



23 May 2022

Maxine Sharkey
Branch Secretary
Australian Education Union - New South Wales Teachers Federation (NSWTF) Branch
Sent via email: msharkey@nswtf.org.au
CC: mm@daley.com.au

Dear Maxine Sharkey,

**Australian Education Union - New South Wales Teachers Federation (NSWTF) Branch
Financial Report for the year ended 31 December 2021 – (FR2021/313)**

I acknowledge receipt of the financial report for the year ended 31 December 2021 for the Australian Education Union - New South Wales Teachers Federation (NSWTF) Branch. The documents were lodged with the Registered Organisations Commission (**the ROC**) on 18 May 2022.

The financial report has now been filed.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009 (RO Act)* have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the year ending 31 December 2022 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged. I make the following comments to assist you when you next prepare a financial report.

Documents must be lodged with ROC within 14 days after meeting of the committee of management

Section 268 of the RO Act requires a copy of the full report and the designated officer's certificate to be lodged with the ROC within 14 days after the meeting of the committee of management referred to in section 266.

The designated officer's certificate indicates that this meeting occurred on 26 April 2022. If this is correct the documents should have been lodged with the ROC by 10 May 2022.

The full report was not lodged until 18 May 2022.

It appears the branch should have applied to the Commissioner for an extension of time to allow a longer period to lodge the required documents.

Please note that in future financial years if the branch cannot lodge within the 14 day period prescribed, a written request for an extension of time, signed by a relevant officer, including any reason for the delay, must be made *prior to* the expiry of the 14 day period.

You must rotate your registered auditor

Correspondence was provided to the reporting unit on 7 December 2021, which alerted you that your registered auditor is approaching their statutory limit on how many consecutive financial years they are permitted to audit your financial report. The financial report lodged identifies that Michael Mundt was the reporting unit's registered auditor for this financial year. Our records indicate that you have now used your current registered auditor for five consecutive financial years, which is the statutory limit under section 256A.

Please ensure that Michael Mundt is not assigned to audit the financial report of the reporting unit for at least the following two financial years. Further information on the rotation of registered auditor requirement can be found via [this link](#).

Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the section 253 reporting guidelines and a model set of financial statements. The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the section 253 reporting guidelines and Australian Accounting Standards. Access to this information may be obtained via [this link](#).

If you have any queries regarding this letter, please contact me on (03) 9603 0841 or by email at Mihiri.jayawardane@roc.gov.au.

Yours sincerely,



Mihiri Jayawardane
Registered Organisations Commission



New South Wales Teachers Federation

a branch of the Australian Education Union
AEU NSW Teachers Federation Branch ABN 86 600 150 697



16 May 2022

In reply please quote: 235/2022/MLS/lb

Mr Mark Bielecki
Commissioner
Registered Organisations Commission
GPO Box 2983
Melbourne VIC 3001

Via email: regorgs@roc.gov.au

Re: Financial Statements for the Australian Education Union New South Wales Teachers Federation Branch for financial period ended 31 December 2021

Dear Commissioner Bielecki

In accordance with s268 of the *Fair Work (Registered Organisations) Act 2009*, I hereby lodge:

- (a) A copy of the AEU NSW Teachers Federation Branch Financial Report for the financial period ending 31 December 2021 (*Attachment A*)
- (b) Branch Secretary's Certificate that the document lodged is a copy of the document provided to members and presented to the meeting of the Branch Executive of the AEU NSW Teachers Federation Branch on 26 April 2022 (*Attachment B*)

Yours sincerely

Maxine Sharkey
Branch Secretary

ATTACHMENT B

**Australian Education Union New South Wales Teachers Federation Branch
S268 Fair Work (Registered Organisations) Act 2009**

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the period ended 31 December 2021

I, Maxine Sharkey, being the Branch Secretary of the Australian Education Union New South Wales Teachers Federation Branch certify:

- that the document lodged herewith is a copy of the full report for the Australian Education Union New South Wales Teachers Federation Branch for the period ended 31 December 2021 referred to in s268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 26 April 2022 and
- that the full report was presented to a meeting of the Branch Executive on 26 April 2022 in accordance with s266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer



Name of prescribed designated officer

Maxine Sharkey

Title of prescribed designated officer

Branch Secretary

Dated

13 May 2022

**Australian Education Union
New South Wales Teachers Federation Branch**

ABN: 86 600 150 697

Financial Statements

For the Year Ended 31 December 2021

Australian Education Union

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ABN: 86 600 150 697

Financial Statements

For the Year Ended 31 December 2021

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Australian Education Union

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Operating Report

For the Year Ended 31 December 2021

The Committee of Management ("the Executive") present their report on the Australian Education Union New South Wales Teachers Federation Branch ("the Federation") for the financial year ended 31 December 2021.

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year

The Australian Education Union New South Wales Teachers Federation Branch of the Australian Education Union is a professional and industrial organisation, registered under the *Fair Work (Registered Organisations Act) 2009* ("the RO Act"), representing teachers and other education workers in public schools and TAFE colleges across New South Wales.

The primary objective of the Australian Education Union New South Wales Teachers Federation Branch is to represent the professional and industrial interests of its members and to promote and defend Australia's high quality public education system and the right of every child to a quality public education. We do this by enacting campaigns and strategies which enhance the working conditions, living standards, trade union and professional rights of members and the learning environment of students attending public schools and TAFE institutes.

The New South Wales Teachers Federation Branch of the Australian Education Union is a democratic, membership focused organisation, always aiming to act in the best interests of members and the public education system. The Union at all levels operates on principles of effective transparent governance and strong leadership, providing an effective voice for the education profession in the state and nationally as part of the Australian Education Union.

The Federation Executive has set the following strategic objectives:

- To achieve equitable, sustainable, recurrent Government funding of public education across early childhood, schools and TAFE.
- To protect and promote the salaries and working conditions of Public Education teachers in NSW.
- To protect and promote quality teaching and learning.
- To protect and promote quality teaching and learning environments.
- To ensure that the New South Wales Teachers Federation Branch of the Australian Education Union is a growing, active campaigning, democratic Union.
- To ensure and defend climate education based on science.
- To promote, defend and advocate for human rights and social justice.

The principal activities of the Federation during the financial year have focused on the achievement of these strategic objectives.

The major activities of the New South Wales Teachers Federation Branch of the Australian Education Union during the period were the continuation of the national public education campaigns in schools, early childhood and TAFE; responding to the impact of the COVID-19 pandemic and mandatory vaccination on public education and the teachers and education support personnel who work within it; working in collaboration with climate emergency education groups; promoting the "Valuing the Teaching Profession" Report, the culmination of the independent inquiry chaired by Dr Geoff Gallop, which then lead into the "More Than Thanks" campaign; the year culminating with campaigning for increased salaries and release time for all public school teachers and principals.

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As has been the impediment since 2011, regressive industrial laws implemented by this NSW Government continue to deny the Federation the opportunity that was previously afforded Unions to appear before the state Industrial Relations Commission (IRC) to argue a work value case through a thorough examination of changes to skills, complexities and responsibilities to determine salaries.

The significant investment made into the Gallop Inquiry during 2020 has created a phenomenal resource and continued opportunities for Federation Officers and our members to campaign and grow strength through 2021 and beyond. The Inquiry Report has allowed Federation the opportunity to interrogate a work value case in the public arena.

The Gallop inquiry revealed the true state of schools today and the unprecedented change in the volume and complexity of teachers' work since 2004. The cumulative impact of this is illustrated by the 2020 public sector employee survey finding that less than one third of teachers believe they have the time to do their job well.

At the same time, research also shows there is a general public view that teaching has become a less attractive profession. Salaries have fallen in comparison with other professions. While the skills, expertise and knowledge required to become a successful teacher are increasing, there are fewer high achievers willing to join the profession.

2021 commenced with Dr Gallop and senior Officers touring the state gathering local media interest, building support for the campaign's demands and growing our membership, with a view that to grow membership is to grow strength. This ultimately resulted in a membership of just short of 65,000 at the close of 2021 and a series of actions taken across the state.

Members were supported to meet with their local Member of Parliament, either in person or virtually, to raise the local implications of the Gallop Report and to seek support for and build the campaign for increased salaries and status. This was followed up with a call out visit to those Members of Parliament uncommitted to supporting the campaign. This decentralised the campaign, taking Federation's Officers and resources away from the centre to the communities our members work within. The momentum of this phase of the campaign was interrupted with the increasing restrictions imposed by the state during the growth of the COVID-19 Delta strain, but it is abundantly clear this phase of the campaign ignited activism within the broader membership.

Behind the scenes, the Federation continued to prioritise the health and wellbeing of the teaching service and, by extension, our students and communities. Twice weekly operational meetings, as set up during 2020 have continued into 2021. Daily, our Officers were keeping in touch with departmental officials and other agencies doing our best to look after our members, so that by extension, they could look after their families and students.

The ongoing pandemic highlighted the problem of lack of teacher numbers across the state, with growing concern at the increase in teaching out of subject area.

Large bodies of research now illustrate how out of area subject teaching has detrimental impacts on students' educational experiences and outcomes. Similarly disturbing are the findings that communities serving academically and socioeconomically disadvantaged background students are the most profoundly effected, contributing to the growing inequities across the public education system.

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While Federation advocates loudly for appropriate qualifications, remuneration and support, it is no surprise that the government and the Department of Education would seek to lower the qualifications and standards of public school teachers, while simultaneously purporting to focus on addressing factors of educational disadvantage. That they would, however, support and facilitate programs similar to Teach for Australia, with their well-documented failure across the country and abroad to deliver lasting improvements to the teacher workforce and our students in public education, is unconscionable. The Federation continued focus on this important aspect of education throughout all 2021 campaigns.

"More Than Thanks"

The Gallop Report provided a powerful evidence base to inform the "More than Thanks" campaign with its primary demand of higher salaries and status for public education teachers, principals and related workers, to retain and attract the best and brightest to the system.

Following a detailed campaign plan being developed; including a series of coordinated actions that could be taken regardless of the circumstances we would find ourselves in, covering paid and free media, member, political and community engagement; Federation's salaries and status campaign, "More than Thanks", was launched on September 16 2021. This included a thirty minute, all member broadcast briefing, covering the claim, our strategy, and the critical importance of achieving our objectives for the profession - now and in the future.

This coincided with the start of an extensive paid media campaign including a stand-alone campaign website for supporters to sign up via a QR code.

Publicly, the NSW Government and its Department of Education continued with the rhetoric there is no staffing crisis in NSW public schools, going so far as describing it as "a beat-up". Yet, privately, they had known for some time the full extent of the teacher shortage crisis, even warning that "NSW public schools will run out of teachers in the next five years".

In October, The Sydney Morning Herald revealed a series of departmental reports and briefings that exposed the staffing crisis and the causes of it. The release of these secret Department of Education briefings to the Minister and the Government revealing; NSW is facing a large and growing shortage of teachers (Secret Department of Education briefing July 2021) and that if we don't address supply gaps now, we will run out of teachers in the next 5 years (Secret Department of Education briefing June 2020). Further, that current 'best-case analysis' shows in the next 3 years we will have a supply gap at the aggregate level with increased demand and constrained supply: this is a significant under-representation of the real problem (Secret Department of Education briefing November 2019); and as to the cause of the problem, namely that the demands and expectations on teachers are increasing, while the current rewards are not providing enough incentive (Secret Department of Education briefing August 2020) and that on average, teacher pay has been falling relative to pay in other professions since the late 1980s and this makes it a less attractive profession for high achieving students (Secret Department of Education briefing August 2020).

On Tuesday, 12 October 2021, less than a week after having their neglect and dishonesty exposed through the media, the Department responded to the Federation's claim by rejecting it and advising of its position to re-impose the contemptuous Government wages cap on the teaching profession consisting of 2.04% per annum in salaries and the yearly legislated 0.5% to the Superannuation Guarantee Contribution for 3 years.

In response, November council passed a unanimous recommendation directing all members to strike for 24 hours on Tuesday 7 December 2021. While the strike was resource intensive for the Federation, it maintained the momentum of building member activism and morale and achieved a positive spike in membership growth.

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Disappointingly, we do not see similar in membership figures in the TAFE sector. While ongoing campaigning maintains support for TAFE within the community, the government continues to cut courses and funding, resulting in the loss of teachers and loss of course choice for students. Insecure employment remains the dominant form of engagement with TAFE NSW, regardless of betterments made within Enterprise Bargaining.

The Rebuild with TAFE campaign was launched in the early morning fog and drizzle outside Parliament House Canberra in February 2021, against the backdrop of continued cuts to TAFE funding, cuts to TAFE teacher numbers, ongoing privatisation of the VET sector and the impact this has on the quality of the provision of vocational education in this country.

The major focus of the Rebuild with TAFE campaign is to secure a guarantee from all major political parties of a minimum of 70 percent of all government vocational education funding for TAFE, increase infrastructure and workforce investment and to abolish the government policy settings of contestable funding, marketisation and privatisation.

The ongoing COVID-19 pandemic highlights the pivotal role TAFE will play in the community's recovery from the pandemic. With a focus on revitalising jobs and skills and rebuilding society, TAFE will be tasked with responding to the complex environment pre-COVID, as well as the renewal post-crisis.

TAFE is the public education institution that has the capacity to transform the under-employment, unemployment and casualisation of the broader workforce while simultaneously delivering skills development, education and training to meet future labour market requirements. All levels of Governments must support TAFE with guaranteed funding and commitment.

In early February 2021, TAFE members in Scone raised concerns about the future of the campus, leading the Federation to launch a localised campaign to save Scone TAFE, one of only two campuses in NSW to run equine courses. The escalation of this local campaign, in conjunction with Unions NSW, coincided with an announced by-election in the state seat of Upper Hunter following the resignation of the sitting member Michael Johnsen on 31 March 2021. Due to restrictive NSW legislation around third-party campaigning during state by-elections, which caps spending at just \$2,000, even if two registered parties campaign together, in March 2021, when TAFE NSW announced the sale of the Scone TAFE campus to Racing NSW, Federation was forced to withdraw from this campaign.

National TAFE Day was celebrated online on 11 August 2021. The Federation's activities included a webinar showcasing members participation in high quality Aboriginal Education and Arts programs. Union members and supporters celebrated the achievements of TAFE generally, continuing the tradition of breakfasts and morning teas, both in person and virtually. Videos and bios in support of TAFE were once again provided by prominent people and widely shared across social media. Federation joined Australian Education Union Federal Office colleagues in political lobbying of Federal Members of Parliament.

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The New South Wales Teachers Federation Branch of the Australian Education Union continues to campaign for the Commonwealth Government to take the following steps to guide Australia, and particularly young Australians, through the crisis:

- Recognise and fund TAFE as the valued public education institution that provides public vocational education for all.
- Prioritise rebuilding with TAFE at the forefront of national recovery efforts through immediate increased federal funding support and investment in infrastructure, equipment, staffing and programs.
- Restore the more than \$3 billion funding cut from TAFE and training since 2013, including the nearly half a billion cut in 2018 and 2019 alone.
- Implement targeted support for the public VET provided guaranteeing a minimum of 70% of all government VET funding to TAFE.

Throughout the financial year the New South Wales Teachers Federation Branch of the Australian Education Union has successfully enhanced and supported the professional status of members in public education through professional development; training and conferences, representation of members on professional bodies and to employers; submissions and appearances before Commonwealth of Australia Parliamentary Committees and various federal inquiries. Australian Education Union advocacy for improved entry standards into university initial teacher education courses has resulted in greater public discussion and awareness that we need to attract the top 30% of students into teaching.

Significant changes in financial affairs

There have been no significant changes in the state of financial affairs of the New South Wales Teachers Federation Branch of the Australian Education Union Branch that occurred during the financial year.

Names of Committee of Management members and period positions held during the financial year

Office Holders

Office Holders held their positions throughout the 2021 financial year, unless otherwise stated. The names of the people who held positions as Officers during the year are:

Name	Position	Date of Election/Resignation
Maxine Sharkey	Branch Secretary	Elected March 2021
Angelo Gavrielatos	Branch President	
Henry Rajendra	Branch Deputy President	
Amber Flohm	Branch Senior Vice-President	
Sam Clay	Deputy Branch Secretary	
David Ferguson	Deputy Branch Secretary	
Melissa Smith	Deputy Branch Secretary	
Phillip Chadwick	Deputy Branch Secretary	Elected May 2021
John Dixon	Branch Secretary	Resignation May 2021
Maxine Sharkey	Deputy Branch Secretary	Resignation March 2021

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Names of Committee of Management members and period positions held during the financial year (continued)

Executives

Executives held their positions throughout the 2021 financial year, unless otherwise stated. The names of the people who held positions on the Committee of Management are:

Name	Position	Commencement/end of term
Angelo Gavrielatos	Branch President	
Henry Rajendra	Branch Deputy President	
Amber Flohm	Branch Senior Vice-President	
Julie Ross	Branch Vice President	March 2021
Natasha Watt	Branch Vice President	March 2021
Jennifer Mace	Branch Vice President	March 2021
Michael Sciffer	Branch Vice President	March 2021
Margaret Vos	Branch Custodian	March 2021
Matthew Eastman	Branch Custodian	March 2021
Dimiti Trudgett	ATSI Member's Roll	March 2021
Sharryn Usher	Association Representative	March 2021
Mike Morgan	Association Representative	March 2021
Katie Sullivan	Association Representative	March 2021
Andrew Viller	Association Representative	March 2021
Amelia Kerr	Association Representative	March 2021
Penelope Colman	Association Representative	March 2021
Robert Bartulovich	Association Representative	March 2021
Amy Harland	Association Representative	March 2021
Tim Mulroy	Branch Vice President	End of term - February 2021
Michael Sciffer	Branch Custodian	End of term - February 2021
Denis Fitzgerald	Association Representative	End of term - February 2021
Brian Webb	Association Representative	End of term - February 2021
Philip von Schoenberg	Association Representative	End of term - February 2021

Right of members to resign

All members of the Federation have the right to resign, in accordance with Rule 65(1) of the Federation Rules and section 174 of the *Fair Work (Registered Organisations) Act 2009*.

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Officers or members who are superannuation fund trustees(s) or director(s) of a company that is a superannuation fund trustee where being a member or officer of a registered organisation is a criterion for them holding such position

No officer or member of the Federation holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of the Federation.

Review of operations

A review of the operations and results of the Federation is performed in the meetings of the Office Holders and by the Executive. Additionally, such matters are considered periodically at a regular meeting of the Office Holders of the Federation. The Executive believe that they have furthered the interests of their members throughout the financial year through the conducting of the Federation's principal activities.

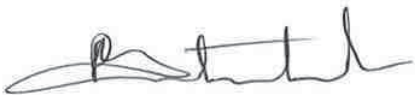
Number of members

The number of financial members at 31 December 2021 was 64,674 (2020: 60,386).

Number of employees

The number of full time equivalent employees at 31 December 2021 was 153 (2020: 152).

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



Robert Bartulovich
Custodian



Maxine Sharkey
Branch Secretary

Dated: 26 April 2022

Australian Education Union New South Wales Teachers Federation Branch

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Committee of Management Statement

For the Year Ended 31 December 2021

On 26 April 2022, the Committee of Management ("the Executive") of the Australian Education Union New South Wales Teachers Federation Branch ("the Federation"), passed the following resolution in relation to the general purpose financial report for the financial year ended 31 December 2021:

The Executive declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* ("the RO Act");
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Federation for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the Federation will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the general purpose financial report relates and since the end of that year:
 - i) meetings of the Executive were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - ii) the financial affairs of the Federation have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - iii) the financial records of the Federation have been kept and maintained in accordance with the RO Act; and
 - iv) where the organisation consists of two or more reporting units, the financial records of the Federation have been kept, as far as practicable, in a consistent manner with each or the other reporting units of the organisation; and
 - v) where information has been sought in any request by a member of the Federation or Commissioner duly made under section 272 of the RO Act, that information has been provided to the member or Commissioner; and
 - vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

This declaration is made in accordance with a resolution of the Executive.



Robert Bartulovich
Custodian



Maxine Sharkey
Branch Secretary

Dated: 26 April 2022

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2021

	Note	2021 \$	2020 \$
Revenue	4	39,435,173	38,361,108
Other income	4	2,752,014	2,791,364
Total Revenue		42,187,187	41,152,472
Employee benefits expense	26(d)	(21,290,199)	(20,734,397)
Publication and media expenses		(3,533,243)	(769,573)
Capitation fees and levies	26(a)	(3,106,672)	(2,949,645)
Depreciation and amortisation		(2,177,012)	(2,194,780)
Meetings, conferences and related expenses		(1,669,912)	(897,485)
Professional expenses		(1,453,298)	(1,282,175)
Office administration		(1,191,703)	(1,014,191)
Property costs		(826,810)	(914,657)
Grants and donations	26(c)	(700,548)	(536,772)
Affiliation and association fees		(584,614)	(579,521)
Finance charges		(187,928)	(177,869)
Other operating expenses		(1,036,610)	(1,176,147)
Total Expenses		(37,758,549)	(33,227,212)
Result for the year		4,428,638	7,925,260
Other comprehensive income			
Actuarial gain on defined benefit plans	15(a)	11,859,626	525,519
Other comprehensive income for the year		11,859,626	525,519
Total comprehensive income for the year		16,288,264	8,450,779

The accompanying notes form part of these financial statements.

Australian Education Union

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Statement of Financial Position

As at 31 December 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	7,682,747	6,846,783
Trade and other receivables	7	1,134,099	825,794
Financial assets	8	42,979,342	42,618,289
Other assets	9	220,179	407,982
TOTAL CURRENT ASSETS		52,016,367	50,698,848
NON-CURRENT ASSETS			
Financial assets	8	5,008,480	119,658
Property, plant and equipment	10	28,859,491	30,193,859
Intangible assets	11	107,613	9,623
Right-of-use assets	12	695,172	559,653
TOTAL NON-CURRENT ASSETS		34,670,756	30,882,793
TOTAL ASSETS		86,687,123	81,581,641
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	4,361,336	4,017,467
Lease liabilities	12	190,102	181,549
Employee benefits	14	8,796,707	7,947,708
TOTAL CURRENT LIABILITIES		13,348,145	12,146,724
NON-CURRENT LIABILITIES			
Lease liabilities	12	556,665	429,544
Employee benefits	14	12,427,844	24,939,168
TOTAL NON-CURRENT LIABILITIES		12,984,509	25,368,712
TOTAL LIABILITIES		26,332,654	37,515,436
NET ASSETS		60,354,469	44,066,205
EQUITY			
Reserves	16	21,977,029	24,428,969
Retained earnings		38,377,440	19,637,236
TOTAL EQUITY		60,354,469	44,066,205

The accompanying notes form part of these financial statements.

Australian Education Union

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Statement of Changes in Equity

For the Year Ended 31 December 2021

	General Fund	Special Reserve 1984 Conference	Public Education Fund	Total
	\$	\$	\$	\$
1 January 2021	19,637,236	19,000,500	5,428,469	44,066,205
Comprehensive income for the year	4,428,638	-	-	4,428,638
Total other comprehensive income for the period	11,859,626	-	-	11,859,626
- Special Reserve: 1984 Annual Conference	(72,000)	72,000	-	-
- Public Education Fund	2,523,940	-	(2,523,940)	-
Balance at 31 December 2021	38,377,440	19,072,500	2,904,529	60,354,469
1 January 2020	10,855,074	18,939,500	5,820,852	35,615,426
Comprehensive income for the year	7,925,260	-	-	7,925,260
Total other comprehensive income for the period	525,519	-	-	525,519
Transfers to and from reserves				
- Special Reserve: 1984 Annual Conference	(61,000)	61,000	-	-
- Public Education Fund	392,383	-	(392,383)	-
Balance at 31 December 2020	19,637,236	19,000,500	5,428,469	44,066,205

The accompanying notes form part of these financial statements.

Australian Education Union

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Statement of Cash Flows

For the Year Ended 31 December 2021

	2021	2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from members and customers	45,611,274	44,164,435
Payments to suppliers and employees	(38,736,210)	(33,743,782)
Interest received	360,859	973,897
Finance costs	-	30,551
Net cash provided by operating activities	23 <u>7,235,923</u>	<u>11,425,101</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(823,084)	(4,005,942)
Proceeds from sale of plant and equipment	34,082	46,360
Purchase of intangible assets	(107,263)	(5,738)
Net purchase of investments	(5,249,875)	(4,503,540)
Net cash used by investing activities	<u>(6,146,140)</u>	<u>(8,468,860)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of lease liabilities	(253,819)	(261,594)
Net cash used by financing activities	<u>(253,819)</u>	<u>(261,594)</u>
Net increase in cash and cash equivalents held	835,964	2,694,647
Cash and cash equivalents at beginning of year	<u>6,846,783</u>	<u>4,152,136</u>
Cash and cash equivalents at end of financial year	6 <u><u>7,682,747</u></u>	<u><u>6,846,783</u></u>

The accompanying notes form part of these financial statements.

Australian Education Union

New South Wales Teachers Federation Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2021

The financial report covers the Australian Education Union New South Wales Teachers Federation Branch ("the Federation") as an individual entity. The Federation is a not-for-profit organisation.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and under the *Fair Work (Registered Organisations) Act 2009*. For the purpose of preparing the general purpose financial statements the Australian Education Union New South Wales Teachers Federation Branch is a not-for-profit entity.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised services to customers at an amount that reflects the consideration the Federation expects to receive in exchange for those services.

Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer;
2. Identify the performance obligations;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations; and
5. Recognise revenue as and when control of the performance obligations is transferred.

Generally the timing of the payment for the rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Federation have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (continued)

(a) Revenue and other income (continued)

The revenue recognition policies for the principal revenue streams of the Federation are:

Membership income

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of the Federation.

There is only one distinct membership service promised in the arrangement. Accordingly, the Federation recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect the Federation's promise to stand ready to provide assistance and support to the member as required.

For member subscriptions paid annually in advance, the Federation has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

When a member subsequently purchases additional goods or services from the Federation at their standalone selling price, the Federation accounts for those sales as a separate contract with a customer.

Other professional services

The Federation provides other professional services to customers in the form of course fees, events, venue hire and advertising. These are fixed price contracts. Revenue is recognised over the period of when the services are performed.

Government COVID-19 stimulus income

Income is recognised in the period it is earned. This is consistent with when the payment was received.

Rental income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Federation and specific criteria relating to the type of revenue has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (continued)

(a) Revenue and other income (continued)

Interest revenue

Interest revenue is recognised using the effective interest rate method.

Donations

Donations and bequests are recognised as revenue when received.

(b) Income tax

The Federation is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however, still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(d) Capitation fees and levies

Capitation fees and levies are recognised on an accrual basis and recorded as an expense in the year to which it relates.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (continued)

(e) Legal assistance to members: disbursements and recoveries

As a benefit of membership, the Federation provides financial assistance to eligible members via the provision of free or subsidised legal services, in matters including (but not limited to) workplace health and safety. Once the matter has been approved for assistance, the Federation may fund the costs and disbursements, which are returned to the Federation in the event that the matter is resolved in the members' favour. Given the variability of outcomes and the length of time typically taken to finalise such matters, these outstanding costs and recoveries cannot be measured reliably. Accordingly, they are expensed in the year of being made. Any disbursements recovered are recorded as income in the year in which receipt is confirmed and reliably quantified.

(f) Cash and cash equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

(g) Property, plant and equipment

Each class of property, plant and equipment is carried at cost and where applicable, any accumulated depreciation and impairment of losses.

Assets are carried at cost less, any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life, commencing when the asset is ready for use.

Leasehold improvements are amortised over their estimated useful life.

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Land is not depreciated and is held at cost.

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2 Summary of Significant Accounting Policies (continued)

(g) Property, plant and equipment (continued)

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	2.5%
Plant and equipment	10%
Furniture, Fixtures and fittings	10-40%
Motor vehicles	25%
Leasehold improvements	20%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(h) Intangibles

Software

Intangible assets with finite lives that are acquired separately and are carried at cost less any accumulated amortisation and impairment losses.

The carrying amount of software is reviewed annually by the Federation to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected new cash flows that will be received from the assets employment and subsequent disposal. The expected new cash flows are discounted to their present values in determining recoverable amounts.

Amortisation

Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

All software is amortised at a rate of 40% per annum.

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For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (continued)

(i) Leases

At inception of a contract, the Federation assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset;
- The Federation has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Federation has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Federation recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Federation believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over either the estimated useful life or, the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Federation's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Federation's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (continued)

(j) Financial instruments

Financial instruments are recognised initially on the date that the Federation becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs.

(i) Financial assets

All recognised financial assets are subsequently measured in their entirety at amortised cost.

Classification

The Federation classifies its financial assets as those to be measured at amortised cost.

The classification depends on the Federation's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets are not reclassified subsequent to their initial recognition unless the Federation changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Federation's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and financial assets in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (continued)

(j) Financial instruments (continued)

(i) Financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Federation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Federation's historical experience and informed credit assessment, including forward looking information.

The Federation uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Federation uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Federation in full, without recourse to the Federation to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Federation in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Federation has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in bad debt expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Federation renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (continued)

(j) Financial instruments (continued)

(i) Financial assets (continued)

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

(ii) Financial liabilities

The Federation measures all financial liabilities initially at fair value less transaction costs; subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Federation comprise trade and other payables and lease liabilities.

(k) Impairment of non-financial assets

At the end of each reporting period the Federation determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (continued)

(I) Employee benefits

Defined benefit superannuation schemes

Nature of the benefits provided by the fund

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- Police Superannuation Scheme (PSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes - at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the Schemes are closed to new members.

Description of the regulatory framework

The schemes in the Pooled Fund are established and governed by the following NSW legislation: Superannuation Act 1916, State Authorities Superannuation Act 1987, Police Regulation (Superannuation) Act 1906, State Authorities Non-Contributory Superannuation Act 1987, and their associated regulations.

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the Commonwealth Superannuation Industry (Supervision) Act 1993 (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2021. The next actuarial investigation will be performed at 30 June 2024.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (continued)

(I) Employee benefits (continued)

Defined benefit superannuation schemes (continued)

Description of other entities' responsibilities for the governance of the fund

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles:

- Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules;
- Management and investment of the fund assets; and
- Compliance with other applicable regulations.

Defined contribution schemes

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Other long-term employee benefit obligations

The liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the Federation does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (continued)

(m) Adoption of new and revised accounting standards

The Federation has adopted all standards which became effective for the first time during the year, and the adoption of these standards has not caused any material adjustments to the reported financial position or performance.

(n) Future Australian Accounting Standards

Certain new accounting standards have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Federation. These standards are not expected to have a material impact on the Federation in the current or future reporting periods and on foreseeable future transactions.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

3 Critical Accounting Estimates and Judgements

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below:

Key estimates - impairment of property, plant and equipment

The Federation assesses impairment at the end of each reporting period by evaluating conditions specific to the Federation that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key estimates - useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain property, plant and equipment.

Key estimates - employee entitlements

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

Key estimates - defined benefit fund liability

Management's estimate of the defined benefit fund liability is based on a number of critical underlying assumptions such as the rate of inflation, medical cost trends, mortality, discount rates and anticipation of future salary increases. Given their nature, estimation uncertainties associated with these assumptions exist. Variations in these assumptions may significantly impact the defined benefit liability, the annual defined benefit expenses as well as the impact on other comprehensive income. Further information on the key assumptions related to the defined benefit liability are documented at note 15.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

4 Revenue and Other Income

	Note	2021 \$	2020 \$
Revenue from contracts with customers			
Membership subscriptions		37,763,239	36,786,628
Public Education Fund Levy	16(c)	1,368,930	1,327,553
Course fees		114,227	86,328
Venue hire		156,160	137,921
Advertising		32,617	22,678
		<u>39,435,173</u>	<u>38,361,108</u>
Other income			
Rental income		2,185,458	1,698,926
Grant income		93,000	50,000
Interest income		277,304	699,618
Other income		196,252	342,820
		<u>2,752,014</u>	<u>2,791,364</u>
Total Revenue and Other Income		<u>42,187,187</u>	<u>41,152,472</u>

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated and the following table shows this breakdown:

Timing of revenue recognition			
- Over time		39,320,946	38,274,780
- At a point in time		114,227	86,328
Revenue from contracts with customers		<u>39,435,173</u>	<u>38,361,108</u>

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Notes to the Financial Statements

For the Year Ended 31 December 2021

5 Result for the Year

The result for the year includes the following specific expenses:

		2021	2020
	Note	\$	\$
Superannuation contributions		1,779,559	1,573,906
Defined benefit costs	26(d)	(75,133)	710,101
Expenses relating to variable lease payments not included in lease liabilities		33,281	59,656
Loss on disposal of assets		189,612	407,248

6 Cash and Cash Equivalents

Cash at bank		7,680,147	6,844,183
Cash on hand		2,600	2,600
		7,682,747	6,846,783

7 Trade and Other Receivables

Trade receivables from contracts with customers	7(a)	796,898	646,432
Provision for impairment	7(b)	(50,806)	(39,916)
		746,092	606,516
Other receivables		388,007	219,278
		1,134,099	825,794

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Notes to the Financial Statements

For the Year Ended 31 December 2021

7 Trade and Other Receivables (continued)

(a) Aged analysis

The ageing analysis of trade receivables is as follows:

	2021	2020
	\$	\$
0 < 14 days	769,685	625,897
14-30 days	17,616	14,257
30-60 days (past due not impaired)	9,597	5,756
60+ days (past due not impaired)	-	522
Total	796,898	646,432

(b) Impairment of receivables

The Federation applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 December 2021 is determined as follows, and the expected credit losses incorporate forward looking information.

	<14 days	30 days	60 days	60 + days	Total
31 December 2021					
Expected loss rate (%)	5%	26.6%	75.8%	99%	
Gross carrying amount (\$)	769,685	17,616	9,597	-	796,898
ECL provision	38,843	4,692	7,271	-	50,806
31 December 2020					
Expected loss rate (%)	5%	37.5%	80%	99%	
Gross carrying amount (\$)	625,897	14,257	5,756	522	646,432
ECL provision	31,295	3,599	4,506	516	39,916

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Notes to the Financial Statements

For the Year Ended 31 December 2021

8 Financial Assets

	2021	2020
	\$	\$
CURRENT		
<i>Financial assets at amortised cost</i>		
Term deposits	<u>42,979,342</u>	<u>42,618,289</u>
NON-CURRENT		
<i>Financial assets at amortised cost</i>		
Term deposits	<u>5,008,480</u>	<u>119,658</u>

9 Other Assets

Prepayments	214,103	402,445
Other	<u>6,076</u>	<u>5,537</u>
	<u>220,179</u>	<u>407,982</u>

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For the Year Ended 31 December 2021

10 Property, Plant and Equipment

	2021	2020
	\$	\$
Land and Buildings		
At cost	48,615,199	49,004,183
Accumulated depreciation	<u>(21,606,368)</u>	<u>(20,291,744)</u>
	<u>27,008,831</u>	<u>28,712,439</u>
Plant and equipment		
At cost	2,651,896	2,191,616
Accumulated depreciation	<u>(1,413,065)</u>	<u>(1,413,135)</u>
	<u>1,238,831</u>	<u>778,481</u>
Furniture, fixtures and fittings		
At cost	1,747,464	1,699,784
Accumulated depreciation	<u>(1,415,211)</u>	<u>(1,348,107)</u>
	<u>332,253</u>	<u>351,677</u>
Motor vehicles		
At cost	907,023	896,097
Accumulated depreciation	<u>(695,748)</u>	<u>(595,919)</u>
	<u>211,275</u>	<u>300,178</u>
Leasehold Improvements		
At cost	148,654	125,927
Accumulated depreciation	<u>(80,353)</u>	<u>(74,843)</u>
	<u>68,301</u>	<u>51,084</u>
	<u>28,859,491</u>	<u>30,193,859</u>

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For the Year Ended 31 December 2021

10 Property, Plant and Equipment (continued)

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land & buildings	Plant and equipment	Furniture, fixtures & fittings	Motor vehicles	Leasehold improvements	Total
	\$	\$	\$	\$	\$	\$
Year ended 31 December 2021						
Balance at the beginning of year	28,712,439	778,481	351,677	300,178	51,084	30,193,859
Additions	53,405	636,301	61,242	64,294	22,728	837,970
Disposals	(212,234)	(4,387)	(1,337)	(5,716)	-	(223,674)
Depreciation expense	(1,544,779)	(171,564)	(79,329)	(147,481)	(5,511)	(1,948,664)
	27,008,831	1,238,831	332,253	211,275	68,301	28,859,491
Year ended 31 December 2020						
Balance at the beginning of year	19,118,768	8,941,417	457,531	409,075	53,744	28,980,535
Transfers *	8,025,672	(8,025,672)	-	-	-	-
Additions	3,354,078	105,690	33,427	115,152	-	3,608,347
Disposals	(387,789)	(1,340)	(40,717)	(23,763)	-	(453,609)
Depreciation expense	(1,398,290)	(241,614)	(98,564)	(200,286)	(2,660)	(1,941,414)
	28,712,439	778,481	351,677	300,178	51,084	30,193,859

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For the Year Ended 31 December 2021

11 Intangible Assets

	2021	2020
	\$	\$
Computer Software		
At cost	728,431	712,515
Accumulated amortisation	(620,818)	(702,892)
	<u>107,613</u>	<u>9,623</u>

(a) Movements in carrying amounts of intangible assets

Balance at the beginning of the year	9,623	33,903
Additions	107,263	5,738
Amortisation	(9,273)	(30,018)
Closing value at end of year	<u>107,613</u>	<u>9,623</u>

12 Leases

Union as a lessee

The Federation has leases over land and buildings and office equipment. Information relating to the leases in place and associated balances and transactions are provided below.

Land and buildings

The Federation leases office premises with lease terms between 3 to 10 years, the lease payments are fixed during the term, with annual increases to adjust for inflation.

Office equipment

The Federation leases office equipment with lease terms between 4 to 5 years, the lease payments are fixed during the term.

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12 Leases (continued)

Right-of-use assets

	Land and buildings	Office equipment	Total
	\$	\$	\$
Year ended 31 December 2021			
Balance at beginning of year	514,819	44,834	559,653
Additions to right-of-use assets	258,185	96,438	354,623
Depreciation charge	(158,036)	(61,068)	(219,104)
Balance at end of year	614,968	80,204	695,172

Year ended 31 December 2020

Balance at beginning of year	575,407	111,637	687,044
Remeasurement of right-of-use assets	2,024	(11)	2,013
Additions to right-of-use assets	93,944	-	93,944
Depreciation charge	(156,556)	(66,792)	(223,348)
Balance at end of year	514,819	44,834	559,653

Lease liabilities

	2021	2020
	\$	\$
Current lease liabilities	190,102	181,549
Non-current lease liabilities	556,665	429,544
Total	746,767	611,093

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For the Year Ended 31 December 2021

12 Leases (continued)

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year \$	1 - 5 years \$	> 5 years \$	Total undiscounted lease liabilities \$	Lease liabilities included in this Statement Of Financial Position \$
2021					
Lease liabilities	218,497	518,534	45,818	782,849	746,767
2020					
Lease liabilities	204,381	413,569	24,200	642,150	611,093

Extension options

A number of the building leases contain extension options which allow the Federation to extend the lease term of the original non-cancellable period of the lease. At commencement date and each subsequent reporting date, the Federation assesses where it is reasonably certain that the extension options will be exercised.

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Federation is a lessee are shown below:

	2021 \$	2020 \$
Interest expense on lease liabilities	34,870	30,551
Amortisation of right-of-use assets	219,104	223,348
	<u>253,974</u>	<u>253,899</u>

Statement of Cash Flows

Total cash outflow for leases	<u>253,819</u>	<u>261,594</u>
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The Union as a lessor

Refer to note 17(a) for further details.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

13 Trade and Other Payables

	Note	2021 \$	2020 \$
Trade payables and accruals		1,557,512	1,275,023
Other payables		2,437,354	2,059,442
Contract liabilities - membership in advance		366,470	683,002
		<u>4,361,336</u>	<u>4,017,467</u>
(a) Payables to other reporting units:			
Australian Education Union		<u>1,343</u>	-
(b) Legal costs payable:			
Litigation		163,413	52,235
Other legal matters		51,105	73,833
		<u>214,518</u>	<u>126,068</u>

14 Employee Benefits

CURRENT

Annual Leave		3,220,568	2,677,296
Long service leave		4,986,139	4,680,412
Defined benefit fund	15(j)	590,000	590,000
		<u>8,796,707</u>	<u>7,947,708</u>

NON-CURRENT

Long service leave		88,210	123,938
Defined benefit fund	15	12,339,634	24,815,230
		<u>12,427,844</u>	<u>24,939,168</u>

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14 Employee Benefits (continued)

(a) Defined benefit fund balances

Due to the confidentiality and privacy requirements, the Federation does not have access to the detailed records of the defined benefit fund in order to provide a split of the defined benefit expense liability between office holders and other employees.

The total defined benefit fund liability is reconciled further in note 15(a). The Federation has no legal obligation to settle the deficit in the defined benefit fund liability with an immediate contribution, other than what has been specified at note 15(j) as a current liability.

(b) *Employee benefits attributable to:*

	2021	2020
Note	\$	\$
Office holders		
Annual leave	401,636	357,081
Long service leave	742,430	763,540
	<u>1,144,066</u>	<u>1,120,621</u>
Employees other than office holders		
Annual leave	2,818,932	2,320,215
Long service leave	4,331,919	4,040,810
	<u>7,150,851</u>	<u>6,361,025</u>
Defined Benefit Fund Liability [refer 14(a)]	15(a) <u>12,929,634</u>	<u>25,405,230</u>
	<u>21,224,551</u>	<u>32,886,876</u>

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15 Defined Benefit Fund

(a) Reconciliation of the net defined benefits liability

	2021	2020
Note	\$	\$
Net defined benefit liability at start of year	25,405,230	25,810,651
Current service cost	144,450	191,764
Net interest expense	560,437	647,654
Provision for on costs	(780,020)	(129,317)
Total amount recognised in profit or loss	(75,133)	710,101
Actual return on fund assets less interest income	(4,480,843)	(78,294)
Actuarial gains and loss arising from changes in financial assumptions	(5,668,848)	1,114,855
Actuarial (gains) arising from changes in demographic assumptions	(426,832)	-
Actuarial (gains)/losses arising from liability experience	(1,283,103)	(1,562,080)
Total amount recognised in other comprehensive income	(11,859,626)	(525,519)
Employer contributions	(540,837)	(590,003)
Total liability at end of year	12,929,634	25,405,230

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15 Defined Benefit Fund (continued)

(b) Reconciliation of Fair Value of Fund Assets

	2021	2020
	\$	\$
Opening balance	48,300,280	50,965,116
Interest income	1,109,359	1,337,284
Actuarial return on fund assets less interest income	4,480,843	78,294
Employer contributions	540,837	590,004
Contributions by participants	80,994	135,834
Benefits paid	(4,708,315)	(4,829,712)
Taxes, premiums and expenses paid	437,939	23,460
Closing balance	50,241,937	48,300,280

(c) Present value of defined benefit obligations

Present value of defined benefit obligations at start of year	72,217,837	75,158,779
Current service costs	144,450	191,764
Interest cost	1,669,797	1,984,938
Contributions by participants	80,994	135,834
Actuarial (gains)/losses arising from changes in financial assumptions	(5,668,848)	1,114,855
Actuarial (gains)/losses arising from changes in demographic assumptions	(426,832)	-
Actuarial (gains)/losses arising from liability experience	(1,283,103)	(1,562,081)
Benefits paid	(4,708,315)	(4,829,712)
Taxes, premiums and expenses paid	437,938	23,460
Present value of defined benefit obligations at end of year	62,463,918	72,217,837

(d) Effect of the asset ceiling

There has been no adjustment for the effect of the asset ceiling at the beginning, end or during the year (or the preceding year).

Any adjustments to the asset ceiling are determined based upon the maximum economic benefit available to the Federation in the form of reductions in future employer contributions.

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15 Defined Benefit Fund (continued)

(e) Fair value of Fund assets

All pooled fund assets are invested by SAS Trustee Corporation (STC) at arm's length through independent fund managers, assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. As such, the disclosures below relate to total assets of the Pooled Fund (available as at November 2020 and 2021, respectively).

Class of asset	2021			Total	% of total
	Level 1	Level 2	Level 3		
	\$	\$	\$	\$	
Short term securities	1,987,744	3,973,896	6	5,961,646	14.2
Australian fixed interest	-	689,736	-	689,736	1.6
International fixed interest	26,106	1,594,115	21,701	1,641,922	3.9
Australian equities	7,050,764	274,642	433,372	7,758,778	18.5
International equities	14,822,978	18,316	56	14,841,350	35.6
Property	-	-	2,654,407	2,654,407	6.3
Alternatives	(10,482)	2,772,589	5,531,516	8,293,623	19.9
Total	23,877,110	9,323,294	8,641,058	41,841,462	100.0

Class of asset	2020			Total	% of total
	Level 1	Level 2	Level 3		
	\$'000	\$'000	\$'000	\$'000	
Short term securities	1,687,781	2,175,276	-	3,863,057	9.5
Australian fixed interest	-	784,698	-	784,698	1.9
International fixed interest	40,614	1,831,620	8,231	1,880,465	4.6
Australian equities	8,106,651	24	-	8,106,675	19.9
International equities	12,667,508	492,751	-	13,160,259	32.3
Property	696,302	-	2,675,412	3,371,714	8.3
Alternatives	(3,208)	3,121,966	6,462,931	9,581,689	23.5
Total	23,195,648	8,406,335	9,146,574	40,748,557	100.0

Refer to note 21 for the definition of what constitutes levels 1, 2 and 3 in the fair value hierarchy.

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15 Defined Benefit Fund (continued)

(f) Significant actuarial assumptions at the reporting date

	2021	2020
Discount rate	3.31%	2.37%
Salary increase rate (excluding promotions)	2.74%	1.7%
Rate of CPI increase	2.5 - 2.75%	1.00 - 2.5%
Pensioner mortality	Per 2021 Actuarial investigation	Per 2018 Actuarial investigation

(g) Sensitivity analysis

The Federation's total defined benefit obligation as at 31 December 2020 and 2021 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 31 December 2020 and 2021.

The first three Scenarios relate to sensitivity of the total defined benefit obligation to economic assumptions, and the 4th scenario relates to sensitivity to demographic assumptions. A positive number represents an increase in obligation.

	Increase in assumption	Decrease in assumption
31 December 2021		
Actuarial assumption	\$	\$
Discount rate +/- 0.5%	(3,644,895)	3,981,634
Rate of CPI increase +/- 0.5%	4,108,418	(3,786,825)
Salary increase rate (excluding promotions) +/- 0.5%	131,325	(130,594)
Mortality factors: Higher/Lower	(711,496)	946,584
31 December 2020		
Actuarial assumption		
Discount rate +/- 0.5%	(4,450,183)	4,893,663
Rate of CPI increase +/- 0.5%	4,982,020	(4,558,822)
Salary increase rate (excluding promotions) +/- 0.5%	180,827	(178,376)
Mortality factors: Lower/Higher	1,184,873	(828,363)

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

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15 Defined Benefit Fund (continued)

(h) Asset-liability matching strategies

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cashflows to manage liquidity requirements. No explicit asset-liability matching strategy is used by the Trustee.

(i) Funding arrangements

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

(j) Expected contributions

The expected contributions for the year ending 31 December 2022 as advised by the Actuary of the respective funds is \$590,000 (December 2021: \$590,000).

(k) Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 11.8 years (2020: 12.5 years).

(l) Description of significant events

There were no fund amendments, curtailments or settlements during the year.

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15 Defined Benefit Fund (continued)

(m) Description of risks

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

- **Investment risk** - The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
- **Longevity risk** - The risk that pensioners live longer than assumed, increasing future pensions.
- **Pension indexation risk** - The risk that pensions will increase at a rate greater than assumed, increasing future pensions.
- **Salary growth risk** - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- **Legislative risk** - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

16 Reserves

(a) General fund

The General Fund includes all current and prior period retained earnings.

(b) Special Reserve: 1984 Conference

This reserve was established by the 1984 Annual Conference decision to create a reserve to withstand direct attacks/threats on the Federation. Initially set at a rate of 2.5% of initial membership contributions being allocated to the fund, now being well established, this reserve balance has been set at the equivalent of six months of running costs. The expenditure of funds must be for the stated purpose and can only occur by a two-thirds majority vote by the Branch Council as a recommendation to the Branch Executive.

(c) Public Education Fund

This fund is for the specific purpose of positively promoting and advertising the professional achievements of public school and TAFE college teachers, and the public education system. The fund will be expended in a manner determined by Executive and consistent with this purpose. Central and local fund expenditure will be co-ordinated with the following focus:

- i. promoting and advertising of the current professional achievements of teachers in the public education system; and
- ii. promoting and advertising of the public education system which may include highlighting priorities that require more resources from government.

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17 Capital and leasing commitments

(a) Operating leases - receivable

	2021	2020
	\$	\$
Operating lease rentals receivable:		
- not later than 1 year	1,506,807	1,439,832
- between 1 year and 5 years	706,102	1,218,454
	<u>2,212,909</u>	<u>2,658,286</u>

All properties held by the Federation (refer note 10) are predominately held to meet service delivery requirements rather than to earn rental income or capital gains. However, some surplus space is leased out to third parties.

The above includes property lease commitment receivables for property owned by the Federation terms vary from less than 1 year to a maximum of 6 years from the financial year end date, with leases including provisions for fixed increases in rent.

(b) Capital commitments

Capital commitments	<u>66,066</u>	<u>37,766</u>
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Capital commitments relate to various capital projects, including property refurbishments and equipment purchases.

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18 Financial Risk Management

The main risks the Federation is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

The Federation's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The totals for each category of financial instruments, measured as detailed in the accounting policies to these financial statements, are as follows:

	Note	2021 \$	2020 \$
Financial Assets			
Cash and cash equivalents	6	7,682,747	6,846,783
Trade and other receivables	7	1,134,099	825,794
Financial assets at amortised cost	8	42,979,342	42,737,947
Total financial assets		56,804,668	50,410,524
Financial Liabilities			
Trade and other payables		3,643,384	2,890,841
Lease liabilities	12	746,767	611,093
Total financial liabilities		4,390,151	3,501,934

(a) Liquidity risk

Liquidity risk arises from the Federation's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Federation will encounter difficulty in meeting its financial obligations as they fall due.

The Federation's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Federation maintains cash and marketable securities to meet its liquidity requirements.

At the reporting date, these reports indicate that the Federation is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

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18 Financial Risk Management (continued)

(a) Liquidity risk (continued)

The Federation's liabilities have contractual maturities which are summarised below:

	Less than 12 months		1 to 5 years	
	2021	2020	2021	2020
	\$	\$	\$	\$
Trade and other payables	4,361,336	4,017,467	-	-
Lease liabilities	190,102	181,549	556,665	429,544
	<u>4,551,438</u>	<u>4,199,016</u>	<u>556,665</u>	<u>429,544</u>

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Federation.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

The Federation has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

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18 Financial Risk Management (continued)

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (interest rate risk).

The Federation is exposed to interest rate risk as it holds term deposit and bank account balances.

Exposure to interest rate risk arises on financial assets recognised at the end of the reporting period. Whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Federation is also exposed to earnings volatility on floating rate instruments.

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the end of the reporting period.

As at balance date, a 0.5% increase or decrease in interest rates would impact equity and profit or loss by the amounts shown below. This analysis assumes that other variables are held constant. There has been no material impact to the statements.

	Profit		Equity	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
2021	239,939	(239,939)	239,939	(239,939)
2020	213,690	(213,690)	213,690	(213,690)

The sensitivity analysis is performed on the same basis as in the prior year.

(d) Net income/(expense) from financial assets/(liabilities)

	Note	2021	2020
		\$	\$
Interest income	4	277,304	699,618
Interest expense	12	(34,870)	(30,551)

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19 Interests of Key Management Personnel

The totals of remuneration paid to the key management personnel of the Federation during the year are as follows:

	2021	2020
	\$	\$
Short-term employee benefits	1,634,710	1,562,531
Post-employment benefits	164,164	216,885
Other long-term benefits	113,461	119,750
	<u>1,912,335</u>	<u>1,899,166</u>

20 Remuneration of Auditor

Remuneration of the auditor:

- audit and other assurance services	55,000	53,500
- other services	12,900	15,500
	<u>67,900</u>	<u>69,000</u>

Other services include specific accounting advice within the scope of independence requirements and taxation assistance / financial statements preparation assistance performed by a team independent of the audit.

21 Fair Value Measurement

The fair values of financial assets and financial liabilities are consistent with their carrying values as presented in the balance sheet. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

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21 Fair Value Measurement (continued)

Fair value hierarchy

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability, including unlisted shares.

The Federation does not have any assets or liabilities measured at fair value, other than the defined benefit fund as disclosed at note 15(e).

22 Related Party Information

(a) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Divisional Executive (whether Executive or otherwise) of that entity are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 19 - Interests of Key Management Personnel (KMP).

(b) Other related parties

Reporting units are defined in section 242 of the Fair Work (Registered Organisations) Act 2009. Accordingly, the Australian Education Union and all of its Branches are considered to be reporting units and related parties.

Associations

Over many years, regional Associations of the Federation have been formed under the Rules, with each Association consisting of at least 15 Federation members. The Associations are autonomous organisations with their own meeting standing orders, which are aligned with those of the Federation, and they are required to abide by decisions and policies of the Branch Conference, Branch Council and Branch Executive. On an annual basis the Branch Executive provide for the payment of funds to each Association, which may only be applied to further the objects of the Federation and the expenses of its operations and management. This is recorded as a single expense line item of the Federation.

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22 Related Party Information (continued)

(b) Other related parties (continued)

In 2018 the Branch Executive resolved to centralise the administration of all bank accounts of the Associations of the Federation, as a means of providing administrative assistance. As at balance date, not all Associations have centralised their bank accounts.

The ultimate control of the Associations' funds remain with the respective Associations, being held in trust and recorded as a liability of the Federation in other payables at note 13, and expenditures treated as reductions in the funds held in trust liability (as opposed to being an expense of the Federation).

Accordingly, during the year, the following transactions and balances were relevant to the Federation's administration of the funds held in trust of the Associations, collectively:

	2021	2020
	\$	\$
Opening Balance	1,224,166	966,160
Funds transferred to the Federation	8,865	24,369
Payments from the Federation to Associations *	351,286	331,130
Net income and expenditures on behalf of Associations	(241,467)	(97,493)
Balance of funds held in trust	1,342,850	1,224,166

* No funds were paid to Associations that were not centrally administered.

(c) Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Australian Education Union:

Refer to note 26(a) for further details of transactions with the Australian Education Union.

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23 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

	Note	2021 \$	2020 \$
Result for the year		4,428,638	7,925,260
Non-cash flows in the result:			
- depreciation and amortisation		2,177,012	2,194,780
- lease finance charges		34,870	30,551
- net loss on disposal of fixed assets		189,612	407,248
- Defined Benefit Fund current service cost and interest	15(a)	(75,133)	710,101
Changes in assets and liabilities:			
- decrease/(increase) in trade and other receivables		(308,305)	41,956
- (increase)/decrease in other assets		187,803	(216,007)
- (decrease)/increase in provision for employee benefits		272,434	(608,604)
- increase/(decrease) in income in advance		(316,533)	66,603
- increase/(decrease) in trade and other payables		645,525	873,213
Cashflow from operations		<u>7,235,923</u>	<u>11,425,101</u>

(b) Non-cash financing and investing activities

Acquisition of assets by means of operating leases		<u>354,623</u>	<u>93,944</u>
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24 Contingent Liabilities and Contingent Assets

(a) Contingent liabilities

As noted in accounting policy note 2(e) as a benefit of membership, the Federation has undertaken to fund the future legal costs of a number of member matters. Whilst it is difficult to quantify the commitment that has been made, the Federation's exposure to costs being incurred is limited and can be controlled. Accordingly, the collective value of the potential contingent liability to the Federation is not able to be measured reliably, nor is it considered to be material, and hence no further information has been disclosed.

As at the balance date, the Federation does not have a material commitment to provide legal assistance to members individually or collectively, over and above what has already been provided for as a liability.

Australian Education Union

New South Wales Teachers Federation Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2021

24 Contingent Liabilities and Contingent Assets (continued)

(b) Contingent assets

Similarly, having funded the legal costs of member matters over numerous years, the Federation considers it probable that future recoveries will be made in relation to such legal services disbursements. However, the prospects of success and quantum of recoveries are not able to be measured reliably, nor are they considered to be material, and hence no further information has been disclosed, consistent with note 2(e).

25 Events after the end of the Reporting Period

The financial report was authorised for issue on 26 April 2022 by the Executive.

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Federation, the results of those operations, or the state of affairs of the Federation in subsequent financial periods.

26 Additional disclosures required under the Fair Work (Registered Organisations) Act 2009

(a) Capitation fees and levies

	2021	2020
	\$	\$
Australian Education Union		
Capitation fees	2,084,571	1,962,671
ACTU Subscriptions	392,692	373,305
Compulsory levies (Australian Educator and TAFE Teacher)	228,153	221,372
Public Education Campaign	244,668	237,396
Education International	156,588	154,901
Total capitation fees and levies	3,106,672	2,949,645

On the Statement of Profit or Loss and Other Comprehensive Income an amount of \$230,000 (2020: \$220,000) has been included in "Grants paid" for contributions paid to the International Trust Fund.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

26 Additional disclosures required under the Fair Work (Registered Organisations) Act 2009 (continued)

(b) Affiliation fees and periodic subscriptions expense

	2021	2020
	\$	\$
NSW Labor Council	180,707	177,214
Newcastle Labor Council	9,247	9,102
South Coast Labor Council	17,453	17,204
Other Affiliates	14,928	24,565
Welfare Rights Council	20,808	20,808
Total affiliation fees and periodic subscriptions	243,143	248,893

(c) Grants and donations

Grants:

Total expensed that were \$1,000 or less	5,343	10,402
Total expensed exceeding \$1,000	681,885	521,978
	687,228	532,380

Donations

Total expensed that were \$1,000 or less	1,320	1,512
Total expensed exceeding \$1,000	12,000	2,880
	13,320	4,392
Total	700,548	536,772

As per accounting policy note 2(e), the Federation provides certain member services such as legal support, which are not considered to be donations or grants requiring financial statement disclosure.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

26 Additional disclosures required under the Fair Work (Registered Organisations) Act 2009 (continued)

(d) Employee expenses

	Note	2021 \$	2020 \$
 Holders of Office 			
Wages and salaries		1,427,431	1,385,861
Superannuation		164,164	216,885
Leave and other entitlements		314,412	285,272
Other employee expenses		81,915	91,188
		<u>1,987,922</u>	<u>1,979,206</u>
 Subtotal employee expenses holders of office 			
 Employees other than office holders 			
Wages and salaries		14,375,176	13,284,079
Superannuation		1,615,395	1,357,021
Leave and other entitlements		2,533,352	2,440,683
Other employee expenses		853,487	963,307
		<u>19,377,410</u>	<u>18,045,090</u>
 Employees other than office holders 		19,377,410	18,045,090
Defined benefit Fund	5, 14(a)	<u>(75,133)</u>	<u>710,101</u>
 Total employee expenses 		<u>21,290,199</u>	<u>20,734,397</u>

(e) Miscellaneous disclosures

Fees/allowances in respect of attendances at conferences/meetings as representatives of the Union [already included at 26(d)]		-	21,580
Meetings and conferences expenses: members, council, committees, panels or other bodies		1,669,912	897,485
Legal costs:			
- Litigation		345,354	328,898
- Other legal matters		210,012	321,442

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Notes to the Financial Statements

For the Year Ended 31 December 2021

26 Additional disclosures required under the Fair Work (Registered Organisations) Act 2009 (continued)

(f) Revenue disclosure

	Note	2021 \$	2020 \$
Grants received	4	<u>93,000</u>	50,000

(g) Cashflows with other reporting units

Australian Education Union

Cash outflows		<u>3,423,796</u>	3,386,147
Cash outflows - International Trust Fund		<u>253,000</u>	242,000
		<u>3,676,796</u>	<u>3,628,147</u>

27 Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009*, the attention of the members is drawn to the provisions of subsections (1) and (3) of section 272, which reads as follows:-

Information to be provided to members or the Commissioner:

1. A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
2. The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
3. A reporting unit must comply with an application made under subsection (1).

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Report required under Subsection 255(2A)

For the year ended 31 December 2021

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Australian Education Union New South Wales Teachers Federation Branch for the year ended 31 December 2021.

Categories of expenditure	2021 \$	2020 \$
Remuneration and other employment related costs and expenses - employees	21,290,199	20,734,397
Advertising	6,501	4,470
Operating costs	13,504,988	9,205,426
Donations to political parties	-	-
Legal costs	555,366	650,340



Robert Bartulovich
Custodian

Dated: 26 April 2022



Maxine Sharkey
Branch Secretary

Australian Education Union

New South Wales Teachers Federation Branch

ABN: 86 600 150 697

Officer Declaration Statement

I, Robert Bartulovich being the Custodian and Maxine Sharkey being Branch Secretary of the Australian Education Union New South Wales Teachers Federation Branch, declare that the following activities did not occur during the reporting period ending 31 December 2021 (including the comparative year).

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- ~~receive periodic or membership subscriptions~~
- receive capitation fees or any other revenue amount from another reporting unit
- ~~receive revenue via compulsory levies~~
- ~~receive donations or grants~~
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- ~~pay capitation fees or any other expense to another reporting unit~~
- ~~pay affiliation fees to other entity~~
- ~~pay compulsory levies~~
- ~~pay a grant that was \$1,000 or less~~
- ~~pay a grant that exceeded \$1,000~~
- ~~pay a donation that was \$1,000 or less~~
- ~~pay a donation that exceeded \$1,000~~
- ~~pay wages and salaries to holders of office~~
- ~~pay superannuation to holders of office~~
- ~~pay leave and other entitlements to holders of office~~
- pay separation and redundancy to holders of office
- ~~pay other employee expenses to holders of office~~
- ~~pay wages and salaries to employees (other than holders of office)~~
- ~~pay superannuation to employees (other than holders of office)~~
- ~~pay leave and other entitlements to employees (other than holders of office)~~
- pay separation and redundancy to employees (other than holders of office)
- ~~pay other employee expenses to employees (other than holders of office)~~
- ~~pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit~~
- ~~incur expenses due to holding a meeting as required under the rules of the organisation~~
- ~~pay legal costs relating to litigation~~
- ~~pay legal costs relating to other legal matters~~
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a receivable with other reporting unit(s)
- ~~have a payable with other reporting unit(s)~~
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- ~~have a payable in respect of legal costs relating to litigation~~
- ~~have a payable in respect of legal costs relating to other legal matters~~
- ~~have an annual leave provision in respect of holders of office~~
- ~~have a long service leave provision in respect of holders of office~~

Australian Education Union New South Wales Teachers Federation Branch

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- have a separation and redundancy provision in respect of holders of office
- have other employee provisions in respect of holders of office
- ~~have an annual leave provision in respect of employees (other than holders of office)~~
- ~~have a long service leave provision in respect of employees (other than holders of office)~~
- have a separation and redundancy provision in respect of employees (other than holders of office)
- have other employee provisions in respect of employees (other than holders of office)
- ~~have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch~~
- ~~transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity~~
- ~~have a balance within the general fund~~
- ~~provide cash flows to another reporting unit and/or controlled entity~~
- receive cash flows from another reporting units and/or controlled entity
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit



Robert Bartulovich
Custodian



Maxine Sharkey
Branch Secretary

Dated: 26 April 2022



Independent Audit Report To the members of Australian Education Union New South Wales Teachers Federation Branch

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Education Union New South Wales Teachers Federation Branch ("the Federation"), which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, the Committee of Management Statement, the subsection 255(2A) report and the Officer Declaration Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Australian Education Union New South Wales Teachers Federation Branch as at 31 December 2021, and its financial performance and its cash flows for the year ended on that date in accordance with:

- (i) the Australian Accounting Standards; and
- (ii) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

We declare that management's use of the going concern basis in the preparation of the financial statements of the Federation is appropriate.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Federation in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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



Independent Audit Report

To the members of Australian Education Union New South Wales Teachers Federation Branch

Information Other than the Financial Report and Auditors Report Thereon

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the operating report accompanying the financial report.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

The Committee of Management of the Federation are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Independent Audit Report

To the members of Australian Education Union New South Wales Teachers Federation Branch

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Federation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Managements' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Federation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Federation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Federation to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Federation audit. We remain solely responsible for our audit opinion.

We communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

I declare that I am an auditor registered under the RO Act.

Daley Audit
Daley Audit

Michael Mundt
Michael Mundt
Partner

Registration number (as required by the RO Commissioner under the RO Act): AA 2017/67

Wollongong
Dated: 26 April 2022

Liability limited by scheme approved under Professional Standards Legislation.

ATTACHMENT B

**Australian Education Union New South Wales Teachers Federation Branch
S268 Fair Work (Registered Organisations) Act 2009**

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the period ended 31 December 2021

I, Maxine Sharkey, being the Branch Secretary of the Australian Education Union New South Wales Teachers Federation Branch certify:

- that the document lodged herewith is a copy of the full report for the Australian Education Union New South Wales Teachers Federation Branch for the period ended 31 December 2021 referred to in s268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 26 April 2022 and
- that the full report was presented to a meeting of the Branch Executive on 26 April 2022 in accordance with s266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer



Name of prescribed designated officer

Maxine Sharkey

Title of prescribed designated officer

Branch Secretary

Dated

13 May 2022

**Australian Education Union
New South Wales Teachers Federation Branch**

ABN: 86 600 150 697

Financial Statements

For the Year Ended 31 December 2021

Australian Education Union

New South Wales Teachers Federation Branch

ABN: 86 600 150 697

Financial Statements

For the Year Ended 31 December 2021

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Australian Education Union

New South Wales Teachers Federation Branch

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Operating Report

For the Year Ended 31 December 2021

The Committee of Management ("the Executive") present their report on the Australian Education Union New South Wales Teachers Federation Branch ("the Federation") for the financial year ended 31 December 2021.

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year

The Australian Education Union New South Wales Teachers Federation Branch of the Australian Education Union is a professional and industrial organisation, registered under the *Fair Work (Registered Organisations Act) 2009* ("the RO Act"), representing teachers and other education workers in public schools and TAFE colleges across New South Wales.

The primary objective of the Australian Education Union New South Wales Teachers Federation Branch is to represent the professional and industrial interests of its members and to promote and defend Australia's high quality public education system and the right of every child to a quality public education. We do this by enacting campaigns and strategies which enhance the working conditions, living standards, trade union and professional rights of members and the learning environment of students attending public schools and TAFE institutes.

The New South Wales Teachers Federation Branch of the Australian Education Union is a democratic, membership focused organisation, always aiming to act in the best interests of members and the public education system. The Union at all levels operates on principles of effective transparent governance and strong leadership, providing an effective voice for the education profession in the state and nationally as part of the Australian Education Union.

The Federation Executive has set the following strategic objectives:

- To achieve equitable, sustainable, recurrent Government funding of public education across early childhood, schools and TAFE.
- To protect and promote the salaries and working conditions of Public Education teachers in NSW.
- To protect and promote quality teaching and learning.
- To protect and promote quality teaching and learning environments.
- To ensure that the New South Wales Teachers Federation Branch of the Australian Education Union is a growing, active campaigning, democratic Union.
- To ensure and defend climate education based on science.
- To promote, defend and advocate for human rights and social justice.

The principal activities of the Federation during the financial year have focused on the achievement of these strategic objectives.

The major activities of the New South Wales Teachers Federation Branch of the Australian Education Union during the period were the continuation of the national public education campaigns in schools, early childhood and TAFE; responding to the impact of the COVID-19 pandemic and mandatory vaccination on public education and the teachers and education support personnel who work within it; working in collaboration with climate emergency education groups; promoting the "Valuing the Teaching Profession" Report, the culmination of the independent inquiry chaired by Dr Geoff Gallop, which then lead into the "More Than Thanks" campaign; the year culminating with campaigning for increased salaries and release time for all public school teachers and principals.

Australian Education Union

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Operating Report

For the Year Ended 31 December 2021

As has been the impediment since 2011, regressive industrial laws implemented by this NSW Government continue to deny the Federation the opportunity that was previously afforded Unions to appear before the state Industrial Relations Commission (IRC) to argue a work value case through a thorough examination of changes to skills, complexities and responsibilities to determine salaries.

The significant investment made into the Gallop Inquiry during 2020 has created a phenomenal resource and continued opportunities for Federation Officers and our members to campaign and grow strength through 2021 and beyond. The Inquiry Report has allowed Federation the opportunity to interrogate a work value case in the public arena.

The Gallop inquiry revealed the true state of schools today and the unprecedented change in the volume and complexity of teachers' work since 2004. The cumulative impact of this is illustrated by the 2020 public sector employee survey finding that less than one third of teachers believe they have the time to do their job well.

At the same time, research also shows there is a general public view that teaching has become a less attractive profession. Salaries have fallen in comparison with other professions. While the skills, expertise and knowledge required to become a successful teacher are increasing, there are fewer high achievers willing to join the profession.

2021 commenced with Dr Gallop and senior Officers touring the state gathering local media interest, building support for the campaign's demands and growing our membership, with a view that to grow membership is to grow strength. This ultimately resulted in a membership of just short of 65,000 at the close of 2021 and a series of actions taken across the state.

Members were supported to meet with their local Member of Parliament, either in person or virtually, to raise the local implications of the Gallop Report and to seek support for and build the campaign for increased salaries and status. This was followed up with a call out visit to those Members of Parliament uncommitted to supporting the campaign. This decentralised the campaign, taking Federation's Officers and resources away from the centre to the communities our members work within. The momentum of this phase of the campaign was interrupted with the increasing restrictions imposed by the state during the growth of the COVID-19 Delta strain, but it is abundantly clear this phase of the campaign ignited activism within the broader membership.

Behind the scenes, the Federation continued to prioritise the health and wellbeing of the teaching service and, by extension, our students and communities. Twice weekly operational meetings, as set up during 2020 have continued into 2021. Daily, our Officers were keeping in touch with departmental officials and other agencies doing our best to look after our members, so that by extension, they could look after their families and students.

The ongoing pandemic highlighted the problem of lack of teacher numbers across the state, with growing concern at the increase in teaching out of subject area.

Large bodies of research now illustrate how out of area subject teaching has detrimental impacts on students' educational experiences and outcomes. Similarly disturbing are the findings that communities serving academically and socioeconomically disadvantaged background students are the most profoundly effected, contributing to the growing inequities across the public education system.

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New South Wales Teachers Federation Branch

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Operating Report

For the Year Ended 31 December 2021

While Federation advocates loudly for appropriate qualifications, remuneration and support, it is no surprise that the government and the Department of Education would seek to lower the qualifications and standards of public school teachers, while simultaneously purporting to focus on addressing factors of educational disadvantage. That they would, however, support and facilitate programs similar to Teach for Australia, with their well-documented failure across the country and abroad to deliver lasting improvements to the teacher workforce and our students in public education, is unconscionable. The Federation continued focus on this important aspect of education throughout all 2021 campaigns.

"More Than Thanks"

The Gallop Report provided a powerful evidence base to inform the "More than Thanks" campaign with its primary demand of higher salaries and status for public education teachers, principals and related workers, to retain and attract the best and brightest to the system.

Following a detailed campaign plan being developed; including a series of coordinated actions that could be taken regardless of the circumstances we would find ourselves in, covering paid and free media, member, political and community engagement; Federation's salaries and status campaign, "More than Thanks", was launched on September 16 2021. This included a thirty minute, all member broadcast briefing, covering the claim, our strategy, and the critical importance of achieving our objectives for the profession - now and in the future.

This coincided with the start of an extensive paid media campaign including a stand-alone campaign website for supporters to sign up via a QR code.

Publicly, the NSW Government and its Department of Education continued with the rhetoric there is no staffing crisis in NSW public schools, going so far as describing it as "a beat-up". Yet, privately, they had known for some time the full extent of the teacher shortage crisis, even warning that "NSW public schools will run out of teachers in the next five years".

In October, The Sydney Morning Herald revealed a series of departmental reports and briefings that exposed the staffing crisis and the causes of it. The release of these secret Department of Education briefings to the Minister and the Government revealing; NSW is facing a large and growing shortage of teachers (Secret Department of Education briefing July 2021) and that if we don't address supply gaps now, we will run out of teachers in the next 5 years (Secret Department of Education briefing June 2020). Further, that current 'best-case analysis' shows in the next 3 years we will have a supply gap at the aggregate level with increased demand and constrained supply: this is a significant under-representation of the real problem (Secret Department of Education briefing November 2019); and as to the cause of the problem, namely that the demands and expectations on teachers are increasing, while the current rewards are not providing enough incentive (Secret Department of Education briefing August 2020) and that on average, teacher pay has been falling relative to pay in other professions since the late 1980s and this makes it a less attractive profession for high achieving students (Secret Department of Education briefing August 2020).

On Tuesday, 12 October 2021, less than a week after having their neglect and dishonesty exposed through the media, the Department responded to the Federation's claim by rejecting it and advising of its position to re-impose the contemptuous Government wages cap on the teaching profession consisting of 2.04% per annum in salaries and the yearly legislated 0.5% to the Superannuation Guarantee Contribution for 3 years.

In response, November council passed a unanimous recommendation directing all members to strike for 24 hours on Tuesday 7 December 2021. While the strike was resource intensive for the Federation, it maintained the momentum of building member activism and morale and achieved a positive spike in membership growth.

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Operating Report

For the Year Ended 31 December 2021

Disappointingly, we do not see similar in membership figures in the TAFE sector. While ongoing campaigning maintains support for TAFE within the community, the government continues to cut courses and funding, resulting in the loss of teachers and loss of course choice for students. Insecure employment remains the dominant form of engagement with TAFE NSW, regardless of betterments made within Enterprise Bargaining.

The Rebuild with TAFE campaign was launched in the early morning fog and drizzle outside Parliament House Canberra in February 2021, against the backdrop of continued cuts to TAFE funding, cuts to TAFE teacher numbers, ongoing privatisation of the VET sector and the impact this has on the quality of the provision of vocational education in this country.

The major focus of the Rebuild with TAFE campaign is to secure a guarantee from all major political parties of a minimum of 70 percent of all government vocational education funding for TAFE, increase infrastructure and workforce investment and to abolish the government policy settings of contestable funding, marketisation and privatisation.

The ongoing COVID-19 pandemic highlights the pivotal role TAFE will play in the community's recovery from the pandemic. With a focus on revitalising jobs and skills and rebuilding society, TAFE will be tasked with responding to the complex environment pre-COVID, as well as the renewal post-crisis.

TAFE is the public education institution that has the capacity to transform the under-employment, unemployment and casualisation of the broader workforce while simultaneously delivering skills development, education and training to meet future labour market requirements. All levels of Governments must support TAFE with guaranteed funding and commitment.

In early February 2021, TAFE members in Scone raised concerns about the future of the campus, leading the Federation to launch a localised campaign to save Scone TAFE, one of only two campuses in NSW to run equine courses. The escalation of this local campaign, in conjunction with Unions NSW, coincided with an announced by-election in the state seat of Upper Hunter following the resignation of the sitting member Michael Johnsen on 31 March 2021. Due to restrictive NSW legislation around third-party campaigning during state by-elections, which caps spending at just \$2,000, even if two registered parties campaign together, in March 2021, when TAFE NSW announced the sale of the Scone TAFE campus to Racing NSW, Federation was forced to withdraw from this campaign.

National TAFE Day was celebrated online on 11 August 2021. The Federation's activities included a webinar showcasing members participation in high quality Aboriginal Education and Arts programs. Union members and supporters celebrated the achievements of TAFE generally, continuing the tradition of breakfasts and morning teas, both in person and virtually. Videos and bios in support of TAFE were once again provided by prominent people and widely shared across social media. Federation joined Australian Education Union Federal Office colleagues in political lobbying of Federal Members of Parliament.

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Operating Report

For the Year Ended 31 December 2021

The New South Wales Teachers Federation Branch of the Australian Education Union continues to campaign for the Commonwealth Government to take the following steps to guide Australia, and particularly young Australians, through the crisis:

- Recognise and fund TAFE as the valued public education institution that provides public vocational education for all.
- Prioritise rebuilding with TAFE at the forefront of national recovery efforts through immediate increased federal funding support and investment in infrastructure, equipment, staffing and programs.
- Restore the more than \$3 billion funding cut from TAFE and training since 2013, including the nearly half a billion cut in 2018 and 2019 alone.
- Implement targeted support for the public VET provided guaranteeing a minimum of 70% of all government VET funding to TAFE.

Throughout the financial year the New South Wales Teachers Federation Branch of the Australian Education Union has successfully enhanced and supported the professional status of members in public education through professional development; training and conferences, representation of members on professional bodies and to employers; submissions and appearances before Commonwealth of Australia Parliamentary Committees and various federal inquiries. Australian Education Union advocacy for improved entry standards into university initial teacher education courses has resulted in greater public discussion and awareness that we need to attract the top 30% of students into teaching.

Significant changes in financial affairs

There have been no significant changes in the state of financial affairs of the New South Wales Teachers Federation Branch of the Australian Education Union Branch that occurred during the financial year.

Names of Committee of Management members and period positions held during the financial year

Office Holders

Office Holders held their positions throughout the 2021 financial year, unless otherwise stated. The names of the people who held positions as Officers during the year are:

Name	Position	Date of Election/Resignation
Maxine Sharkey	Branch Secretary	Elected March 2021
Angelo Gavrielatos	Branch President	
Henry Rajendra	Branch Deputy President	
Amber Flohm	Branch Senior Vice-President	
Sam Clay	Deputy Branch Secretary	
David Ferguson	Deputy Branch Secretary	
Melissa Smith	Deputy Branch Secretary	
Phillip Chadwick	Deputy Branch Secretary	Elected May 2021
John Dixon	Branch Secretary	Resignation May 2021
Maxine Sharkey	Deputy Branch Secretary	Resignation March 2021

Australian Education Union

New South Wales Teachers Federation Branch

ABN: 86 600 150 697

Operating Report

For the Year Ended 31 December 2021

Names of Committee of Management members and period positions held during the financial year (continued)

Executives

Executives held their positions throughout the 2021 financial year, unless otherwise stated. The names of the people who held positions on the Committee of Management are:

Name	Position	Commencement/end of term
Angelo Gavrielatos	Branch President	
Henry Rajendra	Branch Deputy President	
Amber Flohm	Branch Senior Vice-President	
Julie Ross	Branch Vice President	March 2021
Natasha Watt	Branch Vice President	March 2021
Jennifer Mace	Branch Vice President	March 2021
Michael Sciffer	Branch Vice President	March 2021
Margaret Vos	Branch Custodian	March 2021
Matthew Eastman	Branch Custodian	March 2021
Dimiti Trudgett	ATSI Member's Roll	March 2021
Sharryn Usher	Association Representative	March 2021
Mike Morgan	Association Representative	March 2021
Katie Sullivan	Association Representative	March 2021
Andrew Viller	Association Representative	March 2021
Amelia Kerr	Association Representative	March 2021
Penelope Colman	Association Representative	March 2021
Robert Bartulovich	Association Representative	March 2021
Amy Harland	Association Representative	March 2021
Tim Mulroy	Branch Vice President	End of term - February 2021
Michael Sciffer	Branch Custodian	End of term - February 2021
Denis Fitzgerald	Association Representative	End of term - February 2021
Brian Webb	Association Representative	End of term - February 2021
Philip von Schoenberg	Association Representative	End of term - February 2021

Right of members to resign

All members of the Federation have the right to resign, in accordance with Rule 65(1) of the Federation Rules and section 174 of the *Fair Work (Registered Organisations) Act 2009*.

Australian Education Union New South Wales Teachers Federation Branch

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Officers or members who are superannuation fund trustees(s) or director(s) of a company that is a superannuation fund trustee where being a member or officer of a registered organisation is a criterion for them holding such position

No officer or member of the Federation holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of the Federation.

Review of operations

A review of the operations and results of the Federation is performed in the meetings of the Office Holders and by the Executive. Additionally, such matters are considered periodically at a regular meeting of the Office Holders of the Federation. The Executive believe that they have furthered the interests of their members throughout the financial year through the conducting of the Federation's principal activities.

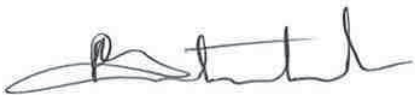
Number of members

The number of financial members at 31 December 2021 was 64,674 (2020: 60,386).

Number of employees

The number of full time equivalent employees at 31 December 2021 was 153 (2020: 152).

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



Robert Bartulovich
Custodian



Maxine Sharkey
Branch Secretary

Dated: 26 April 2022

Australian Education Union New South Wales Teachers Federation Branch

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Committee of Management Statement

For the Year Ended 31 December 2021

On 26 April 2022, the Committee of Management ("the Executive") of the Australian Education Union New South Wales Teachers Federation Branch ("the Federation"), passed the following resolution in relation to the general purpose financial report for the financial year ended 31 December 2021:

The Executive declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* ("the RO Act");
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Federation for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the Federation will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the general purpose financial report relates and since the end of that year:
 - i) meetings of the Executive were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - ii) the financial affairs of the Federation have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - iii) the financial records of the Federation have been kept and maintained in accordance with the RO Act; and
 - iv) where the organisation consists of two or more reporting units, the financial records of the Federation have been kept, as far as practicable, in a consistent manner with each or the other reporting units of the organisation; and
 - v) where information has been sought in any request by a member of the Federation or Commissioner duly made under section 272 of the RO Act, that information has been provided to the member or Commissioner; and
 - vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

This declaration is made in accordance with a resolution of the Executive.



Robert Bartulovich
Custodian



Maxine Sharkey
Branch Secretary

Dated: 26 April 2022

Australian Education Union

New South Wales Teachers Federation Branch

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2021

	Note	2021 \$	2020 \$
Revenue	4	39,435,173	38,361,108
Other income	4	2,752,014	2,791,364
Total Revenue		42,187,187	41,152,472
Employee benefits expense	26(d)	(21,290,199)	(20,734,397)
Publication and media expenses		(3,533,243)	(769,573)
Capitation fees and levies	26(a)	(3,106,672)	(2,949,645)
Depreciation and amortisation		(2,177,012)	(2,194,780)
Meetings, conferences and related expenses		(1,669,912)	(897,485)
Professional expenses		(1,453,298)	(1,282,175)
Office administration		(1,191,703)	(1,014,191)
Property costs		(826,810)	(914,657)
Grants and donations	26(c)	(700,548)	(536,772)
Affiliation and association fees		(584,614)	(579,521)
Finance charges		(187,928)	(177,869)
Other operating expenses		(1,036,610)	(1,176,147)
Total Expenses		(37,758,549)	(33,227,212)
Result for the year		4,428,638	7,925,260
Other comprehensive income			
Actuarial gain on defined benefit plans	15(a)	11,859,626	525,519
Other comprehensive income for the year		11,859,626	525,519
Total comprehensive income for the year		16,288,264	8,450,779

The accompanying notes form part of these financial statements.

Australian Education Union

New South Wales Teachers Federation Branch

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Statement of Financial Position

As at 31 December 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	7,682,747	6,846,783
Trade and other receivables	7	1,134,099	825,794
Financial assets	8	42,979,342	42,618,289
Other assets	9	220,179	407,982
TOTAL CURRENT ASSETS		52,016,367	50,698,848
NON-CURRENT ASSETS			
Financial assets	8	5,008,480	119,658
Property, plant and equipment	10	28,859,491	30,193,859
Intangible assets	11	107,613	9,623
Right-of-use assets	12	695,172	559,653
TOTAL NON-CURRENT ASSETS		34,670,756	30,882,793
TOTAL ASSETS		86,687,123	81,581,641
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	4,361,336	4,017,467
Lease liabilities	12	190,102	181,549
Employee benefits	14	8,796,707	7,947,708
TOTAL CURRENT LIABILITIES		13,348,145	12,146,724
NON-CURRENT LIABILITIES			
Lease liabilities	12	556,665	429,544
Employee benefits	14	12,427,844	24,939,168
TOTAL NON-CURRENT LIABILITIES		12,984,509	25,368,712
TOTAL LIABILITIES		26,332,654	37,515,436
NET ASSETS		60,354,469	44,066,205
EQUITY			
Reserves	16	21,977,029	24,428,969
Retained earnings		38,377,440	19,637,236
TOTAL EQUITY		60,354,469	44,066,205

The accompanying notes form part of these financial statements.

Australian Education Union

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Statement of Changes in Equity

For the Year Ended 31 December 2021

	General Fund	Special Reserve 1984 Conference	Public Education Fund	Total
	\$	\$	\$	\$
1 January 2021	19,637,236	19,000,500	5,428,469	44,066,205
Comprehensive income for the year	4,428,638	-	-	4,428,638
Total other comprehensive income for the period	11,859,626	-	-	11,859,626
- Special Reserve: 1984 Annual Conference	(72,000)	72,000	-	-
- Public Education Fund	2,523,940	-	(2,523,940)	-
Balance at 31 December 2021	38,377,440	19,072,500	2,904,529	60,354,469
1 January 2020	10,855,074	18,939,500	5,820,852	35,615,426
Comprehensive income for the year	7,925,260	-	-	7,925,260
Total other comprehensive income for the period	525,519	-	-	525,519
Transfers to and from reserves				
- Special Reserve: 1984 Annual Conference	(61,000)	61,000	-	-
- Public Education Fund	392,383	-	(392,383)	-
Balance at 31 December 2020	19,637,236	19,000,500	5,428,469	44,066,205

The accompanying notes form part of these financial statements.

Australian Education Union

New South Wales Teachers Federation Branch

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Statement of Cash Flows

For the Year Ended 31 December 2021

	2021	2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from members and customers	45,611,274	44,164,435
Payments to suppliers and employees	(38,736,210)	(33,743,782)
Interest received	360,859	973,897
Finance costs	-	30,551
Net cash provided by operating activities	23 <u>7,235,923</u>	<u>11,425,101</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(823,084)	(4,005,942)
Proceeds from sale of plant and equipment	34,082	46,360
Purchase of intangible assets	(107,263)	(5,738)
Net purchase of investments	(5,249,875)	(4,503,540)
Net cash used by investing activities	<u>(6,146,140)</u>	<u>(8,468,860)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of lease liabilities	(253,819)	(261,594)
Net cash used by financing activities	<u>(253,819)</u>	<u>(261,594)</u>
Net increase in cash and cash equivalents held	835,964	2,694,647
Cash and cash equivalents at beginning of year	<u>6,846,783</u>	<u>4,152,136</u>
Cash and cash equivalents at end of financial year	6 <u><u>7,682,747</u></u>	<u><u>6,846,783</u></u>

The accompanying notes form part of these financial statements.

Australian Education Union

New South Wales Teachers Federation Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2021

The financial report covers the Australian Education Union New South Wales Teachers Federation Branch ("the Federation") as an individual entity. The Federation is a not-for-profit organisation.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and under the *Fair Work (Registered Organisations) Act 2009*. For the purpose of preparing the general purpose financial statements the Australian Education Union New South Wales Teachers Federation Branch is a not-for-profit entity.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised services to customers at an amount that reflects the consideration the Federation expects to receive in exchange for those services.

Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer;
2. Identify the performance obligations;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations; and
5. Recognise revenue as and when control of the performance obligations is transferred.

Generally the timing of the payment for the rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Federation have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Australian Education Union

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (continued)

(a) Revenue and other income (continued)

The revenue recognition policies for the principal revenue streams of the Federation are:

Membership income

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of the Federation.

There is only one distinct membership service promised in the arrangement. Accordingly, the Federation recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect the Federation's promise to stand ready to provide assistance and support to the member as required.

For member subscriptions paid annually in advance, the Federation has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

When a member subsequently purchases additional goods or services from the Federation at their standalone selling price, the Federation accounts for those sales as a separate contract with a customer.

Other professional services

The Federation provides other professional services to customers in the form of course fees, events, venue hire and advertising. These are fixed price contracts. Revenue is recognised over the period of when the services are performed.

Government COVID-19 stimulus income

Income is recognised in the period it is earned. This is consistent with when the payment was received.

Rental income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Federation and specific criteria relating to the type of revenue has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Australian Education Union

New South Wales Teachers Federation Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (continued)

(a) Revenue and other income (continued)

Interest revenue

Interest revenue is recognised using the effective interest rate method.

Donations

Donations and bequests are recognised as revenue when received.

(b) Income tax

The Federation is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however, still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(d) Capitation fees and levies

Capitation fees and levies are recognised on an accrual basis and recorded as an expense in the year to which it relates.

Australian Education Union

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (continued)

(e) Legal assistance to members: disbursements and recoveries

As a benefit of membership, the Federation provides financial assistance to eligible members via the provision of free or subsidised legal services, in matters including (but not limited to) workplace health and safety. Once the matter has been approved for assistance, the Federation may fund the costs and disbursements, which are returned to the Federation in the event that the matter is resolved in the members' favour. Given the variability of outcomes and the length of time typically taken to finalise such matters, these outstanding costs and recoveries cannot be measured reliably. Accordingly, they are expensed in the year of being made. Any disbursements recovered are recorded as income in the year in which receipt is confirmed and reliably quantified.

(f) Cash and cash equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

(g) Property, plant and equipment

Each class of property, plant and equipment is carried at cost and where applicable, any accumulated depreciation and impairment of losses.

Assets are carried at cost less, any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life, commencing when the asset is ready for use.

Leasehold improvements are amortised over their estimated useful life.

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Land is not depreciated and is held at cost.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (continued)

(g) Property, plant and equipment (continued)

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	2.5%
Plant and equipment	10%
Furniture, Fixtures and fittings	10-40%
Motor vehicles	25%
Leasehold improvements	20%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(h) Intangibles

Software

Intangible assets with finite lives that are acquired separately and are carried at cost less any accumulated amortisation and impairment losses.

The carrying amount of software is reviewed annually by the Federation to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected new cash flows that will be received from the assets employment and subsequent disposal. The expected new cash flows are discounted to their present values in determining recoverable amounts.

Amortisation

Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

All software is amortised at a rate of 40% per annum.

Australian Education Union

New South Wales Teachers Federation Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (continued)

(i) Leases

At inception of a contract, the Federation assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset;
- The Federation has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Federation has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Federation recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Federation believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over either the estimated useful life or, the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Federation's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Federation's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Australian Education Union

New South Wales Teachers Federation Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (continued)

(j) Financial instruments

Financial instruments are recognised initially on the date that the Federation becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs.

(i) Financial assets

All recognised financial assets are subsequently measured in their entirety at amortised cost.

Classification

The Federation classifies its financial assets as those to be measured at amortised cost.

The classification depends on the Federation's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets are not reclassified subsequent to their initial recognition unless the Federation changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Federation's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and financial assets in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (continued)

(j) Financial instruments (continued)

(i) Financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Federation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Federation's historical experience and informed credit assessment, including forward looking information.

The Federation uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Federation uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Federation in full, without recourse to the Federation to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Federation in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Federation has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in bad debt expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Federation renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Australian Education Union

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (continued)

(j) Financial instruments (continued)

(i) Financial assets (continued)

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

(ii) Financial liabilities

The Federation measures all financial liabilities initially at fair value less transaction costs; subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Federation comprise trade and other payables and lease liabilities.

(k) Impairment of non-financial assets

At the end of each reporting period the Federation determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

Australian Education Union

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (continued)

(I) Employee benefits

Defined benefit superannuation schemes

Nature of the benefits provided by the fund

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- Police Superannuation Scheme (PSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes - at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the Schemes are closed to new members.

Description of the regulatory framework

The schemes in the Pooled Fund are established and governed by the following NSW legislation: Superannuation Act 1916, State Authorities Superannuation Act 1987, Police Regulation (Superannuation) Act 1906, State Authorities Non-Contributory Superannuation Act 1987, and their associated regulations.

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the Commonwealth Superannuation Industry (Supervision) Act 1993 (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2021. The next actuarial investigation will be performed at 30 June 2024.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (continued)

(I) Employee benefits (continued)

Defined benefit superannuation schemes (continued)

Description of other entities' responsibilities for the governance of the fund

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles:

- Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules;
- Management and investment of the fund assets; and
- Compliance with other applicable regulations.

Defined contribution schemes

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Other long-term employee benefit obligations

The liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the Federation does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

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2 Summary of Significant Accounting Policies (continued)

(m) Adoption of new and revised accounting standards

The Federation has adopted all standards which became effective for the first time during the year, and the adoption of these standards has not caused any material adjustments to the reported financial position or performance.

(n) Future Australian Accounting Standards

Certain new accounting standards have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Federation. These standards are not expected to have a material impact on the Federation in the current or future reporting periods and on foreseeable future transactions.

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For the Year Ended 31 December 2021

3 Critical Accounting Estimates and Judgements

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below:

Key estimates - impairment of property, plant and equipment

The Federation assesses impairment at the end of each reporting period by evaluating conditions specific to the Federation that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key estimates - useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain property, plant and equipment.

Key estimates - employee entitlements

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

Key estimates - defined benefit fund liability

Management's estimate of the defined benefit fund liability is based on a number of critical underlying assumptions such as the rate of inflation, medical cost trends, mortality, discount rates and anticipation of future salary increases. Given their nature, estimation uncertainties associated with these assumptions exist. Variations in these assumptions may significantly impact the defined benefit liability, the annual defined benefit expenses as well as the impact on other comprehensive income. Further information on the key assumptions related to the defined benefit liability are documented at note 15.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

4 Revenue and Other Income

	Note	2021 \$	2020 \$
Revenue from contracts with customers			
Membership subscriptions		37,763,239	36,786,628
Public Education Fund Levy	16(c)	1,368,930	1,327,553
Course fees		114,227	86,328
Venue hire		156,160	137,921
Advertising		32,617	22,678
		<u>39,435,173</u>	<u>38,361,108</u>
Other income			
Rental income		2,185,458	1,698,926
Grant income		93,000	50,000
Interest income		277,304	699,618
Other income		196,252	342,820
		<u>2,752,014</u>	<u>2,791,364</u>
Total Revenue and Other Income		<u>42,187,187</u>	<u>41,152,472</u>

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated and the following table shows this breakdown:

Timing of revenue recognition			
- Over time		39,320,946	38,274,780
- At a point in time		114,227	86,328
Revenue from contracts with customers		<u>39,435,173</u>	<u>38,361,108</u>

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5 Result for the Year

The result for the year includes the following specific expenses:

	Note	2021 \$	2020 \$
Superannuation contributions		1,779,559	1,573,906
Defined benefit costs	26(d)	(75,133)	710,101
Expenses relating to variable lease payments not included in lease liabilities		33,281	59,656
Loss on disposal of assets		189,612	407,248

6 Cash and Cash Equivalents

Cash at bank	7,680,147	6,844,183
Cash on hand	2,600	2,600
	<u>7,682,747</u>	<u>6,846,783</u>

7 Trade and Other Receivables

Trade receivables from contracts with customers	7(a)	796,898	646,432
Provision for impairment	7(b)	(50,806)	(39,916)
		<u>746,092</u>	606,516
Other receivables		<u>388,007</u>	219,278
		<u>1,134,099</u>	<u>825,794</u>

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Notes to the Financial Statements

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7 Trade and Other Receivables (continued)

(a) Aged analysis

The ageing analysis of trade receivables is as follows:

	2021	2020
	\$	\$
0 < 14 days	769,685	625,897
14-30 days	17,616	14,257
30-60 days (past due not impaired)	9,597	5,756
60+ days (past due not impaired)	-	522
Total	796,898	646,432

(b) Impairment of receivables

The Federation applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 December 2021 is determined as follows, and the expected credit losses incorporate forward looking information.

	<14 days	30 days	60 days	60 + days	Total
31 December 2021					
Expected loss rate (%)	5%	26.6%	75.8%	99%	
Gross carrying amount (\$)	769,685	17,616	9,597	-	796,898
ECL provision	38,843	4,692	7,271	-	50,806
31 December 2020					
Expected loss rate (%)	5%	37.5%	80%	99%	
Gross carrying amount (\$)	625,897	14,257	5,756	522	646,432
ECL provision	31,295	3,599	4,506	516	39,916

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8 Financial Assets

	2021	2020
	\$	\$
CURRENT		
<i>Financial assets at amortised cost</i>		
Term deposits	<u>42,979,342</u>	<u>42,618,289</u>
NON-CURRENT		
<i>Financial assets at amortised cost</i>		
Term deposits	<u>5,008,480</u>	<u>119,658</u>

9 Other Assets

Prepayments	214,103	402,445
Other	<u>6,076</u>	<u>5,537</u>
	<u>220,179</u>	<u>407,982</u>

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For the Year Ended 31 December 2021

10 Property, Plant and Equipment

	2021	2020
	\$	\$
Land and Buildings		
At cost	48,615,199	49,004,183
Accumulated depreciation	<u>(21,606,368)</u>	<u>(20,291,744)</u>
	<u>27,008,831</u>	<u>28,712,439</u>
Plant and equipment		
At cost	2,651,896	2,191,616
Accumulated depreciation	<u>(1,413,065)</u>	<u>(1,413,135)</u>
	<u>1,238,831</u>	<u>778,481</u>
Furniture, fixtures and fittings		
At cost	1,747,464	1,699,784
Accumulated depreciation	<u>(1,415,211)</u>	<u>(1,348,107)</u>
	<u>332,253</u>	<u>351,677</u>
Motor vehicles		
At cost	907,023	896,097
Accumulated depreciation	<u>(695,748)</u>	<u>(595,919)</u>
	<u>211,275</u>	<u>300,178</u>
Leasehold Improvements		
At cost	148,654	125,927
Accumulated depreciation	<u>(80,353)</u>	<u>(74,843)</u>
	<u>68,301</u>	<u>51,084</u>
	<u>28,859,491</u>	<u>30,193,859</u>

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10 Property, Plant and Equipment (continued)

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land & buildings	Plant and equipment	Furniture, fixtures & fittings	Motor vehicles	Leasehold improvements	Total
	\$	\$	\$	\$	\$	\$
Year ended 31 December 2021						
Balance at the beginning of year	28,712,439	778,481	351,677	300,178	51,084	30,193,859
Additions	53,405	636,301	61,242	64,294	22,728	837,970
Disposals	(212,234)	(4,387)	(1,337)	(5,716)	-	(223,674)
Depreciation expense	(1,544,779)	(171,564)	(79,329)	(147,481)	(5,511)	(1,948,664)
	27,008,831	1,238,831	332,253	211,275	68,301	28,859,491
Year ended 31 December 2020						
Balance at the beginning of year	19,118,768	8,941,417	457,531	409,075	53,744	28,980,535
Transfers *	8,025,672	(8,025,672)	-	-	-	-
Additions	3,354,078	105,690	33,427	115,152	-	3,608,347
Disposals	(387,789)	(1,340)	(40,717)	(23,763)	-	(453,609)
Depreciation expense	(1,398,290)	(241,614)	(98,564)	(200,286)	(2,660)	(1,941,414)
	28,712,439	778,481	351,677	300,178	51,084	30,193,859

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11 Intangible Assets

	2021	2020
	\$	\$
Computer Software		
At cost	728,431	712,515
Accumulated amortisation	(620,818)	(702,892)
	<u>107,613</u>	<u>9,623</u>

(a) Movements in carrying amounts of intangible assets

Balance at the beginning of the year	9,623	33,903
Additions	107,263	5,738
Amortisation	(9,273)	(30,018)
Closing value at end of year	<u>107,613</u>	<u>9,623</u>

12 Leases

Union as a lessee

The Federation has leases over land and buildings and office equipment. Information relating to the leases in place and associated balances and transactions are provided below.

Land and buildings

The Federation leases office premises with lease terms between 3 to 10 years, the lease payments are fixed during the term, with annual increases to adjust for inflation.

Office equipment

The Federation leases office equipment with lease terms between 4 to 5 years, the lease payments are fixed during the term.

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For the Year Ended 31 December 2021

12 Leases (continued)

Right-of-use assets

	Land and buildings	Office equipment	Total
	\$	\$	\$
Year ended 31 December 2021			
Balance at beginning of year	514,819	44,834	559,653
Additions to right-of-use assets	258,185	96,438	354,623
Depreciation charge	(158,036)	(61,068)	(219,104)
Balance at end of year	614,968	80,204	695,172

Year ended 31 December 2020

Balance at beginning of year	575,407	111,637	687,044
Remeasurement of right-of-use assets	2,024	(11)	2,013
Additions to right-of-use assets	93,944	-	93,944
Depreciation charge	(156,556)	(66,792)	(223,348)
Balance at end of year	514,819	44,834	559,653

Lease liabilities

	2021	2020
	\$	\$
Current lease liabilities	190,102	181,549
Non-current lease liabilities	556,665	429,544
Total	746,767	611,093

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For the Year Ended 31 December 2021

12 Leases (continued)

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year \$	1 - 5 years \$	> 5 years \$	Total undiscounted lease liabilities \$	Lease liabilities included in this Statement Of Financial Position \$
2021					
Lease liabilities	218,497	518,534	45,818	782,849	746,767
2020					
Lease liabilities	204,381	413,569	24,200	642,150	611,093

Extension options

A number of the building leases contain extension options which allow the Federation to extend the lease term of the original non-cancellable period of the lease. At commencement date and each subsequent reporting date, the Federation assesses where it is reasonably certain that the extension options will be exercised.

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Federation is a lessee are shown below:

	2021 \$	2020 \$
Interest expense on lease liabilities	34,870	30,551
Amortisation of right-of-use assets	219,104	223,348
	<u>253,974</u>	<u>253,899</u>

Statement of Cash Flows

Total cash outflow for leases	<u>253,819</u>	<u>261,594</u>
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The Union as a lessor

Refer to note 17(a) for further details.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

13 Trade and Other Payables

	2021	2020
Note	\$	\$
Trade payables and accruals	1,557,512	1,275,023
Other payables	2,437,354	2,059,442
Contract liabilities - membership in advance	366,470	683,002
	<u>4,361,336</u>	<u>4,017,467</u>
(a) Payables to other reporting units:		
Australian Education Union	<u>1,343</u>	-
(b) Legal costs payable:		
Litigation	163,413	52,235
Other legal matters	51,105	73,833
	<u>214,518</u>	<u>126,068</u>

14 Employee Benefits

CURRENT

Annual Leave		3,220,568	2,677,296
Long service leave		4,986,139	4,680,412
Defined benefit fund	15(j)	590,000	590,000
		<u>8,796,707</u>	<u>7,947,708</u>

NON-CURRENT

Long service leave		88,210	123,938
Defined benefit fund	15	12,339,634	24,815,230
		<u>12,427,844</u>	<u>24,939,168</u>

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14 Employee Benefits (continued)

(a) Defined benefit fund balances

Due to the confidentiality and privacy requirements, the Federation does not have access to the detailed records of the defined benefit fund in order to provide a split of the defined benefit expense liability between office holders and other employees.

The total defined benefit fund liability is reconciled further in note 15(a). The Federation has no legal obligation to settle the deficit in the defined benefit fund liability with an immediate contribution, other than what has been specified at note 15(j) as a current liability.

(b) *Employee benefits attributable to:*

	2021	2020
Note	\$	\$
Office holders		
Annual leave	401,636	357,081
Long service leave	742,430	763,540
	<u>1,144,066</u>	<u>1,120,621</u>
Employees other than office holders		
Annual leave	2,818,932	2,320,215
Long service leave	4,331,919	4,040,810
	<u>7,150,851</u>	<u>6,361,025</u>
Defined Benefit Fund Liability [refer 14(a)]	15(a) <u>12,929,634</u>	<u>25,405,230</u>
	<u>21,224,551</u>	<u>32,886,876</u>

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Notes to the Financial Statements

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15 Defined Benefit Fund

(a) Reconciliation of the net defined benefits liability

	2021	2020
Note	\$	\$
Net defined benefit liability at start of year	25,405,230	25,810,651
Current service cost	144,450	191,764
Net interest expense	560,437	647,654
Provision for on costs	(780,020)	(129,317)
Total amount recognised in profit or loss	(75,133)	710,101
Actual return on fund assets less interest income	(4,480,843)	(78,294)
Actuarial gains and loss arising from changes in financial assumptions	(5,668,848)	1,114,855
Actuarial (gains) arising from changes in demographic assumptions	(426,832)	-
Actuarial (gains)/losses arising from liability experience	(1,283,103)	(1,562,080)
Total amount recognised in other comprehensive income	(11,859,626)	(525,519)
Employer contributions	(540,837)	(590,003)
Total liability at end of year	12,929,634	25,405,230

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For the Year Ended 31 December 2021

15 Defined Benefit Fund (continued)

(b) Reconciliation of Fair Value of Fund Assets

	2021	2020
	\$	\$
Opening balance	48,300,280	50,965,116
Interest income	1,109,359	1,337,284
Actuarial return on fund assets less interest income	4,480,843	78,294
Employer contributions	540,837	590,004
Contributions by participants	80,994	135,834
Benefits paid	(4,708,315)	(4,829,712)
Taxes, premiums and expenses paid	437,939	23,460
Closing balance	50,241,937	48,300,280

(c) Present value of defined benefit obligations

Present value of defined benefit obligations at start of year	72,217,837	75,158,779
Current service costs	144,450	191,764
Interest cost	1,669,797	1,984,938
Contributions by participants	80,994	135,834
Actuarial (gains)/losses arising from changes in financial assumptions	(5,668,848)	1,114,855
Actuarial (gains)/losses arising from changes in demographic assumptions	(426,832)	-
Actuarial (gains)/losses arising from liability experience	(1,283,103)	(1,562,081)
Benefits paid	(4,708,315)	(4,829,712)
Taxes, premiums and expenses paid	437,938	23,460
Present value of defined benefit obligations at end of year	62,463,918	72,217,837

(d) Effect of the asset ceiling

There has been no adjustment for the effect of the asset ceiling at the beginning, end or during the year (or the preceding year).

Any adjustments to the asset ceiling are determined based upon the maximum economic benefit available to the Federation in the form of reductions in future employer contributions.

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15 Defined Benefit Fund (continued)

(e) Fair value of Fund assets

All pooled fund assets are invested by SAS Trustee Corporation (STC) at arm's length through independent fund managers, assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. As such, the disclosures below relate to total assets of the Pooled Fund (available as at November 2020 and 2021, respectively).

Class of asset	2021			Total	% of total
	Level 1	Level 2	Level 3		
	\$	\$	\$	\$	
Short term securities	1,987,744	3,973,896	6	5,961,646	14.2
Australian fixed interest	-	689,736	-	689,736	1.6
International fixed interest	26,106	1,594,115	21,701	1,641,922	3.9
Australian equities	7,050,764	274,642	433,372	7,758,778	18.5
International equities	14,822,978	18,316	56	14,841,350	35.6
Property	-	-	2,654,407	2,654,407	6.3
Alternatives	(10,482)	2,772,589	5,531,516	8,293,623	19.9
Total	23,877,110	9,323,294	8,641,058	41,841,462	100.0

Class of asset	2020			Total	% of total
	Level 1	Level 2	Level 3		
	\$'000	\$'000	\$'000	\$'000	
Short term securities	1,687,781	2,175,276	-	3,863,057	9.5
Australian fixed interest	-	784,698	-	784,698	1.9
International fixed interest	40,614	1,831,620	8,231	1,880,465	4.6
Australian equities	8,106,651	24	-	8,106,675	19.9
International equities	12,667,508	492,751	-	13,160,259	32.3
Property	696,302	-	2,675,412	3,371,714	8.3
Alternatives	(3,208)	3,121,966	6,462,931	9,581,689	23.5
Total	23,195,648	8,406,335	9,146,574	40,748,557	100.0

Refer to note 21 for the definition of what constitutes levels 1, 2 and 3 in the fair value hierarchy.

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15 Defined Benefit Fund (continued)

(f) Significant actuarial assumptions at the reporting date

	2021	2020
Discount rate	3.31%	2.37%
Salary increase rate (excluding promotions)	2.74%	1.7%
Rate of CPI increase	2.5 - 2.75%	1.00 - 2.5%
Pensioner mortality	Per 2021 Actuarial investigation	Per 2018 Actuarial investigation

(g) Sensitivity analysis

The Federation's total defined benefit obligation as at 31 December 2020 and 2021 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 31 December 2020 and 2021.

The first three Scenarios relate to sensitivity of the total defined benefit obligation to economic assumptions, and the 4th scenario relates to sensitivity to demographic assumptions. A positive number represents an increase in obligation.

	Increase in assumption	Decrease in assumption
31 December 2021		
Actuarial assumption	\$	\$
Discount rate +/- 0.5%	(3,644,895)	3,981,634
Rate of CPI increase +/- 0.5%	4,108,418	(3,786,825)
Salary increase rate (excluding promotions) +/- 0.5%	131,325	(130,594)
Mortality factors: Higher/Lower	(711,496)	946,584
31 December 2020		
Actuarial assumption		
Discount rate +/- 0.5%	(4,450,183)	4,893,663
Rate of CPI increase +/- 0.5%	4,982,020	(4,558,822)
Salary increase rate (excluding promotions) +/- 0.5%	180,827	(178,376)
Mortality factors: Lower/Higher	1,184,873	(828,363)

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

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15 Defined Benefit Fund (continued)

(h) Asset-liability matching strategies

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cashflows to manage liquidity requirements. No explicit asset-liability matching strategy is used by the Trustee.

(i) Funding arrangements

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

(j) Expected contributions

The expected contributions for the year ending 31 December 2022 as advised by the Actuary of the respective funds is \$590,000 (December 2021: \$590,000).

(k) Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 11.8 years (2020: 12.5 years).

(l) Description of significant events

There were no fund amendments, curtailments or settlements during the year.

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15 Defined Benefit Fund (continued)

(m) Description of risks

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

- **Investment risk** - The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
- **Longevity risk** - The risk that pensioners live longer than assumed, increasing future pensions.
- **Pension indexation risk** - The risk that pensions will increase at a rate greater than assumed, increasing future pensions.
- **Salary growth risk** - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- **Legislative risk** - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

16 Reserves

(a) General fund

The General Fund includes all current and prior period retained earnings.

(b) Special Reserve: 1984 Conference

This reserve was established by the 1984 Annual Conference decision to create a reserve to withstand direct attacks/threats on the Federation. Initially set at a rate of 2.5% of initial membership contributions being allocated to the fund, now being well established, this reserve balance has been set at the equivalent of six months of running costs. The expenditure of funds must be for the stated purpose and can only occur by a two-thirds majority vote by the Branch Council as a recommendation to the Branch Executive.

(c) Public Education Fund

This fund is for the specific purpose of positively promoting and advertising the professional achievements of public school and TAFE college teachers, and the public education system. The fund will be expended in a manner determined by Executive and consistent with this purpose. Central and local fund expenditure will be co-ordinated with the following focus:

- i. promoting and advertising of the current professional achievements of teachers in the public education system; and
- ii. promoting and advertising of the public education system which may include highlighting priorities that require more resources from government.

Australian Education Union

New South Wales Teachers Federation Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2021

17 Capital and leasing commitments

(a) Operating leases - receivable

	2021	2020
	\$	\$
Operating lease rentals receivable:		
- not later than 1 year	1,506,807	1,439,832
- between 1 year and 5 years	706,102	1,218,454
	<u>2,212,909</u>	<u>2,658,286</u>

All properties held by the Federation (refer note 10) are predominately held to meet service delivery requirements rather than to earn rental income or capital gains. However, some surplus space is leased out to third parties.

The above includes property lease commitment receivables for property owned by the Federation terms vary from less than 1 year to a maximum of 6 years from the financial year end date, with leases including provisions for fixed increases in rent.

(b) Capital commitments

Capital commitments	<u>66,066</u>	<u>37,766</u>
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Capital commitments relate to various capital projects, including property refurbishments and equipment purchases.

Australian Education Union

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Notes to the Financial Statements

For the Year Ended 31 December 2021

18 Financial Risk Management

The main risks the Federation is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

The Federation's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The totals for each category of financial instruments, measured as detailed in the accounting policies to these financial statements, are as follows:

	Note	2021 \$	2020 \$
Financial Assets			
Cash and cash equivalents	6	7,682,747	6,846,783
Trade and other receivables	7	1,134,099	825,794
Financial assets at amortised cost	8	42,979,342	42,737,947
Total financial assets		56,804,668	50,410,524
Financial Liabilities			
Trade and other payables		3,643,384	2,890,841
Lease liabilities	12	746,767	611,093
Total financial liabilities		4,390,151	3,501,934

(a) Liquidity risk

Liquidity risk arises from the Federation's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Federation will encounter difficulty in meeting its financial obligations as they fall due.

The Federation's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Federation maintains cash and marketable securities to meet its liquidity requirements.

At the reporting date, these reports indicate that the Federation is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Australian Education Union

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Notes to the Financial Statements

For the Year Ended 31 December 2021

18 Financial Risk Management (continued)

(a) Liquidity risk (continued)

The Federation's liabilities have contractual maturities which are summarised below:

	Less than 12 months		1 to 5 years	
	2021	2020	2021	2020
	\$	\$	\$	\$
Trade and other payables	4,361,336	4,017,467	-	-
Lease liabilities	190,102	181,549	556,665	429,544
	<u>4,551,438</u>	<u>4,199,016</u>	<u>556,665</u>	<u>429,544</u>

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Federation.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

The Federation has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Australian Education Union

New South Wales Teachers Federation Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2021

18 Financial Risk Management (continued)

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (interest rate risk).

The Federation is exposed to interest rate risk as it holds term deposit and bank account balances.

Exposure to interest rate risk arises on financial assets recognised at the end of the reporting period. Whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Federation is also exposed to earnings volatility on floating rate instruments.

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the end of the reporting period.

As at balance date, a 0.5% increase or decrease in interest rates would impact equity and profit or loss by the amounts shown below. This analysis assumes that other variables are held constant. There has been no material impact to the statements.

	Profit		Equity	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
2021	239,939	(239,939)	239,939	(239,939)
2020	213,690	(213,690)	213,690	(213,690)

The sensitivity analysis is performed on the same basis as in the prior year.

(d) Net income/(expense) from financial assets/(liabilities)

	Note	2021	2020
		\$	\$
Interest income	4	277,304	699,618
Interest expense	12	(34,870)	(30,551)

Australian Education Union

New South Wales Teachers Federation Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2021

19 Interests of Key Management Personnel

The totals of remuneration paid to the key management personnel of the Federation during the year are as follows:

	2021	2020
	\$	\$
Short-term employee benefits	1,634,710	1,562,531
Post-employment benefits	164,164	216,885
Other long-term benefits	113,461	119,750
	<u>1,912,335</u>	<u>1,899,166</u>

20 Remuneration of Auditor

Remuneration of the auditor:

- audit and other assurance services	55,000	53,500
- other services	12,900	15,500
	<u>67,900</u>	<u>69,000</u>

Other services include specific accounting advice within the scope of independence requirements and taxation assistance / financial statements preparation assistance performed by a team independent of the audit.

21 Fair Value Measurement

The fair values of financial assets and financial liabilities are consistent with their carrying values as presented in the balance sheet. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Australian Education Union

New South Wales Teachers Federation Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2021

21 Fair Value Measurement (continued)

Fair value hierarchy

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability, including unlisted shares.

The Federation does not have any assets or liabilities measured at fair value, other than the defined benefit fund as disclosed at note 15(e).

22 Related Party Information

(a) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Divisional Executive (whether Executive or otherwise) of that entity are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 19 - Interests of Key Management Personnel (KMP).

(b) Other related parties

Reporting units are defined in section 242 of the Fair Work (Registered Organisations) Act 2009. Accordingly, the Australian Education Union and all of its Branches are considered to be reporting units and related parties.

Associations

Over many years, regional Associations of the Federation have been formed under the Rules, with each Association consisting of at least 15 Federation members. The Associations are autonomous organisations with their own meeting standing orders, which are aligned with those of the Federation, and they are required to abide by decisions and policies of the Branch Conference, Branch Council and Branch Executive. On an annual basis the Branch Executive provide for the payment of funds to each Association, which may only be applied to further the objects of the Federation and the expenses of its operations and management. This is recorded as a single expense line item of the Federation.

Australian Education Union

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Notes to the Financial Statements

For the Year Ended 31 December 2021

22 Related Party Information (continued)

(b) Other related parties (continued)

In 2018 the Branch Executive resolved to centralise the administration of all bank accounts of the Associations of the Federation, as a means of providing administrative assistance. As at balance date, not all Associations have centralised their bank accounts.

The ultimate control of the Associations' funds remain with the respective Associations, being held in trust and recorded as a liability of the Federation in other payables at note 13, and expenditures treated as reductions in the funds held in trust liability (as opposed to being an expense of the Federation).

Accordingly, during the year, the following transactions and balances were relevant to the Federation's administration of the funds held in trust of the Associations, collectively:

	2021	2020
	\$	\$
Opening Balance	1,224,166	966,160
Funds transferred to the Federation	8,865	24,369
Payments from the Federation to Associations *	351,286	331,130
Net income and expenditures on behalf of Associations	(241,467)	(97,493)
Balance of funds held in trust	1,342,850	1,224,166

* No funds were paid to Associations that were not centrally administered.

(c) Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Australian Education Union:

Refer to note 26(a) for further details of transactions with the Australian Education Union.

Australian Education Union

New South Wales Teachers Federation Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2021

23 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

	Note	2021 \$	2020 \$
Result for the year		4,428,638	7,925,260
Non-cash flows in the result:			
- depreciation and amortisation		2,177,012	2,194,780
- lease finance charges		34,870	30,551
- net loss on disposal of fixed assets		189,612	407,248
- Defined Benefit Fund current service cost and interest	15(a)	(75,133)	710,101
Changes in assets and liabilities:			
- decrease/(increase) in trade and other receivables		(308,305)	41,956
- (increase)/decrease in other assets		187,803	(216,007)
- (decrease)/increase in provision for employee benefits		272,434	(608,604)
- increase/(decrease) in income in advance		(316,533)	66,603
- increase/(decrease) in trade and other payables		645,525	873,213
Cashflow from operations		<u>7,235,923</u>	<u>11,425,101</u>

(b) Non-cash financing and investing activities

Acquisition of assets by means of operating leases		<u>354,623</u>	<u>93,944</u>
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24 Contingent Liabilities and Contingent Assets

(a) Contingent liabilities

As noted in accounting policy note 2(e) as a benefit of membership, the Federation has undertaken to fund the future legal costs of a number of member matters. Whilst it is difficult to quantify the commitment that has been made, the Federation's exposure to costs being incurred is limited and can be controlled. Accordingly, the collective value of the potential contingent liability to the Federation is not able to be measured reliably, nor is it considered to be material, and hence no further information has been disclosed.

As at the balance date, the Federation does not have a material commitment to provide legal assistance to members individually or collectively, over and above what has already been provided for as a liability.

Australian Education Union

New South Wales Teachers Federation Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2021

24 Contingent Liabilities and Contingent Assets (continued)

(b) Contingent assets

Similarly, having funded the legal costs of member matters over numerous years, the Federation considers it probable that future recoveries will be made in relation to such legal services disbursements. However, the prospects of success and quantum of recoveries are not able to be measured reliably, nor are they considered to be material, and hence no further information has been disclosed, consistent with note 2(e).

25 Events after the end of the Reporting Period

The financial report was authorised for issue on 26 April 2022 by the Executive.

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Federation, the results of those operations, or the state of affairs of the Federation in subsequent financial periods.

26 Additional disclosures required under the Fair Work (Registered Organisations) Act 2009

(a) Capitation fees and levies

	2021	2020
	\$	\$
Australian Education Union		
Capitation fees	2,084,571	1,962,671
ACTU Subscriptions	392,692	373,305
Compulsory levies (Australian Educator and TAFE Teacher)	228,153	221,372
Public Education Campaign	244,668	237,396
Education International	156,588	154,901
Total capitation fees and levies	3,106,672	2,949,645

On the Statement of Profit or Loss and Other Comprehensive Income an amount of \$230,000 (2020: \$220,000) has been included in "Grants paid" for contributions paid to the International Trust Fund.

Australian Education Union

New South Wales Teachers Federation Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2021

26 Additional disclosures required under the Fair Work (Registered Organisations) Act 2009 (continued)

(b) Affiliation fees and periodic subscriptions expense

	2021	2020
	\$	\$
NSW Labor Council	180,707	177,214
Newcastle Labor Council	9,247	9,102
South Coast Labor Council	17,453	17,204
Other Affiliates	14,928	24,565
Welfare Rights Council	20,808	20,808
Total affiliation fees and periodic subscriptions	243,143	248,893

(c) Grants and donations

Grants:

Total expensed that were \$1,000 or less	5,343	10,402
Total expensed exceeding \$1,000	681,885	521,978
	687,228	532,380

Donations

Total expensed that were \$1,000 or less	1,320	1,512
Total expensed exceeding \$1,000	12,000	2,880
	13,320	4,392
Total	700,548	536,772

As per accounting policy note 2(e), the Federation provides certain member services such as legal support, which are not considered to be donations or grants requiring financial statement disclosure.

Australian Education Union

New South Wales Teachers Federation Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2021

26 Additional disclosures required under the Fair Work (Registered Organisations) Act 2009 (continued)

(d) Employee expenses

	Note	2021 \$	2020 \$
Holders of Office			
Wages and salaries		1,427,431	1,385,861
Superannuation		164,164	216,885
Leave and other entitlements		314,412	285,272
Other employee expenses		81,915	91,188
		<u>1,987,922</u>	<u>1,979,206</u>
Subtotal employee expenses holders of office			
Employees other than office holders			
Wages and salaries		14,375,176	13,284,079
Superannuation		1,615,395	1,357,021
Leave and other entitlements		2,533,352	2,440,683
Other employee expenses		853,487	963,307
		<u>19,377,410</u>	<u>18,045,090</u>
Employees other than office holders		19,377,410	18,045,090
Defined benefit Fund	5, 14(a)	(75,133)	710,101
		<u>21,290,199</u>	<u>20,734,397</u>
Total employee expenses		21,290,199	20,734,397

(e) Miscellaneous disclosures

Fees/allowances in respect of attendances at conferences/meetings as representatives of the Union [already included at 26(d)]		-	21,580
Meetings and conferences expenses: members, council, committees, panels or other bodies		1,669,912	897,485
Legal costs:			
- Litigation		345,354	328,898
- Other legal matters		210,012	321,442

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Notes to the Financial Statements

For the Year Ended 31 December 2021

26 Additional disclosures required under the Fair Work (Registered Organisations) Act 2009 (continued)

(f) Revenue disclosure

	Note	2021 \$	2020 \$
Grants received	4	<u>93,000</u>	50,000

(g) Cashflows with other reporting units

Australian Education Union

Cash outflows		3,423,796	3,386,147
Cash outflows - International Trust Fund		<u>253,000</u>	242,000
		<u>3,676,796</u>	<u>3,628,147</u>

27 Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009*, the attention of the members is drawn to the provisions of subsections (1) and (3) of section 272, which reads as follows:-

Information to be provided to members or the Commissioner:

1. A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
2. The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
3. A reporting unit must comply with an application made under subsection (1).

Australian Education Union New South Wales Teachers Federation Branch

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Report required under Subsection 255(2A)

For the year ended 31 December 2021

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Australian Education Union New South Wales Teachers Federation Branch for the year ended 31 December 2021.

Categories of expenditure	2021 \$	2020 \$
Remuneration and other employment related costs and expenses - employees	21,290,199	20,734,397
Advertising	6,501	4,470
Operating costs	13,504,988	9,205,426
Donations to political parties	-	-
Legal costs	555,366	650,340



Robert Bartulovich
Custodian

Dated: 26 April 2022



Maxine Sharkey
Branch Secretary

Australian Education Union

New South Wales Teachers Federation Branch

ABN: 86 600 150 697

Officer Declaration Statement

I, Robert Bartulovich being the Custodian and Maxine Sharkey being Branch Secretary of the Australian Education Union New South Wales Teachers Federation Branch, declare that the following activities did not occur during the reporting period ending 31 December 2021 (including the comparative year).

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- ~~receive periodic or membership subscriptions~~
- receive capitation fees or any other revenue amount from another reporting unit
- ~~receive revenue via compulsory levies~~
- ~~receive donations or grants~~
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- ~~pay capitation fees or any other expense to another reporting unit~~
- ~~pay affiliation fees to other entity~~
- ~~pay compulsory levies~~
- ~~pay a grant that was \$1,000 or less~~
- ~~pay a grant that exceeded \$1,000~~
- ~~pay a donation that was \$1,000 or less~~
- ~~pay a donation that exceeded \$1,000~~
- ~~pay wages and salaries to holders of office~~
- ~~pay superannuation to holders of office~~
- ~~pay leave and other entitlements to holders of office~~
- pay separation and redundancy to holders of office
- ~~pay other employee expenses to holders of office~~
- ~~pay wages and salaries to employees (other than holders of office)~~
- ~~pay superannuation to employees (other than holders of office)~~
- ~~pay leave and other entitlements to employees (other than holders of office)~~
- pay separation and redundancy to employees (other than holders of office)
- ~~pay other employee expenses to employees (other than holders of office)~~
- ~~pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit~~
- ~~incur expenses due to holding a meeting as required under the rules of the organisation~~
- ~~pay legal costs relating to litigation~~
- ~~pay legal costs relating to other legal matters~~
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a receivable with other reporting unit(s)
- ~~have a payable with other reporting unit(s)~~
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- ~~have a payable in respect of legal costs relating to litigation~~
- ~~have a payable in respect of legal costs relating to other legal matters~~
- ~~have an annual leave provision in respect of holders of office~~
- ~~have a long service leave provision in respect of holders of office~~

Australian Education Union New South Wales Teachers Federation Branch

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- have a separation and redundancy provision in respect of holders of office
- have other employee provisions in respect of holders of office
- ~~have an annual leave provision in respect of employees (other than holders of office)~~
- ~~have a long service leave provision in respect of employees (other than holders of office)~~
- have a separation and redundancy provision in respect of employees (other than holders of office)
- have other employee provisions in respect of employees (other than holders of office)
- ~~have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch~~
- ~~transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity~~
- ~~have a balance within the general fund~~
- ~~provide cash flows to another reporting unit and/or controlled entity~~
- receive cash flows from another reporting units and/or controlled entity
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit



Robert Bartulovich
Custodian



Maxine Sharkey
Branch Secretary

Dated: 26 April 2022



Independent Audit Report To the members of Australian Education Union New South Wales Teachers Federation Branch

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Education Union New South Wales Teachers Federation Branch ("the Federation"), which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, the Committee of Management Statement, the subsection 255(2A) report and the Officer Declaration Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Australian Education Union New South Wales Teachers Federation Branch as at 31 December 2021, and its financial performance and its cash flows for the year ended on that date in accordance with:

- (i) the Australian Accounting Standards; and
- (ii) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

We declare that management's use of the going concern basis in the preparation of the financial statements of the Federation is appropriate.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Federation in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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



Independent Audit Report To the members of Australian Education Union New South Wales Teachers Federation Branch

Information Other than the Financial Report and Auditors Report Thereon

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the operating report accompanying the financial report.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

The Committee of Management of the Federation are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Independent Audit Report

To the members of Australian Education Union New South Wales Teachers Federation Branch

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Federation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Managements' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Federation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Federation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Federation to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Federation audit. We remain solely responsible for our audit opinion.

We communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

I declare that I am an auditor registered under the RO Act.

Daley Audit
Daley Audit

Michael Mundt
Michael Mundt
Partner

Registration number (as required by the RO Commissioner under the RO Act): AA 2017/67

Wollongong
Dated: 26 April 2022

Liability limited by scheme approved under Professional Standards Legislation.