

MISSION

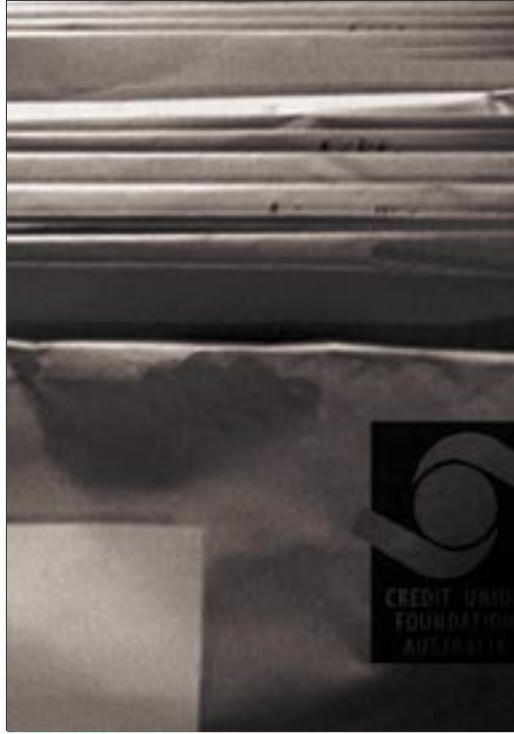
ENGAGEMENT



PROJECT
MANAGEMENT



SUSTAINABILITY REPORT 2007





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This is CUFA's second Sustainability Report, which details our progress in making CUFA a more sustainable organisation as well as an insight to our core values and strategies. We continue to strive for a balance between our domestic activities and our work in the international arena.

CUFA has been generously supported by Australian Credit Unions, Abacus and Cuscal, to enable us to deliver our domestic and international programs. We have also been supported by our partners such as AusAid and WOCCU, not only in financial terms, but also through their domain knowledge and networks.

This year's report highlights a number of our key strategies including our:

- Direct engagement with the communities that we work with to more effectively deliver our projects;
- Active participation in forums that align with our mission, with organisations that empower the communities they work with;
- Focus on Millenium Development Goals to accommodate the special needs of small island states.

The evidence of our commitment to sustainability and our transparency in sharing strategic initiatives is contained in this report. I would like to acknowledge the support of the CUFA Board and the unstinting efforts of our small team of dedicated staff for their work and for their willingness to openly share our progress with interested parties.

I hope you enjoy reading our 2007 Sustainability report.



John Baistow
Chair
Credit Union Foundation Australia



I am proud to present CUFA's second Sustainability Report. The 2006/2007 Sustainability Report sees the delivery of most of the objectives set in the 2005/2006 Sustainability Report. This report also includes a further development of CUFA's adherence to reporting against the Global Reporting Initiative, which we hope will provide CUFA's various stakeholders with a good basis for discussion, which in turn provides a solid platform for our licence to operate within our local and international communities.

CUFA's 2006/2007 Sustainability Report has seen us focus on our management systems and in particular improving our risk management systems around international development. The Board and Management of CUFA are particularly keen to use our engagement within the sustainability space to continually learn and improve our systems and program provision and at the same time limit our impact on the planet.

We have considered a range of CUFA's stakeholders in compiling this report. In integrating the various reporting requirements of our different stakeholders we aim to provide a higher degree of transparency. CUFA believes that this integrated, more transparent approach will bring a greater level of visibility and therefore engagement from our stakeholders. CUFA understands the importance of our reputation in the various communities that we operate in and believes that by reporting our performance on multiple levels we will provide stakeholders with a comprehensive and clear understanding of CUFA's operations and impacts.

The CUFA 2006/2007 Sustainability Report begins to provide some comparative data, which will only develop as CUFA continues to report over the next few years. It is the aim of CUFA to implement an even more rigorous approach to the data collection as we develop our skills in reporting our performance which we hope will lead to achieving better quality and more sustainable environmental, economic and social impacts not only within our program and project provision but also in the way we manage our business operations.

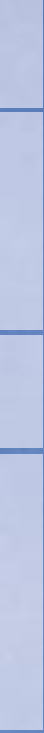
CUFA's 2006/2007 Sustainability Report is presented with the aim of informing our partners, funders, the general public and other stakeholders. I hope you find the report interesting and engaging.



Peter Mason
Executive Officer
Credit Union Foundation Australia



WHO WE ARE



who we

OUR BELIEFS AND MISSION

CUFA is the development agency of the Australian credit union movement and is committed to facilitating sustainable growth that supports our mission of empowering communities through access to affordable financial services.

We are guided by the International Credit Union Operating Principles of democratic membership, non-discrimination, ongoing training and development, building financial stability and practising social responsibility - and all of our activities incorporate these values. CUFA's vision is credit unions promoting financial and social wellbeing in communities, and our role is to provide support and resources to help credit unions achieve this goal. CUFA's purpose is to facilitate social development and create value, not to make a profit. We strongly believe in social responsibility best practice, and being accountable to our stakeholders. We hope that our actions can influence others to achieve improved corporate citizenship.

Scope

As the development agency of the Australian credit union movement, we work to empower communities on an international and domestic level.

- Domestically we work directly with Australian credit unions, adding value to their member communities by; providing financial literacy and educational resources for their use; Enabling credit unions to improve and report their corporate responsibility performance with the CSR Toolkit, ensuring sustainability of the credit union; Supporting the credit union movement with professional development programs such as Development Education Program.

- Internationally we develop access to affordable financial services for communities in Asian and Pacific regions, to alleviate poverty and develop communities.

- Three of the eight United Nations Millennium Development Goals are very closely aligned with our project aims: to alleviate poverty, promote equality and cooperative development.

For detail of the scope of our domestic and international development activities, see various sections within Stakeholders. CUFA is a Trustee Corporation with its own board and mission, and is a wholly owned subsidiary of Cuscal - the primary body servicing credit unions in Australia. Cuscal's predecessor created CUFA in April 1971.

The nature of our operations is to create value in and for credit unions in Australia and abroad - not to create financial returns for Cuscal. Our two aims are broad in nature, and are set out in our trust deeds:

- We shall support the formation and extension of credit unions and disseminate credit union ideals and philosophies to people in necessitous circumstances

- We shall establish and maintain studentships and scholarships for the education of persons in credit union ideals, philosophies, practice and procedures.

CUFA are governed by its board, supported by Cuscal, Abacus, AusAid, and credit unions around Australia. We are able to do our work because of our employees, interns and volunteers and we are inspired by the work we do and the people we serve.

GOVERNANCE

CUFA has a board of 6 members, including the General Manager of Abacus, with the remaining members nominated from Australian credit unions.

New board members are selected with respect to the emerging challenges that CUFA faces, currently raising public awareness of CUFA and practical expertise with corporate social responsibility. Consideration is also given to ensuring that board composition is diverse in terms of gender, experience and tenure. During this period, CUFA had one female director.

CUFA board members are voluntary, and are involved because of a common belief in the credit unions movement's values and support of the performance of CUFA.



CUFA BOARD

Director Detail: Member Names and Experience

<p>John Baistow BA, Dip Bus Stud, Dip CD, FAICD, MBA (Tech Mgt). Appointed 7 December 2006</p> <p>Experience: 17 years as a credit union director, 6 years as chairman</p> <p>Special Responsibilities Chair, Credit Union Foundation Australia Pty Ltd</p> <p>Directorships in Other Entities: Cuscal limited Mecu Limited</p>	<p>Adrian Lovney LL.B (Hons), MBA Appointed 30 October 2003</p> <p>Experience: 13 years experience in public policy and government, 8 years experience with Credit Unions, CEO Abacus - Australian Mutuals Limited and General Manager People Management and Communication, Cuscal Limited</p> <p>Directorships in Other Entities: Nil</p> <p>Other Declared Interests: Nil</p>	<p>John Paine Dip. Fin. Services AMI, MAIM, JP Appointed 1 November 2006</p> <p>Experience: General Manager, Family First Credit Union Ltd 35 years experience in finance industry</p> <p>Directorships in Other Entities: Nil</p> <p>OTHER DECLARED INTERESTS: Nil</p>
<p>Tony Innes B. Ec, FCPA, GAICD Appointed 1 November 2005</p> <p>Experience: Deputy CEO, Savings and Loans Credit Union Ltd. 23 years experience in Credit Union management</p> <p>Directorships in Other Entities: MINDA Homes Inc.</p> <p>Other Declared Interests: Nil</p>	<p>Rowan Dowland Appointed 1 November 2005 Resigned 7 December 2006</p> <p>Experience: Group Manager Marketing and Development mecu Limited, 16 years Credit Union management experience</p> <p>Directorships in Other Entities: Nil</p> <p>Other Declared Interests: Nil</p>	<p>Ken Mutton Appointed 5 April 2007</p> <p>Experience: Chief executive, St Mary's Swan Hill Credit Union Ltd, Chairman Victorian Insight Committee , 30 years experience in finance industry</p> <p>Directorships in Other Entities: Nil</p> <p>Other Declared Interests: : Nil</p>
<p>Neville L. Parsons B Ec, LLB, FAIM, MAICD, PNA, FACUI Appointed 30 October 2003 Resigned 4 December 2006</p> <p>Experience: Chief Executive Holiday Coast Credit Union Limited, 24 years experience with credit unions Special Responsibilities Chair, Credit Union Foundation Australia Pty Limited, Member of the Credit Union Industry Association Advisory Committee, Member of the Board Risk Committee, Cuscal Limited</p> <p>Directorships in Other Entities: Cuscal Limited, Holiday Coast Wealth Management Pty Ltd</p> <p>Other Declared Interests: Holiday Coast Credit Union Limited</p>	<p>Elizabeth Foster B. Bus (Accounting), FCPA, MAID, AICUD Appointed 30 October 2003</p> <p>Experience: Self employed accountant, 21 years experience with Credit Unions both as a Director and in management</p> <p>Directorships in Other Entities: Credit Union Australia Limited, Chair of Board Audit Committee, Member of Board Risk Committee</p> <p>Other Declared Interests: Nil</p>	<p>Mark Worthington BA, MBA Appointed 30 October 2003 Resigned 30 October 2006</p> <p>Experience: Chief Executive, Select Credit Union Ltd 20 years experience in Credit Union management</p> <p>Directorships in Other Entities: Director, CU Financial Advisory Services Pty Ltd Director, TransAction Solutions Pty Ltd</p> <p>Other Declared Interests: Nil</p>

ACCOUNTABILITY

Our board is responsible for the corporate governance of CUFA, while also accountable to the board of Cuscal. The responsibilities of our directors are outlined in CUFA's two Trust Deeds, and the constitution. In addition, a memorandum of understanding exists between Cuscal and CUFA. Together, these documents create an internal framework that limits and defines the direction of our board. As required by the Corporations Act 2001, we publish an annual report, which demonstrates our compliance with these requirements.

We are also party to a number of agreements that create an external framework for CUFA operations:

AusAID

We are fully accredited by the Australian Federal Government's overseas development body, AusAID, which is testament to the planning we undertake when managing our overseas projects.

Currently, just 31 organisations are fully accredited by AusAID to receive funding to carry out overseas development work on behalf of the Australian government. The rigorous accreditation process is designed to ensure that funding is only awarded to professional and well-managed development organisations capable of delivering the development outcomes they set out to achieve. CUFA re-accreditation is due to be completed by October 2008.

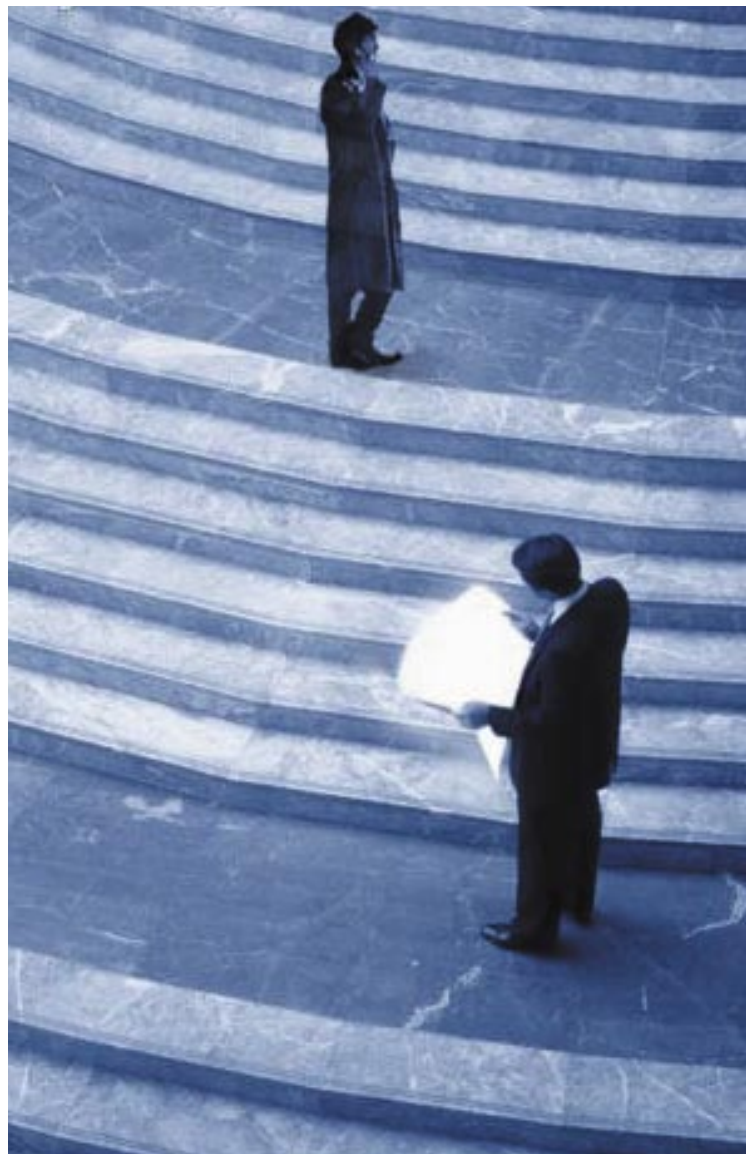
ACFID

As a member of the Australian Council for International Development (ACFID) and a signatory to the Code of Conduct, we are committed to high standards of integrity, accountability, governance and management in our support of developing communities around the world.

ACFID is an independent national association of Australian non-government organisations (NGOs) working in the field of international aid and development.

ACFID Vision: promote conditions of sustainable human development in which people are able to enjoy a full range of human rights, fulfil their needs free from poverty, and live in dignity. It administers a Code of Conduct committing members to high standards of integrity and accountability.

The ACFID annual report is integrated into this 2007 CUFA Stakeholder Report, and complies with ACFID Code of Conduct clause 4.1 within Communication with the Public. Refer to details on page 46.



RISK

Our board has established policies to manage risk, as an essential element of good governance. This is necessary for us to achieve the best results in our work and the fulfilment of our mission.

Due to the nature of our organisation, there are a number of risks we need to be especially aware of. Risks to: reputation/goodwill; relating to effective aid outcomes; to output delivery/efficiency; and to our capabilities.

Where risks are unknown or uncertain, and where there is likely to be uncertainty of project success, precautionary approaches are taken and alternatives are planned and implemented to avoid or minimise impacts. Evacuation of in country personnel is a good example of risks associated with development, as normally stable governments can become disrupted without warning; or where natural disasters occur. These events cannot easily be predicted, rather action taken if they occur, requiring careful advance planning. A consideration of risks and associated implications are all included in our risk management policy, which will be further updated and formalised during late 2007.

SOCIETY



Society

STAKEHOLDERS AND ENGAGEMENT

CUFA's mission is to promote financial and social well-being in the communities in which it operates. CUFA empower people and communities directly through engagement in development projects. CUFA informs stakeholders through extensive communications. CUFA learns through thorough monitoring, evaluation and feedback.

CUFA has key stakeholder groups in Australia and overseas:

In Australia:

- Credit Unions, their members and communities
- AusAID
- Cuscal
- Abacus
- ACFID
- Suppliers and Contractors

Overseas

ORGANISATIONS	COMMUNITIES
<ul style="list-style-type: none"> ■ Asian Confederation of Credit Unions ■ Cambodian Community Savings Federation ■ Cambodian Community Finance Network ■ Canadian Cooperative Association ■ Fiji Credit Union League ■ Maritime Credit Union (Tuvalu) ■ Solomon Islands Credit Union League ■ Solomon Islands Central Bank ■ SANASA (Sri Lanka) ■ World Council of Credit Unions 	<ul style="list-style-type: none"> ■ Australian credit union member communities ■ Maritime community in Tuvalu ■ Our employees, contractors, DE's, Mentors, volunteers and interns ■ Rural and disadvantaged communities in Fiji, the Solomon Islands & Cambodia ■ Tsunami affected communities in Sri Lanka and the Solomon Islands



Keeping in touch with stakeholders

CUFA staff regularly meet Australian credit union stakeholders at a diverse range of events such training sessions, seminars, programs, chapter meetings, Cuscal Convention and other Cuscal events. Regular contact with regional and global development partners via email, fax and phone, in addition to in country monitoring visits and at Development Education workshops, ensures that CUFA has consistent and frequent contact with key stakeholders.

Including key stakeholders in the decision making process

CUFA employees and interns regularly meet to discuss projects, exchange information and discuss any problems. Meetings are held every Monday, and staff appraisals are undertaken on a six monthly cycle. The CUFA office is located within Cuscal, contact and dialogue with Cuscal and Abacus occurs on a daily basis is possible. Working closely with AusAID, project plans are negotiated and approved before program delivery commences, and accreditation requirements are fulfilled through annual reporting. All CUFA reports are available at www.cufa.com.au and we are also happy to provide a hard copy of our financial report to any interested party upon request.

Ways of communicating with stakeholders:

CUFA discloses relevant information and enables communication through the following: Interact is Cuscal's credit union industry intranet, which can be accessed by all members and shareholders, and staff, of Cuscal. Relevant CUFA bulletins are published to this medium. The CUFA website is in the public domain at www.cufa.com.au, and from April 2007 featured full access to all information and documentation that was previously only available on Interact, which limited access to password enabled members.

Newsletters were distributed every month: the CUFA Advocate, featured international development activities; and the Corporate Citizen, which looked at domestic activity and CSR related issues. They were distributed to interested parties via email, on Interact and through Cuscal's National Bulletin system. From January 2007, both newsletters were combined into the monthly CUFA Newsletter. At the end of the period, the newsletter was sent to about 500 people who nominated to receive the publication directly. We have a privacy policy in place and contact lists are stored in secured databases within Cuscal. CUFA only displays public domain information on their website.

Annual Reporting

The CUFA Sustainability Report is the main way by which we disclose annual information to our stakeholders. Formal financial reports and project monitoring reports are freely and publicly available from the CUFA website.



OUR PEOPLE

CUFA is a small organisation. However with the help and support of interns, mentors and volunteers CUFA has achieved much within the last year.

EMPLOYEE PROFILE

We are fortunate to have a very committed workforce, all of whom focus on values of CUFA.

FULL-TIME	FULL-TIME TEMPORARY	PART-TIME STAFF
<p>Executive Officer</p> <ul style="list-style-type: none"> ■ Peter Mason <p>Project Officers</p> <ul style="list-style-type: none"> ■ Philip Lambert ■ Paula Jops ■ Graeham Mehrtens (See tribute on page 11) ■ Kundi Lay 	<ul style="list-style-type: none"> ■ Marie Nielsen 	<ul style="list-style-type: none"> ■ Kylee Shepherd & Sahil Shaheem

<p>To assist with measurement of certain performance aspects and enable easy to understand comparison throughout this report (example, reams of copy paper, energy consumption, kilometres travelled, per FTE), employment scope is expressed in terms of full time equivalence (FTE), where the total hours of paid and voluntary participation are divided by a full time week of 35 hours, and aggregated into various groups as follows:</p>	Staffing	FTE
	Local Staff	2.99
	Project Staff	0.50
	Interns	0.46
	Volunteers	1.25
	Payroll FTE (all paid staff)	3.49
	Accommodated Local FTE (local staff plus interns)	3.44
	Total FTE	5.20

Volunteerism

Voluntary engagement by credit union people exemplifies the principles on which the credit union movement rests and is of great value to CUFA and our international partners.

CUFA supports volunteerism in three forms:

- Internships to assist CUFA with program and internal capacity development (833 hours)
- Domestic volunteers involved in the Development Education program (210 hours)
- In-Country technical assistance volunteers (2072)

Interns

Interns participate in a program of 24 days to gain practical development work experience. CUFA gratefully acknowledges the participation of:

Jody Huynh | Caitlin Ganter | Paula Jops | Kylee Shepherd | Jennifer Roberts
Sahil Shaheem | Matthew Ho | David Liu | Chontelle Perucich

Interns were involved in a variety of projects including Child and Indigenous Financial Literacy Program Development; Policy Development and Review; and stakeholder engagement.

Job opportunity is one direct benefit from volunteering with CUFA, and we were very pleased to have both the funding and opportunity to offer direct employment to these interns:

- Paula Jops: Project Officer *Full time*
- Kylee Shepherd: Stakeholder Relations *Casual*
- Sahil Shaheem International Policy Review *Part time*

In-Country technical assistance volunteers

Credit union volunteers represent CUFA overseas, to assist with pre-program assessment, technical assistance, project delivery and monitoring. The following volunteers are experienced credit union professionals:

- Gray Malone - Tuvalu *Volunteer*
- Firasua Leliana - Solomon Islands *Volunteer*

Domestic volunteers - Development Education Mentors

Development Education (DE) mentors are invaluable for the success of the DE program. Mentors are credit union people who have successfully completed their DE project. Their function is to provide objective and technical support to the participants on the workshops. They share their knowledge, experiences and encourage teamwork, and by doing this, help participants to make the most of the learning opportunity.

At CUFA we believe that gender, culture and age diversity of both mentors and participants is crucial to the success of DE. Different perspectives are the basis of discussion and learning, challenging views and creating a common understanding of development needs. To ensure diversity, CUFA funds at least one international mentor per program. 75% of DE mentors have served on more than one occasion.

Contractors

CUFA enjoys ongoing relationships with several contractors who provide consultancy and specialist services to CUFA.

- Pete Kelly - web services developer
- Ross Jury - Graphic Designer - CUFA 2006 CSR Report, Financial Literacy Series Graphics
- Sam Low - Graphic Designer - CUFA public website graphic concept and design

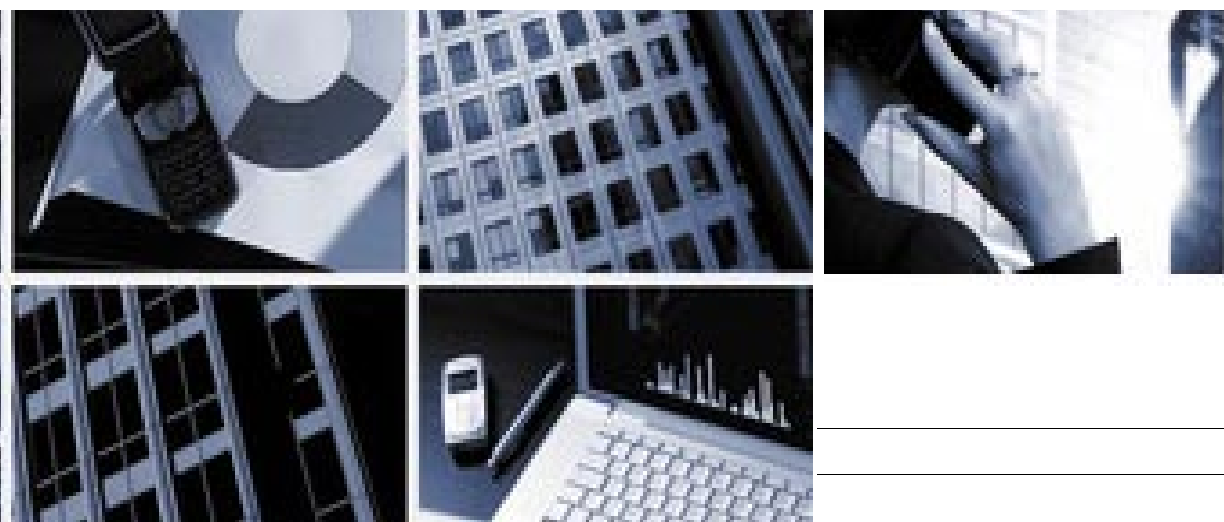
We have also reviewed our contracts with partners and contractors. As part of the contract review process we wanted to raise their awareness of the values of the credit union movement by including guidance on our approach to human rights and equal opportunities.

Tribute to Grahame Mehrtens

Grahame Mehrtens, CUFA's International Development Manager and a friend to many in the industry, passed away on 5 November 2006.

Grahame had a long and extensive commitment to the development of credit unions in Australia and in our neighbouring region. He worked for CUFA on two separate occasions, between 1985 and 1988 and subsequently from 1992. Grahame placed particular emphasis on development of capacity in the credit union movement - supporting the building of organisational structures and resilience of recently established credit unions and fledgling movements; establishing and cementing meaningful relationships with credit union support organisations, particularly in Australia's region, as well as supporting the development of credit union personnel, Australian and international alike, through his work in the Development Education (DE) Program.

A memorial service took place on Monday 20 November at the Central Coast Leagues' Club, Gosford NSW. A fund was established into which donations could be made to offer support to Grahame's family. Approx \$76 000 was raised. In recognition of Grahame's reputation and service to CUFA and the credit union movements, the CUFA international project fund was renamed 'The Grahame Mehrtens International Project Fund.'



PEOPLE MANAGEMENT

Management Approach

CUFA employees are under Cuscal's people management policies. Cuscal's implementation of workplace policies and procedures, informs the procedures at CUFA. Matters that are addressed in the workplace policies and procedures include: terms and conditions of employment, remuneration and benefits, reimbursement of work related expenses, performance management and performance appraisal, training and development, grievance procedures and workplace health and safety.

CUFA workplace policies and procedures address the following issues: diversity and equal opportunity, anti-discrimination, anti-harassment, union membership and freedom of association, as well as flexible work arrangements. CUFA employees receive training on policy and procedure during their orientation. Prior to employment, prospective staff acknowledge that they are aware of and will follow these policies.

Training and Education

CUFA is committed to providing constant learning and development. An important part of CUFA's staff appraisal is to develop personal career development plans and identify any training and development needs. All employees have bi-annual performance and career development reviews. Permanent full-time employees spent an average of 12 hours per year on training, which includes Cuscal Insights and Personal Leadership Program.

Occupational Health and Safety To ensure that staff work in a safe and healthy environment, Cuscal has an ongoing occupational health and safety program which is overseen by the OH&S committee, that monitors and advises on occupational health and safety issues and programs. Staff can access a free and confidential employee assistance program. Health assessment, nutrition consultation and flu vaccination are examples of preventative well-being measures provided free of charge.

During this period, there were no work related lost days from injury, or work related deaths.

Employee grievances are addressed through an open door policy. CUFA employees may consult with whoever in CUFA or Cuscal they believe can be of assistance in the settlement of grievances arising from employment and for the resolution of personal conflict. There is also a formal policy where employees can talk with their immediate manager who then seeks to solve the problem by following a set procedure, set out in the policy and procedures manual.

Internship. CUFA interns have come from diverse backgrounds, including American, Danish, Singaporean and Chinese. The work done by our interns has made an enormous contribution to our operations. Without their assistance, CUFA would not have been able to launch the Financial Literacy Initiative's Children and Youth series,

or undertake preliminary development of the Australian Indigenous Financial Literacy Series. Not only does CUFA benefit from internship programs, but we also believe that the benefits for society and individuals are great, because they give people work experience to develop their skills.

The structuring of internship program and hours of work allows interns to fulfill their other commitments such as university and paid employment responsibilities. Collectively interns have contributed 840 hours during this year, for the previous year 2415 hours of participation were recorded, reflecting the intensity of development and interest in the CUFA Corporate Social Responsibility Toolkit, which was completed during that time.

While the assistance we have received from our interns has been of vital importance to us, we place equal importance on ensuring that our interns gain valuable work experience. As far as possible, we customise each internship to meet the needs and interests of the participant. We want their time with us to be a positive learning experience and we therefore give them opportunities to participate in events related to their areas of study. Our interns have participated in conferences, seminars, chapter meetings, meetings and events held at CUFA, the Industry Association and Cuscal. We strongly believe that the vast majority of our interns have benefited greatly from the experience.

While we realise that our intern's commitment to their studies is often their core priority, it is an individual choice for interns to decide whether they can manage extracurricular activities such as an internship. CUFA ensures interns are fully aware of the required commitment and understand the nature of the internship.

In recognition of the huge contribution made by our interns, we extend a deep felt thanks to all our committed and skilled interns: We thank them for their hard work, and hope that the time they spent with us will help them in their future goals.

Goals and Performance

As stated in the CUFA Sustainability Report 2006, a goal was defined: 'Monitoring: Carry out monitoring of international projects by our own staff', to be achieved within 1 to 3 years. CUFA staff carried out monitoring visits and prepared monitoring reports, fulfilling this objective, with these staff: Graeham Mehrtens, Peter Mason, Paula Jops.

CUFA fulfilling its commitment to staff

Our employees have a degree of autonomy in their work, which gives staff a sense of achievement and job satisfaction, and work flexible hours to enable a positive work-life balance. We strongly believe in equal opportunities for all our employees, and want our employees to develop to their full potential regardless of gender, sexual preferences, race, or any disability they may have.

CUFA supports gender equity, and while the first priority is hiring the right person for the job, CUFA was able to increase gender balance following employment of a female project officer during the year, where previously all employees of CUFA, during the year, were male.

AUSTRALIAN DEVELOPMENT ENGAGEMENT INTRODUCTION

Engagements in Australia link directly to our vision of credit unions promoting financial and social well-being in communities. CUFA seeks to increase engagement to also align more closely with Australian credit unions that only have a domestic development focus, and also to raise the movement's reputation through profiling and promotion of its social responsibility performance and achievements. CUFA works cooperatively with the Australian Credit Union movement to disseminate credit union values, and develop tools that the Australian credit unions can use in their support of the communities they serve.

CUFA supports credit unions by:

- Adding value to their member communities by providing financial literacy and educational material for their use.
- Enabling credit unions to improve and report their corporate responsibility performance with the CSR Toolkit, building reputation of the credit union.
- Supporting the credit union movement with direct and in-kind support of industry and professional development programs such as Development Education and Insight.

ACHIEVEMENTS

During this reporting period, new modes of engagements were introduced, and great progress was made towards internal capacity building to support a greatly expanded suite of offers in the near future, as follows:

- Development and Release of the first series of the CUFA Financial Literacy Initiative: Education to Work (August 2006)
- Published the first CUFA Sustainability Report (October 2006)
- Exhibited at the Abacus Convention (October 2006)
- Conducted a CSR Simulation Training Event (October 2006)
- Gained in principle co-operative development support with external stakeholders for Indigenous Financial Literacy (October 2006)
- Commenced development of the Australian Indigenous Financial Literacy Series (December 2006)
- Established domestic Deductible Gift Status in each state and territory, in preparation for development of a domestic emergency relief fund (December 2006)
- Revamped the presentation of newsletters with both the domestic and international versions being combined into one monthly edition (February 2007)
- Development and release of the Children's Financial Literacy Series (February 2007)
- Developed and launched the public website **www.cufa.com.au** to provide greater public access to information and resources (April 2007)
- Released the Supporters Marketing Kit (April 2007)

- Implemented a formal engagement channel for credit unions to participate effectively with CUFA programs and products (May 2007)
- Developed a sector wide survey project, the Mutual Community Report, to benchmark mutual ADI sector performance against the retail commercial banking sector. (June 2007).

MODES OF ENGAGEMENT

Development Education

DE workshops are five-and-a-half day duration residential seminar, with an aim of communicating and promoting the unique role of credit unions in cooperative development and fostering the personal development of advocates or 'champions' for the credit union system. The concept of development is central to the workshop and the involvement of credit unions in community development, both international and local, is explored in detail. DE workshops are strongly linked with CUFA's international development programs.

The DE process involves research and preparation prior to the workshop by the participants and completion of a self directed project activity afterwards. It is therefore crucial that the workshop is not perceived as stand-alone event, but as an ongoing commitment to credit union advocacy.

DE workshops foster a sense of commitment to credit union values amongst participants and encourage ongoing commitment and inspiration to engage in the promotion of the credit union system. Participants are empowered to do their jobs more effectively, with greater motivation and meaning. Some take up new and more active roles within the movement using the new found confidence and outlook inspired by the DE workshop they attended. Many participants later come back as voluntary mentors at other workshops. This is a process with continuous learning, development and inspiration between mentors, presenters and participants.



CSR Toolkit: Education, Reporting and Sector Representation

Education: The Toolkit supports an extensive range of information and tools for credit unions to learn about corporate responsibility and sustainability; enabling a scale appropriate program to be designed, implemented and supported. Educational content spans 72 CSR practice areas, and includes a business case for why it is important to engage in that particular area, examples of how credit unions can improve their performance in the area, a case study of how some credit unions have approached the area, and a section with additional resources for the credit union to explore.

Reporting: The Toolkit has facility for credit unions to supply and store data that is then integrated into a formal report. This is the first step towards engaging strategically with CSR, so that credit unions can objectively measure and benchmark performance, review and take action, and communicate sustainability issues to stakeholders. The reporting framework currently supports the Global Reporting Initiative (GRI) G2 performance indicators.

Representation: as a data storage facility, the Toolkit is a natural tool to aggregate data and provide sector level performance data. An annual reporting project, called the Mutual Community Report, will seek input from credit unions and mutual building societies on their engagement and investment in CSR and community initiatives, to benchmark mutual ADI sector performance against the retail commercial banking sector.

Financial Literacy Initiative

News series development

The first of the lifecycle releases will be the 'Education to Work' site, which features relevant demographic topics relating to financial capability development of 16 to 24 year olds. CUFA's on-line Financial Literacy Series for Children is based on the National Consumer And Financial Literacy Framework developed for the (then) Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA).

The Framework has four dimensions of consumer and financial literacy: knowledge and understanding; competence; enterprise; and responsibility.

- Knowledge and understanding is about the nature and forms of money, how it is used and the consequences of consumer decisions
- Competence is the application of consumer and financial knowledge and skills in a range of changing contexts
- Enterprise is the opportunity to use initiative, build financial capabilities and manage risk-taking when making consumer and financial decisions
- Responsibility is appropriate consumer and financial decisions that display care for self, others, the community and the environment.

Four independent modules target children within these age groups: 4 to 6, 7 to 9, 10 to 12, 13 to 15. Four modules for children will be developed. The first will target children up to 6 years of age. Subsequent modules will encourage self-paced learning - and extend through to 15 year olds.

Advocacy

As a crucial way to promote the financial and social well being of communities, we believe that it is important to contribute to the community by actively participating in forums that align with our mission, with organisations that aim to empower the communities they work with.

That engagement includes:

- The committee of the Australian Microfinance Network
- The Financial Literacy Foundation
- The Parliamentary Joint Committee on Corporations and Financial Services.
- In conjunction with six other development agencies, we also recently presented a submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade inquiry into Australia's aid program and its impact on human rights and security in the Pacific, where we argued for increased funding emphasis on the promotion of inclusive financial services by AusAID.
- The National Indigenous Money Management Agenda, a reference group facilitated by Reconciliation Australia. We support measures to improve financial literacy among Indigenous consumers and steps to facilitate their access to financial products and services. We believe that by participating in the National Indigenous Money Management Agenda, we can contribute to the empowerment of the Indigenous community and the reconciliation process within Australia.

Future Plans for Engagement

Disaster Relief Fund (DRF) - early 2008. An on-line credit union embedded fund raising channel for public donation in the event of significant natural disasters in Australia. The DRF will enable the credit union movement to collectively fund raise.

Reconciliation Action Plan - early 2008. Activities and advocacy actions that CUFA will undertake to improve conditions for indigenous Australians, around financial literacy and community development.



INTERNATIONAL DEVELOPMENT ENGAGEMENT INTRODUCTION

The credit union movement was established to tackle the prevailing social disadvantages of the time, based upon a philosophy of equality, equity and self-help. The credit union system enabled communities to work together and through collective action improve their life situation.

Today, we abide by the spirit of these principles in our development work with international neighbours, to help address situations of extreme poverty faced by many communities. In the last twelve months, we have shifted our focus from funding other development organisations and employing consultants to deliver projects - to direct involvement by deployment of Technical Assistance Personnel in-country, working cooperatively with local partners. This has enabled CUFA to become a more effective project implementor, accelerating the achievement of project goals in Cambodia and the Solomon Islands.

We have also sponsored international participants for our Development Education program, providing them with valuable skills to use in their communities, while also giving Australian participants a new outlook upon the credit union movement at home and in neighbouring countries.

The mission of the credit union movement and CUFA is inextricably linked with the promotion of human rights. Our mission is designed to empower disadvantaged individuals and communities. We believe that by financially empowering communities and successfully assisting them in creating savings within their communities is an important means to achieve human rights goals as defined within the Universal Declaration of Human Rights (UDHR) and the International Covenants on Economic, Social and Cultural Rights (ICESCR), and Civil and Political Rights (ICCPR). We believe that by working towards our mission of empowering communities, we are contributing to improving the human rights situation for the individuals and communities we work with.

Our projects are directly aligned to 3 of the 8 aims of the United Nations Millennium Development Goals, being:

- (1) Eradicate extreme poverty and hunger
 - Alleviate poverty through access to affordable financial services
- (3) Promote gender equality and empower women
 - Encourage women to either manage credit unions and micro finance institutions, or improve their financial literacy
- (8) Develop a global partnership for development
 - Developing financial systems that are rule-based, predictable and non-discriminatory. Includes a commitment to good governance, development and poverty reduction.
 - Address the special needs of landlocked and small island developing States.
 - Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term.

We have included a positive statement on the promotion of the Millennium Development Goals in our project plans and results are available in project reporting.

The Millennium Development Goals also make particular mention of the special needs of small islands states. This is one of our focus areas in our work with communities in Fiji, the Solomon Islands and Tonga, to develop financial institutions that are sustainable in their local context, and our work in support of credit unions in Tuvalu, through the generous financial assistance of the Maritime Workers of Australia Credit Union Ltd.

Risk management

The need to have a comprehensive and transparent risk management policy in place is important for the successful outcomes of each project. A transparent and well-implemented risk management policy reduces risks and thereby allows donors and recipients to be confident in our ability to deliver and empower communities through access to affordable financial services. Over the coming year, we aim to strengthen our risk management policy and procedure further, right through from feasibility and planning, to project delivery and sustainability. We will build on the knowledge that we have accumulated through our operations, evaluating and improving the risk management procedures in our projects.

Aspects of Risk Management throughout Project Cycle

Project Entry

Consideration is given to the development needs of the local communities against known risks to CUFA. Effectiveness of local development partners and representative organisations, and political/social stability, are examples of core issues that are assessed prior to entry into a recipient community, to ensure project success.

Project Operation

CUFA engages in dialogue with community and local government representatives, conducts monitoring visits and compiles monitoring reports in order to determine project goal achievement, and the positive and negative impact of local projects on the community.

Project Exit

Example: Cambodia

Completion - Building Trust. Upon the completion of the buildings, the Cambodia Project Officer will continue to provide post-construction monitoring up to two months after all project objectives have been met. This is done in an effort to monitor the sustainability of the buildings and to provide any additional support to the CBMIFO (community based microfinance organisations), Building committees, and the savings bank staff and volunteers. At the end of two years, and before project phase-out, the Cambodia Project Officer will meet with the Building Committees to ensure that they have the capacity to continue to maintain the buildings. Building maintenance is relatively easy as the buildings will be simple, two room structures with no electricity or plumbing. After the first evaluation, CUFA will consult with WOCCU to finalise the post-project.

Completion

Example: Cambodia Building Capacity. On completion of year 3 of this project CUFA staff will undertake an evaluation. Evaluation will determine whether we have reached our overall goal of strengthening the institutional and human capacity of primary grassroots financial organisations. Through consultation with our various stakeholders we will determine whether the project will enter a second phase that will either see the in-country Technical Assistance Person or a locally trained employee carrying on more complex, advanced training.

Example: Solomon Islands

Completion - It is envisaged that specific support for Rural Resource Centres and Savings Clubs will conclude by no later than 30 June 2008, by which time CUFA and its partners will have identified the next phase in the development of rural small-scale savings networks in the Solomon Islands.

Exit from the current phase will be stepped down over two financial years and replaced with activities to support building of the Savings Club network and identification of Credit Unions to fulfil the role of a regional or district level support structures.

Project failure - due to externalities such as on-going civil disturbance. Implementation would go on hold, until conditions return that would enable constructive development work to continue. During the previous civil unrest in Fiji and the Solomon Islands there was immediate paralysis of the League and long periods of disturbance, where in-country partners focused on survival of themselves and their families.

Monitoring

Monitoring our projects and activities is a fundamental element of assuring successful and sustainable projects and this is therefore an important part of the risk management process and delivery activities.

Monitoring during the first half of the year was carried out by a combination of internal and external advisors: the Manager of International Development, experienced contractors, Australian credit union volunteers and the Asian Confederation of Credit Unions staff and volunteers. In line with CUFA taking project implementor role, all monitoring was done by CUFA personnel in the later part of the year.



CAMBODIAN DEVELOPMENT PROGRAM INTRODUCTION

Cambodia has a population of 14 million, with 80% of people living in rural areas. A focus on building infrastructure in urban centres has led to economic inequality between regional and city areas, and 40% of the rural population are now living in poverty. See <http://www.unfpa.org/profile/cambodia.cfm> for more detail.

Cambodia's financial sector has suffered from instability and has had to be re-established due to the invasive practises of the Khmer Rouge regime that included prohibiting savings and owning a business. However, the lack of banking regulation and unsuccessful micro credit schemes which followed the end of the regime have led to unsustainable initiatives and the people having very little trust in financial institutions. CUFA has been involved in rebuilding Cambodia's rural finance sector in the past five years, with an emphasis placed on addressing trust and sustainability issues.

CUFA's involvement in Cambodia has evolved as needs have been highlighted. CUFA has a strong belief in empowering people, especially women and providing them with adequate training and support to be able to use their knowledge to improve their living conditions and those of their communities. CUFA is currently involved in two Cambodia Credit Union Outreach Programs: Building Trust and Building Capacity Projects.

CUFA is committed to supporting emerging credit union movements in Cambodia for at least the next three years and 2007/8 heralds the implementation of the Children's Financial Literacy Program. This project creates awareness of financial education and teaches young children about the value and benefits of saving.

CAMBODIA - STRENGTHENING BRANCH DEVELOPMENT PROJECT

As commercial banks only operate in metropolitan locations, financial services are inaccessible to the majority of the rural population. In response to this it is important to create a strong community based financial network that can promote savings and growth in rural areas. The Cambodian Community Savings Federation (CCSF) is the peak body for thirty-six community based microfinance organisations (CBMIFO) and CUFA has been involved in assisting CCSF to strengthen their capacity as an organisation and to improve the support that they can offer other CBMIFO. CUFA has also been funding training and development courses that CCSF provides for people involved in CBMIFO and a strong focus has been placed on strengthening the skills and knowledge of savings bank leadership.

In the last financial year CUFA has funded training courses and initiatives aimed at strengthening the sustainability of individual branches and the services that they offer their members.

The project has achieved the following outcomes - (All figures are cumulative totals and are current till December 2006 - sourced from Strengthening Branch Development Monitoring Report 01/07/2006 - 31/12/2006).

- CUFA has monitored its Cambodian projects bi-annually to ensure its objectives have been met. There have been internal and external audits of CUFA projects, individual savings banks (SB's) and local partners. 27 Savings Banks have been audited by CCSF and internal auditors have audited 3 branches. Operational plans for head office and three branches have been prepared, and preparation to create operational plans for all CBMIFO's began in May 2007.
- A Management Information System of saving and credit has been developed and tested at Battambang Province.
- CUFA funding has provided for the addition of 4 new savings banks, CUFA has now established a total of 5 savings banks with 377 members, 62.5% being female.
- Six advance training courses have been conducted, attended by 174 savings bank leaders, 39% of participants being women. Topics included loan delinquency management, leadership development, good loan management and effective M&E tools.
- Of the 1,621 savings bank leaders, who have been informally trained in savings bank principles and financial matters, 48% were women. Topics included basic awareness, savings bank policy and by-laws, simple bookkeeping, reporting systems, roles and responsibilities, loan procedures and documents, self-evaluations and leadership development.
- The introduction of PEARLS (a monitoring and evaluation system used by credit unions to identify financial stability) was running behind schedule and was introduced after the close of financial accounts in March 2007.
- Membership of savings banks has been steadily increasing with the 2007 target of 26,700 members being easily exceeded as there were already 25,220 members at the end of 2006.
- As of November 2006, there were 7,082 active borrowers with loans from Savings Banks.

However, a monitoring visit in January/February 2007 highlighted problems with engagement with CCSF. It has become apparent that CUFA and CCSF have conflicting missions and they are no longer compatible to work together in a close partnership. On a positive note, the improved long-term sustainability of CCSF has achieved its target. The target was set for CCSF to reach 78% of operational self-sufficiency by the end of November 2007 but 88% of OSS had already been reached as of November 2006.

CAMBODIA- BUILDING TRUST

CUFA has specific programs that provide access to finance, low interest loans and savings plans; designed to facilitate sustainable growth in Cambodia. A major obstacle has been increasing the local people's ability to trust financial institutions such as village savings banks and microfinance initiatives. In this financial year CUFA aimed to conduct adequate auditing procedures to evaluate the success of savings banks and increase membership. CUFA is also committed to assisting with the introduction of appropriate law and national policy for credit unions to increase trust and transparency within the movement.

The key outputs and objectives of this project are:

- Buildings will be donated to villages on land owned by the village or Savings Bank. Construction will begin in July 2007, ready for launch in Nov. 2007. CUFA will fund construction of up to 7 buildings, each building will cost US\$10,000 and take three months to complete.
- Seven SB building committees are to be established before building construction. Committees are to be at least 50% female and the building committees are to supply local labour, approve finishes, provide snacks and organise a building launch with the project officer.
- Over the duration of the project period four Cambodian women are to be invited to attend DE workshops. Two Cambodian women in their mid twenties have already been invited to attend a DE workshop in October 2007 in Sydney.
- To increase public awareness, CUFA staff will contribute to articles on the Cambodia Project in the CUFA newsletter and Connexus. Consultations will be scheduled with local Cambodian NGO's throughout the duration of the project to create awareness of CUFA's activities.
- Two monitoring visits per year will be undertaken by CUFA and WOCCU staff. Quarterly reviews will be undertaken by CUFA staff.

Major Achievements

An in-country Project Officer was employed in March 2007 to oversee CUFA projects in Cambodia. The Cambodian Project Officer has sent relevant weekly reports to the CUFA Sydney head office, reporting on progress and expenses. This has been combined with weekly telephone conversations advising the CUFA head office of current developments. The Project Officer's role includes promoting CUFA and generating local media interest to increase public awareness of the savings banks model and to make sure that local Cambodians are involved in the decision making process. An important responsibility is to develop a relationship and consult with 36 CBMIFO committees.

During a monitoring visit in January 2007, CUFA and WOCCU held discussions with local CBMIFO staff and Active Savers and it was realised that to build trust in these rural areas physical structures are needed to indicate to communities that there is a sense of permanence and longevity of the savings banks. The outcome of discussions was a reallocation of a portion of AUD\$214,493 in funds towards assisting in the construction of seven savings banks. To encourage sustainability, potential SB's must meet certain criteria before CUFA agrees to fund the building, i.e. active membership of CBMIFO's must increase by 20% pre-building and total accumulated savings of CBMIFO's must increase by 15% pre-building.



CURRENT AND FUTURE GOALS

CUFA's objective for this project is to build trust in the savings bank concept at a grass roots level and broaden the access of financial services to rural communities.

CAMBODIA: BUILDING CAPACITY

In June 2007 CUFA attended the Cambodian Community Finance Network's (CCFiN) AGM and a number of meetings with the Canadian Co-operative Association (CCA) were also arranged to expand a partnership in Cambodia. As a result, a tripartite partnership has been organised between CUFA, CCA and CCFiN. The project has been established to resolve needs highlighted in 'The Community Finance Sub-Sector Blueprint (2006)' that identified inadequate capabilities among practitioners/leaders of community finance institutions.

The goal of the three-year project is to build capacity and trust and increase sustainability by providing technical assistance to individual community financial organisations. This is a three-year CUFA funded project aimed at supplying these organisations with the skills they need to achieve financial sustainability and work towards becoming a representative credit union or credit union league/federation.

Funds will be used to

- Hire a permanent in-country Technical Assistance Officer (T.A) from within the Australian credit union movement
- Hire a local person as an assistant to 'shadow' the T.A. Officer
- Lease a building and set up a training centre.
- Cover all legal expenses and register the organisation as a local NGO
- Provide sessional technical assistance from Canada and Australia
- Cover all training, travel, accommodation and food costs for CCFiN and CBMIFO participants.

Major Achievements: *Not in reporting period*

Current/Future Goals

CUFA's involvement is aimed at strengthening the institutional and human capacity of primary grassroots financial organisations. This project is designed to contribute to building a strong, sustainable credit union movement in Cambodia that will broaden the access of financial services to rural communities and will reflect the International Credit Union Operating Principles.

2007-2008

CUFA has allocated \$AU250,000 for 2007-2008 to develop a training centre in Phnom Penh. All partners and stakeholders were given equal input through a project working group, and the building has now been leased, and with licensing as a local NGO in progress.

There will be 1580 funded training days for 2007-2008, sessions will be twice monthly and run for three days with

an aim of having 50% of all participants to be women. The project is to be monitored in November and May of each year and a progress report will be sent to CUFA staff by the T.A each month.

Within Context of CUFA's mission

Issues of gender and social impact are being addressed through this project and CUFA aims to achieve a minimum of 50% of all participants trained to be women. This project is also contributing to building trust and social connectedness through providing a sustainable and accessible financial service that is owned and run by the individual communities.

SOLOMON ISLANDS

Introduction

CUFA has been working in the Solomon Islands since the early 1990's. CUFA aims to strengthen credit union governance through working with existing Microfinance Rural Resource Centres (MRRCs) and assisting them with the formation and operation of savings clubs.

The major theme of achievement has been engagement with stakeholders. CUFA has a successful partnership with World Council Of Credit Unions (WOCCU), which has contributed to the Sustainability of the Solomon Islands Project.

During CUFA's monitoring visits it has been established that wider communications, positive broad support for credit union activities, microfinance successes, building strength in SICUL, have contributed to achieving project goals.

International bulletin

After the Solomon Islands tsunami on Monday April 2 2007 CUFA and WOCCU sent a bulletin to credit unions around the world to raise money for a Solomon Islands tsunami appeal. This helped to raise a total of AU\$13,000. Based on the local consultations with credit union management committees, CUFA is in the process of developing a reconstruction and work plan to distribute funds. Once assessment has been completed the funds will aid the recapitalisation of destroyed credit unions and provide for professional staff development, and developing management capacity through on-site training and mentoring. *Solomon Islands Tsunami Fund Update Item 4.2.2.*

Radio kits

'In the past poor infrastructure meant that communication depended on letters delivered by travellers and there was virtually no communication between credit unions and SICUL. CUFA has facilitated a close working relationship and regular communication with the League, credit unions and MRRCs through purchasing radio kits for three MRRCs. An additional benefit to the community through the introduction of radios occurred when villagers were able to locate family members after the tsunami on Monday April 2 2007.' *Solomon Star, 12 March 2007.*

Local media

Two articles published by the Solomon Star national newspaper drew media attention to savings clubs and credit union activities. Further information on these and other articles can be found by going to the CUFA website. SICUL's Administrator has expressed an interest in creating a newsletter for credit unions and savings clubs.

Development education

Development education sessions are valuable means of ongoing development/extending engagement between stakeholders.

The 26 Development Educators in the Solomon Islands are committed to participating in the next round of auditing of savings clubs and credit unions and they would like to become registered as a licensed entity or become involved in account keeping. In addition, the Project Officer will hold monthly teleconferences with the DE's so that areas of assistance can be identified.

CUFA, WOCCU and Community Outreach

CUFA and WOCCU representatives were present at the opening of the Busurata MRRC in Malaita. In this case there was the potential to reach 2,000 people and membership of Central Malaita Credit Union has now surpassed 3,000.

Support for credit union activities**International and Government**

There has been local and government support for the credit union projects. CUFA project volunteer L.D Firisua organised the daily program meetings in rural and urban areas. Meetings were arranged with MRRC volunteers, credit union committees, government officials and Central Bank of the Solomon Islands, European Union representatives, the SICUL Board and Development Educators. During the visit CUFA staff met with local government officials: the Minister of Finance, Registrar (Governor) of Credit Unions and the Premier and Deputy Premier of the Malaita Province.

Microfinance success stories

Cooperative microfinance builds capacity within communities. Central Malaita Credit Union have contributed to setting up farming cooperatives and the Agricultural Development Assoc to deal with regulated interest rates and to help farmers to sell their goods. The management of the Auki Cooperative by the Director of CMCUL shows initiative and the staff at the shop and warehouse are professional. After sixteen months of successful operation the cooperative helps farmers and rural people with a steady stream of income.

Building strength and competence in SICUL

CUFA continues to make efforts to support and build capacity in SICUL. In April 2007, following the December 2006 monitoring visit, David Loring was appointed by the SICUL Board as an honorary Board Member to serve as 'Credit Union Specialist' to SICUL.

Financial

CUFA has provided SICUL with MYOB software so that there is the ability for SICUL to manage their financial activities and to enable SICUL to prepare financial reports for CUFA and the SICUL Board. SICUL staff member Mary Taupiri receives ongoing overseas support via email and training from the three CUFA staff members. After L.D. Firisua retires in May 2007 CUFA and the SICUL Administrator plan to develop a program schedule, working to a budget as well as maintaining a database has helped contribute to SICUL's sustainability.

Governance

The by-laws in the Credit Union Act 1986 have meant that the Solomon Island's credit unions were operating in a manner that was not sustainable. The Central Bank of the Solomon Islands along with CUFA, SICUL and WOCCU, are working to revise the Credit Union Act (16).

Gender Equity

Gender equality is steadily being addressed through CUFA's support of women's activities. CUFA representatives were honorary guests at the Rokotanikeni Women's Associations Annual meeting. Since the December 2006 monitoring visit CUFA has undertaken two initiatives to increase the outreach of services to women.

Young Women's Leadership and Financial Literacy

CUFA has obtained funding from the Australian Government's Office of Women to support young women's leadership and financial literacy training in the Solomon Islands.

The main purpose of the program is to empower 400 young women (aged 18 - 26 yrs) and mentors (27 yrs +), and to encourage greater female participation within the community, particularly with regards to financial literacy and the credit union movement. Participants will engage in workshops of three days duration, with programs being delivered in four locations including capital, regional and remote areas.

Future goals 2007-2008 :

CUFA's goal is to strengthen SICUL and the Solomon Island Credit Union movement. Further funding for capacity building, training and technical assistance is needed. There is a need to systematise the collection of membership dues. CUFA's partnership with WOCCU has been successful because they have the tools and expertise to provide quality technical assistance to the project.

Following the monitoring visit in April 2007 CUFA will review the 2007-2008 project plan with regard to design, implementation and goals. At this time the 2006-2007 budget has been fully expended.

CUFA needs to address issues around SICUL leadership and direction. This will be achieved by structuring funding milestones and attaching specific targets for each phase of the project.

SRI LANKA

CUFA's primary objective in Sri Lanka is to provide funding for technical assistance to rebuild the credit union movement in tsunami affected areas. CUFA's involvement is designed to build capacity and strengthen governance within primary societies and restructure and capitalise the District Union Finance Facilities in the Ampara region.

The project is aiming to:

- Increase credit union membership by 100% (40,000-80,000)
- Increase total assets by 100% (US\$4million to US\$8 million)
- Increase credit unions' total loans outstanding from US\$3.5million to US\$7.1 million) due to more members having access to loans,
- Reduce loan delinquency to less than 5%,
- Increase credit unions loans disbursement from approx. US\$6.8 million to US\$12.8 million,
- Establish a supervisory framework and regulatory language to prevent credit union failure,
- Introduce successful credit union and DFF models to demonstrate how restructuring and rehabilitation increase scale through improved financial performance.

Major Achievements

CUFA has agreed to transfer \$AU 270,000 by Jan. 1, 2007, and to transfer an additional AU\$100,000 by June 30 each year till Sept 5, 2008 - or until the sum of \$570,000 has been expended.

During their May 2007 monitoring visit CUFA visited twelve primary societies, of these eight were being reopened. The visit highlighted the dependence of primary societies on voluntary labour and commitment from the local community. It is foreseen that difficulties associated with professionalising these primary societies with limited resources to pay competitive salaries for suitably qualified people will arise.

Current/Future Goals

CUFA's May 2007 monitoring visit identified three key areas for review and improvement: sustainability, gender imbalance and community participation. The project will be steered towards incorporating these issues to achieve Sustainability and equality within the primary society network.

Sustainability. Some of the primary societies CUFA visited do not appear to be aggressively pursuing any growth strategies. It appears part of the reason is that they have not had training in this area and secondly many of the primary societies are focussed within their own community, and family and religious grouping.

Sustainability will only be achieved with merging and aggressive growth strategies to attract members outside the existing base. WOCCU initiated these discussions with the primary societies before the tsunami reconstruction project commenced however there was resistance to amalgamation and so it was not progressed at that initial stage.

Gender. Many of the primary societies that were visited consisted predominately of women members. It was evident though that men held the positions of power within the governance structures.

Community Participation. The democratic nature of the primary societies opens them to community participation. The Sri Lankan financial cooperative movement has a participation element that is very different to other movements around the world in so much as there is a requirement for all members of primary societies to attend every monthly meeting. Whilst non-members can still save at a primary society, only members can get access to loans.

Within context of CUFA's mission

The changing role of CUFA's project contribution in Sri Lanka is to be more targeted in project implementation. CUFA will be able to make a bigger impact by focusing on a particular region (Ampara) in Sri Lanka instead of having a minor role in the project as a whole.

TUVALU

Introduction

CUFA has been involved in the Tuvalu Credit Union movement since 1997 and is associated with the development of the Tuvalu Maritime Credit Union (TMCU) and the Tuvalu Overseas Seamen's Union (TOSU). The Maritime Workers of Australia Credit Union Ltd, Sydney, funds short term assistance to promote the social and economic development of the Maritime workers in Tuvalu. The purpose of the visit is to audit the financial books and records of TMCU and the TOSU to strengthen their financial record keeping and operations and to provide technical support to TOSU staff, the TMCU Board and prospective partner organisations within the main island of Funafuti. During the visit discussions were held with the TOSU manager, the TMCU Board, representatives of potential CU members and merger partners.

Membership

Following a recommendation in the 2005 audit, the Board decided to open the Bond for membership to other similar organisations based on the main island in an effort to raise the profile of the credit union, build sustainability and provide an option for community members who are not bank members. It was agreed that Nurses, Teachers and Co-operative members would be the first groups approached. At informal meetings held with their representatives it appeared that although there was support to join the credit union there was a lack of understanding of the credit union operations. Unfortunately, the Tuvalu National Provident Fund has only recently developed a policy allowing Provident Fund members to withdraw 30% of their funds over a 3 year period. This has been a very popular decision amongst Provident fund members and as a result, the Board has chosen not to open the bond at present and to review the success of the Provident Fund decision.

Governance

As its members do not meet regularly, the TMCU Board is inactive. It has also proven hard to recruit board member volunteers because suitable volunteers have overseas working commitments and because of the distance and transportation issues between the mainland and outer islands. The inactive board means that there is a lack of long term plans.

Loans

Delinquent loans are a major threat to the Sustainability of the credit union. Often members are overseas or reside on local islands. The board is currently following up all delinquent loans and providing members with the option of paying all outstanding loan balances or offsetting the loan balances against savings.

Sustainability of the credit union

TOSU has only one trained staff member who is responsible for bookkeeping and reconciliation of associated accounts for TOSU and TMCU. Without the volunteer support the credit union would only be sustainable if a trained bookkeeper provided their services as a volunteer.

Audit financial books and records of credit union and TOSU

The treasurer is responsible for both TOSU and TMCU transaction recording. The purpose of the audit is to ensure that financial books and records met the required accounting standards.

Report on the impact on members

Since the last audit in November 2005 membership of the Maritime Credit Union has fallen slightly to 214 members. During the in-country debrief TOSU General Manager Mr Tommy Alefaio thanked CUFA and Maritime Credit Union Australia for their ongoing technical assistance program and expressed a desire for a long term commitment to continue with this support.

Problems

At present there is no training support for personnel. TOSU received new computer equipment during the visit and it is expected that this will assist to reduce recording problems. Also, system backups are being conducted albeit irregularly.

Future

It is recommended that CUFA continue their involvement with TMCU and TOSU, with the financial support of Maritime Credit Union Australia, for a further 3 years.

It is recommended that meetings with representatives of potential CU members and merger partners commence with local interest groups.

Major achievements

- Discussions regarding change of Bond with several Board members who would continue to liaise with other possible partner organisations located on the mainland.
- An audit was conducted of TMCU, and the accounts were reconciled.

- An audit was conducted of TOSU, however accounts weren't reconciled. An adjustment was made to the Reserves Account and TOSU staff continue to reconciling transactions.
- The audit identified operating risks. As a solution TOSU received new computer equipment that is expected to reduce recording problems. Another problem identified was the main computer being used regularly for TOSU and TMCU activities. A local NGO was approached to assist with regular system backup and software programs.

Current and Future goals

- To audit and monitor the Tuvalu Maritime Credit Union accounts to identify operating risks and to report on the impact and viability of the credit union to its members.
- To audit the Seamen's Union accounts.
- To assess service provision by the National Bank of Tuvalu

Within context of CUFA's mission

The Maritime Workers of Australia Credit Union Ltd has a mentoring relationship with its sister credit union, the Tuvalu Maritime Credit Union, and funds a monitoring visit once a year. The competition resulting from the community owned credit union put pressure on the bank to increase fairness with regards to fees and services. The purpose of the monitoring visit is to assist the TMCU with financial record keeping and operations. Other initiatives involve providing TOSU with technical assistance.





Environ

INTRODUCTION

As CUFA is essentially an office-based organisation with less than ten full time employees, our environmental impact is relatively small. However, we recognise that while our operations are small, they have some impact on the environment and therefore CUFA has a proactive approach to minimising impacts of the Sydney office and development projects in Australia and overseas.

CUFA's environmental impact can be divided into three main categories: **consumption, travel** and generation of non-hazardous **waste**. We realise the importance of minimisation as the first step towards reducing pollution, global warming and habitat destruction, and measures have been employed to monitor and decrease our level of emissions.

CUFA aims to become a good corporate citizen and endeavours to lead by example to provide Australian credit unions and Cuscal with support and advice to employ more environmentally friendly practices.

In an attempt to reduce our environmental impact we chose to offset our business impacts through Greenfleet's carbon offsetting programmes.

CUFA and Cuscal

CUFA shares an open planned office with Cuscal in Sydney. Cuscal donates office space, overheads, equipment, and IT support to CUFA, allowing us to concentrate on development projects. Due to the two organisations sharing arrangements, it is difficult for CUFA to measure aspects of usage. For the purpose of this report, CUFA has measured consumption of materials and energy, (eg, electricity and copy paper) sourced from Cuscal, relative to it's full time equivalence (FTE). Where CUFA has directly purchased goods and services, the specific consumption data will be used, for example, air travel.

CONSUMPTION

Energy

Energy use contributes greenhouse gases in Australia, primarily due to the high level of fossil fuels used to produce electricity. In light of this, reducing CUFA's energy consumption is an important ongoing goal. In the last financial year Cuscal has condensed the floor space of its Sydney offices from five to four levels, resulting in an overall reduction in energy usage including lighting and air conditioning.

Total energy usage for Cuscal in the reporting period was 1,220,530 kWh, a 2.67% reduction on 2005/2006 consumption, where Cuscal recorded 1,253,175 kWh. Based on these figures the average energy usage per CUFA FTE employee during 2006/2007 was 4416 kWh.

Since the last reporting period, the energy star labelling of Cuscal's fleet of office equipment has increased dramatically from 49.7% to 90%, through almost total renewal of electronic equipment, which follows a 2 to 5

year replacement program. CUFA actively contributed to this change through Cuscal's CSR working group and a target has been set to have a 100% energy star labelled office within the next two years. All office equipment including computers, photocopiers and printers are programmed with energy efficient settings and lapse into sleep modes when not in use for relatively short periods. Staff are also encouraged to turn off lights when not in use, and no empty floors remain lit over-night, with each floor's lights being turned off by 8pm unless occupied.

Materials

CUFA encourages Cuscal to be aware of the source of their office supplies and where possible to question the chain of custody in the manufacturing cycle i.e. has the supplier or factory adhered to environmental and human rights standards. Two important steps in our minimisation strategy are:

1. To reduce usage and only print or photocopy what is needed
2. To use recycled paper

Cuscal purchases paper products containing recycled content where possible. The major paper product is Impega A4 printing paper, which is a high performance paper containing 10% recycled material. Distributed by Lyreco, Impega products are sourced from environmentally certified mills that adhere to chain of custody requirements. Impega is classified as Nordic Swan, meaning it is made from totally chlorine free (TCF) pulp and meets the ISO 9001 management standard and the ISO 14001 environmental standard for minimising environmental degradation in the production process. Impega also meets the European Eco-Management and Audit System (EMAS) regulations that require supply chain reporting, including operations, Sustainability and environmental targets.

In the reporting period Cuscal purchased **6500 reams** of paper for use by 276.4 employees (FTE), compared with **6816 reams** recorded for the previous year at similar FTE. Using this figure as an estimate, CUFA used approximately 23.5 reams per full time equivalent in the period.

Printers and photocopiers are automatically set to double sided print to minimise paper consumption and staff are encouraged to only print what is essential for office operations. There are also containers next to each employee desk, printer and photocopier to collect paper for recycling.



TRAVEL

Travel is a major contributor to CUFA's greenhouse emissions. CUFA believes in optimising travel requirements and promotes employees to minimise their road and air travel in their business and out of work commitments. Our office is located in the Sydney CBD, close to Wynyard Station and we encourage staff to take public transport, walk or cycle to work.

Employees are offered the option of purchasing seasonal rail or bus passes through their salary and there are showers in the building for those who chose to walk or cycle to work. In the reporting period 94% of our employees commuted to work by train or bus, and 5% was by foot or bicycle. Very rarely, private vehicles are used, mainly due to work related travel.

For this reporting period we will not include staff commuting or personal travel in CUFA's environmental footprint. As CUFA can only suggest environmentally friendly modes of transport on our staff, their individual transport choices are not applicable to our environmental footprint.

Staff business air travel has continued to be monitored, and has shown an increase since the last reporting period. In the last financial year, total staff air travel was 254 546 km, up from the reported 176 765 kms from the previous year. This increase was due to: consultant monitoring involving air travel was not included in the previous years figure, and frequency of the current years monitoring visits has increased, reflecting the higher impacts.

In an effort to keep staff travel down, good planning is required to reduce flight sectors, and where possible we use teleconferences. Meetings are held in a location that is easy for the majority of participants to attend and training sessions with credit unions are arranged so that we can visit organisations in the same area over a specific time period, to minimise unnecessary travel and expenses. Monitoring visits to the Solomon Islands and Cambodia one after the other require extended air travel, as it is not possible to optimise sectors by flying directly point to point.

In the reporting period, people including CUFA board members, staff, interns, mentors, volunteers and funded participants at DE programs travelled by air for CUFA related projects.

Total air travel generated an estimated 35.38 tons of CO₂ emissions. During the previous year, 29.42 tons were recorded.

This figure has increased since the last reporting period due to the changing nature of CUFA's projects and increased direct involvement in overseas project implementation. Travel is only undertaken when necessary and all efforts are made to minimise it.

Board Travel

During the reporting period the Board met six times. As per the last reporting period, all meetings were held in Sydney to reduce total air travel as many of the Directors live in or near the Sydney area. For the 2006-2007 financial year CUFA directors accumulated a total of 26,110 kms in air travel.

Staff Travel

In the last financial year our staff and interns accumulated a total of 228,436 kms in air travel.

Domestic air travel accounted for 145,880 km and was needed for participation in seminars, conferences, meetings and representation at various committees. An important part of CUFA's role is to provide support and training for Australian credit unions and travel is necessary to maintain our commitments to them.

International air travel accounted for 82,556 km and was necessary for overseas project development and monitoring. Overseas travel has also been needed for meetings with our international partners.

In the last financial year figures for non-board/payroll air travel include travel undertaken by contractors, national and international volunteers; including volunteers from Asia-Pacific who's participation in DE workshops was funded by CUFA. This travel has been included into CUFA's environmental footprint analysis as it is directly related to our activities.

Air Travel Profile	2007	2006
Board	26,110 Km	12,940 Km
Staff Domestic	145,880 Km	24,195 Km
Staff International	82,556 Km	24,490 Km
Other (Consultants)	N/A	115,088 Km
Total	254,546 Km	176,713 Km

Other Travel

CUFA did not measure road travel accurately during the year. Typically, road travel involves getting to and from airports, and stakeholder engagement visits where flights are not available or are impractical. However to ensure that our environmental footprint represents our operations, a simple formula can be used of the number of flight sectors taken at 1.5 km x 2; and for long distance road travel, 2000Km per FTE equivalent.

Airport Commutes	4440 kms
Long Distance	6000 kms
Total	10 440 kms
Road Travel Green House Gas (GHG)	2704 kgs

WASTE

CUFA makes effort to reduce wastage and supports recycling.

Our office is located within an 18 floor building managed by DB Reef. Accuracy of waste measurement is not possible as waste or recyclable material is not measured in a meaningful or reliable way. For example, we know how many times recycling bins are removed each week, however content is not measured or estimated, so it is not possible to capture weight or volume figures.

However to account for waste to landfill that is inevitable, a formula of 100 grams per day per FTE is used, with a result of 90 kg of waste to landfill each year, creating 230 kg of GHG emission.

To reduce our equipment consumables, such as empty toner cartridges, we are experimenting with decreasing the amount of toner we use by reducing colours down and only using blocks of colour where essential for document format. Used toner and ink cartridges are collected by Toner Express for recycling/safe disposal, however this has not been quantified by Cuscal.

CUFA participated in Cuscal's CSR working group and supported waste reduction initiatives. Our building management has also introduced strategies to manage waste through further streaming including separated bins to recycle glass, plastic and food and only providing paper bins under desks. This will be reported on in more detail in next year's report as the changes came into effect after July 2007.

OPTIMISATION

Improved environmental performance of an office based organisation, through consumption reduction and efficiencies, is directly proportional to internal environment and behavioural change; and making people aware of the measures they can take to reduce negative impacts. Optimisation programs have yielded positive results in these ways:

- 90% of the equipment fleet is now more energy efficient than last year's fleet
- Additional recycling streams have been added

OFFSETTING

CUFA has carbon offset their energy usage through Greenfleet's tree planting programme since 2006. Greenfleet is an Australian not for profit organisation which undertakes managed tree planting initiatives to contain CO2 emissions. Greenfleet plants bio-diverse trees in their natural habitats, the net result being a forest of trees that reduces CO2 over a period of time. These trees are guaranteed to remain planted for at least 100 years and, as an example, one hectare of trees planted in Sydney can absorb 1000-2000 tonnes of CO2 in their lifetime. Greenfleet's staff

and board are involved in environmental initiatives with Australian Universities, the C.S.I.R.O and various government departments and they promote alternative methods of transport that minimise carbon emissions.

CUFA recognises that off-setting is not an excuse to commit business practices that are environmentally excessive or degrading. We view carbon offsetting as an initiative that can only be used once rigorous optimisation has actually taken place in conjunction with programs designed to encourage sustainable office practices and decrease commercial waste.

CUFA will investigate different methods of offsetting, especially regarding emissions resulting from air travel as our biggest impact, and we are interested in research and development projects relating to renewable on low impact energy. One of the aspects we are pushing in Cuscal's CSR working group is the purchasing of green energy in the next two years. Green energy is a renewable energy source that reduces water consumption, thermal pollution and the levels of toxins released in the use of conventional electricity. Renewable energy only uses naturally occurring sources such as wind and solar, thus reducing resource depletion and over the long term creates savings in energy bills.

Take a look at: <http://www.renewablestore.com.au/faq/renewable-energy-benefits.php>

ENVIRONMENTAL FOOTPRINT

Below is a table calculating CUFA's Environmental Footprint for 2006-2007. Our environmental impact has been measured in total greenhouse gas emissions (GHG) in kg.

Material or Resource	Volume Used	Factor GHGEV+*	Total Emissions
Road travel (Estimated) Kilometres	10,440	0.26	2704
Air travel Kilometres	254,546	0.139	35,382
In premises _ Electricity kwh	15,191	1	15,191
Waste: Paper and packaging Kilograms	90	2.5	225
2007 Environmental Footprint - Total GHG Emissions			53,502kg
2006 Emissions (Travel and Energy Only)			49,000kg

Goals



OBJECTIVE & INDICATORS	COMMITMENT YEAR	TIMEFRAME	ACHIEVED	REFERENCED
Governance				
Sustainability: Develop a Sustainability policy and strategy.	2006	1	To be Achieved. Policy development due for completion mid 2008.	
CSR Working Group: Actively contribute to the working group, participate in all meetings.	2006	1	Achieved CUFA has actively contributed to the working group and has facilitated Cuscal's sustainable office operations	Environment on page 26
Board diversity: Encourage increased representation of women on the board.	2006	1 - 3	To be Achieved	CUFA Board on page 4 & 5 Our People on page 10
AusAID Accreditation: Achieve AusAID re-accreditation.	2006	1 - 2	To be Achieved _ due for October 2008	Accountability on page 6
Risk Management: To evaluate, improve and thoroughly implement risk management policies.	2006	2	Partially Achieved - A formalised policy will be created in late 2007	Risk on page 6 Risk Management on page 15
Monitoring: Carry out monitoring of international projects by our own staff, and use the results constructively to progress into a 'learning organisation', as defined in the ACFID Organisational Effectiveness Tool.	2006	1	Commenced during latter part of reporting period, from December 2006.	International Development Engagement on page 16
International Standards: Support the Universal Declaration of Human Rights, ICCPR & ICESCR and the Millennium Development Goals. <ul style="list-style-type: none"> • Explicitly commit to them in policies • Develop performance indicators for poverty, gender, indigenous and disability to measure progress and contribution to human rights and the Millennium Development Goals MDG. 	2006	2 YEARS	Partially Achieved To be integrated into formal policy. Performance indicators to be developed and implemented into reporting, from October 2008	International Development Engagement on page 15
Reconciliation: Develop a Reconciliation Action Plan, as recommended by Reconciliation Australia.	2006	1 - 2	Not completed. Expected by April 2008	CUFA Indigenous Reconciliation Plan on page 14
Reconciliation: Develop a Reconciliation Action Plan, as recommended by Reconciliation Australia.	2006	1 - 2	Not Yet Achieved.	Accountability on page 6
Memorandum of Understanding: We will renew our Memorandum of Understanding with Cuscal, which together with our Trust Deeds and constitution defines the direction of board policy.	2006	1 - 2	Not Yet Achieved.	Accountability on page 7

OBJECTIVE & INDICATORS	COMMITMENT YEAR	TIMEFRAME	ACHIEVED	REFERENCED
STAKEHOLDER DIALOGUE				
Reporting: We will produce annual Sustainability reports in accordance with international best practice standards, recommended by the Global Reporting Initiative. Report on core indicators: EC3, EC10, EN4 and HR3, as well as attempt to report on all relevant additional indicators Adapt our reporting to G3.	2006	1	Commenced during latter part of reporting period, from December 2006.	See G3 indicator table, page 28. See Society, Stakeholders and Engagement on page 8
Communication: Develop our website to provide a feedback mechanism, as well as up to date and comprehensive information for our stakeholder groups. Provision of access to information relevant to specific stakeholder groups.			Achieved	Communications on page 09
<ul style="list-style-type: none"> Credit Unions: Up to date strategies and policies on how CUFA aim to achieve our mission, as the Australian credit union movement's development agency. 	2006	1	Achieved	Society, Stakeholders and Engagement on page 09
<ul style="list-style-type: none"> Partners & Potential partners: Details on our values and how we operate. 	2006	1	Achieved	Society, Stakeholders and Engagement on page 09
<ul style="list-style-type: none"> Government and Donors: Up to date project progress, monitoring reports and financial reports. 	2006	1	Achieved. Access reporting areas of the CUFA website: Project: cufa.com.au/introduction/Projects/index.jsp CUFA: cufa.com.au/introduction/Overview/Reporting/index.jsp	
<ul style="list-style-type: none"> General public: Comprehensive information about the credit union movement, our place within it, what we do and stand for as well as our Sustainability reports. 	2006	1	Achieved. Access information areas of the CUFA website: Background : cufa.com.au/introduction/Overview/ Sustainability: cufa.com.au/introduction/Overview/Reporting/	

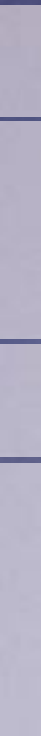
OBJECTIVE & INDICATORS	COMMITMENT YEAR	TIMEFRAME	ACHIEVED	REFERENCED
OUR PEOPLE				
Diversity: Proactively strive to ensure diversity when recruiting and engaging volunteers, mentors and interns, with a focus on gender, Indigenous Australians and those with disabilities. <ul style="list-style-type: none"> Target the recruitment of underrepresented groups through choice of advertising channels. Be accommodating towards special needs when recruiting. 	2006	2 YESAR	CUFA as a small employer the first priority is hiring the right person for the job. CUFA would seek to address equity and balance as opportunities arise. CUFA will endeavour to target indigenous Australians to engage in volunteer programs such as DE and intern programs.	Our People on page 10 People Management on page 12
Partners: To review our contracts with partners and contractors to include our approach to human rights, as well as information about the values of the Australian credit union movement.	2006	1 - 2	Achieved	Our People on page 10 People Management on page 12

OBJECTIVE & INDICATORS	COMMITMENT YEAR	TIMEFRAME	ACHIEVED	REFERENCED
<p>Internships: Internships are valuable for society as well as for CUFA:</p> <ul style="list-style-type: none"> • Commit to run at least two internships programs • Reduce intern turnover by ensuring that nature of the internship when commencing. • Develop individually tailored work plan • Include opportunities for interns to participate in seminars/training related to their internship program. 	2006	1	Three internship programs were conducted. Interns had the opportunity to participate in conferences, seminars, chapter meetings, the Industry Association and Cuscal, CSR events. During the year, one intern felt the program was not suitable shortly after starting, and ceased participation.	Our People on page 10 People management on page 12
DE mentors: Continue to ensure that at least one of our DE Mentors comes from overseas.	2006	1	Achieved	Our People on page 10 Engagement In-Country on page 15

OBJECTIVE & INDICATORS	COMMITMENT YEAR	TIMEFRAME	ACHIEVED	REFERENCED
Projects				
Deploy CUFA staff to in-country projects.	2006	1	Achieved Cambodia: Full time Project Officer Tuvalu-Graeme Malone, a CUFA volunteer audit	Society, Stakeholders and Engagement from page 5 See individual projects
International Commitment:				
It is our objective to support Cambodia, Fiji, the Solomon Islands and Sri Lanka, in contributing to economic empowerment of the communities. The specific outcomes for the projects will be published on our homepage and interact.	2006	1	Achieved CUFA as Project Leader with deployment of Technical Assistance and Project Personnel in-country, working cooperatively with local representative organisations. Outcomes published on website	Society, Stakeholders and Engagement on page 15 See individual projects Our People on page 10

OBJECTIVE & INDICATORS	COMMITMENT YEAR	TIMEFRAME	ACHIEVED	REFERENCED
<i>Domestic Commitment:</i>				
Hold two DE workshops, with Australian and International participants	2006	1 - 2	Not Achieved. The March 2007 program was cancelled	Engagement on page 13
Develop CSR toolkit to reflect the G3.	2006	1	Not achieved. Subject to technical development of delivery platform, where separate pure G3 stream will be offered, and existing credit union framework updated.	Australian Engagement CSR Toolkit on page 14
Explore possibility of commercialising the CSR toolkit for small to medium sized non-financial businesses.	2006	1	Achieved. Current facility not suitable for non-credit union reporters. Subject to above, the pure G3 reporting stream will be available to non- credit unions on a commercial basis, expected August 2008.	CSR Toolkit on page 14
Develop an additional lifecycle for the Financial Literacy Initiative, aimed at children. As well as developing our existing lifecycle to meet the needs of the Indigenous population.	2006	1	Achieved. Four series for children aged approx 6 through to 15 years were developed and released. Development of Indigenous financial literacy program commenced.	New series development on page 14

OBJECTIVE & INDICATORS	COMMITMENT YEAR	TIMEFRAME	ACHIEVED	REFERENCED
ENVIRONMENT				
<p>Energy efficiency: Advocate for Cuscal to improve energy efficiency through our membership of Cuscal's CSR working group:</p> <ul style="list-style-type: none"> • To advocate that the acquisition of energy star labeled office equipment becomes a criterion in Cuscal's fleet strategy. • To advocate that Cuscal change to purchasing renewable energy when the current electricity contracts expire 	2006	1 - 3	Achieved The energy star labelling has increased from 49.7% to 90%. A new target has been set of 100% energy star labelling in the next two years.	Environment on pages 24 to 26
<p>Waste: Advocate for more responsible waste policies for Cuscal through our membership of Cuscal's CSR working group</p> <ul style="list-style-type: none"> • To advocate for a wider range of recycling facilities • To advocate for purchasing of recycled paper and minimizing paper usage 	2006	1	Achieved	Environment on page 26
<p>Travel:</p> <ul style="list-style-type: none"> • Develop a policy on responsible travel as part of our Sustainability strategy. • Develop a system by which we can effectively monitor and record our organisational travel. 	2006*	1 - 2	Not Yet Achieved. Policy implementation and system to record travel will be implemented later in 2007.	Environment on page 25
<p>Carbon offsetting: We are committed to becoming carbon neutral, and offset our emissions. This year we offset our air travel and electricity usage by planting trees; next year we will investigate more opportunities for offsetting.</p>	2006	1	Achieved	Environment on page 26



INDICATOR	STATEMENT	INDICATOR SUMMARY	REFERENCE
Strategy and Analysis			
1.1 Fully Reported	Statement from the most senior decision maker of the organisation (e.g., CEO, chair, or equivalent senior position) about the relevance of Sustainability to the organisation.	See vision, mission and values	See page 1
1.2 Fully Reported	Description of key impacts, risks, and opportunities.	See EO statement	See page 2
Organisational Profile			
2.1 Fully Reported	Name of the organisation.	Credit Union Foundation Australia	-
2.2 Fully Reported	Primary brands, products and/or services.	<p>Domestic Initiatives</p> <p>Our two main products for use by Credit Union members in Australia are the CSR Toolkit for Sustainability reporting and the Financial Literacy Initiative's Education to Work Series. We also hold Development Education workshops focusing on social development and Credit Union principles.</p> <p>Overseas</p> <p>The focus of in country development programs is training, education and skills transfer: aimed at achieving sustainable financial growth and social development.</p>	<p>Page 13</p> <p>Page 15</p>
2.3 Fully Reported	Outline the operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	CUFA's has a governing board consisting of six directors. The Executive Officer is responsible for the management of the organisation and project oversight, with staff developing, managing, monitoring and delivering programs assisted by a number of interns and volunteers	Page 4 & 5
2.4 Fully Reported	Location of organisation's headquarters.	Level 1 - Margaret Street Sydney NSW 2000 Australia	-
2.5 Fully Reported	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the Sustainability issues covered in the report.	Five countries - Australia, Cambodia, Solomon Islands, Sri Lanka and Tuvalu are relevant to include and discuss in this report	Page 15
2.6 Fully Reported	Nature of ownership and legal form.	CUFA is a wholly owned subsidiary of Cuscal Limited, and is an Australian Proprietary Company, Limited By Shares.	-
2.7 Fully Reported	Markets served.	CUFA's market: developing financial sustainability, encompasses the credit unions, institutions and the communities we assist, geographically in Australia, South East Asia and the Pacific.	Page 8
2.8 Fully Reported	Scale of the reporting organisation.	Full Time Equivalents: 5.2 Based in Sydney Australia. Staff in Australia and Cambodia. See EC1 for economic scale.	Page 10 EC1 page 38
2.9 Fully Reported	Significant changes during the reporting period regarding size, structure, or ownership.	No significant changes that affect this report.	-
2.10 Fully Reported	Awards received in the reporting period.	None. Submission to Consumer Affairs Victoria in the Industry Compliance category for the Financial Literacy Initiative was made in June 2007.	-

INDICATOR	STATEMENT	INDICATOR SUMMARY	REFERENCE
Report Profile			
3.1 Fully Reported	Reporting period (e.g., fiscal/calendar year) for information provided.	Financial year from July 1 2006 to June 30 2007	-
3.2 Fully Reported	Date of most recent previous report (if any).	Financial year from July 1 2005 to June 30 2006	-
3.3 Fully Reported	Reporting cycle (annual, biennial, etc).	Annual financial year. CUFA is committed to annual reporting of its Sustainability and corporate responsibilities, and aims to release future reports within 4 months after the reporting period finishes, during November of each year.	-
3.4 Fully Reported	Contact point for questions regarding the report or its contents	Philip Lambert: Project Officer Email: plambert@cuscal.com.au Phone: (02) 8299 9031 www.cufa.com.au	-
3.5 Fully Reported	Process for defining report content.	CUFA has decided to report on each indicator that directly applies to our organisation. Where the indicator is not relevant, we have included a brief explanation.	-
3.6 Fully Reported	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	CUFA has no subsidiaries or divisions. Development partners involved in major project delivery are not reported in detail. Each country involved in our development projects has been included in this report.	-
3.7 Fully Reported	State any specific limitations on the scope or boundary of the report.	All aspects of reporting that directly apply to CUFA have been addressed.	-
3.8 Fully Reported	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	CUFA does not have any joint ventures or partially owned subsidiaries.	-
3.9 Fully Reported	Data measurement techniques and the bases of calculations.	When access to source documentation has not been possible, reasonable estimates are made where absence of data would impact the value of an indicator being addressed, especially in regards to environmental reporting.	-
3.10 Fully Reported	Explanation of the effect of any re-statements of information provided in earlier reports,.	No re-statements have been issued.	-
3.11 Fully Reported	Significant changes from previous reporting periods.	No change to the previous reporting period basis of annual, financial year.	-
3.12 Fully Reported	Table identifying the location of the Standard Disclosures in the report.	See beginning of this section	Page 34
3.13 Fully Reported	Policy and current practice with regard to seeking external assurance for the report.	Critical assessment of all data has been undertaken and all our employees have reviewed the information provided. CUFA's report contains information that is based on data collected by Cuscal, which has been approved by relevant managers. A stated objective of last year's report was that CUFA would apply independent assurance to future reporting, however CUFA seeks to incrementally increase standards and extent of reported aspects before assurance is applied.	-

INDICATOR	STATEMENT	INDICATOR SUMMARY	REFERENCE
Governance			
4.1 Fully Reported	Governance structure of the organisation.	Board decisions are limited by the guidelines set out by the trust deed establishing CUFA, and its constitution.	Page 4
4.2 Fully Reported	Indicate whether the Chair of the highest governance body is also an executive officer.	The Chair of the CUFA Board is independent.	Page 5
4.3 Fully Reported	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	4 of the 6 board members are independent	Page 5
4.4 Fully Reported	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Cuscal is CUFA's only shareholder provides formal feedback to the board and EO through their representatives on the board. At board meetings there is free and open discussion where CUFA employees may provide agenda items, and present to the board	-
4.5 Fully Reported	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).	Board members are voluntary and are not remunerated. CUFA employee salaries are partly dependant on their performance. Executive compensation is also based on a risk reward evaluation. The key deliverables are financial, customers, operational/projects and staff. Performance appraisal is linked to our employees' annual bonus and to the salary review process through the award of ratings. Together with a view to market relativity and Cuscal's budget capacity, this rating influences the manager's recommendation regarding a salary increase.	-
4.6 Fully Reported	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Cuscal is the sole shareholder in CUFA.	-
4.7 Fully Reported	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.	The CUFA Executive Officer provides information for the required experience, skills and attributes CUFA needs according to planned programs. Cuscal's board then selects CUFA's board from the list of applicants upon that basis. Cuscal's board selects the members of CUFA's board from a list of applicants, provided by CUFA's EO, who possess the required experience, skills and attributes to satisfy the needs of CUFA's programs.	Page 4
4.8 Fully Reported	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Statements of mission or values: Formal integration of related policy and procedure is due by April 2008.	Page 4
4.9 Not Fully Reported	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	The CUFA Board meets six times each year, during which compliance and performance are analysed, and recommendations provided to management.	Page 4
4.10 Not Fully Reported	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	The CUFA Board is overseen by Cuscal's Board, and Cuscal's People Management division administers performance and evaluation practice relating to CUFA Board members	-

INDICATOR	STATEMENT	INDICATOR SUMMARY	REFERENCE
Commitments To External Initiatives			
4.11 Fully Reported	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	CUFA has not explicitly applied the precautionary principle in any policies, However before commencing any project CUFA undertakes thorough risk assessment, and undertakes on-going assessment during project delivery that considers short, medium and long term impacts.	Pages 6, 16
4.12 Fully Reported	Externally developed economic charter to which the organisation subscribes or endorses.	<ul style="list-style-type: none"> • ACFID's Code of Conduct for international development • Australian Credit Union Movements values • International Credit Union Operating Principles • Accounting Standards Australia 	Page 6
4.13 Fully Reported	Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation: <ul style="list-style-type: none"> - Has positions in governance bodies; - Participates in projects or committees; - Provides substantive funding beyond routine membership dues; or - Views membership as strategic. 	<ul style="list-style-type: none"> - Australian Council for International Development (ACFID) - Asian Confederation of Credit Unions (ACCU) - Member of the committee of the Australian Microfinance Network - Representation on the National Indigenous Money Management Agenda (reference group to Reconciliation Australia) 	Page 6
Stakeholder Engagement			
4.14 Fully Reported	List of stakeholder groups engaged by the organisation.	Our primary stakeholders: Communities Organisations	Page 8
4.15 Fully Reported	Basis for identification and selection of stakeholders with whom to engage.	CUFA engages with various stakeholders based on the significance of their relationship to CUFA's goals, mission and philosophy: <ul style="list-style-type: none"> - CUFA Staff and volunteers - Funding provider: credit unions and other donors, AusAID - Funding recipient: communities where development projects are conducted - Regulator or accreditation body: ACFID, AusAID 	Page 8
4.16 Fully Reported	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	CUFA conducts stakeholder consultation through formal and informal discussions with project stakeholders. For frequency <ul style="list-style-type: none"> - Credit unions briefings - DE workshops - Training and monitoring visits to international projects - Cuscal's annual meeting - Monthly newsletters - Connexus industry magazine - CUFA website 	Page 9
4.17 Fully Reported	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Two key areas of concern were: <ul style="list-style-type: none"> - Lack of access to information and resources - CUFA launched a public domain website that includes current project plans and monitoring reports. - A need for greater activity in Australia - CUFA to advocate for credit unions in Australia and increase their domestic involvement. - CUFA developed the CSR Toolkit and the Financial Literacy Initiative. 	Page 9

INDICATOR	STATEMENT	INDICATOR SUMMARY	REFERENCE
EC Economic Performance Indicators			
EC1 Fully Reported	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	<p>Revenues:</p> <p>For the last financial year CUFA net revenue was - Trust Fund - AU \$385,264 [AusAID???</p> <p>International Project Fund (IPF) - AU \$910,603 (???)</p> <p>Cuscal pays for CUFA's wages and office related overheads, including floor space, equipment, materials and utilities.</p> <p>Employee compensation: \$254,576.73</p> <p>Payments to Governments: CUFA is a registered Charitable Fund is endorsed by the Commissioner of Taxation as exempt from income tax, for international programs only.</p> <p>Access financial reporting areas of the CUFA website: cufa.com.au/introduction/Overview/Reporting/index.jsp</p>	-
EC2 Fully Reported	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	As a small organisation CUFA's risks and opportunities due to climate change are minor and are not incorporated into business plans. See Environment for discussion of CUFA's participation in Cuscal's CSR Working Group.	-
EC3 Fully Reported	Coverage of the organisation's defined benefit plan obligations.	Superannuation is compulsory in Australia and CUFA's benefit plan adheres to federal government requirements. Our superannuation obligations are handled by Cuscal and adhere to their company policy, in respect to federal law.	-
EC4 Fully Reported	Significant financial assistance received from government.	Refer to EC1 for details of funding received from governments.	Page 38
EC5 Partially Reported	Range of ratios of standard entry-level wage compared to local minimum wage at significant locations of operation.	<p>CUFA mainly had full time salaried staff on payroll during this reporting period.</p> <p>In Australia, waged employees received income that complies with Australian award rates. Entry-level salaries are typically 100% of the Australian Award Rate and are open for performance review.</p> <p>Cambodia: CUFA employs one in-country project officer, a Cambodian National, who is paid slightly above the typical salary for the role. No employment awards exist in Cambodia.</p>	-
EC6 Partially Reported	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	<p>In our Sydney office, Cuscal handles the majority of purchasing decisions.</p> <p>Domestic projects - CUFA has authority regarding purchasing decisions for our domestic projects. We employ the services of locally based suppliers and contractors to assist in project supplies.</p> <p>Overseas projects - CUFA has authority regarding purchasing decisions for our overseas projects. Our policy is to employ locally based suppliers, labour and materials.</p>	-

INDICATOR	STATEMENT	INDICATOR SUMMARY	REFERENCE
EC7 Fully Reported	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	In Australia, CUFA's recruitment policy adheres to EEO principles and we aim to create a socially diverse and gender balanced workplace. Experienced CUFA personnel conduct recruitment processes for in-country projects. Where credit union management experience is needed, Australian practitioners are sought. The long-term goal is for these practitioners to train local personnel to take over the position in the future. Where local cultural experience is essential to projects, local personnel are recruited.	-
EC8 Fully Reported	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind, or pro bono engagement.	Not Applicable	-
EC9 Fully Reported	Understanding and describing significant indirect economic impacts, including the extent of impacts.	CUFA supports the development of 'grass roots' entities and community based financial institutions that assist the wider community. CUFA's long-term goal is to help these organisations achieve financial stability, thus removing the need for our direct input. When Sustainability is achieved the indirect economic impacts will be positive and permanent.	Page 15

EN | Environment

EN1 Fully Reported	Materials used by weight or volume.	The major materials used in our operations are paper products including A4 copy paper, printing stock, labels and envelopes. The largest single material purchase was 6500 reams of white printing/copy paper by Cuscal. This equates to 23 reams for each CUFA FTE based in the Sydney head office.	Page 24
EN2 Not Reported due to lack of information	Percentage of materials used that is recycled input materials.	Not directly relevant, however the photocopier paper used has 10% recycled content.	-
EN3 Not Applicable	Direct energy consumption by primary energy source.	Not Applicable. CUFA only uses indirect energy in our operations and is not a producer of energy.	-
EN4 Fully Reported	Indirect energy consumption by primary source.	Our indirect energy consumption is primarily electricity. 1. The total electricity energy purchased was estimated at 1,220,530 kWh (Cuscal data: January to June 2007, 1 Margaret Street Sydney only). The previous reporting year total was 1,253,175 kWh. 2. Renewable energy - 10% of electricity sourced from Energy Australia was renewable.	Page 24

INDICATOR	STATEMENT	INDICATOR SUMMARY	REFERENCE
EN5 Not Fully Reported	Energy saved due to conservation and efficiency improvements	Consumption data was only sought for the Cuscal office at 1 Margaret Street Sydney, for purposes of calculating CUFA pro-rated electricity use. The methodology for the reporting period was different to the previous year, which captured other off-site locations (storage facilities, sub-offices and ATM's). Therefore comparison is not valid and on this basis energy savings cannot be measured.	Page 24
EN6 Not Applicable	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Not applicable. Energy use is not a significant aspect of product and service delivery.	-
EN7 Fully Reported	Initiatives to reduce indirect energy consumption and reductions achieved.	See EN 18 for full details.	Page 41
EN8 Not Applicable	Materials used by weight or volume.	Not Applicable. CUFA is not a large water consumer. Additionally water consumption is metered for the whole building, not by individual floors (Cuscal occupies 4 floors of a multi-floor building). The building managers have stated that water metering will be applied to each floor during 2008.	-
EN9 Not Applicable	Water sources significantly affected by withdrawal of water.	Not Applicable. Only access retail water supply.	-
EN10 Fully Reported	Percentage and total volume of water recycled and reused.	CUFA did not use any recycled or grey water. CUFA has no input into water purchasing decisions as the type of water used is under the control of building management.	-
EN11 Not Applicable	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Not Applicable. CUFA's operations are not located in or near such areas. See EN12 for further relevant details.	-
EN12 Not Applicable	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Not Applicable. CUFA only operates in urban areas or on land that has been designated for community purposes.	-
EN13 Not Applicable	Habitats protected or restored.	Not Applicable. CUFA operations do not involve environmental protection or restoration.	-
EN14 Not Applicable	Strategies, current actions, and future plans for managing impacts on biodiversity.	Not Applicable.	-
EN15 Not Applicable	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not Applicable.	-
EN16 Not Applicable	Total direct and indirect greenhouse gas emissions by weight.	See EN17. CUFA does not produce direct GHG emissions, as this indicator applies directly to producers of energy, processes associated with it and its distribution	-

INDICATOR	STATEMENT	INDICATOR SUMMARY	REFERENCE
EN17 Fully Reported	Other relevant indirect greenhouse gas emissions by weight.	GHG emissions - The environmental impact and footprint of CUFA 1. Business air travel 2. Business road travel 3. Landfill waste 4. Electricity (travel measured in tonnes of CO2 emissions, related to EN29)	Page 24 - 26
EN18 Partially Reported	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Page 24
EN19 Not Applicable	Emissions of ozone-depleting substances by weight.	Not Applicable.	-
EN20 Not Applicable	NO, SO, and other significant air emissions by type and weight.	Not Applicable. No significant air emissions are produced by CUFA activities other than CO2. See EN18 for details.	-
EN21 Not Applicable	Total water discharge by quality and destination.	Not Applicable.	-
EN22 Not Fully Reported	Total weight of waste by type and disposal method.	Due to our waste disposal being controlled by building management, we have not been able to access any reliable figures of CUFA's total waste to landfill. See Environment for further discussion of CUFA's recycling and waste reduction strategies.	Page 26
EN23 Not Applicable	Total number and volume of significant spills.	Not Applicable.	-
EN24 Not Applicable	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Not Applicable.	-
EN25 Not Applicable	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and run-off.	Not Applicable.	-
EN26 Partially Reported	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Refer to EN18 for full details.	-
EN27 Not Applicable	Percentage of products sold and their packaging materials that are reclaimed by category.	Not Applicable. No physical products were distributed that have significant environmental impacts if not recycled at the end of their life-cycle.	-
EN28 Fully Reported	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	No fines were incurred by CUFA.	-
EN29 Fully Reported	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Related to EN18. The most significant environmental impact of transport is business related travel.	Page 41
EN30 Fully Reported	Total environmental protection expenditures and investments by type.	CUFA purchased carbon offsets from Greenfleet to account for calculated GHG emissions directly attributable to CUFA, of 53.5 tons.	Page 26

INDICATOR	STATEMENT	INDICATOR SUMMARY	REFERENCE
LA I Labour Practices and Decent Work			
LA1 Fully Reported	Total workforce by employment type, employment contract, and region.	Australia - Permanent - Temporary - Interns - Volunteers Cambodia - full-time contract See 10 for specific FTE equivalence	Page 10
LA2 Fully Reported	Total number and rate of employee turnover by age group, gender, and region.	Australia: Headcount = 4 (FTE = 3.44) - New staff members: 1 - Staff turnover: 1 Cambodia: (FTE = 0.5) - New staff members: 1 - Staff turnover (0)	-
LA3 Fully Reported	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Australia: All staff members are employed under the same work conditions. Cambodia: Only full time staff employed	-
LA4 Fully Reported	Percentage of employees covered by collective bargaining agreements.	None. We have a policy stating our employees' right to independently choose to be represented by trade unions.	-
LA5 Partially Reported	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	CUFA does not have any written procedure on advising employees over changes in CUFA organisational operations. All staff members are kept fully informed of planned and potential changes at weekly meetings, the appraisal process and at the yearly business planning sessions.	-
LA6 Fully Reported	Percentage of total workforce represented in formal joint management_worker health and safety committees that help monitor and advise on occupational health and safety programs.	No CUFA employees are involved directly, however due to our relationship with Abacus and Cuscal, their worker health and safety committee representatives actively engage with CUFA.	-
LA7 Fully Reported	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region.	CUFA had only minimal days lost from non work-related sick leave. Fortunately, no loss was incurred from work related injury, death or other incidents.	-
LA8 Fully Reported	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Cuscal offers comprehensive support and counselling to staff and their family in Australia should the need arise. CUFA also incorporates personal safety, hygiene and disease prevention awareness measures into its development programs as appropriate.	Page 12
LA9 Not Reported.	Health and safety topics covered in formal agreements with trade unions.	Not applicable	-
LA10 Not Fully Reported	Average hours of training per year per employee-by-employee category	All full time and part time staff members are involved in approx. 12 hours of training, with options of additional training depending on need and availability. CUFA provides direct training to in-county personnel. The Cambodian Project Officer was brought to Australia to become familiar with and trained in CUFA policy and procedure over a period of two weeks.	Page 12

INDICATOR	STATEMENT	INDICATOR SUMMARY	REFERENCE
LA11 Fully Reported	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Cuscal Insights Cuscal Personal Leadership Program	Page 12
LA12 Fully Reported	Percentage of employees receiving regular performance and career development reviews.	100% - conducted twice each year	-
LA13 Fully Reported	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Board: Male : Female = 5 : 1 Employees Male : Female = 3 : 1 Employees are aged from 27 to 55 years Origin/Nationalities: Australia, Denmark, USA, Cambodia.	Page 10
LA14 Not Reported.	Ratio of basic salary of men to women by employee category	Insufficient data available due to lack of comparable salaried positions and very short period of employment of reported female staff.	-

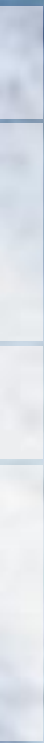
HR | Human Rights

HR1 Not Applicable	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	CUFA does not engage in significant investment activities or projects that this indicator seeks to address.	-
HR2 Fully Reported	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	As a small organisation CUFA does not conduct any formal supplier screening on human rights. However, CUFA will advocate for Cuscal including such considerations in their investment and procurement decisions. CUFA's employs Australian staff for International projects and where CUFA works with International development partners their human rights values must align with those of CUFA. CUFA has not set in place a risk and monitoring policy for reporting performance within it's supply chain.	Page 4
HR3 Fully Reported	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Although no formal human rights training is conducted in a measurable way all new staff are trained in human rights awareness during orientation and project briefing. Formal training will be conducted and measured following integration of updated policy and procedure from April n 2008.	-
HR4 Fully Reported	Total number of incidents of discrimination and actions taken.	None	-
HR5 Fully	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	No operations are exposed to these risks	-

INDICATOR	STATEMENT	INDICATOR SUMMARY	REFERENCE
HR6 Fully Reported	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	No operations are exposed to these risks. CUFA abides by all legal requirements and has never used child labour.	-
HR7 Fully Reported	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	No operations are exposed to these risks.	-
HR8 Not Applicable	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	There were no security personnel employed by CUFA during the reporting period, however personnel will be engaged during the next period to provide security services at the CUFA training centre in Phnom Penh, Cambodia.	-
HR9 Fully Reported	Total number of incidents of violations involving rights of indigenous people and actions taken.	There have been no violations involving rights of indigenous people in CUFA's areas of operation.	-
SO Society			
SO1 Fully Reported	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Each undertaking is subject to various assessment stages, entry, operation and exit plans, which minimise risk to both CUFA and the recipient communities.	Pages 15 - 16
SO2 Fully Reported	Percentage and total number of business units analysed for risks related to corruption.	CUFA is the only business unit. None of the domestic or international projects have been cited for bribery and corruption.	-
SO3 Fully Reported	Percentage of employees trained in organisation's anti-corruption policies and procedures.	100% of Domestic and International Project Officers are briefed and trained to identify and report situations of perceived or actual corrupt practice, and act on advice provided by senior managers. However formal policy has not been implemented, which is due by April 2008.	-
SO4 Fully Reported	Actions taken in response to incidents of corruption	No corruption has occurred or been reported/ identified.	-
SO5 Fully Reported	Public policy positions and participation in public policy development and lobbying.	CUFA will engage in political advocacy if it is closely aligned with CUFA's mission and vision. During the last financial year CUFA engaged in the Reconciliation Plan Working Group and The Joint Parliamentary Report.	Page 14
SO6 Fully Reported	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	No contributions were made to any political entity.	-
SO7 Fully Reported	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	None	-
SO8 Fully Reported	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	None	-

INDICATOR	STATEMENT	INDICATOR SUMMARY	REFERENCE
PR I Product Responsibility			
PR2 Fully Reported	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Not Applicable. CUFA was 100% compliant in the area of health and safety.	-
PR3 Fully Reported	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Written documentation of CUFA's project plans and monitoring visits are available for download through our website. It is CUFA's policy to provide public access to these reports to ensure transparency and provide stakeholder assurance.	-
PR4 Fully Reported	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	CUFA was not involved in any projects that legally require product and service labelling.	-
PR5 Partially Reported	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	CUFA does not formally survey customers, as we do not have customers in the sense the indicator refers to. Our communications with stakeholders identify issues of satisfaction and concern and our engagement strategies and methods address any issues that have arisen.	-
PR6 Fully Reported	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	CUFA uses non-discriminatory language in our written and oral communication and only engages in ethical marketing (fundraising) campaigns.	-
PR7 Fully Reported	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by types of outcomes, sponsorship by type of outcomes.	CUFA has been 100% compliant with regulations and voluntary codes in this area.	-
PR8 Fully Reported	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	CUFA has had no complaints in this area.	-
PR9 Fully Reported	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	CUFA has not incurred any fines.	-

ACFID INDICATOR
PERFORMANCE



ACFID

STATEMENT	SUMMARY	RESPONSE
Code of Conduct clause 4.1	An annual report is to be produced and made available to the organisations own members, supporters and members of the public upon request.	The ACFID annual report is integrated into the 2007 CUFA Sustainability Report, and complies with ACFID Code of Conduct clause 4.1 within Communication with the Public.
A statement of the organisation's goals or purposes.	A statement of the organisations goal's or purposes are included in the annual report	Mission: Empowering communities through access to affordable financial services Vision: Credit unions promoting financial and social well-being in communities See page 4 for full details.
A summary of overall program activities by country or region.	A summary of overall program activities by country or region is included in the annual report.	Scope of Operations: Australia (see page 13), Cambodia (see page 17), Solomon Islands (see page 19), Sri Lanka (see page 21), and Tuvalu (see page 21)
Names and qualifications of the Governing Body as well as those who served at any time during the period being reported on.	A list of the names and qualifications of the Governing Body are included in the annual report.	See page 5: CUFA Board members and their qualifications and details.
Financial reports using the Code of Conduct Summary Financial Report format.	Financial reports using the Code of Conduct Summary Financial Report format are included in the annual report.	Separate Report. Full detail is available from the CUFA website at: http://cufa.com.au/introduction/Overview/Reporting/index.jsp Access Summary and Detailed reports from this location, for CUFA funding vehicles, the Trust Fund and the International Development Fund.
An audit opinion on the financial reports, clearly identifying the auditor (name, company, address and signature).	An audit report (auditor clearly identified) on the financial reports is included in the annual report.	Separate Report. Full detail is available from the CUFA website at: http://cufa.com.au/introduction/Overview/Reporting/index.jsp



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Cuscal

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