year as Deputy Chairman.

As I have outlined above this Credit Union continues to improve and move forward mainly because of the dedicated contributions of a committed General Manager, Don Jones and his hard working staff members providing quality service.

The results of 1993/94 could not have been achieved without member support for which the Board is most appreciative.

I commend this report to you the members on behalf of the Board.



Ronald Sinclair
Chairman

DIRECTORS' REPORT

R.T.A. STAFF CREDIT UNION LIMITED

The Directors present their report together with the accounts of RTA Staff Credit Union Limited, for the year ended 30 June 1994 and the auditors' report thereon.

DIRECTORS

The Directors of the Credit Union in office at the date of this report are:

R S Sinclair (Chairman)
A D Cook (Deputy Chairman)
R G Morgan
W H Randell
P J Gallagher
S M Sinclair
P M Murphy

Directors' Meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Credit Union during the financial year are:

Director	Directors' Meetings		Audit Committee Meetings	
	Held*	Attended	Held*	Attended
R S Sinclair	24	21	4	1
A D Cook	24	15	4	3
R G Morgan	24	14		
W H Randell	24	23	4	3
P J Gallagher	19	15		
S M Sinclair	20	18		
P M Murphy	14	12	4	2
R B McDowell	5	5		
D J Black	5	5		

* reflects the number of meetings held during the time the director held office during the year.

R B McDowell and D J Black retired as directors of the Credit Union during the year.

PRINCIPAL ACTIVITIES

The principal activities of the Credit Union over the period were the provision of retail financial services to Members in the form of taking deposits and giving financial accommodation as prescribed by the rules. No significant change in the nature of these activities occurred during the year.

OPERATING RESULT AND REVIEW OF OPERATIONS

The operating profit of the Credit Union for the financial year after provision for income tax was \$267,879 (1993: \$272,441).

The following significant events occurred during the year:-

- (i) The registered office of the Credit Union was relocated from Level 5, 260 Elizabeth Street, Surry Hills to Suite 2, 86 Mary Street, Surry Hills;
- (ii) Card access to members' savings was introduced in April, 1994.

STATE OF AFFAIRS

In the opinion of the directors there were no significant changes in the state of affairs of the Credit Union that occurred during the financial year under review not otherwise disclosed in this report.

EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Credit Union, to affect significantly the operations of the Credit Union, the results of those operations, or the state of affairs of the Credit Union, in subsequent financial years.

LIKELY DEVELOPMENTS AND RESULTS

The Credit Union's objectives over the year will be to continue to improve services to members and achieve growth in all areas of the operation. In the opinion of the Directors, disclosure of any further information on likely developments in operations would be prejudicial to the interests of the Credit Union.

INFORMATION ON DIRECTORS

DIRECTOR'S NAME	POSITION	EXPERIENCE	RESPONSIBILITY
Ron S Sinclair	Works Manager	Director 9 Years	Chairman (appointed 22 November 1993) Audit Committee
Allan D Cook	General Manager Financial Operations & Accounting	Director 1 Year	Deputy Chairman, (appointed 22 November 1993) Chairman Audit Committee
R Glen Morgan	Route Development Leader	Director 6 Years	
Warwick H Randell	Branch Quality Co-ordinator	Director 2 Years	Audit Committee
Philip J Gallagher	General Manager Engineering Contracts	Director 1 Year	
Suzanne M Sinclair	Manager, Contract Legal Services	Director 1 Year	
Patrick M Murphy	Management Analyst	Director 1 Year	Audit Committee

REGISTER OF DIRECTORS

In accordance with Section 258 of the Financial Institutions Code, the Credit Union keeps a register containing information about the directors, including details of each directors interest in any securities issued by the Credit Union and the register is open for inspection -

- (a) by any member of the society, without fee; and
- (b) by any other person, on payment of the amount (if any) prescribed by the Credit Union rules.

DIRECTORS' BENEFITS

Since the end of the previous financial year no Director has received or has become entitled to receive a benefit (other than that disclosed in the Notes to the financial statements) by reason of a contract made by the Credit Union with a Director or with a firm of which he/she is a member, or with a Credit Union in which he/she has a substantial financial interest.

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

Dated at Sydney this 1st day of November 1994.



R S Sinclair
Chairman



A D Cook
Deputy Chairman

INDPENDENT AUDITORS' REPORT

TO THE MEMBERS OF R.T.A. STAFF CREDIT UNION LIMITED

Scope

We have audited the financial statements of RTA Staff Credit Union Limited for the financial year ended 30 June 1994, consisting of the profit and loss account, balance sheet, statement of cash flows, accompanying notes, and the statement by directors. The Credit Union's directors are responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of the financial statements in order to express an opinion on them to the members of the Credit Union.

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

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

Qualification

The attached financial statements do not comply with certain requirements of the Financial Institutions Legislation in respect of the disclosure of members' loans by purpose and security for comparative information, and the dissection of interest income generated from commercial and non-commercial loans. The form of disclosure required and the Directors' reasons for departing from the Financial Institutions Legislation disclosure requirements are given in Note 6 and Note 2 to the financial statements, respectively.

Auditi Opinion

In our opinion, except for the non-disclosure of the member loan and interest income information and the effect (if any) of the non-disclosure of this information to members, as referred to in the Qualification section above, the financial statements of RTA Staff Credit Union Limited are properly drawn up:

- (a) so as to give a true and fair view of the state of affairs of the Credit Union at 30 June 1994, and the results and cash flows of the Credit Union for the financial year ended on that date;
- (b) in accordance with the provisions of the Financial Institutions Legislation; and
- (c) in accordance with applicable Australian Accounting Standards.

Sydney,
1 November, 1994

KMPG Peat Marwick
Chartered Accountants

C J Gardoll
Partner

DIRECTORS' STATEMENT

R.T.A. STAFF CREDIT UNION LIMITED

1. In the opinion of the Directors of RTA Staff Credit Union Limited:
 - (a) the accompanying financial statements are drawn up so as to give a true and fair view of the results and cash flows of the financial year ended 30 June 1994 and the state of affairs of the Credit Union at 30 June, 1994;
 - (b) the financial statements have been made out in accordance with the provisions of the Financial Institutions Legislation; and
 - (c) at the date of this statement, there are reasonable grounds to believe that the Credit Union will be able to pay its debts as and when they fall due.
2. The financial statements of the Credit Union have been made out in accordance with applicable Australian Accounting Standards.

Dated at Sydney this 1st day of November 1994.

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



R S Sinclair
Chairman



A D Cook
Deputy Chairman

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 1994

R.T.A. STAFF CREDIT UNION LIMITED

	Note	1994 \$	1993 \$
Operating profit before abnormal items and income tax	2	360,899	259,460
Abnormal items	3	<u>(93,020)</u>	<u>12,981</u>
Operating profit before income tax		267,879	272,441
Income tax attributable to operating profit	1(a)	<u>-</u>	<u>-</u>
Operating profit after income tax		267,879	272,441
Retained profits at the beginning of the financial year		<u>1,361,719</u>	<u>1,089,278</u>
Retained profits at the end of the financial year		<u>1,629,598</u>	<u>1,361,719</u>

The profit and loss account is to be read in conjunction with the notes to and forming part of the financial statements.

BALANCE SHEET

AS AT 30 JUNE 1994

R.T.A. STAFF CREDIT UNION LIMITED

	Note	1994 \$	1993 \$
CURRENT ASSETS			
Cash	4	147,596	167,412
Investments	5	5,390,000	8,000,000
Loans	6	3,670,641	486,910
Other	7	<u>183,709</u>	<u>163,796</u>
TOTAL CURRENT ASSETS		<u>9,391,946</u>	<u>8,818,118</u>
NON-CURRENT ASSETS			
Investments	5	2,920,407	1,892,177
Loans	6	15,404,170	15,974,676
Property, plant & equipment	8	<u>19,769</u>	<u>18,891</u>
TOTAL NON-CURRENT ASSETS		<u>18,344,346</u>	<u>17,885,744</u>
TOTAL ASSETS		27,736,292	26,703,862
CURRENT LIABILITIES			
Deposits	9	23,979,704	24,111,474
Creditors and borrowings	10	17,619	7,037
Provisions	11	179,765	78,426
Other	12	<u>216,304</u>	<u>248,989</u>
TOTAL CURRENT LIABILITIES		<u>24,393,392</u>	<u>24,445,926</u>
NON-CURRENT LIABILITIES			
Deposits	9	<u>926,748</u>	<u>109,663</u>
TOTAL NON-CURRENT LIABILITIES		<u>926,748</u>	<u>109,663</u>
TOTAL LIABILITIES		25,320,140	24,555,589
NET ASSETS		<u>2,416,152</u>	<u>2,148,273</u>
SHAREHOLDERS' EQUITY			
Reserves	13	786,554	786,554
Retained profits		<u>1,629,598</u>	<u>1,361,719</u>
TOTAL SHAREHOLDERS' EQUITY		<u>2,416,152</u>	<u>2,148,273</u>

The Balance Sheet is to be read in conjunction with the notes to and forming part of the financial statements.

S TATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 1994

R.T.A. STAFF CREDIT UNION LIMITED

	Note	1994 \$	1993 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Movement in loans to members comprising:			
Loans advanced plus interest		(12,948,137)	(17,747,088)
Loan repayments		<u>10,324,912</u>	<u>17,503,288</u>
		<u>(2,623,225)</u>	<u>(243,800)</u>
Other cash receipts in the course of operations		2,415,582	2,462,054
Other cash payments in the course of operations		(1,362,231)	(34,442)
Income taxes paid		-	-
Net cash provided by operating activities	20(ii)	<u>(1,569,874)</u>	<u>2,183,812</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(9,412)	(3,668)
Proceeds/(Payments) from investments		<u>3,379,470</u>	<u>(693,346)</u>
Net cash provided by investment activities		<u>3,370,058</u>	<u>(697,014)</u>
Net increase in cash held		1,800,184	1,486,798
Cash at the beginning of the financial year	20(i)	<u>4,282,412</u>	<u>2,795,614</u>
Cash at the end of the financial year	20(i)	<u><u>6,082,596</u></u>	<u><u>4,282,412</u></u>

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements.



NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1994

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Credit Union have been drawn up in accordance with applicable Accounting Standards and the provision of the Financial Institutions Legislation. They have been prepared on the basis of historical costs and do not take into account changing money value nor, except where stated, current valuations of non-current assets.

The accounting policies have been consistently applied by the Credit Union and, except where there is a change in accounting policy, are consistent with those of the previous year.

(a) Income Tax

The Credit Union is taxed as a non-profit company under the principle of mutuality, whereby income derived from member sources is tax exempt. Taxable income includes income derived from non-member sources after deducting a proportion of allowable expenditure incurred in deriving that income. No income tax is payable in respect of the current year as allowable deductions exceed assessable (non-member) income. An asset representing the future income tax benefit of income tax losses is not brought to account as these losses are generally not able to be utilised against assessable income in future years.

(b) Property, Plant and Equipment

Plant and equipment is depreciated/amortised using the straight line method. Depreciation/amortisation rates applied are, as a minimum, equal to the rates outlined in the Financial Institutions Legislation.

(c) Provisions

Provision for Employee Leave Entitlements

Leave entitlements accruing to employees are calculated using current salary rates. The policy for the calculation of leave liability for the year ended 30 June 1994, is as follows:

- (i) all annual leave entitlements, plus pro-rata annual leave to balance date;
- (ii) long service leave is provided for all employees who have completed five years of service with the Credit Union.

Provision for Doubtful Debts

The amount provided for doubtful debts is determined by management and the Board. The Financial Institutions Code and Statement of Prudential Standards requires a minimum provision to be based on specific percentages on the loan balance, contingent upon the length of time the repayments are in arrears. In addition, the Board makes a further provision against loans considered to be doubtful.

R.T.A. STAFF

CREDIT UNION LIMITED

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Non-Current Investments

(i) *Primary/Central Bank Shares*

These amounts represent part of the capital entitlement of the Credit Union to shares in Credit Union Services Corporation (Australia) Limited ("CUSCAL"), a national Credit Union service provider.

(ii) *Subordinated Loan*

This loan has no fixed maturity date, only repayable upon dissolution of a depositing Credit Union or five years after the Credit Union ceases to operate its Central Banking account. The loan ranks subsequent to all creditors, but prior to shares in the event of liquidation or winding up of the Association. The rate of interest payable on such loans is determined by the Board of CUSCAL from time to time.

(iii) *Contingency Fund*

Being amounts held on deposit in accordance with the Financial Institutions Code. These funds are not readily converted into liquid funds, except under the conditions set out in the Act.

(e) Bad Debts Written off

Bad debts are written off from time to time as determined by management and the Board, when it is reasonable to expect that the recovery of the debt is unlikely.

(f) Loans to Members

Term Loans: Loan interest is calculated on the basis of charging interest from the date the loan is advanced to the end of the fortnightly period and thereafter on the loan balance each fortnight until the loan is finalised.

Loan interest is not brought to account when the Credit Union is advised that the member is deceased, or generally if a loan has been transferred to a debt collection agency, or as determined by the Board.

(g) Member Savings

Interest on savings is calculated on the daily balance and is brought to account on an accrual basis. The amount of accrual is shown separately under current liabilities.

(h) Comparative Information

Comparative information with respect to the disclosure of loan repayment periods, loans by purpose and loans by security (note 6) has not been provided as it cannot be given without unreasonable expense.

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1994

	1994	1993
	\$	\$
2. OPERATING PROFIT		
Operating profit has been arrived at after including:		
Operating Revenue		
Interest on loans to members*	1,819,540	1,976,952
Interest on investments	545,376	592,760
Fees	8,287	2,799
Bad debts recovered	20,375	18,511
Commission	7,961	7,053
Other	<u>11,656</u>	<u>12,098</u>
	<u>2,413,195</u>	<u>2,610,173</u>
* Due to the limitations in the Credit Union software, interest income could not be dissected, between commercial and non-commercial loans.		
Operating Expenses		
Interest on members' deposits	1,254,454	1,575,776
Bad debts written off	155,167	153,813
Depreciation of property, plant & equipment	8,534	16,910
Provision for doubtful debts	10,000	20,000
Provision for employee leave entitlements	8,319	(5,295)
Auditors' remuneration	29,000	20,848
3. ABNORMAL ITEMS		
Amount provided/(written back) for development of member services	<u>93,020</u>	<u>(12,981)</u>
4. CASH		
Cash on hand	55,200	70,200
Cash at bank - interest bearing	<u>92,396</u>	<u>97,212</u>
	<u>147,596</u>	<u>167,412</u>

R.T.A. STAFF

CREDIT UNION LIMITED

	Note	1994	1993
		\$	\$
5. INVESTMENTS			
(a) Current			
Investments at face value:			
OPL fixed term deposit - CUFSA		1,900,000	5,300,000
11 am call account - CUFSA		300,000	100,000
PLA fixed term deposit - CUFSA		2,000,000	2,000,000
State Bank of NSW Bonds		230,000	100,000
NSW Treasury Corp. Bonds		500,000	-
Commonwealth Pipeline Authority Bonds		110,000	-
Deposits with:			
National Australia Bank		250,000	250,000
Primary Industry Bank of Australia		-	250,000
Bank of Queensland		100,000	-
Total current investments		<u>5,390,000</u>	<u>8,000,000</u>
(b) Non-Current			
Bonds and debentures at face value:			
Commonwealth Government Bonds		200,000	200,000
State Bank of NSW Bonds		545,000	405,000
Commonwealth Pipeline Authority Bonds		-	110,000
NSW Treasury Corp. Bonds		-	500,000
Queensland Treasury Corp.		100,000	-
Western Australia Treasury Corp.		300,000	-
Queensland Industry Development Corp.		400,000	-
Premium/(discount) on purchase		84,467	106,767
Deposits with:			
Primary Industry Bank of Australia		700,000	200,000
Bank of Queensland		200,000	-
Primary shares - CUSCAL	1(d)(i)	13,525	13,525
Central Bank shares - CUSCAL	1(d)(i)	81,145	81,145
Central Bank subordinated loan - CUSCAL	1(d)(ii)	148,765	148,765
Central Bank reserve shares - CUSCAL	1(d)(i)	21,629	-
Contingency Fund	1(d)(iii)	125,876	126,975
Total non-current investments		<u>2,920,407</u>	<u>1,892,177</u>

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1994

	Note	1994 \$	1993 \$
5. INVESTMENTS (continued)			
(c) Maturity of Investments			
Up to three months		2,515,000	4,750,000
From three to twelve months		2,875,000	3,250,000
Later than one year but not later than five years		<u>2,920,407</u>	<u>1,892,177</u>
		<u>8,310,407</u>	<u>9,892,177</u>
6. LOANS TO MEMBERS			
(a) Loans as Current Assets			
Loans		3,838,335	599,512
Less: Provision for Doubtful Debts		<u>(167,694)</u>	<u>(112,602)</u>
		<u>3,670,641</u>	<u>486,910</u>
(b) Loans as Non-Current Assets			
Loans		15,616,476	16,232,074
Less: Provision for Doubtful Debts		<u>(212,306)</u>	<u>(257,398)</u>
		<u>15,404,170</u>	<u>15,974,676</u>
(c) Loans by Purpose			
Residential Loans		9,313,939	*
Personal Loans		8,959,906	*
Commercial Loans		<u>1,180,966</u>	*
Total Loans		<u>19,454,811</u>	<u>16,831,586</u>
(d) Loans by Security			
Secured by Mortgage		11,419,647	*
Secured Other		4,218,916	*
Unsecured		<u>3,816,248</u>	*
Total Loans		<u>19,454,811</u>	<u>16,831,586</u>

* Due to limitations in the 1993 Credit Union software, loans could not be dissected as to purpose and security in respect of that year.

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	1994 \$	1993 \$
6. LOANS TO MEMBERS (continued)		
(e) Loans by Maturity		
0 - 3 Months	1,013,539	48,160
3 - 12 Months	2,824,796	551,352
1 - 5 Years	8,748,330	8,987,768
Over 5 Years	<u>6,868,146</u>	<u>7,244,306</u>
Total Loans	<u>19,454,811</u>	<u>16,831,586</u>
(f) Loans by Interest Type		
Non-Interest earning	272,071	272,964
Interest earning - past due 90 days	73,152	442,627
Interest earning - other	<u>19,109,588</u>	<u>16,115,995</u>
	<u>19,454,811</u>	<u>16,831,586</u>
Non-interest	272,071	272,964
Variable weighted Interest rate - 11.07% (1993 - 12.49%)	13,365,943	14,244,072
Fixed weighted Interest rate - 6.95% (1993 - 8.0%)	<u>5,816,797</u>	<u>2,314,550</u>
	<u>19,454,811</u>	<u>16,831,586</u>
(g) Loans Provision		
<i>Movement in the Provision:</i>		
Balance at the beginning of the year	370,000	350,000
Add: Transfers from profit and loss account	<u>10,000</u>	<u>20,000</u>
	380,000	370,000
Deduct: Bad debts written off	<u>-</u>	<u>-</u>
Balance at the end of the year	<u>380,000</u>	<u>370,000</u>
Provision required under the Prudential Standards	<u>252,507</u>	<u>366,872</u>
Bad debts written off other than through the provision	<u>155,167</u>	<u>153,813</u>

	1994 \$	1993 \$
7. OTHER ASSETS		
Current		
Sundry debtors	28,165	57,463
Prepayments	8,765	7,887
Accrued interest on investments	<u>146,779</u>	<u>98,446</u>
	<u><u>183,709</u></u>	<u><u>163,796</u></u>
8. PROPERTY, PLANT AND EQUIPMENT		
Office furniture, fittings and equipment - at cost	25,898	21,624
Less: Provision for depreciation	<u>(13,807)</u>	<u>(10,750)</u>
	<u>12,091</u>	<u>10,874</u>
Computer hardware/software - at cost	152,960	147,965
Less: Provision for depreciation	<u>(145,282)</u>	<u>(139,948)</u>
	<u>7,678</u>	<u>8,017</u>
Total property, plant and equipment - at net book value	<u><u>19,769</u></u>	<u><u>18,891</u></u>
9. MEMBERS' DEPOSITS		
(a) Current		
Savings accounts - at call *	7,867,606	7,537,077
Redifund - at call	2,429,259	1,572,198
Term deposit investments	<u>13,682,839</u>	<u>15,002,199</u>
	<u><u>23,979,704</u></u>	<u><u>24,111,474</u></u>
* Includes Issued and Paid-up Capital 24,555 (1993-25,675) shares of \$2 each, fully paid	<u>49,110</u>	<u>51,350</u>
(b) Non-Current		
Term deposit investments	<u>926,748</u>	<u>109,663</u>

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	1994 \$	1993 \$
9. MEMBERS' DEPOSITS (continued)		
(c) Members' deposits at 30 June 1994 are repayable over the following terms:		
On call	10,296,865	9,109,275
Up to three months, but not including those on call	6,947,260	4,213,218
From three to twelve months	6,735,579	10,788,981
Greater than twelve months	926,748	109,663
	<u>24,906,452</u>	<u>24,221,137</u>
10. CREDITORS AND BORROWINGS		
Current		
Sundry creditors	<u>17,619</u>	<u>7,037</u>
11. PROVISIONS		
Current		
Employee leave entitlements	79,765	71,446
Provision for member services	<u>100,000</u>	<u>6,980</u>
	<u>179,765</u>	<u>78,426</u>
12. OTHER LIABILITIES		
Current		
Accrued charges	66,329	43,105
Accrued interest on member deposits	<u>149,975</u>	<u>205,884</u>
	<u>216,304</u>	<u>248,989</u>

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1994

	1994 \$	1993 \$
13. RESERVES		
Movement in Reserves		
<i>Statutory reserve</i>		
Balance at beginning of year	786,554	786,554
Less: Transfer to general reserve	<u>(786,554)</u>	<u>-</u>
Balance at end of year	<u>-</u>	<u>786,554</u>
<i>General reserve</i>		
Balance at beginning of year	-	-
Add: Transfer from statutory reserve	<u>786,554</u>	<u>-</u>
Balance at end of year	<u>786,554</u>	<u>-</u>

The statutory reserve previously maintained under the provisions of the Credit Union Act (1969) was transferred to the general reserve as the Act was repealed in 1992.

14. EMERGENCY LIQUIDITY FACILITY DEED

A deed is in place between RTA Staff Credit Union Limited and Credit Union Financial Services (Australia) Limited ("CUFSAL") whereby CUFSAL has access of up to 10% of RTA Staff Credit Union Limited's total assets in accordance with the Financial Institutions Code 1992.

15. SEGMENT REPORTING AND CONCENTRATION OF RISK

The entity operates as a Credit Union in Australia.

There are no individual loans or deposits which represent 10% or more of the shareholders' equity of the Credit Union.

All deposits and loans of the Credit Union are with employees and former employees of the New South Wales Roads and Traffic Authority and their families in accordance with the Rules of the Credit Union.

The majority of members are residents of New South Wales.

R.T.A. STAFF

CREDIT UNION LIMITED

16. RELATED PARTY TRANSACTIONS

(a) Directors

The names of each person who held the position of Director of the Credit Union during the financial year are R S Sinclair, R B McDowell, D J Black, R G Morgan, W H Randell, A D Cook, P J Gallagher, P M Murphy and S M Sinclair. R B McDowell and D J Black retired as Directors of the Credit Union during the year.

(b) Directors' Remuneration	1994	1993
	\$	\$
Aggregate remuneration of directors	NIL	NIL

The number of directors who received remuneration within the following bands were:

\$Nil - \$10,000	9	9
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There were no payments made to superannuation funds for the benefit of directors and interest earned on deposit is on the same terms and conditions as other members. All loans disbursed to directors were on the same terms and conditions which applied to members generally for each class of loan.

(c) Loans to Directors

(i) The aggregate loans (including interest) to all directors, their spouse and director-related entities amounted to:

	1994	1993
	\$	\$
Personal loans	17,180	29,360
Mortgage loans	231,970	120,282
	<u>249,150</u>	<u>149,642</u>

(ii) During the year loans disbursed to directors, their spouse and director-related entities amounted to:

Mortgage loans	223,344	105,915
Personal loans	-	3,600
	<u>223,344</u>	<u>109,515</u>

The recipients of these loans were W H Randell, A D Cook and S M Sinclair

16. RELATED PARTY TRANSACTIONS (continued)

(iii) Repayments against loans to directors, their spouse and director-related entities amounted to:	1994	1993
	\$	\$
Mortgage loans	110,947	7,209
Personal loans	5,220	9,532
	<u>116,167</u>	<u>16,741</u>

Directors concerned with the repayments were R B McDowell, W H Randell, A D Cook and S M Sinclair.

(d) Executive Officer

(i) The number of Executive Officers who have income in excess of \$100,000	1994	1993
	\$	\$
	NIL	NIL

Income means remuneration by way of salary, allowances, bonuses or other benefits payable to the executive, but does not include out of pocket expenses to reimbursements incurred in connection with Credit Union business.

(ii) Payments in respect of retirement of executive officers amounted to \$Nil (1993 - \$Nil)

(e) Terms and Conditions

All loans made to directors, their spouse and director related entities have been made on the normal terms and conditions applicable to all credit union members.

17. STANDBY BORROWING FACILITIES

The Credit Union has a gross borrowing facility with CUSCAL of:-

	1994	1993
	\$	\$
Overdraft facility (Gross)	250,000	250,000
Current borrowing	-	-
Net available	<u>250,000</u>	<u>250,000</u>

There are no restrictions as to the withdrawal of these funds. CUSCAL holds an equitable charge over the assets of the Credit Union as security against amounts drawn.

18. COMMITMENTS AND CONTINGENT LIABILITIES

Loans approved by the Board but not funded as at 30 June, 1994 total \$2,126,737 (1993 - \$1,350,834).

The payment of these loans is at the discretion of the Board and subject to available liquid funds.

Superannuation

The Credit Union contributes to the CUE Supplementary Super Plan for the purpose of Superannuation Guarantee payments and payment of other superannuation benefits on behalf of employees. The plan is separately administered by trustees which are appointed as follows:

50% elected by the members of the Plan:

50% appointed by the principal employee, Credit Union Services Corporation (Australia) Limited.

The Credit Union has no interest in the superannuation plan, other than as a contributor, and is not liable for the performance of the plan nor the obligations of the plan.

The CUE Supplementary Super Plan is a contribution accumulation type plan.

19. ECONOMIC DEPENDENCY

The Credit Union has an economic dependency on the following suppliers of services.

(a) Credit Union Services Corporation (Australia) Limited

This entity provides the Credit Union with services in the form of settlement with Bankers for ATM transactions, and the production of Redicards for use by members.

This entity also supplies central banking services to the Credit Union and is an approved Special Services Provider under the Financial Institutions Code for the provision of financial intermediation services. The Credit Union has invested its PLA and operating liquid assets with the entity to maximise return on funds, and to comply with the Emergency Liquidity Support requirements under the AFIC Prudential Standards.

(b) Financial Computing Services of Australia Pty Limited (FCS)

This company is a partially owned subsidiary of CUSCAL which provides and maintains the application software utilised by the Credit Union.

(c) Service Contracts

All service Contracts are capable of being cancelled within twelve (12) months. There are no other service contracts which are considered material.

(d) Roads and Traffic Authority (NSW)

The trading activities of the Credit Union are dependent upon the membership which is largely restricted to employees of the above host authority and their families.

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1994

20. NOTES TO THE STATEMENT OF CASH FLOWS

(i) Reconciliation of Cash

For the purposes of the Statements of Cash Flows, cash includes cash on hand and at bank and short term deposits at call with other financial institutions, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheets as follows:

	Note	1994 \$	1993 \$
Liquid assets - at call		5,935,000	4,115,000
Cash on hand	4	55,200	70,200
Cash at bank	4	92,396	97,212
		<u>6,082,596</u>	<u>4,282,412</u>

(ii) Reconciliation of Operating Profit After Tax to Net Cash Provided by Operating Activities

	1994 \$	1993 \$
Operating profit after income tax	267,879	272,441
Add/(less) non-cash items:		
Amounts set aside to provisions	18,319	14,705
Depreciation	8,534	15,755
Amount provided/(written back) for member services	93,020	(12,981)
Net cash provided by operating activities before change in assets and liabilities	387,753	289,920
Change in assets and liabilities during the financial year:		
(Increase) in loan balance	(2,623,225)	(243,799)
(Increase) in prepayments	(878)	(1,627)
(Increase)/decrease in sundry debtors	29,297	(23,283)
(Increase) in accrued interest	(48,333)	(16,440)
(Increase)/decrease in deferred interest	22,300	(106,767)
Increase in members' deposits	687,554	2,329,862
(Decrease) in members' shares	(2,240)	-
Increase in accrued charges	23,224	17,930
(Decrease) in accrued interest	(55,909)	(61,174)
(Decrease)/increase in sundry creditors	10,582	(810)
Net cash provided by operating activities	<u>(1,569,874)</u>	<u>2,183,812</u>

DEDICATION

This annual report is dedicated to the founders and early directors of the Main Roads Staff Credit Union. It was their diligence and foresight that guided the Credit Union through its early years and laid the foundations for future generations to build on and make the RTA STAFF Credit Union what it is today.

PROFILE OF 30 YEARS OF SERVICE

The RTA STAFF Credit Union Ltd had its humble beginnings when a group of DMR employees got together to form the MAIN ROADS STAFF Credit Union Limited on the 29th September, 1964. The Credit Union operated out of a small room in the depths of 309 Castlereagh Street, Sydney by a group of dedicated volunteers. Business was such that an office assistant working two days per week was appointed in 1967.

By 1969 members could make instant cash withdrawals up to \$50. The volume of work had increased to the extent that two full time clerical officers and a bookkeeping machine operator were employed. In 1972 the services of the Credit Union were extended to wages employees of the DMR. By this time the Credit Union employed four full time staff and one part time.

Assets passed the \$1 million mark and membership climbed to 2000 in 1973. In the same year the Credit Union's operations were transferred to a computer system on the department's computer.

It took a further 5 years (1978) for assets to double to \$2 million whilst membership had increased to 2895 and funds turnover for the year reached \$3.5 million.

By 1986 the Credit Union had amassed its first \$10 million in assets ie. after 22 years operation. The second \$10 million was raised in just 5 years (1991). It is appropriate that in our 30th year Credit Union assets will exceed \$30 million and loans granted to members will pass the \$100,000,000 mark. A brief summary shows the growth of the Credit Union during the 30 years of operation.

	1965	1974	1984	1994
Members	182	2,146	4,574	4,911
Assets	\$24,066	\$1,080,118	\$8,080,074	\$27,736,292
Total Loans Granted	\$23,830	\$2,978,389	\$24,650,159	\$99,778,822
Deposits Held	\$22,075	\$1,039,705	\$7,378,559	\$24,857,342
Turnover	N/A	\$1,245,300	\$12,722,848	\$51,875,389

Whilst the operations of the Credit Union have increased considerably, the original concept of the Credit Union philosophy of a mutual means of "self help" has not changed. It has always been the view held by past and present Boards that the key to providing a low cost no fees financial institution was to remain strong within our niche market and to progressively extend the services available to members as conditions and costs permit. The Credit Union now offers a comprehensive range of member services as listed.

Of course, none of this would have been possible without the continued support of the many volunteers and the loyalty and patronage of our members. Ten of the original 28 members who joined in those early months in 1964 are still active members of the Credit Union.

Services Available From Your Credit Union

Approved Deposit Funds Access / Autopay Accounts / Cash Management Accounts / Cheque Accounts / Christmas Club Accounts / CIC Green Slips / Counter Cheques / Direct Deposit Facilities / Disability Income Protection / Electronic Transfer Facilities / Financial and Investment Planning Services / Fixed Term Deposits / Insurance Services / All In One Loans / Bill Of Sale Loans / Home Loans / Home Equity Loans / Investment Loans / New Car Loans / Personal Loans / Loan Protection Insurance / Payroll Deduction Facilities / Redicard Cards / Retirement Information and Planning / Roll Over Funds / Savings Accounts