



Branch changes: best practice and your regulatory obligations

The *Fair Work (Registered Organisations) Act 2009* (RO Act) allows an organisation to set its own internal structure provided it ensures democratic control of the organisation. In practice, this means organisations can sometimes create, abolish, or amalgamate branches.

When you make changes to your branch structure this affects your regulatory obligations including:

- Financial reporting
- Elections
- Officer and related party disclosures
- Notifications of change and annual returns
- Financial training and exemptions.

This fact sheet will walk you through common issues that occur with a branch closure, creation or merger. Please contact us to discuss any changes to your branches – preferably **before** they occur.



Changes to rules

Making changes to your branch structure often involves changing your rules. This fact sheet does not cover making a change to your rules. The Fair Work Commission (the Commission) can discuss and assist you with any proposed rule changes.

You can find a copy of your organisation's rules at www.fwc.gov.au/registered-organisations/find-registered-organisation



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What changes are you making to your branches?

Your rules will control how you make changes to your branches - but **what** change you make will dictate how your obligations are affected.

You **must** understand whether you are:

- Closing branches
- Creating new branches
- Amalgamating branches together – and if so, which is the continuing branch and which is the closing one.



Example: Changes to branches

HYZ union knows that its Tasmanian Branch is too small to keep operating so it decides to merge it into the Victorian Branch.

It can either:

- Close both branches and create a new one; or
- Close one branch and rename the other one

After discussing the implications with the Commission, HYZ decides that it will close the Tasmanian Branch and rename the Victorian Branch to the VIC-TAS Branch.

Financial reporting

The [reporting guidelines issued under section 255 of the RO Act](#) specifically address what should happen when a branch acquires an asset or liability during a financial year due to a branch restructure. Certain information must be disclosed within the branch's financial report.

When restructuring the branches of an organisation it's important to consider and document what will happen to the assets, liabilities, and employees of the affected branches.

The impact and requirements relating to your financial reporting obligations will differ depending on whether you are creating a new branch, closing an existing branch, or amalgamating branches.



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Example: Existing bank accounts

HYZ Tasmania Branch has a bank account. A decision is required either to:

- Close the bank account and transfer the remaining balance to the amalgamated VIC-TAS Branch; or
- Rename the bank account and set up the Secretary and Treasurer of the VIC-TAS branch as signatories.

HYZ decides to rename the bank account and set up new signatories. This is documented in amalgamation papers and a meeting is arranged with the bank for this to occur on the date of commencement.

New branch created

The financial reporting obligations begin from the commencement date. This could mean that the first financial year is less than 12 months. For example, a new branch commences on 1 October 2023 and has a financial year ending of 30 June each year. The branch will have an obligation to prepare a financial report for the period 1 October 2023 to 30 June 2024, a period of 9 months.

Branch closed

A final financial report is required. This is important as it provides members with visibility that their assets have been accurately transferred to the new entity. Consideration must be given to who will be responsible and accountable for this last financial report.

Amalgamated branch

The first financial report after the commencement of the amalgamated branch must disclose the incoming assets and liabilities and include the date acquired, a description of each class of asset and liability and who it was acquired from.

The [Commission's website](#) has a range of resources that can assist an organisation and branches meet their financial reporting obligations.



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Officer and Related Party Disclosures

Officer and Related Party Disclosure statements (ORPs) must be completed for every branch for each financial year in which they operated. Just like financial reports, an ORP must be submitted for the period immediately before a branch was abolished.

For example, if a branch ceased operating on 1 October, an ORP must be submitted covering the period from the start of the financial year through to 1 October (the date that the branch ceased).

This raises important questions that must be carefully considered as part of the process:

- Who signs and lodges the ORP once the branch has been abolished?
- What records should be made or transferred about conflicts of interest/material personal interests, related parties and any standing disclosures that had previously been made?
- See our guidance notes at [tools and templates](#) and also the [conflicts of interest podcast](#).



Conflicts of interest

You should audit all incoming officers to check the branch has a record of their standing disclosures and any conflicts of interest. This ensures that the branch has the information it needs for its records and any lodgements.

Notifications of change

Creating, closing or amalgamating branches is one of the changes that you must notify to the Commission. Notifications of change must be lodged within 35 days of the change occurring.

Remember to notify the Commission of:

- Names of abolished branches
- Names and street addresses of created branches
- Offices abolished and created
- The names of the persons holding those offices and the persons who ceased to hold office.

Use the [template](#) to help ensure all the required details are included in a notification of change.



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Your annual return (due by 31 March each year) must also include details of any branches created or abolished during the previous year.

Elections

When making changes to your branches you should consider what effect the changes in branch structure will have on your elected offices and any elections that are already underway.

Do you need transitional arrangements until the next election (for example some officers of the 'old' branch holding office in the new/combined branch until the next election occurs) or an immediate election for officers to represent members transferred from one branch to another?

Officers and elections are an essential part of the running of an organisation, please contact Commission staff to discuss the arrangements.

Financial training and exemptions

The obligation to undertake financial training (or seek an exemption) within six months after a person begins to hold office will apply to officers affected by a change to your branch structure, even if a transitional arrangement is in place until the next election.

Affected officers should assess their individual circumstances to see if they may be eligible for an exemption, otherwise completion of an approved training course is required.

Further information on the training requirements and exemption process can be found on the Commission's website including a fact sheet and exemption application form. Please contact us if you require exemptions for a large number of officers, we can assist with a modified process.

Reach out for advice early

The best way to handle changes to branches is to contact the Commission when you start considering making changes to your branch structure. The Commission can give guidance on your proposed rule changes, including possible complexities, as well as the obligations that will arise from the changes.



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Why it helps to speak with us first

Recently an organisation decided to abolish one of its branches and move its members to another branch.

After it had done so, it spent considerable time and resources working out what obligations it had in relation to financial reporting (what had to be reported, by which reporting unit, and when) as well as the various notifications of change that it need to make and how the combined structure would work until the next scheduled election.

If the organisation had contacted the regulator early, all of these things could have readily been answered and arrangements put in place to assist the organisation to meet its obligations.

Penalties

Financial reporting, elections and notifications of change are important obligations. The sections of the RO Act that relate to them are civil penalty provisions and a breach of them can attract significant penalties for an organisation and, in some cases, its officers.

Find out more

- [Notifications of Change](#)
- [Financial Reporting](#)
- [Summary of legal obligations to notify](#)
- [RO Flower](#)

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This fact sheet is not intended to be comprehensive. The Fair Work Commission does not provide legal advice. Users must rely upon the relevant legislation, which is set out in the *Fair Work (Registered Organisations) Act 2009*, the *Fair Work Act 2009*, the *Fair Work (Transitional Provisions and Consequential Amendments) Act 2009* and the *Fair Work (Registered Organisations) Regulations 2009*.