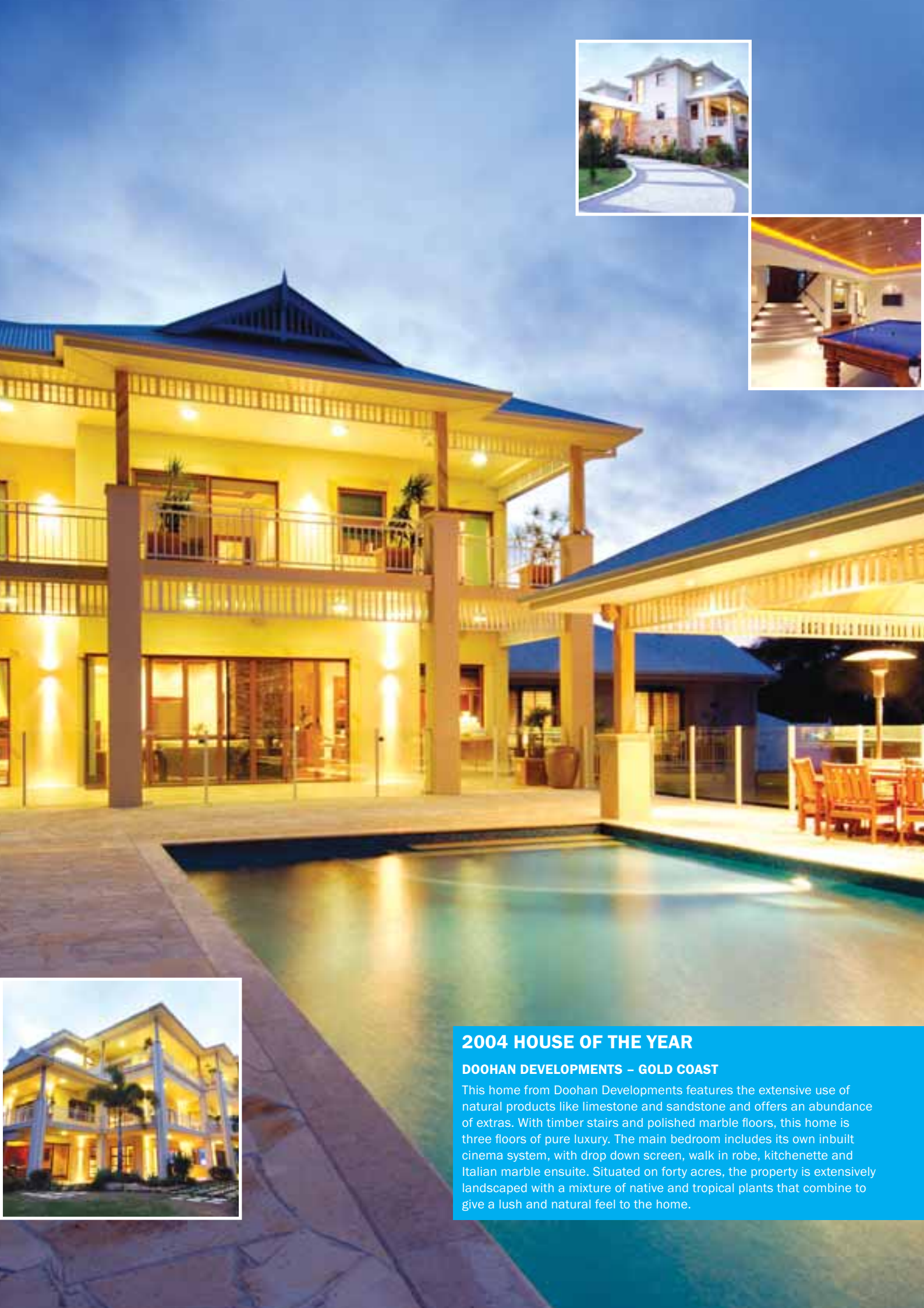




ANNUAL REPORT 2004/2005





2004 HOUSE OF THE YEAR

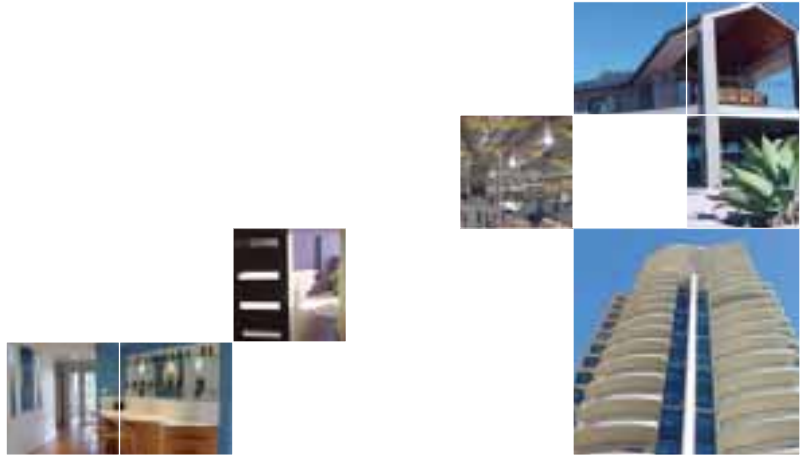
DOOHAN DEVELOPMENTS – GOLD COAST

This home from Doohan Developments features the extensive use of natural products like limestone and sandstone and offers an abundance of extras. With timber stairs and polished marble floors, this home is three floors of pure luxury. The main bedroom includes its own inbuilt cinema system, with drop down screen, walk in robe, kitchenette and Italian marble ensuite. Situated on forty acres, the property is extensively landscaped with a mixture of native and tropical plants that combine to give a lush and natural feel to the home.



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PRESIDENT'S REPORT

Master Builders was established in 1882 by a group of commercial contractors for two main reasons – to unite in the face of unfair industrial relations and contractual conditions. Some people would suggest that not much has changed over the past 124 years however, they would be wrong.

While there is no doubt in my mind that our industrial relations and legal and contract departments remain a core service to members of Master Builders the reality is we are a much different organisation than we were even 10 years ago.

At the close of this financial year, our membership base was approximately 10,500 making Master Builders Queensland the largest state based building industry membership organisation in Australia.

Our total income this financial year was almost \$14 million, with a net operating surplus of approximately \$2.5 million. We have 83 staff operating out of nine offices across the State. I'm proud to say we've come a long way since our inception and Master Builders is now recognised as an essential business resource for anyone working in the building and construction industry.

Testament to this is the fact that trade and subcontractors now make up 50% of our membership through our alliance network.

We've achieved these successes by operating on sound business principles, which have over recent years included developing our business units and expanding our revenue base so the organisation isn't solely reliant on membership fees. Last year I reported that membership fees as a percentage of revenue had reduced from 60% in previous years to 38%. This year I am pleased to report that this figure has decreased to 33%.

These business units include our insurance, training, finance and telecommunications services.

Our insurance service provides an extensive range of specialised insurance products with competitive premiums. During the last financial year our insurance department expanded its operations with a permanent presence in Rockhampton, with other offices located in Brisbane, Cairns and Ashmore on the Gold Coast.

This financial year our training department increased the number of training courses held across the state by 138% compared to last year's figures, with 18,000 students across 1,150 courses.

Take up of our Master Builders/Telstra telephone plan increased by 40% this year with the plan now available to Master Builders members in other states including New South Wales, the ACT, Western Australia, Tasmania and the Northern Territory.

Master Builders Finance, which specialises in finance for motor vehicles, marine, plant and equipment, continues to receive strong member support.

Revenue from our business units provides a solid foundation for the organisation to continue to supply essential but non-revenue generating services to our members including industrial relations and workplace health and safety advice and legal, contract, dispute and technical advice.

By balancing the needs of servicing members and developing business units that underpin our financial security Master Builders is well placed to support the industry well into the next 124 years.

Derek Pingel,
President



EXECUTIVE DIRECTOR'S REPORT

Despite an eventful and demanding 12 months we have remained firmly focused on our corporate objectives - to provide relevant products and services to our members to improve their business viability and to represent the interests of the building and construction industry in regard to legislative, regulatory and policy frameworks.

A key focus this year has been to ensure equality of access to products and services to all Master Builders members across the State. Our regional members now represent 55% of our membership base, with our Gold Coast division the largest outside of the Brisbane metropolitan area.

With the significant increase in regional membership comes an obligation to provide the resources to adequately represent and service these members.

Last year I reported that we had commenced an aggressive redevelopment of our regional offices so we had adequate physical resources in place to ensure members could maximise the benefits of their membership.

During this financial year we finalised plans for our new premises in Townsville, sold and relocated our Sunshine Coast premises and refurbished our training centre in Rockhampton. Our Gold Coast office was also extended to meet the growing needs of our membership base in this region.

However, the key to our continued success will be ensuring that the organisation has adequate human resources, as well as physical resources, in place. Currently our staff to member ratio is approximately 1:130, while our interstate counterparts currently run a staff to member ratio of around 1:80.

While we have increased our staffing levels this year, both in our business units and core services, our future success will be reliant on continuing to adequately

resource our core service areas which include legal and contract advice, technical advice, dispute resolution advice, industrial relations and employment conditions and workplace health and safety advice.

Earlier this year Master Builders undertook a comprehensive review of our Strategic Plan. This review highlighted some service delivery pitfalls and gaps, particularly in our core service areas, which are largely due to the fact that Master Builders runs a very lean organisation from a human resource perspective. The decision was made to review our management structure with the aim to improve performance and create customer focus.

This review will ensure Master Builders continues to provide unmatched service levels to its members while maintaining a solid financial foundation.

There is no doubt in my mind that in the years to come, as our membership base continues to grow, we will continue to need to address our staffing levels.

Our staff are as dedicated as any group of people I have ever worked with – they are hard working, efficient and genuinely want to provide quality services to our members. The combined intellectual knowledge of our staff is our greatest asset and worthy of significant investment to ensure we remain the leading organisation representing and servicing the needs of our members.

Graham Cuthbert,
Executive Director



PROFILE

Master Builders is Queensland's largest building industry membership association representing over 10,500 members including residential and commercial builders, trade contractors, manufacturers and suppliers, industry consultants and apprentices.

Founded in 1882, the association was originally formed as a not for profit employers organisation, however over recent years it has grown to become an essential business resource for anyone working in the building industry.

Master Builders primary role is to provide industry information, education and technical expertise to members.

In addition Master Builders represents the interests of our members and the wider industry through participation in government boards, committees and working parties and making formal submissions to the federal and state government on industry issues.

To ensure the interests of the industry are taken into consideration Master Builders is actively involved with numerous industry groups and staff hold board or committee positions with the following organisations:

- Building Services Authority (BSA)
- Construction Training Queensland (CTQ)
- Workplace Health & Safety Queensland (WHSQ)
- Construction Training Centre (CTC)
- Q-Leave
- Q-Comp
- Aust(Q)
- BIGA
- BUSS(Q)

- Construction Income Protection Queensland (CIPQ)
- Department of Public Works
 - State Purchasing Committee
 - Universal Housing Design Committee
 - Sustainable Home Program Steering Committee

The association's head office is located in Brisbane however eight regional offices operate around Queensland ensuring equality of access to services and representation of regional members. Regional offices are located in:

- Ashmore (Gold Coast)
- Toowoomba
- Maroochydore (Sunshine Coast)
- Hervey Bay
- Rockhampton
- Mackay
- Townsville
- Cairns

With 83 staff operating across the state Master Builders members have access to a wide range of advice, products and services which includes:

Specialist advice in relation to:

- Industrial relations and employment conditions
- Workplace health and safety requirements
- Legal and contract documentation
- Disputes with clients
- Building legislation, regulations and technical requirements



Specialist products & services

- Practical industry training courses
- Tailored licensing packages to help people obtain their building licence
- Competitive, industry specific insurance policies
- Finance packages for building industry equipment and vehicles
- Contract and site documentation
- Site signage
- Mobile and land line phone plans
- Exclusive Master Builders display villages

- Provide a world standard suite of international services to realise the export potential of Australian building firms; and
- Ensure that new regulations in the Building Code and relevant standards improve the quality of buildings without unduly impacting on the cost and efficiency of the building industry.

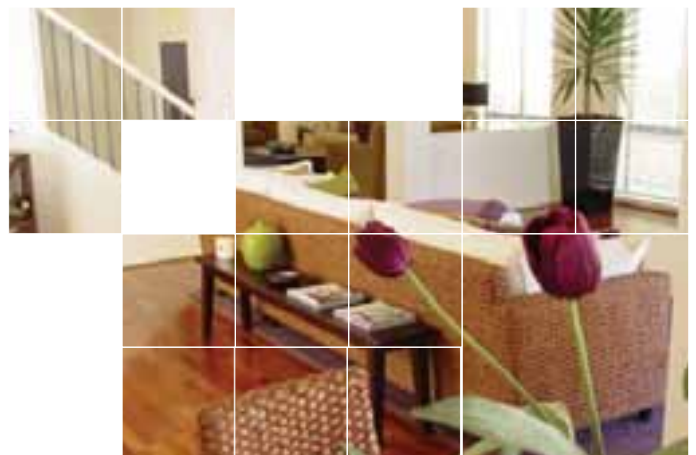
Our President Derek Pingel is a member of the MBA Board of Directors, as are the Presidents of each association around the country. The Board meets four times a year, as do the Executive Directors of each of the associations.

NATIONAL AFFILIATION

Master Builders is part of Master Builders Australia (MBA), which is the national body of the nine Master Builders associations around the country and represents the interests of approximately 25,000 members.

Its primary role is to develop policy and lobby the government in the interests of its members, at a national level. For example some of the goals of the MBA include:

- To have a fair and reasonable national tax environment for the building and construction industry;
- Influence government policies on the economy and small business to the benefit of members, particularly in removing the regulatory cost and compliance burden;
- Ensure that the building and construction industry requirements are met in the development of policy and programs under the National Industry Skills Council;





DEREK PINGEL



JOHN GASKIN



JOHN KIRKWOOD



GLENN RASHLEIGH



RALF DUTTON



MICHEL MOUGLALIS

EXECUTIVE COMMITTEE & COUNCIL

Master Builders is governed by an elected Executive Committee, which is chartered with the responsibility of conducting the business of Master Builders between State Council meetings within the framework of the organisation's constitution and budget.

The Executive comprises of the President, five committee members representing the industry and the Executive Director of Master Builders.

The group meets on a monthly basis and reports to the full Master Builders Council on a bi-monthly basis. The President and Executive Director also meet on a regular basis to review strategic and operational issues and establish agendas for the Executive meetings.

Derek Pingel

Derek was elected President of Master Builders in 2002. After completing his carpentry and joinery apprenticeship in Gatton in 1979 Derek founded and began operating Pingel Homes. Since then he has been involved in a variety of business ventures and operations throughout South East Queensland. His prestigious homes, designed and constructed by Pingel Homes, have won in excess of 100 industry awards. Derek has previously held the positions of Master Builders Housing Committee Chairman and Downs & Western Committee Chairman.

John Gaskin

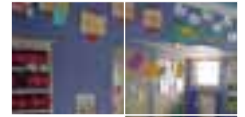
John was elected Vice President in 2004 and previously held the position of Chairman of the Master Builders Construction Committee. He is widely considered to be one of Queensland's industry leaders. John's reputation, which has been established over 40 years, has been earned through his success in delivering some of the State's landmark developments. John's professional abilities are matched by his personal manner, which has seen him develop alliances across the industry with colleagues, competitors, consultants and clients.

John Kirkwood

John is currently General Manager, Northern Region for Abigroup Contractors Pty Ltd. Prior to this he was responsible for Abigroup's building operations in Queensland. John has been with Abigroup since 1986 in various roles including Business Development Manager, Design Manager and Project Manager. John has been associated with the building industry for over 29 years, having previously worked for Jennings Construction, Fletcher Watts Group and Edward Street Properties. John is also immediate Past President of Master Builders.

Glenn Rashleigh

Glenn has held the position of South East Queensland Manager for Barclay Mowlem Construction Ltd for the past eight years. Prior to this he was Northern Territory General Manager for a period of four years. He joined Barclay Mowlem in 1980 on the Queensland Performing Arts project and has gained a wealth of experience in a diverse range of projects. He is responsible for an annual turnover of \$200 million spanning from northern NSW to the Sunshine Coast area and is responsible for over 120 staff. Glenn is also Chairman of the Master Builders Construction Committee.



Ralf Dutton

Ralf Dutton has worked in a variety of roles in the building industry throughout his career and is now proprietor of Value Homes (NQ) Pty Ltd, Cavalier Homes Cairns and John O'Grady Quality Homes Pty Ltd. He began work as an architectural draftsman and became a registered builder in 1978. He worked for Ballantyne Homes from 1979 to 1992 after which he began his first of many successful businesses. Ralf is also Chairman of the Master Builders Housing Committee.

Michel Mouglalis

Michel began his career as a carpenter and joiner in Sydney. In 1969 he started his own business building a variety of units, townhouses and commercial office buildings. In 1978 he won a contract to build a nursing home on the Gold Coast, which eventually led him to establish a permanent office in Queensland. His company, Golden Edge Homes now focuses on building prestigious residential housing and has received numerous industry awards. Michel holds the position of Treasurer on the Executive Committee.

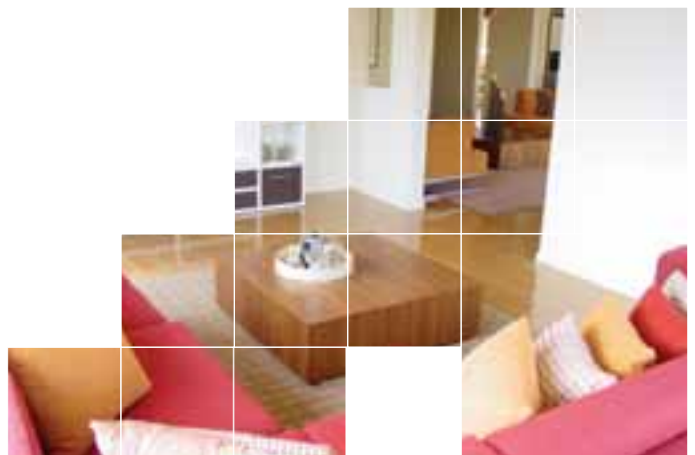
Graham Cuthbert

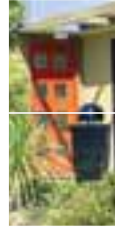
Graham was appointed Executive Director of Master Builders in 2002 and has previously held the roles of Manager - Industrial Relations and Director - Construction. Graham has extensive experience in the legal, technical, political and practical aspects of Master Builders operations. He also has strong strategic leadership skills and has successfully guided the organisation through a period of incredible growth in both membership services and financial terms.

Executive Meetings for 2004/05

MEMBERS	ATTENDANCE
Number of meetings	12
Derek Pingel	12
John Gaskin	10
John Kirkwood	10
Glenn Rashleigh	9
Ralf Dutton	11
Michel Mouglalis	8*
Graham Cuthbert	12
Andrew Kennedy	2*

*Michel Mouglalis replaced Andrew Kennedy as Treasurer in November 2004.





MASTER BUILDERS STATE COUNCIL

The role of the State Council is to oversee the formulation of policies, determine the budgetary priorities and to review the performance of Master Builders to ensure that objectives are achieved.

At the February 2005 State Council meeting it was resolved to review the Council's structure to ensure that it meets more contemporary management standards.

Currently Council is made up of three trustees, six members of the Executive Committee, 10 Brisbane councillors (eight of which represent builders and two represent trade contractors), seven regional councillors and an Institute of Building Consultants councillor and three regional observers – a total of 30 people.

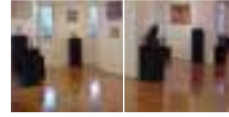
A range of options are currently being developed however there is general in-principle agreement that the current structure has to change.

Once the review is undertaken any recommendations to amend the structure will be ratified by the existing Council.

State Council Members

COUNCILLOR/ TRUSTEE	TITLE
Derek Pingel	President
John Gaskin	Vice President
Glenn Rashleigh	Chairman - Construction
Ralf Dutton	Chairman - Housing
Michel Mougialis	Treasurer
John Kirkwood	Immediate Past President
Grant Williams	Trustee
Cec Fritz	Trustee
Walter Sommer	Trustee
Tom Brown	Councillor
Lawrie Doré	Councillor
Andrew Kennedy	Councillor
Barry Freeman	Councillor
Errol Edwards	Councillor
John Lawrence	Councillor
Nick Herron	Councillor
Garry Rossow	Councillor
Lewis Saragossi	Councillor
Kathy Seaman	Councillor
Shane Summers	Councillor (Gold Coast)
Michael Crocker	Councillor (Sunshine Coast)
Des Bowes	Councillor (Burnett Wide Bay)
Darren Simpson	Councillor (Central Queensland)
John Galloway	Councillor (North Queensland)
Gary Riches	Councillor (Far North Queensland)
Leanne Gillam	Councillor (Downs & Western)
Eddie Helmold	Councillor (Institute of Building Consultants)
Trevor Nobbs	Observer (Gympie)
Greg Bell	Observer (Mackay)
John Faulkner	Observer (West Moreton)





Master Builders Committees

Master Builders committees are comprised of members from relevant industry sectors and are responsible for providing recommendations on operational and industry wide issues such as proposed or recommended changes to legislation and regulations.

They provide valuable input from the coal face of the building and construction industry and meet on a bi-monthly basis.

Each committee is convened by a Master Builders staff member and includes:

CONSTRUCTION

G. Rashleigh (Chairman), J. Gaskin, G. Dickens, S. Hawkins, E. Edwards, C. Evans, B. Freeman, N. Herron, J. Lawrence, B. Nash, G. Rashleigh, P. Veale, J. Kirkwood, Convenor: John Crittall

CONTRACTS

P. Kennedy, P. Boddington, P. Lincoln, P. Viggers, A. Sneddon, N. Herron, R. Hall, B. Wildermuth, C. Woolnough, R. Fardoulys, A. Morton. Convenor: Jeff Poultney

ENVIRONMENT

G. Rutherford (Chairman), S. Cavendish, F. Ellison, R. Griffin, D. Jones, W. Muller, P. Andreson, G. Robinson, M. Gorin. Convenor: Darren Sharry

HEALTH & SAFETY

D. Jenkinson (Chairman), P. Adams, M. Ball, S. Davis, B. Lewis, D. McCarthy, G. Rutherford, S. King, P. Webb, R. Willson, C. Griffiths. Convenor: Darren Sharry

HOUSING

R. Dutton (Chairman), R. Burns, L. Dore, T. Esprester, D. Haigh, E. Hoek, A. Kennedy, L. Mizikovsky, H. Van Riel, J. Stainton, P. Beerepoot, D. Werner. Convenor: Peter Osterhage

INDUSTRIAL RELATIONS

G. Bickerdike (Chairman), C. Beech, P. Corcoran, J. Palmer, B. Ryan, R. Klane, T. Jones, M. Priest, P. Luppi, L. Foster, M. Thompson, G. Muir, A. Palmer, J. Russ. Convenor: John Crittall

INFORMATION TECHNOLOGY

M. Jackson (Chairman), P. Boddington, N. Herron, A. Kennedy, B. Wildermuth. Convenor: Angus Howard

IBC*

E. Helmold (Chairman), T. Betteridge, G. Barlow, B. Dryburgh, C. Fritz, R. Griffiths, D. Montgomerie, R. Oakes, E. Pickering, A. Williams, M. Walker, J. Shenfield. Convenor: Phil Breeze

**The IBC is a division of Master Builders under its constitution.*

Institute of Building Consultants

The Institute of Building Consultants (IBC) became a division of Master Builders in 1994 and is a founding member of the Master Builders Australia National Building Consultants.

As of 30 June 2005 IBC had a membership base of 195 and is made up of a variety of property related professionals, including but not limited to, pre-purchase building inspectors, pest inspectors and building certifiers.

Members of IBC have met acceptable industry standards for professional competence, professional ethics and client care.

IBC aims to keep members up to date with legal and technical changes in the building and construction industry. The past 12 months in particular has been very active for members with activities including:

- Monthly information meetings to assist members in their continuing professional development;
- State conference held on the Gold Coast in August 2004;
- Assistance for members to access their professional indemnity insurance at a competitive price; and
- Regular consultative meetings with industry stakeholders such as the Building Services Authority and the Real Estate Institute of Queensland, government agencies and Australian Standards committees.



SPECIALIST ADVICE, PRODUCTS AND SERVICES

Since 1882 Master Builders has been supporting its members with specialist advice, products and services that keep them up to date with the latest building standards, techniques and legislation.

In today's demanding work environment, where change is constant, complexity is the norm and new issues arise almost daily – having the Master Builders to turn to is a distinct advantage.



CONTRACT, DISPUTES & TECHNICAL ADVICE

As part of its core service to members Master Builders provides specialist advice on contractual, technical and dispute related matters. In today's demanding work environment where change is constant, complexity is the norm and new issues arise daily, having the Master Builders to turn to is a distinct advantage for our members. Help is often only a phone call away.

Contract advice

Master Builders has developed a range of contracts specifically designed for the residential and commercial sectors that allocate risk fairly between builders and subcontractors and builders and their clients.

Master Builders also provides specialist advice in relation to the preparation of contracts and supporting contract documentation particularly in relation to:

- Suitability of contracts
- Contract terms and conditions
- Progress claims entitlements and preparation
- Variation claims and preparation
- Extension of time claims and preparation
- Legislation affecting contracts
- Tender procedures
- Tender documents

In October 2004 the State Government introduced the *Building and Construction Industry Payments Act 2004*, which applies to all building contracts entered into after 1 October 2004.

The purpose of the legislation was to put in place a structured payments process for all parties in the contractual chain and to provide for a rapid adjudication process in the event of a dispute.

The Act requires the claimant to make a progress claim in accordance with the legislation and for the respondent to reply to the payment claim with the issuing of a Payment Schedule. Disputes regarding the payment can then be referred to an independent and accredited adjudicator to make a final decision. The adjudication must be followed although each party still have legal rights to seek a final determination through the courts.

Master Builders supports the general thrust of the legislation and hopes that unwarranted claims for payment or unnecessary withholding of legitimate claims will be minimised.

While builders and trade contractors can use the legislation in the commercial sector of the industry, an anomaly exists in that it does not apply in the domestic sector. Master Builders will continue to oppose this anomaly so that all sectors of the industry are adequately covered by the legislation.

Dispute advice

Assisting our members to manage disputes is one of Master Builders core services and is delivered throughout the State via head office in Brisbane and its various regional offices.

In essence, Master Builders acts as a neutral third party that helps to identify disputed issues between our members and their clients, develop options, consider alternatives and endeavour to reach an agreement that is acceptable to all parties concerned.

Assistance with disputes is initiated in two ways – either by one of our members seeking assistance or by one of our member's clients seeking assistance from us.

If a member's client contacts Master Builders to discuss a dispute a Master Builders staff member will discuss the



issue with them in general. If necessary we will request that the member's client put their concerns in writing. Any contact with the member's client, whether on site or at the office will only be undertaken with the member present.

However, in many instances disputes can be resolved informally without the need to begin a formal dispute management process.

If the matter cannot be resolved informally, Master Builders may invite both parties to a 'without prejudice' conference, where Master Builders facilitates formal discussions. If money is an issue in the dispute, where possible, the disputed amount of money may be deposited into a Master Builders trust account until the matter is resolved.

Master Builders actively encourages both parties to reach an amicable agreement to resolve their issues. If a joint agreement cannot be reached, the matter is referred to the Commercial and Consumer Tribunal, the Building Services Authority or the Building and Construction Industry Payments Agency, where a formal and binding determination is made.

In regard to dispute management processes, Master Builders liaises with various industry stakeholders throughout the year and meets regularly with the Commercial and Consumer Tribunal (formerly Queensland Building Tribunal) Chairperson Julie-Ann Schaffer and the Building Services Authority's Assistant General Manager, Col Wright.

Technical advice

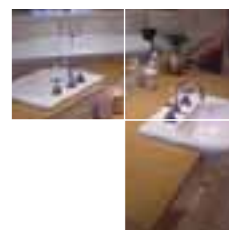
Master Builders provides expert technical advice to members on matters relating to legislative requirements that regulate minimum technical standards for the construction of all buildings, including the Building

Code of Australia (BCA) and the full range of Australian Standards.

Members are kept up to date via detailed technical circulars and magazine articles of the changes to the BCA and the relevant reference documents.

During the last financial year Master Builders has been actively involved with several Development Reference Group forums and workshops at a local and state government level. These Development Reference Groups help government formulate guidelines to address issues and industry-wide implications surrounding planning schemes, integrated development assessment system requirements and building and plumbing regulations.





WORKPLACE HEALTH & SAFETY

Master Builders recognises safety as one of the highest priorities in the building and construction industry and is committed to providing comprehensive practical advice, training and quality products to members in order to achieve improved workplace health and safety on work sites.

Master Builders provides members with assistance and advice in regard to:

- Safety management systems
- Principal contractor workplace plans and trade contractor work method statements
- Documentation, reporting and recording of accidents and injuries
- Emergency planning and incident management
- Advisory standards, regulations and codes of practice
- Management of subcontractors
- Hazardous substances and personal protective equipment
- Site set-up including amenities, boundary protection and safety signage; and
- Plant and equipment.

During the 2004/05 financial year Master Builders worked closely with the Department of Workplace Health and Safety Queensland (WHSQ), the Construction Forestry, Mining and Energy Union and the Builders Labourers Federation on a range of safety issues. Regular meetings were held and provided a forum for open discussion on safety issues.

In particular, Master Builders worked closely with representatives from WHSQ in relation to their targeted compliance campaigns in the following areas:

- Mobile cranes
- Tower cranes
- Housekeeping
- Falling objects

Master Builders conducted comprehensive information sessions for members at which guest speakers from WHSQ outlined compliance requirements and provided the checklists to be used by inspectors. The availability of checklists enabled builders to undertake an audit themselves in anticipation of an inspection. Sessions also provided an opportunity for site-based personnel (e.g Workplace Health and Safety Officers) to meet with inspectors to gain advice in managing workplace health and safety issues.

This open approach of information sharing has proven a successful strategy, with strong attendance and hence compliance from the industry.

Master Builders also worked with the government and other industry stakeholders in relation to the revision of a number of Codes of Practice which were introduced this year and include:

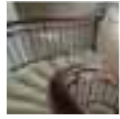
- Scaffolding 2004
- Steel Construction 2004
- Concrete Pumping 2005
- Plant 2005

In addition Master Builders has taken an active role in the development of new Codes of Practice including:

- Formwork
- Tower Cranes
- Mobile Cranes

These Codes are scheduled to become effective on 1 January 2006.

It should be noted that all Advisory Standards outlined in the Workplace Health & Safety Act have been renamed and are now known as Codes of Practice. Regardless of the change of name, the legislative status of these documents remains unchanged.



MEMBERSHIP & BUSINESS DEVELOPMENT

Master Builders membership reached an historic milestone this financial year. In November 2004 the association welcomed its 10,000th member - Bale` Homes Queensland Pty Ltd, which is based on the Gold Coast.

This achievement was part of a solid 9% membership growth across the State with total membership as at 30 June 2005 standing at 10,572 members.

While the Gold Coast continued its solid growth with a 16% increase in membership compared to last year's figures our Burnett Wide Bay region enjoyed an 18% increase, followed closely by the Sunshine Coast which experienced a 17% increase.

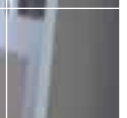
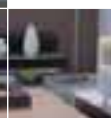
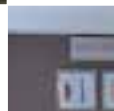
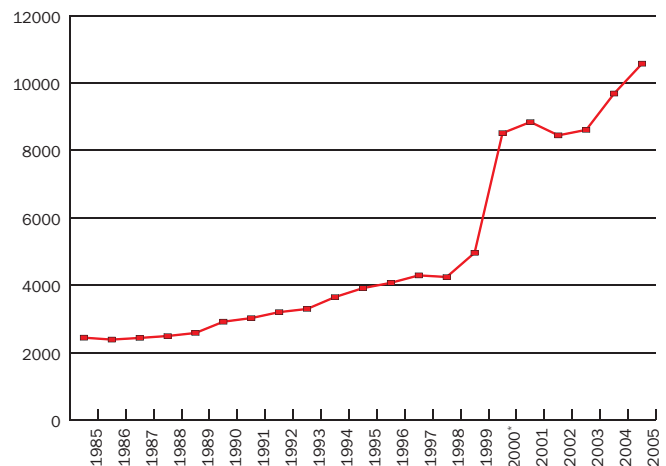
Overall membership in the trade contractor category has continued to grow and now accounts for 50% of our membership base through our alliance structure, indicating the growing value of Master Builders membership to this sector of the industry.

The Burnett Wide Bay region experienced phenomenal growth in this category with a 32% increase from 153 trade contractor alliance members in 2003/04 to 202 this financial year.

Disappointingly, overall membership in the builder category grew by a marginal 2%. Following a mid-year review of this issue it was identified that many builders were retiring from the industry and no longer met membership criteria. As a result, a new retired member category was introduced enabling retired members to keep in touch with Master Builders and the industry. However, resignations in the builder category are still higher than acceptable and new strategies will be introduced in 2005/06 to improve growth in this area.

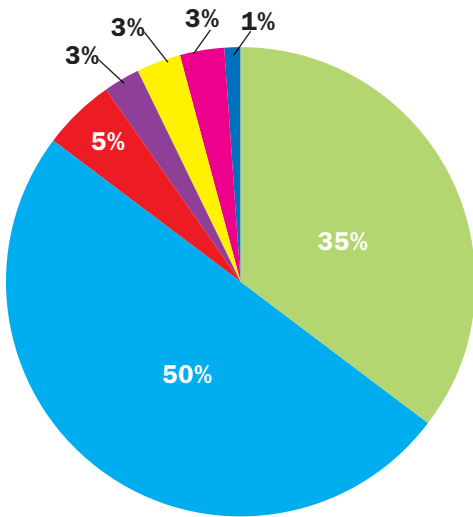
The statistical breakdown in the accompanying graphs show membership segmentation, as well as our growth over the past 20 years.

Membership growth
30 June 1985 - 30 June 2005





Membership breakdown by type Total members as at 30 June 2005 = 10,572



Builders = 3,740

Subcontractors (Alliance Members) = 5,297

Manufacturers = 510

Students = 330

Consultants = 283

Retired = 90

Associates = 322

Membership breakdown by Region Total members as at 30 June 2005 = 10,572

Brisbane = 4,736

West Moreton = 328

Sunshine Coast = 998

Mackay/Whitsunday = 332

Downs & Western = 557

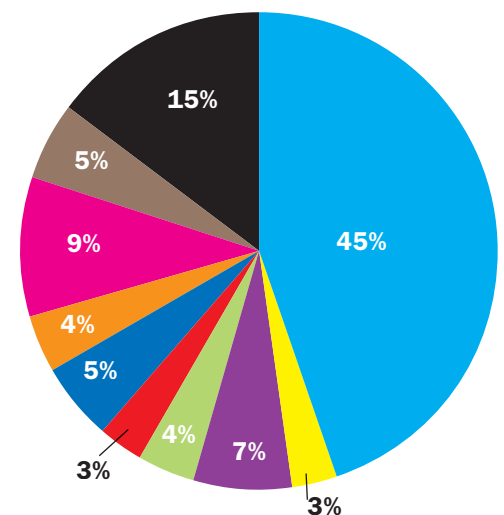
Burnett Wide Bay = 402

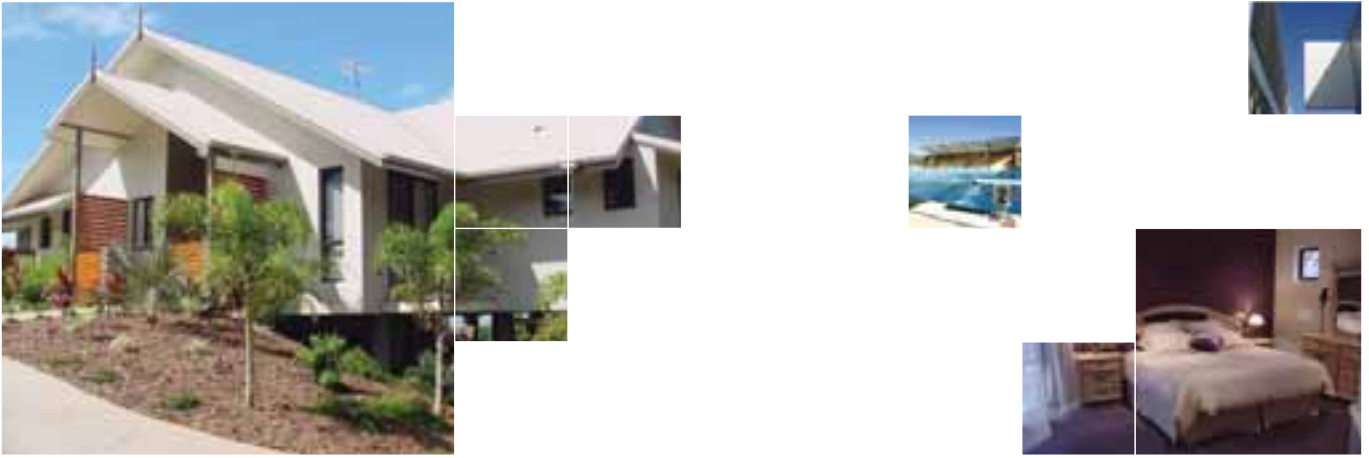
North Qld = 409

Gold Coast = 1,554

Central Qld = 545

Far North Qld = 711





Mentoring Program

During the last financial year Master Builders introduced a mentoring program for younger Master Builders members. The primary purpose of this program was to assist new members of Master Builders to tap into and benefit from the wealth of knowledge, experience and wisdom of our more experienced builder members.

The program offers new members a series of monthly presentations and workshops that aim to educate and inform. It takes many years to develop the skills to be a successful builder and the more help and guidance on offer, the better the outcome for both the individual and the industry.

The mentors were selected from members who Master Builders considered good role models including Master Builders Past President Lawrie Dore. Lawrie has been a builder for 30 years and is helping to ensure the art of being a Master Builder is handed down to the next generation of members.

Sponsorship

As a not for profit organisation Master Builders values industry sponsorship and the past financial year has provided many benefits for our business partners.

Our business partners have access to members through a variety of channels to showcase their products and

services. These include information evenings which are held across the state, our annual industry roadshow which attracts over 4000 people, industry sector luncheons and seminars and our high profile Master Builders Housing and Construction awards.

This relationship is vital for Master Builders as we continue to focus on opportunities that will help offset operating costs.

Keeping Members Informed

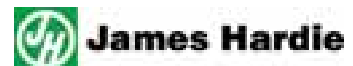
Master Builders keeps members up to date via our flagship publication *Master Builder*, news circulars, information nights and our annual roadshow to ensure they are kept abreast of the latest industry issues to protect their business.

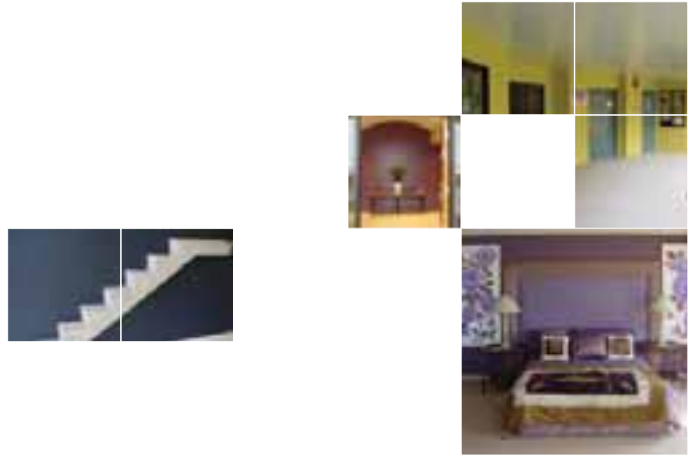
MASTER BUILDER MAGAZINE

Master Builder is regarded as one of Australia's foremost building and construction industry magazines. Articles are written from a Queensland viewpoint for the building and construction industry and deliver information and advice to members on issues that affect them the most.

The magazine is distributed exclusively to Master Builders members and key industry stakeholders on a bi-monthly basis.

OUR KEY BUSINESS PARTNERS FOR 2004/05 INCLUDED:





NEWS CIRCULARS AND ALERTS

Master Builders keeps members up to date with the latest changes to regulations, legislation and workplace health and safety requirements with regular news circulars and alerts.

Any time there are changes that will impact the industry Master Builders provides members with summaries of the essential information they need to know to protect their business. In today's demanding work environment, where change is constant, it pays to keep up to date.

NEW WEBSITE

Work commenced in October 2004 to redevelop the Master Builders internet site to create a more intuitive, user-friendly information resource for members.

The new site was launched in late January 2005 and feedback from members has been positive. Since February 2005, there have been almost 460,000 pages of information viewed on the site.

INFORMATION EVENINGS

Information evenings are regularly held across the State. These evenings provide the opportunity for our members to hear from, and talk directly with, experts from relevant industry organisations including WorkCover, Workplace Health & Safety Queensland, the Building Services Authority and our own Master Builders staff.

ROADSHOW 2004

Master Builders roadshow continues to be the highlight of the calendar year for both members and the wider industry. During 2004 over 4000 people took advantage of the opportunity to hear from industry specialists who spoke on key issues affecting the industry and their business including:

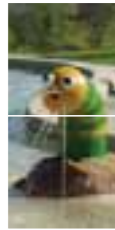
- The new Construction Industry Payments Act
- The Building Services Authority Subsidence Policy
- Changes to the Building Code of Australia
- WorkCover requirements

The roadshow also featured a tradeshow, where our

business partners are able to showcase their latest innovative products on the market. Demand from manufacturers and suppliers to take part during 2004/05 exceeded the previous year's numbers, with growing recognition that the event provides a unique opportunity for them to meet face to face with our members.

Last year Master Builders held 19 events from Brisbane and major regional centres out to the south-western towns of Charleville, Roma, Dalby, Kingaroy, Warwick, Stanthorpe, Goondiwinidi and St George.





Promotion

Master Builders provides its members with unique opportunities to help promote their business to the public. These include:

REFERRAL SERVICE

Master Builders offers members a free referral service to compliment their own marketing activities.

By visiting the 'Find A Member' referral service on our website members of the public can obtain the names and contact details of Master Builders members that can undertake work according to their specific needs.

Builders and tradespeople are listed according to a number of different categories including the location in which they work and what type of services they specialise in.

With over 4,000 inquiries per month the Master Builders referral service is a valuable promotional tool for members.

HOUSING & CONSTRUCTION AWARDS

Each year Master Builders hosts nine regional housing and construction award ceremonies which culminate in the state finals, which are held as part of the organisation's annual dinner.

The awards provide an opportunity for builders and master craftsmen to gain industry and public recognition for quality workmanship and innovation.

With more than 60 categories the awards attract a wide cross section of nominations from small family businesses to major commercial enterprises.

State and regional award winners are featured in the Master Builders Winning Homes and Excellence in Construction magazines, which have a combined circulation of almost 20,000.

Winners of the state awards are eligible for nomination to the prestigious national Master Builders Australia awards held in Canberra each year.

The 2004 awards attracted over 630 entries with over

4,200 members and their guest attending the award ceremonies across the state.

DISPLAY VILLAGES

Master Builders operated 11 display villages in Queensland's south east corner showcasing 163 display homes during the last financial year.

Display homes offer our members' potential clients the opportunity to view first hand the quality workmanship and designs they have to offer. Display villages offer an even greater benefit to the public by having up to 18 builders showcasing their homes in one convenient location.

Demand to be part of our display villages is high and access is determined by way of expressions of interest from members with lot entitlements secured by a ballot system.

The following villages were open during the 2004/05 financial year:

NEW SOUTH WALES	
Sea Breeze, Pottsville	15 homes
GOLD COAST	
Pacific Pines Estate, Gaven	42 homes
Observatory Estate, Reedy Creek	18 homes
Regatta Waters, Coomera	20 homes
BRISBANE SOUTHSIDE	
Jacobs Ridge Estate, Ormeau	23 homes
Sovereign Heights, Thornlands	37 homes
Domain Estate, Kuraby	22 homes
BRISBANE NORTHSIDE	
Regents Green Estate, Carseldine	11 homes
Central Lakes Estate, Caboolture	39 homes
SUNSHINE COAST	
Rainforest Sanctuary Estate, Buderim	16 homes
Peregian Springs Estate, Peregian	22 homes



A further six display villages were under construction:

GOLD COAST	
Coomera Springs Estate, Coomera	38 homes
Regatta Waters Estate, Coomera	11 homes
BRISBANE SOUTHSIDE	
Montruse Estate, Calamvale	22 homes
Parkwood Estate, Heathwood	34 homes
Rushwood Estate, Thornlands	20 homes
BRISBANE NORTHSIDE	
Halpine Estate, Mango Hill	20 homes

According to statistics 60,000 people per year, visit the Master Builders website to find out information about our display villages.

Master Builders / Telstra Partnership

Master Builders partnership with Telstra has come a long way since our telecommunications package was launched in March 2003. Our range of mobile phone plans are now recognised as competitive packages in the marketplace and as a result Master Builders has grown to become Telstra's second largest mobile phone account.

During the last financial year, take-up of the plan has increased by 40%, compared to previous year's figures.

Other significant achievements during the past year include:

- Extension of the plan to Master Builders members in Western Australia, the ACT, the Northern Territory and New South Wales
- Surpassing our take-up target with over 4000 services on the plan
- The introduction of subsidised mobile phones
- The introduction of a landline plan

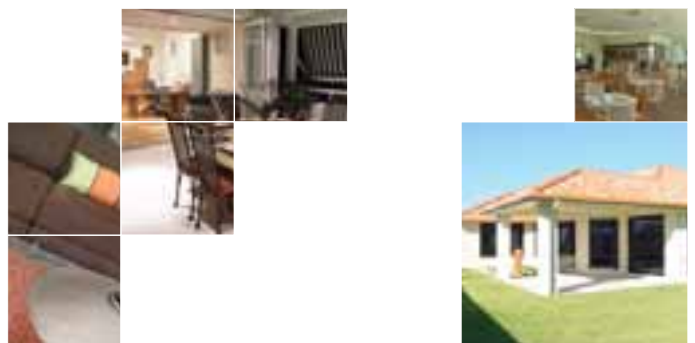
The sheer level of growth of our packages in the marketplace, while welcomed, was unexpected and problems were encountered along the way. A full review of our systems and processes was undertaken in conjunction with Telstra and our original handset partner One Zero. Following the review, new procedures and reporting structures were implemented to ensure improved service to members.

Our original handset partner One Zero was taken over in early 2005 by FoneZone, one of Australia's largest specialist mobile phone retailers. With a new partnership in place the plan is now well placed to enjoy continued, planned growth and with the recent introduction of subsidised handsets, single billing and a landline deal it is set to offer even better benefits to members.

Affiliations

In 2004/05 Master Builders had a number of Industry Alliance members, for which we provide secretariat services to including:

- Glass & Aluminium Association
- Commercial Wall & Ceiling Contractors
- Australian Shopfitters Association
- Commercial Block & Bricklayers Association
- Scaffolding Association





TRAINING

Master Builders training department experienced substantial growth during the last financial year with the number of courses on offer increasing by 338% and student attendance by 138%, compared to previous year's figures.

During 2004/05 Master Builders trained over 18,000 students across 1,150 courses.

To ensure customer service remains at a high standard the department now employs 10 full time staff with 52 contract lecturers.

The increase is partly due to Master Builders achieving Registered Training Organisation (RTO) status in March 2004. With RTO status Master Builders was able to deliver, in addition to its current courses, five nationally accredited courses, two Building Services Authority accredited courses and 15 industry workshops.

Other courses introduced this financial year include a Commercial Safety Workplan Workshop, a Housing Safety Commercial Workplan Workshop and a Work Method Statement Workshop.

Master Builders also introduced the Certificate I in Construction and plans are in place to introduce Certificate IV in Building in December 2005.

As an RTO Master Builders must comply with the Federal Government's Australian Quality Training Framework standards. The standards provide the common foundation for ensuring the quality and integrity of training and assessment services of RTOs across Australia.

During the year, the training department completed the required internal audit to evaluate its policies, systems and procedures and develop and implement improvements.

Part of the department's overall operational improvement

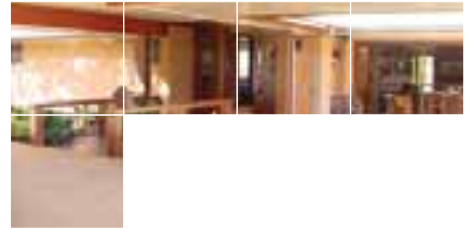
plan included the introduction of a student record management system in 2004, which enabled greater efficiencies in administering the growing number of students and courses.

With the phenomenal growth in student numbers this financial year the new web based management system was extended to all eight regional offices. From a central point in Brisbane, Master Builders offices in Cairns, Townsville, Mackay, Rockhampton, Hervey Bay, Maroochydore, Toowoomba and Ashmore on the Gold Coast have access to the system.

This has enabled Master Builders to be more responsive to student needs and has contributed to the association becoming the dominant provider of training services to Queensland's building and construction industry.

Master Builders Licensing continued to provide free licensing support and assistance to contractors in the industry. This service assists people to obtain a new Building Services Authority contractor's licence, expand the scope of a current licence, renew a licence or obtain advice on licensing issues.





INSURANCE

The last financial year proved to be a transitional period from high premiums and restricted policy coverage to lower more flexible premiums and coverage.

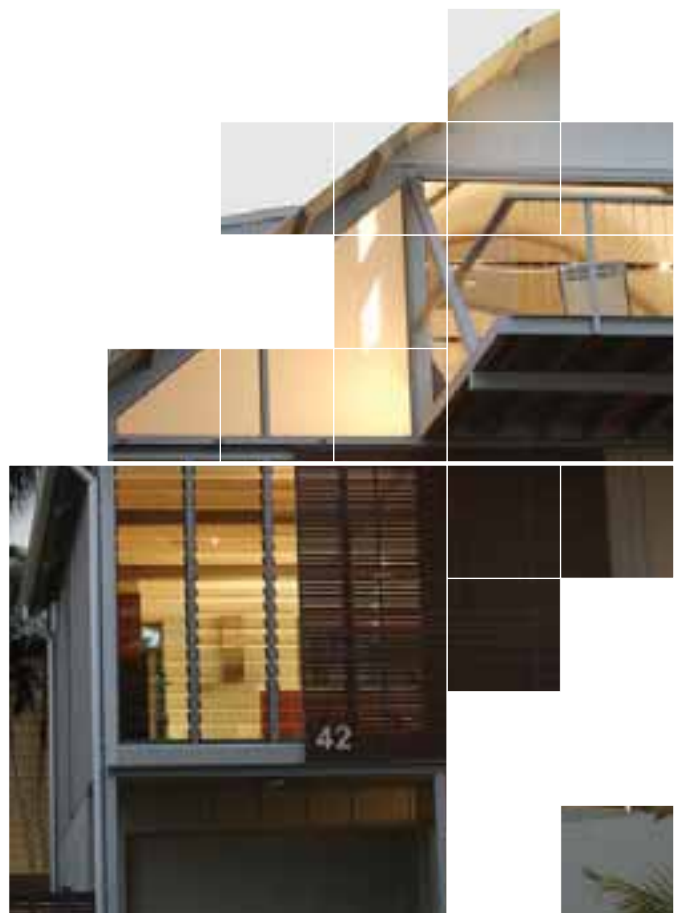
The first two quarters of 2004/05 witnessed the insurance market reach the peak of a three year cycle, which had consisted of high premiums and restricted policy coverage. The following quarters saw many insurance companies demonstrate a definite shift towards reducing premiums and introducing more flexible terms and conditions to large insurance purchasers with a good claims record.

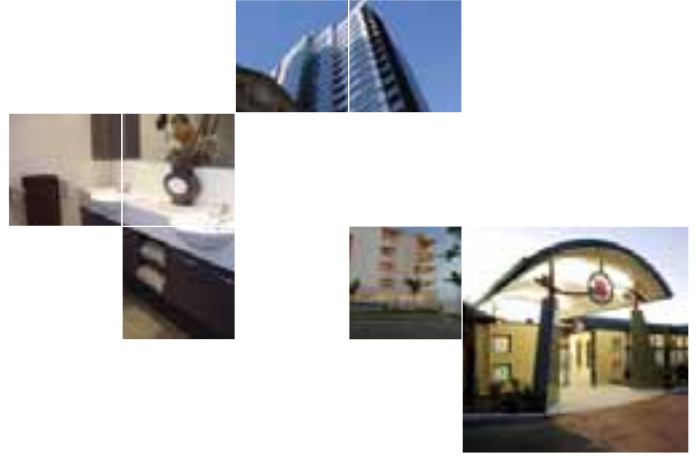
The same trend flowed on to the medium to smaller insurance buyer and resulted in more competitive and beneficial insurance packages for the building and construction industry as a whole.

Public liability insurance continued to be a difficult area. Government reforms, which were introduced with the intention of reducing claims and premium costs, were eroded by WorkCover Queensland's ongoing practice of taking recovery action for claims paid out to injured workers. Also the legal fraternity on behalf of injured workers, consistently by-passed the WorkCover system, in favour of pursuing a public liability insurance claim. Public liability insurance costs will remain volatile until the cost of WorkCover claims stay in the WorkCover arena.

From an operational perspective, Master Builders continued to expand and improve the reach of its insurance products to regional members. Insurance staff are now permanently located in the Brisbane, Ashmore, Rockhampton and Cairns regional offices, with regular attendance in the other regions. As a result insurance staffing numbers increased from nine to twelve, to ensure current and new members continued to receive a high level of customer service.

Throughout the year, Master Builders invested significant efforts in creating new and more beneficial commercial arrangements with a number of different insurance companies. A firm and extended base has now been established, to better service members' insurance needs into the future, from a much wider range of insurance providers.





INDUSTRY REPRESENTATION

Energy Efficiency

One of the biggest industry issues for the housing sector during the past financial year has been energy efficiency requirements. New requirements were introduced via the Building Code of Australia (BCA) on 1 September 2003. In November 2004 the Australian Building Codes Board released a draft regulatory document which proposed to significantly increase the 2003 energy requirements, which will take effect in 2006.

The Regulatory Impact Statement which analysed the cost benefit of the proposals was released in April 2005 and, in Master Builders opinion, significantly underestimated the cost impact on the industry.

According to analysis by Master Builders implementing the proposals in their current form was estimated to add over 7% to the cost of housing in North Queensland. Master Builders therefore hosted a tour and workshop in Cairns in April 2005, specifically for Building Codes Queensland representatives, to demonstrate the impacts the energy proposals would have on the industry and to objectively come up with recommendations on acceptable energy requirements.

The outcomes and recommendations made during the industry workshop formed the basis for both Master Builders and Building Codes Queensland's submissions to the Australian Building Codes Board.

Furthermore, Master Builders appeared before the Productivity Commission's public hearings on energy efficiency in May 2005 and expressed its concerns with the energy efficiency proposals.

At the date of this report, a decision on any revised amendments by the Australian Building Codes Board in response to Queensland's submissions had not been

made. It is expected however, that a revised energy efficiency requirement will become effective from May 2006 via the BCA.

Sustainable Housing – Heads of Agreement

On 18 July 2004, Master Builders became a signatory to a Heads of Agreement with Government and other industry stakeholders to increase public awareness of the importance and value of more sustainable design and construction practices and to increase the uptake of sustainable housing practices by both industry and the community.

It was agreed that the Heads of Agreement would achieve these objectives through collaborative efforts with local governments and other stakeholders by establishing display homes in selected Queensland centres regionally and on a statewide basis. The initiative was a key feature to promote the Year of the Built Environment in 2004. The Year of the Built Environment was a federal government initiative that brought together governments, industry, environmental and community groups to raise awareness of issues relating to the built environment.

Sustainable Housing – Legislative initiatives

Despite Master Builders becoming a signatory to a Heads of Agreement to voluntarily promote sustainable practices to both the community and industry in July 2004, the State Government released a discussion paper on 8 December 2004 proposing to legislate:

- A banning of electric hot water systems in all new homes



- Requiring 6/3 dual flush toilets
- Requiring AAA rated shower roses
- Requiring fluorescent lights in a significant proportion of living space
- Requiring water pressure limiting devices; and
- Allowing local councils to mandate the use of water tanks.

Master Builders provided a detailed submission to government opposing the proposed legislation, especially the banning of electric hot water systems, which would require all new homes to have either solar hot water, gas hot water or heat pumps. The increased costs to homeowners in implementing these reforms would significantly affect home affordability with little gain in the government's stated objectives of reducing greenhouse gas emissions.

Following its submissions, Master Builders embarked on an aggressive and intensive media campaign via television, print and radio, throughout the State, to alert the industry and generate community debate.

Despite a successful media campaign, the Government announced in July 2005 that it would introduce legislation to implement the proposals effective from 1 March 2006.

Builders 10 Year Liability Cap

All States and Territories in Australia, with the exception of Western Australia and Queensland have introduced legislation to limit a builder's liability for defective work to 10 years following practical completion. Currently a builder's liability in Queensland is unlimited.

After significant research on this issue Master Builders developed a detailed submission to the Attorney General and Minister for Justice seeking an amendment to the *Limitation of Actions Act 1974* which would prevent actions being brought against a builder more than 10 years after practical completion. This would bring Queensland into line with the other states and territories.

Unfortunately, the Attorney General declined to implement the proposed amendment *"as it would be against the concept of personal responsibility upon which such actions are based. It is important for those engaged in business to carry out their activity in a responsible and reasonable way."*

Federal Government Reforms

The re-election of the Howard government in October 2004, with a 'once in a generation' Senate majority, sent shock waves through the building and construction industry. The government had already drawn its template of legislation to reform industrial relations in the building and construction sector and the new parliamentary mandate has reinforced and accelerated the legislative programme to implement the recommendations of the Cole Report.

On 9 March 2005, the federal government announced severe penalties for any party engaging in unlawful industrial conduct. The penalties provided employers with significant protection against the union's industrial intentions to pressure employers into signing new enterprise agreements before they expired. This announcement from the government was part of a broader reform agenda for the building and construction industry which will culminate with the passing of the *Building and Construction Industry Improvement Act* in October 2005.

Master Builders gave evidence at a Senate Inquiry in May 2005 in support of the proposed legislation. The legislation is designed to regulate industrial action by outlawing certain forms of unlawful industrial action including:

- Industrially motivated action – ie. motivated by a purpose such as advancing the cause of a union;
- Conduct that is not 'constitutionally connected action' ie. must involve a union and a constitutional corporate; and
- Protection for parties engaged in genuine bargaining



or who take action in support of “reasonable concern ... about imminent risk to health and safety.”

The new legislation will also establish the Australian Building and Construction Commission which will have wide ranging powers to investigate and prosecute breaches for unlawful conduct.

Far reaching changes will flow from the federal government’s proposed unitary industrial relations system, including a diminished role for all industrial relations tribunals and the further simplification of the award and enterprise bargaining framework.

Master Builders is closely monitoring and reviewing the reforms as they are introduced into law. We will continue to consult with members to ensure the reforms benefit the building and construction sector.

Enterprise Bargaining

The renewal of the 2003-2005 industry enterprise agreement has preoccupied the major commercial sector since early 2005, at which time the building unions’ commenced negotiating for the renewal of a new industry framework agreement, ten months prior to expiration of the existing agreements.

From the outset, Master Builders strongly opposed the union claim and campaign. The 9 Day Fortnight campaign, for example, was the subject of extensive enquiry by the Queensland Industrial Relations Commission. Master Builders remains committed to establishing the illegitimacy of the campaign.

Members have supported Master Builders efforts to ensure that the renewal of the enterprise agreements is consistent with the terms agreed in 2003.

Master Builders remains focused on the need for substantive improvements in flexibility and efficiency via enterprise bargaining. Compliance with the federal government Code of Practice and Guidelines, for procuring federal government work, will be a feature of all enterprise agreements in the future.

While the decentralisation of the bargaining process is a

genuine alternative for the industry in the next round of enterprise agreements, Master Builders acknowledges the role of the unions and continues to seek the unions’ commitment to improve the performance of the building and construction sector.

Union Application to flow EBA wages to awards (S.129)

This union Application first appeared in 2003 and sought the Queensland Industrial Relations Commission to approve a 20% increase to the building construction award, to match the enterprise agreements negotiated in 2000.

The unions’ claim was vigorously opposed by Master Builders despite some EBA employers giving direct support to the union. Master Builders is an organisation of over 10,500 members, ranging from major builders to self-employed contractors. Just over 250 members have a current EBA in place.

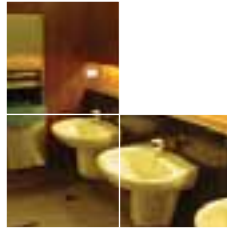
The Commission completed its hearings of evidence and submission in June 2005 and reserved its decision.

Given the massive potential impact the Application could have on the non-EBA sector, Master Builders invested a considerable sum, in both legal costs and staff resources, in opposing the claim.

In preparing its evidence and submissions, Master Builders received the valuable support of many members who assisted by way of providing interviews, witness statements and attending the court to give evidence.

At the date of this report a decision by the Commission had not been made.





STATE BUILDING ACTIVITY OVERVIEW

Despite consistent media and industry reports that the building industry was experiencing a boom, especially in the housing sector, statistics clearly show that housing approvals in the 2004/05 financial year were well below that of the previous financial year.

The graph below shows that monthly, with the exception of May 2004, approvals were well down from the same period in the previous year. Although some areas of the State have fared better than others, anecdotal evidence from builders confirms these figures.

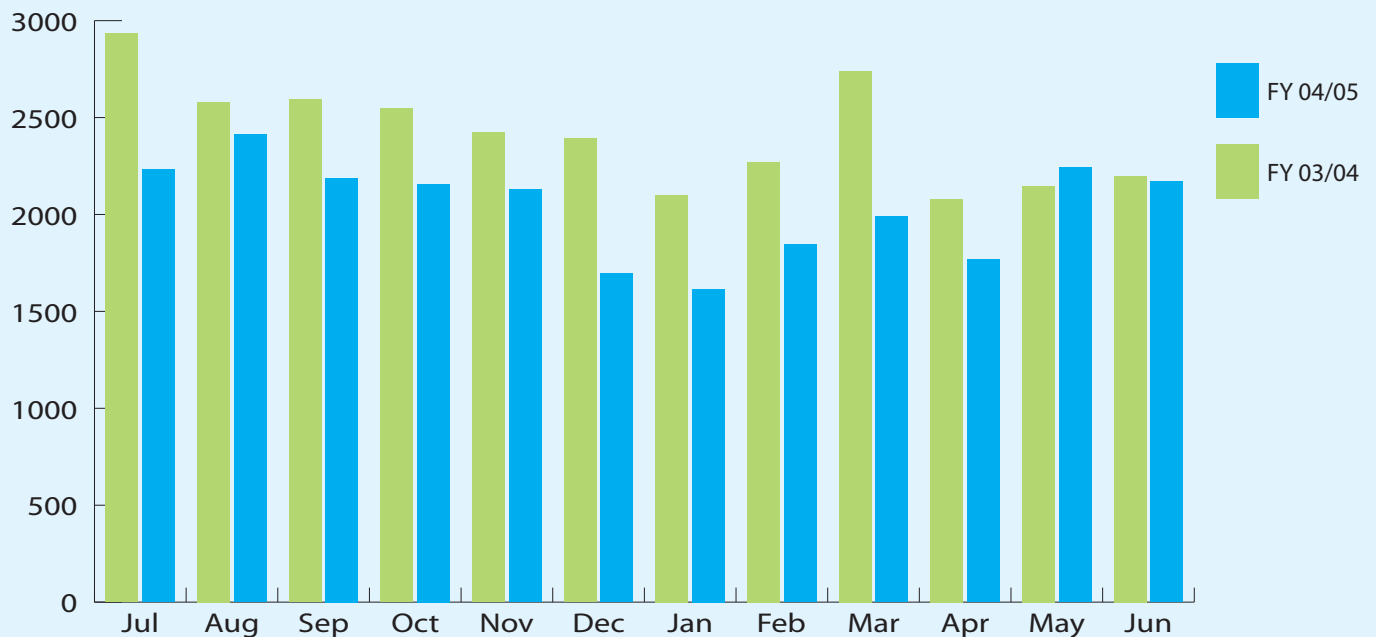
With the decline in building approvals, skill shortages and subcontractor prices have eased somewhat over the past year.

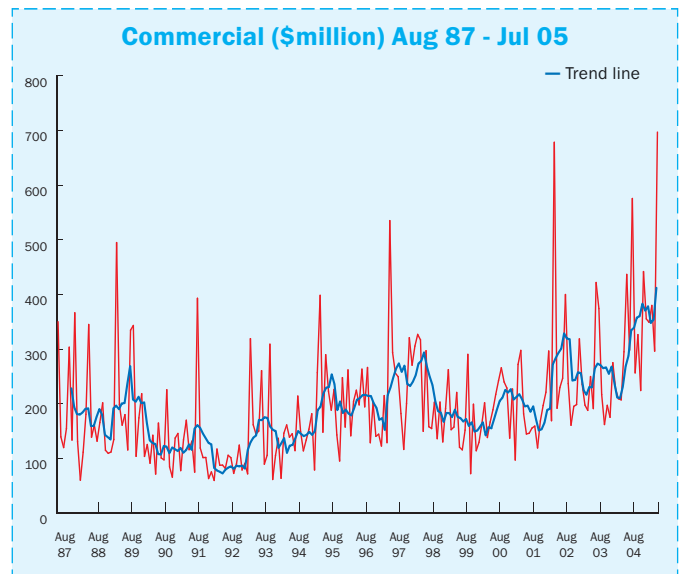
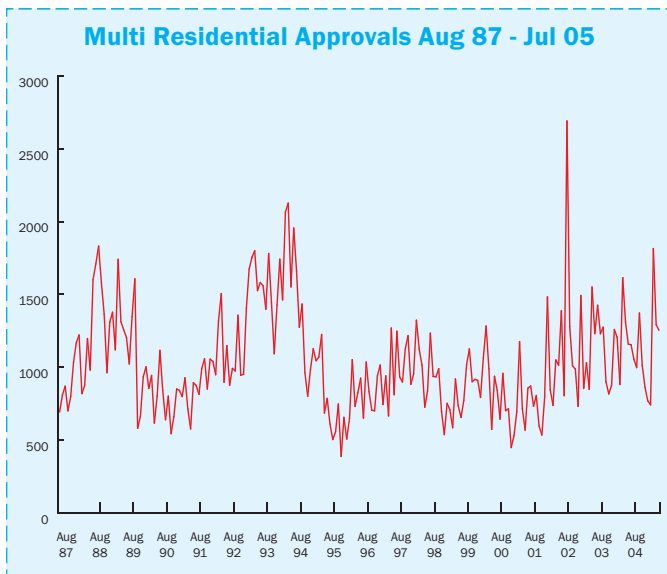
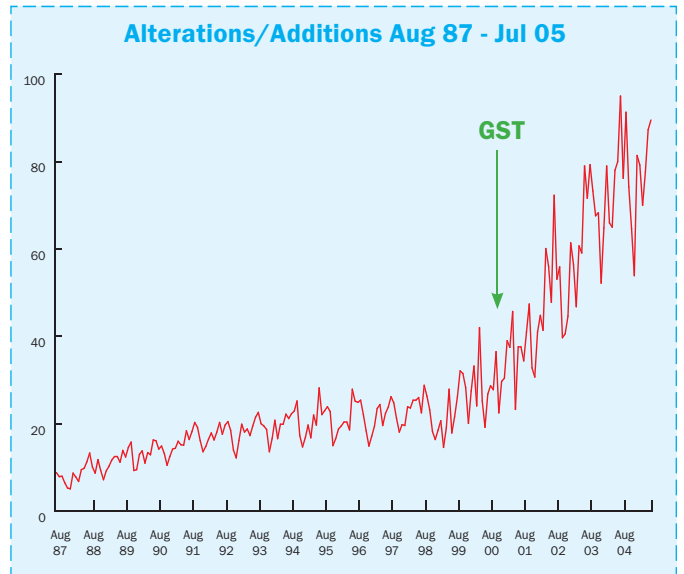
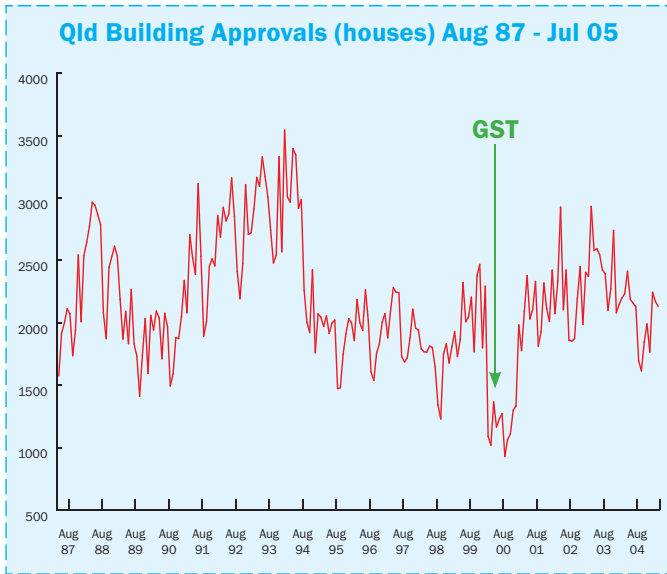
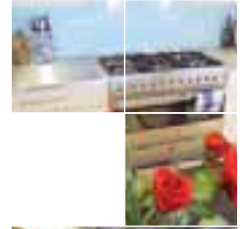
It is expected that with interest rates being stable, consumer confidence rising and interstate migration continuing at reasonable levels, the 2005/06 financial year should exceed approvals from 2004/05.

A comparison of building activity for each sector of the industry is outlined in the following graphs.

The alteration/additions market has consistently risen since the introduction of GST in 2000 and expectations are that this trend will continue. The commercial sector of the industry is also expected to remain buoyant into the future, especially with the recent announcement of the State Government's South East Queensland Regional Plan and Infrastructure Plan.

Monthly Housing Building Approvals Financial Years 03/04 versus 04/05



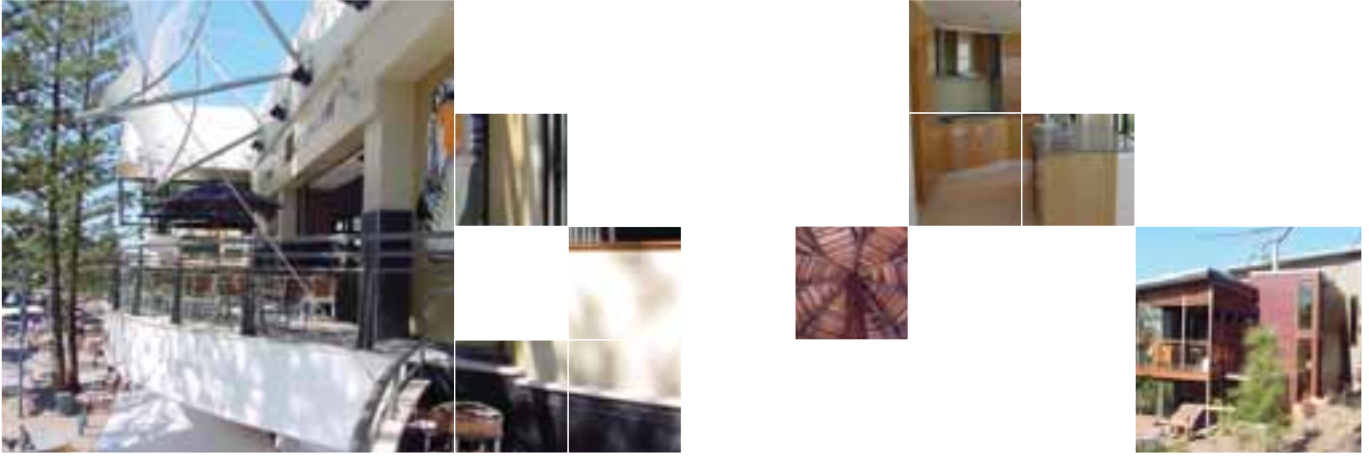




STATE BASED – REGIONALLY FOCUSED

Master Builders operates eight regional offices around the State ensuring we understand and appreciate the local issues our members face in the day to day reality of working in the industry.

Regional members now account for 55% of Master Builders total membership base.



GOLD COAST

Year in Review

Throughout the 2004/05 financial year the biggest concern to both the Gold Coast and Beaudesert regions was the drought, which saw dam levels reach a record low and sections of Beaudesert without water totally.

The local council and industry stakeholders, continued to plan initiatives to combat this long term problem, particularly in the face of continued population growth.

One of the major highlights of the year in the region was the construction of Q1, currently the world's tallest residential building. While construction actually commenced in the 2003/04 financial year, the building began to take real shape in 2004/05.

Over 200 Gold Coast members enjoyed a site tour of the building including a ride in the external access elevator to level 78, which was a daunting experience for most.

Overall membership in the region grew by a total of 16%. This included a 32% increase in the number of manufacturers and suppliers.

As with previous years, skilled labour shortages placed pressure on the market. To compound this, a number of builders took opportunities to work in other areas taking contractors with them to areas such as Hervey Bay and overseas to Fiji.

Local Issues

With population growth set to continue on the Gold Coast, a key challenge for the next 50 years is planning for and meeting future water demands.

In an attempt to address the critical water issue the local council established a Waterfuture Advisory Committee to assist council to develop a sustainable, balanced, diverse

and adaptable long-term Waterfuture strategy for the region.

As part of its commitment to developing new long term solutions the Committee recommended to council to incorporate recycled water as part of development plans for the new Jacobs Ridge residential estate at Coomera. This was met with great acceptance from builders and residents. The program incorporates recycled water to service toilets and washing machines and the use of rain water tanks to provide garden watering.

The Committee also recommended to council that all new developments in the region include rain water tanks.

It would be remiss not to thank the local Gold Coast sponsors most who have supported us for the past few years. Of particular note are our platinum sponsors, Austral Insulation in conjunction with CSR Bradford and Lambert & Ho Lawyers in conjunction with Sawford Voll Lawyers.

Building Activity

Overall building approvals for the 2004/05 financial year decreased sharply by 18% compared to previous year's figures. New home approvals dropped by 20% during the same period.

The decrease is actually a welcome softening of the market as 2003/04 proved a difficult year for builders to keep up with demand. Construction timeframes were lengthy and clients were waiting for up to six months to build with their preferred builder. The shortage of labour compounded the problem.

Building activity on the Gold Coast, while still buoyant,



has reached a more sustainable level, this financial year.

APPROVALS	2003/04	2004/05
New dwellings	4,350	3,457
Total building approvals	7,571	6,195
Value	\$M	\$M
New dwellings	940	825
Total building approvals	2,502	2,250

Community Support

During the 2004/05 financial year Master Builders and its Gold Coast members once again supported RACQ CareFlight, an emergency medical and rescue helicopter service operating in Queensland and New South Wales since 1981. In July 2004 Master Builders presented CareFlight with a cheque for \$20,000 in recognition of the vital role that CareFlight plays on the Gold Coast with their rescue operations and to help it continue to provide its valuable service to the region.

Membership

Once again the Gold Coast region has experienced solid membership growth with a 16% increase in membership during the last financial year.

A significant increase in the number of new manufacturer and suppliers members was achieved following a concerted membership drive aimed at this segment of the market.

The Gold Coast region now represents 15% of the overall state membership.

	2003/04	2004/05	Growth
Builders	512	575	12%
Trade Contractors	668	772	16%
Others	157	207	32%
Total	1337	1554	16%

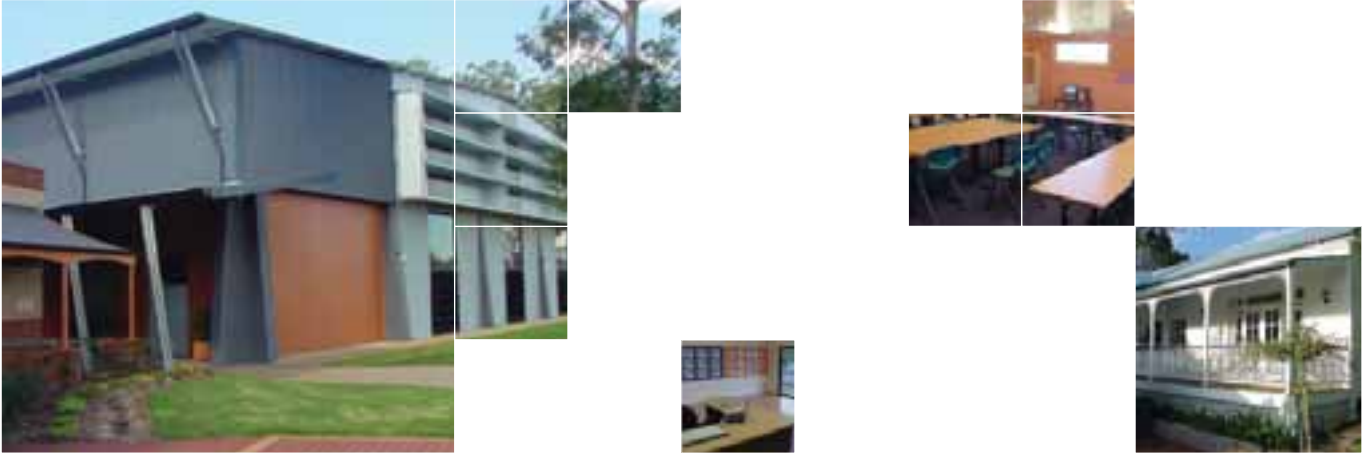
Committee of Management

CHAIRMAN	Michel Mouglalis
VICE CHAIRMAN	Shane Summers
IMMEDIATE PAST CHAIRMAN	Bob Nash
COMMITTEE	Eric Haig Gary Metcalfe Peter Jones Mark Settree Johannus van Reil Kevin Whitaker Paul Griffin
STATE COUNCILLOR	Shane Summers

BEAUDESERT BRANCH

CHAIRMAN	Des Biss
VICE CHAIRMAN	Lee Elgood
IMMEDIATE PAST CHAIRMAN	Vince Tomkins





DOWNNS & WESTERN

Year in Review

Throughout the year drought was almost as popular a subject for discussion as the building and construction industry, which has continued to enjoy growth, success and profitability.

While house and land prices in the more popular coastal areas of Queensland continued to spiral out of the reach of many home buyers, the Downs and Western region experienced growth as land and homes were more affordable.

All areas of the region experienced development growth with particular emphasis on the more populated areas of Goondiwindi, Chinchilla, St George, Warwick, Kingaroy and Roma. Construction in both the residential and commercial sectors was buoyed by increased business and consumer confidence, affordable interest rates, quality housing and a general optimism in the future of the region.

While Toowoomba may be recognised as a centre of learning and education the change in focus to unit and inner city living was starting to gain pace. During the year a number of multi-storey residential developments were completed or announced, some reflecting a trend to create a mix of residential, commercial and retail premises. Local builders were at the forefront of these developments demonstrating confidence in, and vision for the future.

As with previous years, skilled labour shortages placed pressure on the market and curtailed construction times. Despite these shortages, the quality of workmanship remained at a high standard.

Local Issues

The lack of water and the imposed restrictions on use has been a topical local issue. Dam levels reached record low levels with the Toowoomba City Council announcing the bold and controversial move to blend treated waste water with existing storage at Cooby Dam, with \$68 million earmarked for the project over the next four years. Other areas of the region also saw water shortage creating concern for future development.

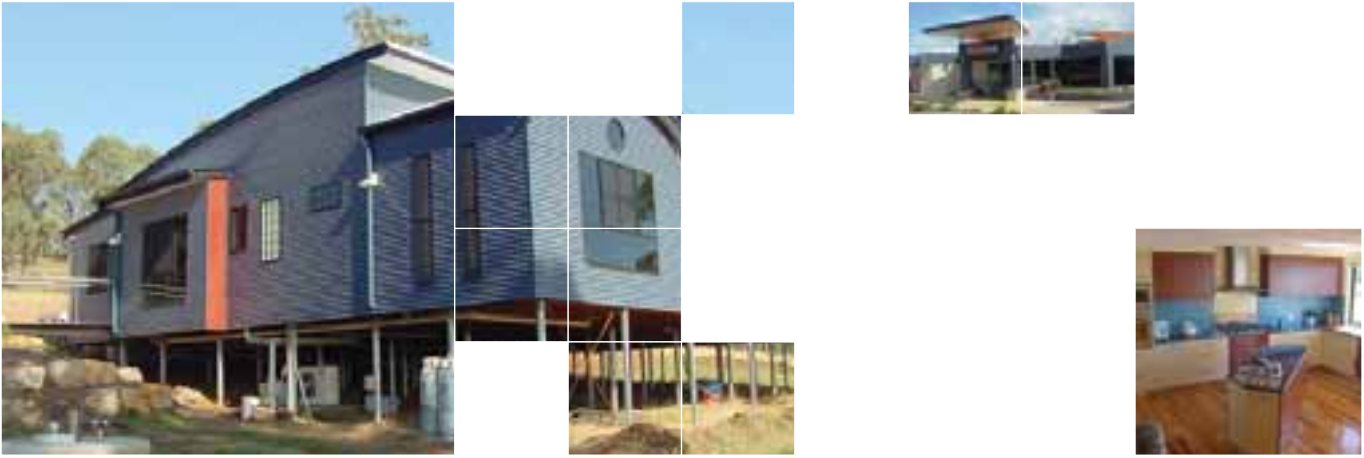
The proposed national rail line from Melbourne to Brisbane, the alternative Toowoomba Range bypass and the attractive lifestyle for retirees are all creating a focus on many areas of the region.

Retirement village constructions have continued unabated with a number of staged developments continuing throughout the year in all areas of the division.

Land development in Toowoomba has tightened with average land prices moving towards \$150,000 for a typical suburban block. This tightening of prices has seen some builders taking the initiative of securing larger continuous residential blocks enabling multi unit developments. This trend will no doubt continue with the cost of development, available land, cost of construction and consumer budgets all impacting on future building activity.

Building Activity

The region experienced a slight decrease in the number of approvals towards the end of the year, with a sharp rise in June before the end of the financial year. Dollar value, however, remained high with total new house approvals for the year reaching \$242.5 million or 1,336 approvals



compared with \$198.6 million and 1,238 approvals for the previous year.

Total building approvals reached almost half a billion dollars at \$484.5 million; up more than \$127.7 million on last year and a significant contributor to the local and state economies.

APPROVALS	2003/04	2004/05
New dwellings	1,238	1,336
Total building approvals	2,563	2,971
Value	\$M	\$M
New dwellings	198	242
Total building approvals	356	484

Construction activity included large infrastructure projects focusing on energy issues with the much heralded Kogan Power Station finally commencing and a significant increase in gas well production underway. There have also been major projects relating to retail developments - new constructions and refurbishments - office accommodation and facilities and nursing home expansions.

Membership

Membership has experienced marginal growth throughout the year with trade contractors showing the most improvement. Training, particularly general safety induction and electrical testing and tagging courses, has been a significant focus within the division. Members and non-members have recognised the capacity of the local office to be able to deliver quality training relevant to the industry.

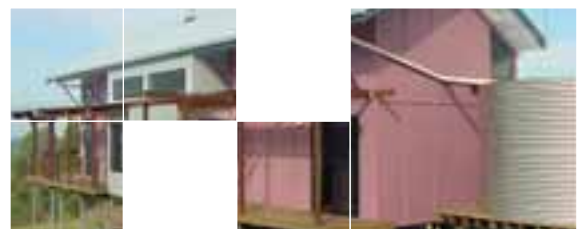
	2003/04	2004/05	GROWTH
Builders	195	203	4%
Trade Contractors	221	235	6%
Others	117	119	2%
TOTAL	533	557	5%

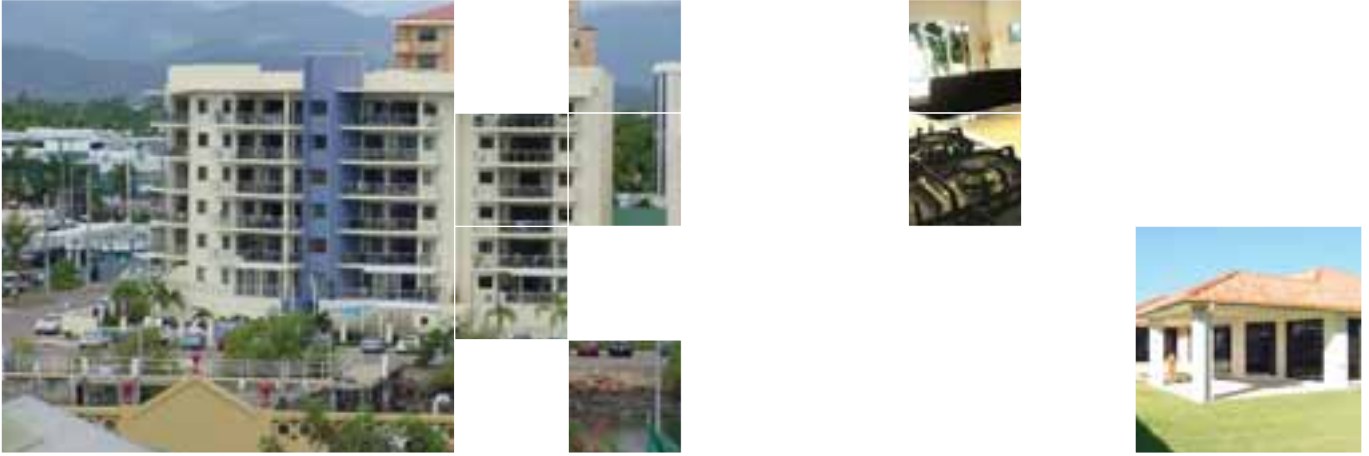
Committee of Management

CHAIRMAN	Martin Fallon
VICE CHAIRMAN	Terry Devonshire
TREASURER	Martin Fallon
STATE COUNCILLOR	Leanne Gillam
COMMITTEE	Ian Robotham Peter Toombs Phillip Gillam

SOUTH BURNETT BRANCH

CHAIRMAN	Steve Hart
VICE CHAIRMAN	Rod Dooley
TREASURER	Rod Dooley
COMMITTEE	Gil Smith Dean Chesterton Trevor Pearce





SUNSHINE COAST

Year in Review

The last year has seen a slowing in the housing market. From the buoyant times experienced during 2003/04, the pressure has been taken from the industry. Approval levels are being maintained at a reasonable level. The commercial market is still busy with cranes throughout the skyline over all parts of the coast.

One of the key areas of focus for the region has been the development and implementation of a number of local council planning schemes. Master Builders worked closely with all local councils to ensure the plans were realistic for the industry.

Subcontract pricing has not changed dramatically, however contractors are now looking to price projects whereas a year ago they were declining offers to tender.

Local Issues

During the past year the biggest issue impacting the Sunshine Coast region has been the development and introduction of new local plans.

During the year Master Builders worked closely with Noosa Council in the development of the new Noosa Plan. The plan is the proposed new Planning Scheme for the whole of the Shire of Noosa and will regulate growth and development in the Shire over the next 12 years. It will replace the current Schedule to the Planning Scheme, Strategic Plan Development Control Plans, zoning maps and regulatory maps.

Master Builders took a lead role in working with council to formulate a plan which meets council's objectives, while providing a realistic document that the industry could delivery upon.

Master Builders made a formal submission in October 2004 addressing eight key areas of concern, relating mainly to local council building codes. We are still working with council and are currently working on round one amendments to the Plan.

As reported last year Master Builders also worked with the Cooloola Shire Council on the Cooloola Plan, which was adopted this financial year. We are continuing to work with the Council on the workability of the plan and providing input into round one amendments.

Building Activity

Activity levels for residential housing have changed during the course of the year with new dwelling approvals decreasing by 28% during the 2004/05 financial year compared to previous year's figures. The first four months of 2005 saw a steady decline in approvals however, May and June have seen this trend reverse.

During the same period the average contract price for new homes has increased by 13%, from approximately \$174,900 to \$196,600.

APPROVALS	2003/04	2004/05
New dwellings	2,980	2,129
Total approvals	5,218	4,401
Value	\$M	\$M
New dwellings	643	564
Total building approvals	1,387	1,110

As the price of land around the coastal area continues to rise due to its limited supply, more land has become available in the Hinterland areas. Areas such as Beerwah and Landsborough to the south and Gympie to the



north have become popular for those wanting access to affordable housing.

Gympie is now attracting families who purchased on the coast prior to the boom. These people are selling their coastal home and moving to Gympie to become debt free, while being prepared to commute to the coast for work. With over 1,000 vacant lots to become available over the next year, this trend will continue.

Membership

Membership in the Sunshine Coast region has increased by almost 17% during the past year rising from 850 in 2003/04 to 998 this year. The number of trade contractor members increased by 23% indicating the growing value of Master Builders membership to this sector of the industry.

The significant increase in membership in the region is the result of the permanent appointment of a Membership Services Officer in July 2004.

	2003/04	2004/05	GROWTH
Builders	379	408	8%
Trade Contractors	376	462	23%
Others	95	128	35%
Total	850	998	17%

Industry Support

During the year Master Builders supported by way of sponsorship or donations, a number of organisations throughout the region. As part of our objective to encourage and keep apprentices in the industry Master Builders was the major sponsor of Sunskills Career Expo and the Acclaim Apprentices and Trainees Awards.

In addition, Master Builders raised much needed funds for community charities including the Salvation Army, St

Vincent de Paul Society, the Leukaemia Foundation and Riding for the Disabled.

Committees of Management

SUNSHINE COAST

CHAIRMAN	Michael Crocker
VICE CHAIRMAN	Rick Burns
PAST CHAIRMAN	Ross Williams
SECRETARY	Brendan Bathersby
TREASURER	John Thurtell
COMMITTEE MEMBERS	Garth Chapman Stephen Cole Brian Creese Jim Howlett Doug Montgomerie
STATE COUNCILLOR	Michael Crocker

GYMPIE

CHAIRMAN	Chris Dodt
VICE CHAIRMAN	Trevor Nobbs
PAST CHAIRMAN	Ray Salmon
SECRETARY	Peter Green
TREASURER	Warren Arnell
COMMITTEE MEMBERS	John Geary Greg Hampson Peter Ison Greg King Craig Stuart
OBSERVER TO STATE COUNCIL	Trevor Nobbs



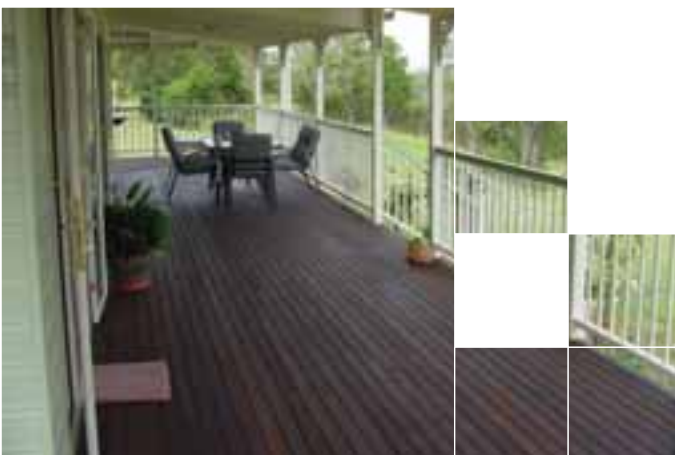
BURNETT WIDE BAY

Year in Review

The Burnett Wide Bay area continues to experience enormous growth with the greater area increasing in population from 50,000 in 2003/04 to over 70,000 this financial year. This has in turn put enormous pressure on local infrastructure and local councils are struggling to develop solutions to ensure the sustainable growth of the region.

The tourism sector has also experienced explosive growth. With Fraser Island and the yearly whale migration on the region's doorstep eco-tourism travellers are now taking advantage of the introduction of direct Jetstar and Virgin flights to the Hervey Bay airport.

These two factors combined have resulted in developers and builders struggling to keep up with demand for both residential and tourist accommodation construction. However, increased population and tourism growth point to a fantastic future for the region and with no signs of either abating the building industry is set to reap the benefits.



Local Issues

The biggest issue facing the industry in the Burnett Wide Bay region during the past year has been a shortage of labour, particularly in the trade contracting areas. With both the residential and commercial sector of the industry extremely busy there has been little or no migration of trades between the two sectors. Usually when one sector begins to slowdown the other experiences an upturn, balancing labour in the market.

The difficulty in securing labour has resulted in completion times for many builders of new houses stretching out to nine months for low set and 12 months for high set homes.

In line with Master Builders strategy to invest in our regional centres, the new Hervey Bay office opened its doors in September last year. The new location in Boat Harbour Drive has boosted the profile of the organisation in the area and highlights the association's commitment to providing increased support and facilities to members in the region.

Building Activity

The region has experienced unprecedented growth in the commercial sector due to the tourism boom. However, a major restraint for this sector and a problem for local councils, is the lack of available development land.

Major developments are strongest at Bargara Beach and Hervey Bay followed closely by Agnes Waters.

While the commercial sector has experienced significant growth, at first glance it would seem that the residential sector has slowed with new home building approvals decreasing by 9% compared to the previous



year. However, this was offset by an increase in home renovation approvals, which increased by 13%.

APPROVALS	2003/04	2004/05
New dwellings	2,550	2,323
Res. Alterations/additions	1,508	1,704
Total building approvals	4,336	4,368
Value	\$M	\$M
New dwellings	362	386
Res. Alterations/additions	34	42
Total building approvals	558	714

Membership

During the past 12 months a number of strategies have been implemented to increase the profile of Master Builders and its products and services to members. These have included increasing our media profile, the relocation and expansion of our regional office and increasing the number of staff on hand to service members.

These strategies have contributed to a surge in membership over the past 12 months of 18%.

The growth of the building industry in the region has resulted in the migration of many trade contractors looking to take advantage of the prospect of long-term work, which in turn has buoyed membership in this area.

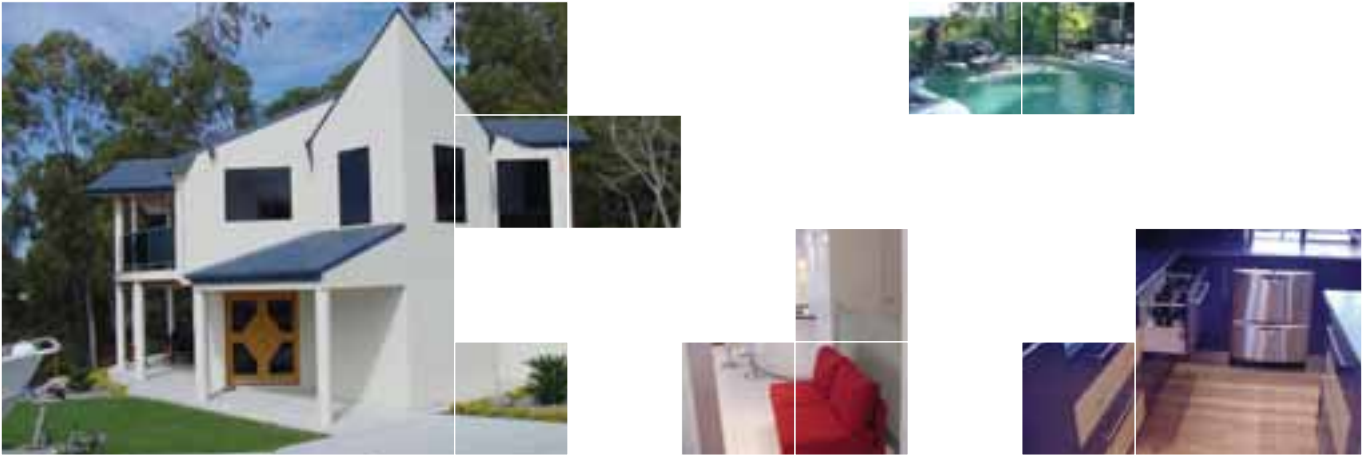
	2003/04	2004/05	GROWTH
Builders	128	130	2%
Trade Contractors	153	202	32%
Others	61	70	15%
Total	342	402	18%

Committee of Management

BURNETT WIDE BAY

CHAIRMAN	Clint Grohn
CHAIRMAN (Bundaberg)	John Scaysbrook
CHAIRMAN (Hervey Bay)	Rodney Gatt
VICE CHAIRMAN	Craig McGown
SECRETARY/TREASURER	Milton Whitaker
COMMITTEE MEMBERS	Mel Simpkins Phil Sommerfeld Michael Simpkins Dirren Knight Des Bowes
STATE COUNCILLOR	Des Bowes





CENTRAL QUEENSLAND

Year in Review

The Central Queensland region has continued to prosper on the back of a booming coal industry and an efficient and prosperous primary industry sector.

The region is considered one of the most economically and environmentally diverse and vibrant areas in Queensland with future predictions of over \$8 billion worth of construction work in the next five years creating an additional 6,000 jobs.

The increase in building approvals in the housing market commenced three years ago in conjunction with the national upswing and has since been fed by the continuing expansion of coal production and migration of workers into the region.

The commercial construction sector is experiencing continued growth, which is only limited by the shortage of workers to perform the work.

A highlight for the year was the renovation and extension of the current regional office building to accommodate a new training room to cater for the increasing number of courses and students.

The main training room can seat up to 80 people theatre style and 50 people class room style and is complete with full audio/visual presentation equipment.

Seventy six training courses were run throughout the year attracting approximately 1,000 students. Revenue from training now represents 32% of the total income for the Central Queensland regional office.

Building Approvals

Overall building approvals for the region were up 15% compared to previous year's figures. New housing approvals increased by 7% rising from 997 last financial year to 1,069 this year. The value of new home approvals increased by a strong 16%.

Rockhampton experienced a 20% increase with new home building approvals rising from 260 in 2003/04 to 314 in 2004/05. Gladstone experienced a slight decrease in new home approvals falling from 321 in 2004/05 to 294 in 2004/05 however the other areas that make up the region experienced a collective 8% increase.

This shows there has been no slow down in the industry and with the prediction of 6,000 additional jobs growth is expected to continue.



APPROVALS	2003/04	2004/05
New dwellings	997	1,069
Total building approvals	2,026	2,331
Value	\$M	\$M
New dwellings	177	206
Total building approvals	297	352



Membership

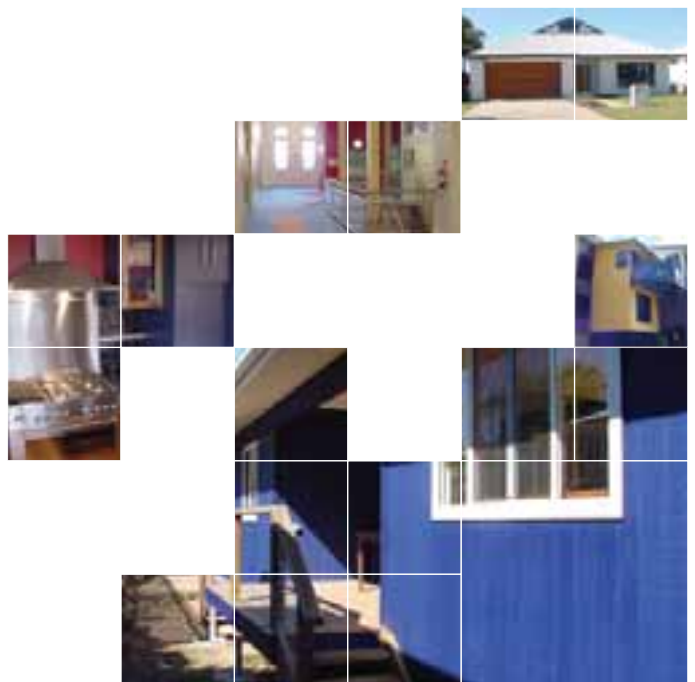
Membership in the region increased by 10% compared to the previous year's figures. A major milestone for the region was reached when membership broke the 500 mark and finished at 545 for the 2004/05 financial year.

The number of builder members increased by 7%, however like many other regions across the state, the trade contractor sector grew in strength, achieving a 14% increase, up from 199 members in 2003/04 to 227 in 2004/05.

	2003/04	2004/05	GROWTH
Builders	187	200	7%
Trade Contractors	199	227	14%
Others	110	118	7%
Total	496	545	10%

Committee of Management

DIVISIONAL CHAIRMAN	Noel Smith
PAST CHAIRMAN	Brett Louttit
STATE COUNCILLOR	Darren Simpson
SECRETARY	Robert Mooney
BUILDER REPRESENTATIVE	Arthur Beavan Don Close
ALLIANCE REPRESENTATIVE	Michael Tomkins
ASSOCIATE REPRESENTATIVE	Phil Pisani





MACKAY & WHITSUNDAY

Year in Review

The Mackay & Whitsunday region has experienced a year of strong growth, which has not been seen for quite some time.

Unit construction has never been on a comparable plane in the region and along with new shopping centres and other commercial projects the district is in a very healthy position.

The western areas of Mackay have seen new mines open, however this has been a double edged sword for the area. While this has resulted in increased demand for housing and infrastructure, a positive outcome, it has also drawn on the local labour supply which has led to labour shortages for the building and construction industry.

The region has also experienced an increase in the cost of materials. Combine this with the extreme difficulty in obtaining labour and the result has been an increase in prices with entry level house prices reaching a record \$250,000.

Local Issues

The Mackay & Whitsunday office underwent a refurbishment in July and August 2004 to better cater for members in the region, particularly in regard to training. The refurbishment is part of Master Builders plan to provide equality of products and services to members across the state.

Multi storey unit construction is a recent addition to the Mackay & Whitsunday horizon and during the financial year made a consistent appearance, changing the skyline of the Mackay harbour and the Airlie Beach area.

Despite preliminary approval, the major housing project at East Point near the mouth of the Pioneer River

is still being held up at the date of this report due to environmental issues.

Building Activity

Overall building approvals for the region are up 15% compared to previous year's figures. Although the number of new home approvals fell by 5% dropping from 1,064 in 2003/04 to 1,009 in 2004/05, the value of new home building approvals increased by 14%.

The number of renovation building approvals for the region jumped 47% compared to previous year's figures. The jump in approval figures is attributed to sky-rocketing real estate prices over the past few years including the price of vacant land.

APPROVALS	2003/04	2004/05
New dwellings	1,064	1,009
Res. Alterations/additions	633	936
Total building approvals	1,890	2,169
Value	\$M	\$M
New dwellings	196	223
Res. Alterations/additions	16	23.5
Total building approvals	323	519





Membership

Overall membership in the Mackay & Whitsunday region increased by 7% rising from 310 at the end of the 2003/04 financial year to 332 in 2004/05.

The region did experience a decrease in builder members of 4% however, membership in the trade contractor category increased by a significant 14%. Like other regional areas trade contractors are realising the benefits that Master Builders has to offer.

	2003/04	2004/05	GROWTH
Builders	121	116	-4%
Trade Contractors	146	166	14%
Others	43	50	16%
Total	310	332	7%

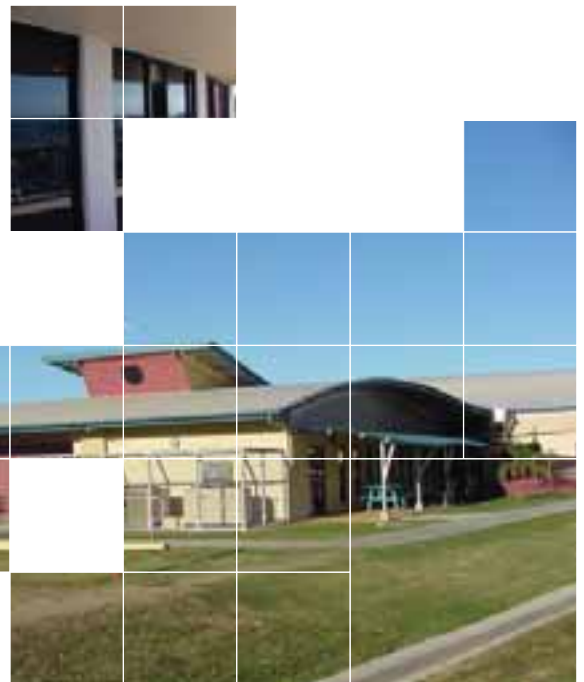
Committee of Management

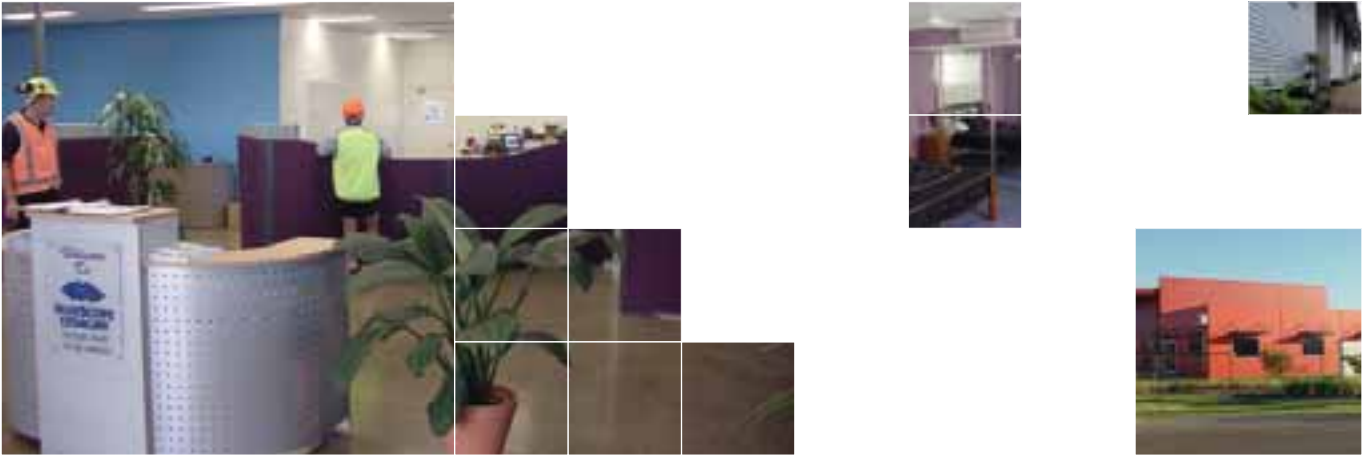
MACKAY

CHAIRMAN	Doug Mackenzie
IMMEDIATE PAST CHAIRMAN	Malcolm Hull
STATE COUNCILLOR	Greg Bell
COMMITTEE	John Ogilvie Denice Ogilvie Glen Place Bo Melkersson

WHITSUNDAY

CHAIRMAN	Ian Shield
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NORTH QUEENSLAND

Year in Review

Like many other regions throughout Queensland building activity continued to increase despite labour shortages. However, the follow-on effects of the shortage escalated subcontract rates and extended contract completion dates and cost over-runs on major projects. Unfortunately announcements of some projects stalled because of the uncertainty in such a climate.

Despite this major expansion went ahead at the Yabulu Nickel Refinery, the Lavarack Army base and the Garbutt Airforce field.

A contentious issue encountered this year was the release of Townsville City Council's new Town Plan. The plan contained some serious impediments to the building and construction industry and Master Builders lobbied council for amendments.

This year Master Builders members were proud to support two local community projects including the renovation of a resident's home following a serious accident, and a project at the Thuringowa Memorial Gardens.

Local Issues

TOWN PLANNING

Townsville City Council's new Town Plan, which was gazetted in January 2005, revealed a number of contentious issues which were not identified during the consultation period.

Double-garage widths were reduced to six metres on a street frontage and longitudinal walls visible from the street were required to have a one point five metre set-out or set-back in a wall longer than twelve metres.

These new regulations were set to have enormous impact on the project housing sector and Master Builders spearheaded a campaign to influence council to review and amend these requirements.

As a result of closer consultation with industry, the council announced a moratorium pending departmental review. No formal decision had been announced at the time this report was compiled.

MAJOR EXPANSIONS

Ongoing major expansion projects in three key areas continued to contribute to the buoyancy of the property market across the 'Twin-Cities' of Thuringowa and Townsville.

At the Yabulu Nickel Refinery a massive upgrade of the plant valued at \$500 million commenced during the year. This created a surge in job opportunities in itself and the resulting increase in output capacity at the plant will also see a big jump in the size of the workforce.

Major expenditure at both the Lavarack Army base and Garbutt Airforce base continued this year with local contractors being used to perform a very substantial part of the works. New defence force personnel continue to swell the influx of new arrivals who call the cities home as they are posted to the expanding bases.

Building Activity

Overall building approvals for the region increased by 4% compared to last year's figures rising from 2,784 in 2003/04 to 2,903 this year. The value of overall approvals leapt by 25% during the same period rising from approximately \$530 million to \$665 million.

While building approvals for new homes fell by 8%,



approvals for renovations increased by 27% rising from 900 in 2003/04 to 1,147 in 2004/05.

APPROVALS	2003/04	2004/05
New dwellings	1,606	1,475
Total building approvals	2,784	2,903
Value	\$M	\$M
New dwellings	282	296
Total building approvals	530	665

Community & Industry Support

Thuringowa Quota International approached the North Queensland Committee of Management with a request for assistance with a proposed construction of a perfumed garden in the Thuringowa Memorial Gardens. The garden was to be a community benefit aimed specifically at people with physical disabilities with an octagonal heritage style gazebo as its centerpiece.

The Committee agreed to assist and as a result sourced the materials and sought voluntary labour from members in the region and the project was completed in May this year.

In addition, Master Builders members assisted local resident Gayle Shann and her husband to renovate their home following an accident which left Gayle with only one arm. Members and suppliers donated time and materials to this very substantial home renovation.

Once again Master Builder North Queensland sponsored the local Building Industry Group Scheme's Apprentice Awards evening.

Membership

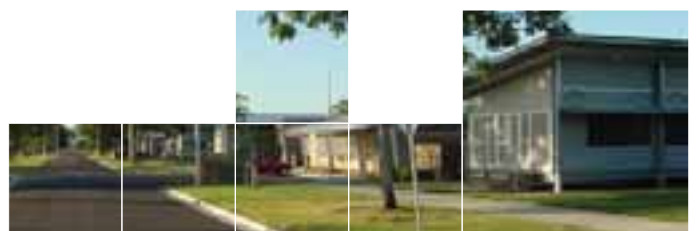
Overall membership in the North Queensland region increased by 4% rising from 393 at the end of the

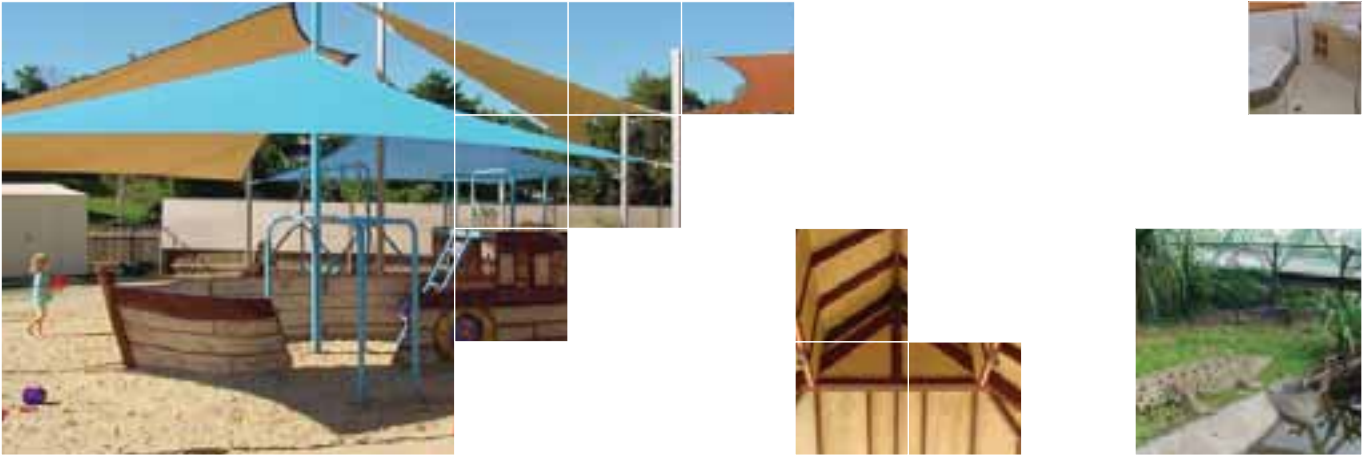
2003/04 financial year to 409 in 2004/05.

	2003/04	2004/05	GROWTH
Builders	130	138	6%
Trade Contractors	199	200	0.5%
Others	64	71	11%
Total	393	409	4%

Committee of Management

CHAIRMAN	Martin Brooke
VICE CHAIRMAN	Justin Stainton
STATE COUNCILLOR	John Galloway
STATE HOUSING COMMITTEE REP	Justin Stainton
SECRETARY	John Geaney
TREASURER	Karl Brooke
COMMITTEE MEMBERS	John Dow David Reeves John Gottani Jim Edwards William Stainton
IMMEDIATE PAST CHAIRMAN	Adrian Gabrielli





FAR NORTH QUEENSLAND

Year in Review

The building and construction industry in Far North Queensland remained very active over the past financial year. Interest from southern and international investors remained high, including development growth in all areas of the region.

Labour shortages influenced waiting and construction times in both the commercial and residential sectors.

Cairns City Council released the Cairns Plan, effective 1 March 2005. After some four years in the drafting and consultation process, the plan has been generally well received.

Local Issues

In April this year, Master Builders in conjunction with Building Codes Queensland hosted an industry tour and workshop in Cairns and invited builders and designers to assess the impacts of the proposed new energy efficiency

regulations, in particular the impact they would have on masonry block construction.

The workshop identified the shortcomings of the proposal and recommended proposed solutions which were outlined in a submission to the Australian Building Codes Board.

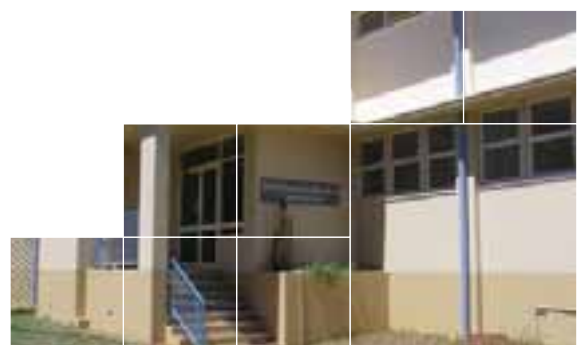
The Minister for Environment, Local Government, Planning and Women, Desley Boyle has supported the outcomes developed by Master Builders. At the time of this report a decision had not been made.

The increase in membership numbers and the volume of training courses conducted through the Cairns office has resulted in the need to expand its current facilities. Subsequently we are in the process of procuring land suitable to construct a purpose-built facility to accommodate our growing region.

Building Activity

Overall building approvals in the region increased by 23%, rising from 2,659 in 2003/04 to 3,283 this year. Interestingly the value of overall approvals skyrocketed by 88% increasing from approximately \$460 million last year to approximately \$865 million this year.

New home approvals increase by 12%, while the value of





this sector increased by a significant 30% compared to previous year's figures.

APPROVALS	2003/04	2004/05
New dwellings	1,445	1,626
Total building approvals	2,659	3,283
Value	\$M	\$M
New dwellings	250	326
Total building approvals	460	865

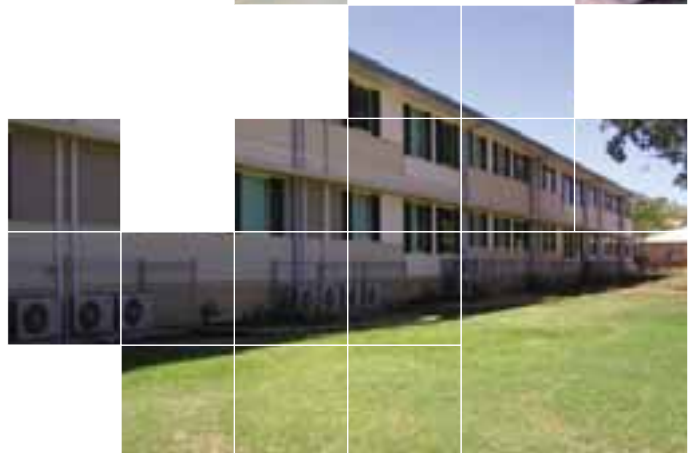
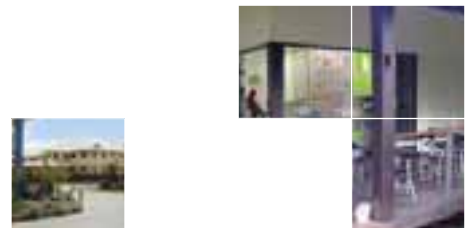
Membership

Membership in Far North Queensland has continued to grow. Membership reached 711 in total, a growth of 12%, comprising 233 builders, 357 trade contractors and 121 other associated members.

	2003/04	2004/05	GROWTH
Builders	225	233	4%
Trade Contractors	329	357	9%
Others	78	121	55%
Total	632	711	12%

Committee of Management

CHAIRMAN	Gary Riches
VICE CHAIRMAN	Kim Grossman
TREASURER	Ralf Dutton
COMMITTEE	Jim Kezilas Geoff Apps Robert Annibale Shane Pratt Craig Newberry
STATE COUNCILLOR	Gary Riches





A SOLID FINANCIAL BASE FOR FUTURE GROWTH



By balancing the needs of servicing members and developing business units that underpin our financial security Master Builders is well placed to support the industry well into the future.



Queensland Master Builders Association Industrial Organisation of Employers certificate in relation to documents

I hereby certify that the following documents, being accounts and notes thereto, and statements and reports in relation to the financial year ended 30 June 2005, are copies of the documents presented to the Annual General Meeting of the Association for 2005.

Derek Pingel
President

Notice to members

Attention of the Members is drawn to the following provisions of Part 12 Division 2 Section 556 of the *Industrial Relations Act 1999* (Qld) in relation to "prescribed information" – as listed in Division 2.

- 1 A Member of an organisation may apply to the organisation for information that it must, under a regulation, give its members.
- 2 An application may be made by the registrar for a Member.
- 3 The organisation must give the Member or, if the registrar applied for a Member, the registrar, the information applied for in the way prescribed under a regulation.
- 4 If the information is given to the registrar, the registrar must give the information to the Member for whom the registrar made the application.

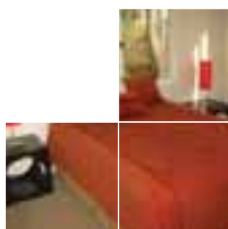
Income & Expenditure Statement for the year ended 30 June 2005

INCOME	2005	2004
Membership Subscriptions	\$4,597,683	\$4,193,231
Training Income	\$2,147,327	1,143,899
Commissions	\$4,328,074	3,707,106
Awards Night Income	\$487,416	447,461
Publications Income	\$239,507	257,159
Display Village Income	\$163,950	103,900
Interest Received	\$499,643	395,310
Document Sales	\$771,424	854,834
Other Income	\$250,617	211,966
Profit On Sale Of Non-current Assets	0	2,251,124
Profit On Market Valuation Of Investments	\$180,344	6,554,251
Rent Received	\$245,508	206,619
TOTAL INCOME	13,911,493	20,326,860

EXPENSES	2005	2004
Loss On Sale Of Non-current Assets	30,762	0
Advertising & Promotion	102,567	19,470
Amortisation Buildings	80,220	0
Affiliation Fees Mb.chaa.	344,321	336,760
Audit Fees	7,650	5,100
Awards Night Expenses	582,438	527,054
Bank Charges	108,591	79,055
Cleaning	45,126	66,963
Commission Paid	17,655	20,502
Computer Expense	80,675	76,129
Consultancy Expense	324,921	331,108
Debt Collection	19,416	7,568
Depreciation	307,330	254,273
Documents -costs	307,861	289,370
Donations	0	6,051
Electricity	66,314	53,077
Entertaining,catering	35,378	34,905
Fringe Benefits Tax	116,726	37,016
General Expense	248,152	121,277
Insurance	208,863	176,237
Legal Fees	102,524	21,428
Long Service Leave	28,498	8,031
Motor Vehicle Expense	133,413	102,708
Payroll Tax	246,750	206,358
Postage & Freight	317,739	323,442
Magazine Production	104,465	93,704
Journals & Periodicals	39,337	6,095
Rates & Land Tax	93,877	142,168
Rent On Land & Buildings	263,458	166,100
Repairs & Maintenance	48,254	70,300
Salaries & Allowances	4,372,262	3,681,987
Security	13,622	11,197
Staff Recruitment	99,574	56,897
Training Costs	1,061,582	485,225
Stationery & Printing	384,350	328,833
Subscription	20,189	10,059
Superannuation	381,948	325,229
Temporary Staff	167,376	0
Telephone	245,493	202,902
Travel, Accommodation & Conference	121,279	108,551
Total Expenses	11,280,956	8,793,129
Profit From Ordinary Activities Before Income Tax	2,630,537	11,533,731
Income Tax Revenue Relating to Ordinary Activities		0
Net Profit Attributable To The Association	2,630,537	11,533,731
Total Changes In Equity Of The Association	2,630,537	11,533,731
Opening Retained Profits	12,201,192	7,221,712
Net Profit Attributable To The Association	2,630,537	11,533,731
Retained Profits	14,831,729	18,755,443
Asset Revaluation Reserve	0	6,554,251
Closing Retained Profits	14,831,729	12,201,192

DETAILED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2005

CURRENT ASSETS	2005 YEAR \$	2004 YEAR \$
CASH		
Cash In Hand	\$5,400	\$5,200
Cash At Bank	1,149,405	2,565,352
	1,154,805	2,570,552
RECEIVABLES		
Trade Debtors	1,092,128	957,166
Less Prov'n Doubtful Debts	(79,037)	(79,037)
Loan - MBA (NSW)	0	46,665
	1,013,091	924,794
INVENTORIES		
Stock	193,947	174,137
	193,947	174,137
OTHER		
Short Term Deposits	1,156,291	6,891,097
Security Deposits	194	400
Prepayments	119,800	175,606
	1,276,285	7,067,103
TOTAL CURRENT ASSETS	3,638,128	10,736,586
NON-CURRENT ASSETS		
INVESTMENTS		
Investment Portfolio	7,321,502	0
PROPERTY, PLANT AND EQUIPMENT		
Land At Independent Valuation 27/8/04	5,680,000	5,680,000
Buildings At Independent Valuation 27/8/04	5,628,205	5,090,000
Less: Amortisation Buildings	(80,220)	0
Plant And Equipment - At Depreciated Value	1,806,986	1,501,615
	20,356,473	12,271,615
TOTAL NON CURRENT ASSETS	20,356,473	12,271,615
TOTAL ASSETS	23,994,601	23,008,201
CURRENT LIABILITIES		
PAYABLES		
UNSECURED		
Trade Creditors	585,720	392,433
Other Creditors	629,413	2,183,210
	1,215,133	2,575,643
CURRENT TAX LIABILITIES		
Gst Payable Control Account	428,987	442,713
	428,987	442,713
PROVISIONS		
Employee Entitlements	479,492	381,258
Sundry Provisions	904,189	853,146
	1,383,681	1,234,404
TOTAL CURRENT LIABILITES	3,027,801	4,252,760
TOTAL LIABILITES	3,027,801	4,252,760
NET ASSETS	20,966,800	18,755,441
MEMBERS' FUNDS		
Accumulated Profits	14,831,729	12,201,190
Asset Revaluation Reserve	6,135,071	6,554,251
Total Members' Funds	20,966,800	18,755,441



MOVEMENTS IN RESERVES AND PROVISIONS

	30/06/2005	MOVEMENT	30/06/2004
Long Service Leave Provision	210,991	21,531	189,460
Doubtful Debts Provision	79,037	0	79,037
Legal Expense Provision	23,768	0	23,768
Holiday Pay Provision	268,501	76,703	191,798
Demolition Expense Provision	19,524	0	19,524
CIPQ Development	0	(45,455)	45,455
Display Village Provision	860,897	96,498	764,399

ADDITIONAL INFORMATION

INCOME	2005	2004
Voluntary Contributions-Training	NIL	NIL
Donations	NIL	NIL
Interest & Dividends	499,643	395,310
Rents	245,508	206,619
Grants - Government	NIL	NIL
EXPENSES		
Affiliation Fees	344,321	336,760
Compulsory Levies	NIL	NIL
Donations	0	6,051
Remuneration		
- Officers	251,375	217,947
- Employees	4,120,887	3,458,811
Attendance Fees	NIL	NIL
Audit Fees	7,650	5,100
Professional Costs		
- Legal Fees	102,524	21,428
- Reviews	NIL	NIL
Meeting Costs	34,525	17,399
Other Administration Costs	5,619,414	4,150,131
Superannuation Contributions	381,948	325,229
Interest Paid	NIL	NIL
Depreciation	387,550	254,273
Penalties		
- Industrial Relations	NIL	NIL
OTHER		
Profit/(Loss) on Sale of Assets (Net)	(30,762)	2,251,124
Contingent Liabilities	NIL	NIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

Note 1 : Statement of Accounting Policies

The financial report is a special purpose financial report that has been prepared for distribution to the members to fulfil the Committee of Management's financial reporting requirements under the Association's constitution, in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Industrial Relations Act 1999 (Qld).

The financial report covers QUEENSLAND MASTER BUILDERS' ASSOCIATION INDUSTRIAL ORGANISATION OF EMPLOYERS as an individual entity. QUEENSLAND MASTER BUILDERS' ASSOCIATION INDUSTRIAL ORGANISATION OF EMPLOYERS is an association incorporated in Queensland under the Industrial Relations Act 1999.

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

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

INCOME TAX

The activities of the association are exempt from income tax.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis.

PROPERTY, PLANT AND EQUIPMENT

Each class of property, plant and equipment is carried at either independent valuation or at cost or fair value less, where applicable, any accumulated depreciation.

Other fixed assets are included at cost or fair value and are depreciated over their estimated economic life, using both diminishing value and straight line methods of depreciation.

A prior year error in the valuation of properties has been corrected resulting in a reduction of the Asset Revaluation Reserve by \$419,180.

OTHER OPERATIONS

The association administers the following bank accounts not included in the financial reporting for the year:

- QMBA QBSA Research Grant. Balance at 30 June 2005 of \$1,499.49 to cover expenditure on projects undertaken on behalf of a government body.
- QMBA Insurance Agency. Balance at 30 June 2005 of \$483,872.57 set up to handle insurance premiums received held pending disbursement to insurers in accordance with agreements with insurers.

Included in "Cash at Bank" and "Other Creditors" in the Balance Sheet is an amount of \$483,211.73 representing funds administered by the Association on behalf of parties involved in arbitration.

The Association administers various building display villages from time to time. As at 30 June 2005, net funds of \$860,897.03 generated by this operation, but not yet expended

on promotion / administration, have been carried forward as a Provision.

EMPLOYEE ENTITLEMENTS

Provision is made for the liability for employee entitlements arising from services rendered by employees to balance date. Long service leave is accrued in respect of all employees with more than 6 years' service.

Contributions are made by the Association to an employee superannuation fund and are charged as expenses when incurred. The Association has no legal obligation to cover any shortfall in the fund's obligation to provide benefits to employees on retirement.

REVENUE

Members' subscriptions and other determinable sources of income are accounted for on an accrual basis.

All revenue is stated net of the amount of goods and services tax (GST).

Note 2 : Remuneration & Retirement Benefits

DIRECTORS' REMUNERATION

No members of the Executive Committee or other Councillors are entitled to remuneration because of their position with the Association.

The only officer of the Association to receive emoluments is the Executive Director, because of the capacity as full time employee of the Association.

The names of Councillors who have held office during the financial year: D Pingel (President), J Gaskin (Vice President), M Mougialis (Treasurer), J Kirkwood (Immediate Past President), R Dutton (Chairman Housing Sector Committee), Glenn Rashleigh (Chairman Construction Sector Committee), K Seaman, L Dore', J Lawrence, E Edwards, B Freeman, T Brown, L Saragossi, J Galloway, A Kennedy, D Bowes, G Rossow, M Crocker, L Gillam, E Helmold, N Herron, S Summers, D Simpson, G Riches.

Note 3 : Auditors' Remuneration

Remuneration of the auditor of the Association for:

	2005	2004
Auditing or reviewing the financial report	8,415	5,400
Other services	0	0
	<u>8,415</u>	<u>5,400</u>

Note 4 : Capital Commitments

The Association has a capital commitment of \$3,320,000 for the redevelopment of its Brisbane property. These works have commenced in August 2005.

Note 5 : Contingent Liabilities

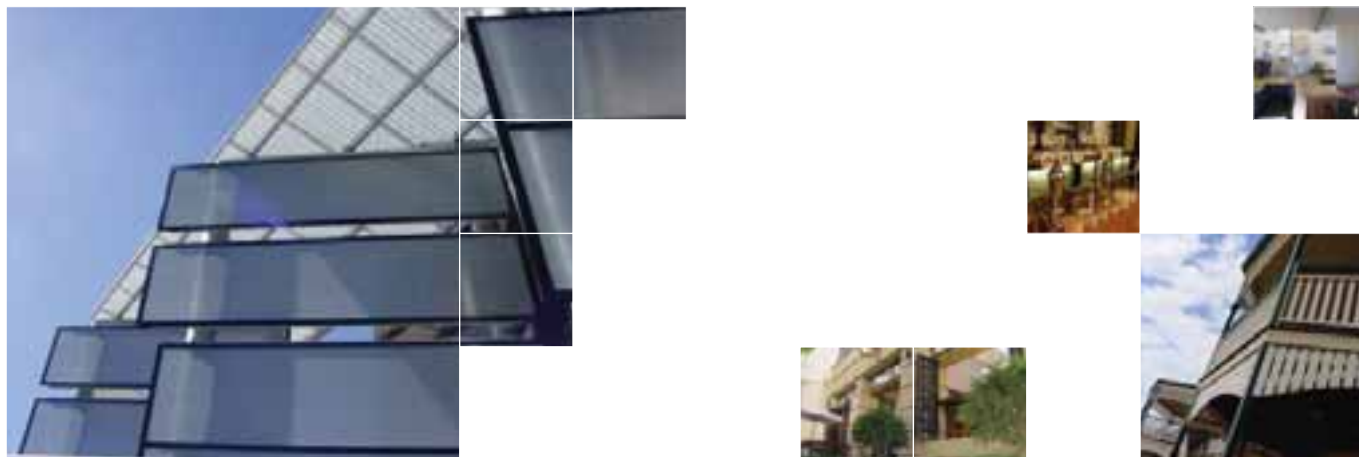
There are no known contingent liabilities of the Association not provided for in the financial statements.

Note 6 : Events Subsequent to Reporting Date

No matters or circumstances have arisen since the end of the financial year which are likely to have a significant effect on the operations of the Association, the results of those operations, or the state of affairs of the Association in subsequent financial years.

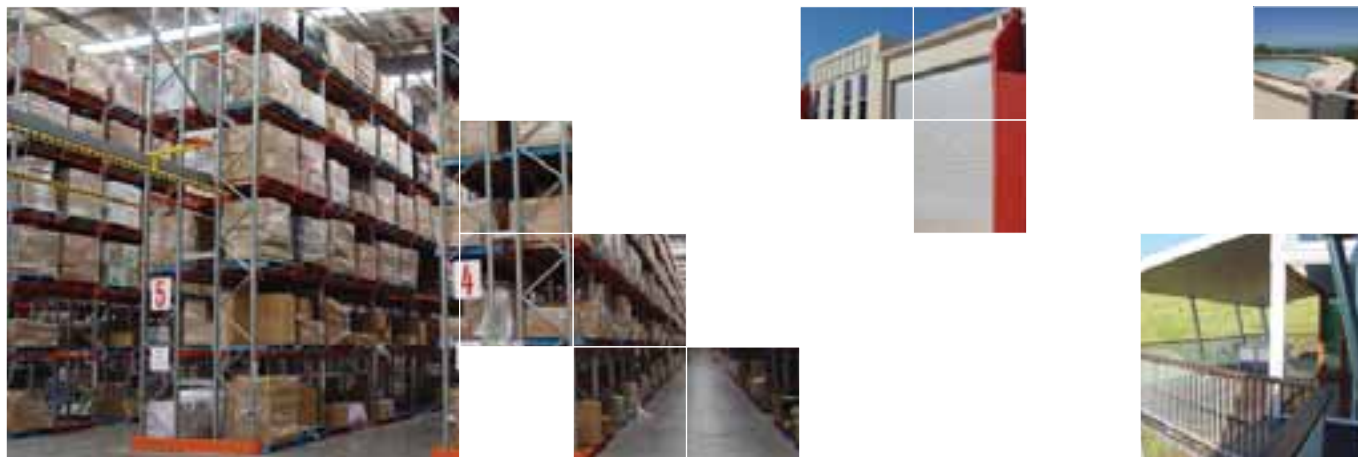
Note 7 : SIGNIFICANT ITEMS

There are no significant items affecting the result of the Association for the reporting period.



STATEMENT OF CASH FLOWS FOR THE REPORTING PERIOD ENDING 30 JUNE 2005

	2005 \$'000 Inflows (Outflows)	2004 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
PAYMENTS		
Wages and salaries	(4,372)	(3,682)
Suppliers	(7,639)	(6,843)
Interest	-	-
Other	(2,126)	(2,141)
RECEIPTS		
User charges	13,703	13,524
Interest received	500	395
Other	1,477	1,806
Net Cash used in operating activities (Note 3)	1,543	3,059
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of plant and equipment (Note 2)	(742)	(388)
Payments for purchase of land & buildings (Note 2)	(957)	(1,266)
Purchase of listed investments	(6,726)	0
Proceeds from sale of plant and equipment	100	0
Proceeds from sale of land & buildings	0	2,611
Net Cash used in investing Activities	(8325)	957
CASH FLOWS FROM GOVERNMENT		
Receipts from		
- Appropriation/grants	-	-
- Recurrent	-	-
- Capital	-	-
- Special/Other	-	-
Net cash provided by Government	-	-
Net increase (decrease) in cash	(6,782)	4,016
Cash at the beginning of the reporting period	9,508	5,492
Cash at the end of the reporting period (Note 1)	2,726	9,508



NOTES TO THE STATEMENT OF CASH FLOWS

1. Reconciliation of Cash

For the purposes of the statement of cash flows, the entity considers cash to include cash on hand and in banks, interest bearing deposits and investments in money market instruments. Cash at the end of the reporting period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2005	2004
	\$'000	\$'000
Cash	1,570	2,570
Deposits at call	1,156	6,938
	2,726	9,508

2. Non-cash Financing and Investing Activities

During the reporting period the entity acquired no equipment by means of finance leases.

3. Reconciliation of Net Cash used in Operating Activities to Operating Result

	2005	2004
	\$'000	\$'000
Operating Result	2,630	4,979
Depreciation and Amortisation	388	254
Increase (Decrease) in Provision for Doubtful Debts	-	-
Increase (Decrease) in Provision for Long Service Leave	21	8
Increase (Decrease) in Provision for Holiday Pay	77	32
Increase (Decrease) in General Provision	51	(235)
Increase (Decrease) in Trade Creditors	193	(128)
(Increase) Decrease in Trade Debtors	(135)	(138)
(Increase) Decrease in Stock	(20)	1
(Increase) Decrease in Other Debtors	56	64
Increase (Decrease) in Other Creditors, Accruals etc	(1,568)	460
Gain on Sale of Buildings	-	(2,238)
Loss/(Gain) on investments	(180)	0
Government Revenues	-	-
Loss/(Gain) on sale of plant & equipment	30	0
Net Cash used in operating activities	1,543	3,059

Statement of Principal Accounting Officer

In relation to the attached accounts of the Association, I hereby certify that the Association had 10,572 members all of whom are financial as at 30 June 2005 and that in my opinion:-

1. The accounts prepared in accordance with section 555 of the Industrial Organisations Act 1999 (Qld) show a true and fair view of transactions for the financial year and the financial position of the Association as at the end of the financial year.
2. A record has been kept of all moneys paid by, or collected from, members of the Association and all moneys so paid or collected have been credited to the bank account or accounts to which those moneys are to be credited, in accordance with the rules of the Association.
3. Before any expenditure was incurred by the Association, approval of the incurring of the expenditure was obtained in accordance with the rules of the Association.
4. No payment was made out of a fund referred to in Section 45 of the Industrial Regulations 2000 (Qld). No such fund was operated.
5. No loans or other financial benefits were granted to persons holding office in the Association.
6. The register of members of the Association was maintained in accordance with the Industrial Organisations Act 1999 (Qld).



Michel Mougialis

Principal Accounting Officer

Dated this day 30 of August 2005



Statement by Executive Committee of Management

In the opinion of the Executive Committee the Statement of Financial Position, Statement of Financial Performance, Statement of Cash Flows and Notes to the Financial Statements:

1. Presents fairly the financial position of QUEENSLAND MASTER BUILDERS' ASSOCIATION INDUSTRIAL ORGANISATION OF EMPLOYERS as at 30 June 2005 and its performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.
2. At the date of this statement, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due, and meet any obligations or liabilities under guarantees and undertakings given.
3. The meetings of the Executive during the year were held in accordance with the constitution of the Association.
4. During the financial year, there have been no instances where records of the Association or other documents, or copies of records or documents, or copies of the constitution of the Association, have not been furnished or made available to members in accordance with the Industrial Relations Act 1999 (Qld), or the constitution of the Association.
5. The Association has complied with section 566 of the Industrial Relations Act 1999 (Qld) in relation to the provision of copies of the accounts and statements to members, and to the presentation of the accounts and statements to a general meeting of members as required by section 565 of the Act.
6. The accounts and statements for the financial year have been prepared in accordance with Section 555 of the Act and with applicable Australian Accounting Standards.

This statement is made in accordance with a resolution of the Executive Committee and is signed for and on behalf of the Executive Committee by:

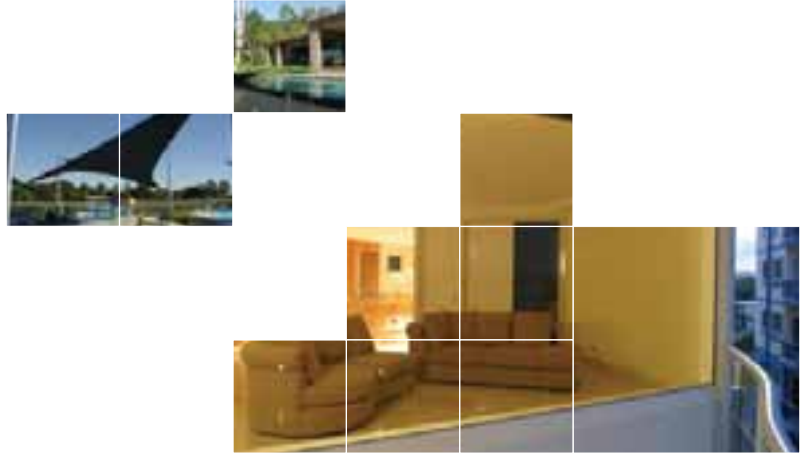


Derek Pingel, President



Michel Mougialis, Treasurer

Dated this day 30 of August 2005



AUDITOR'S REPORT TO THE MEMBERS

Scope

I have audited the financial statements of QUEENSLAND MASTER BUILDERS ASSOCIATION INDUSTRIAL ORGANISATION OF EMPLOYERS, being the Statement by Members of the Committee, Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes to Financial Statements for the financial year ended 30 June 2005. The Committee is responsible for the financial report. I have conducted an independent audit of the financial report in order to express an opinion on it to the members.

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

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

Audit Opinion

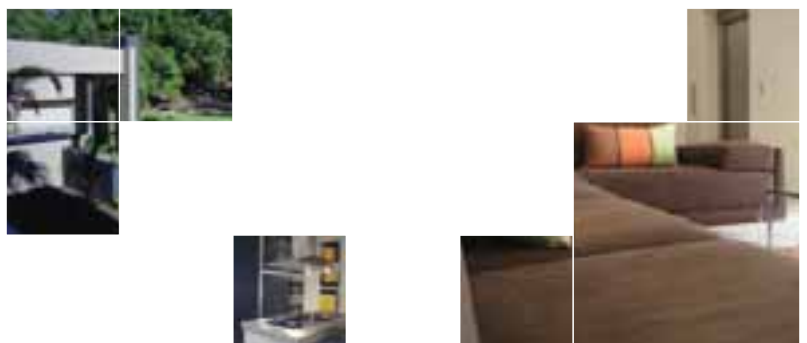
In my opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of QUEENSLAND MASTER BUILDERS' ASSOCIATION INDUSTRIAL ORGANISATION OF EMPLOYERS as at 30 June 2005, and the results of its operations and its cash flows for the year then ended.

R L STEPHENSON

Chartered Accountant

20 Griffith Street, Everton Park Qld

Dated this day 30 of August 2005





2004 PROJECT OF THE YEAR

SUNCORP STADIUM

With a design and construction phase that involved extensive community liaison, Suncorp Stadium also brought together two of Australia's leading construction companies, Watpac Australia and Multiplex Construction into a Joint Venture. Together, the companies offered a team of professionals in stadium design and construction with an innovative approach to the development and delivery of the project. Suncorp Stadium was built with a long term view and numerous design features that contribute to its ecologically sustainable design. These features include specially designed sports lighting, water tanks for pitch irrigation and the extensive use of natural light.



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