



Fair Work
Commission

28 May 2024

Melissa Smith
Deputy Branch Secretary
Australian Education Union - New South Wales Teachers Federation (NSWTF) Branch
Sent via email: mail@nswtf.org.au
CC: smilgate@daley.com.au

Dear Melissa Smith

**Australian Education Union - New South Wales Teachers Federation (NSWTF) Branch
Financial Report for the year ended 31 December 2023 – (FR2023/252)**

I acknowledge receipt of the financial report for the year ended 31 December 2023 for the Australian Education Union - New South Wales Teachers Federation (NSWTF) Branch. The documents were lodged with the Fair Work Commission (the Commission) on 21 May 2024.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under sections 253, 265, 266 and 268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under section 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 2024 may be subject to an advanced compliance review.

Reporting Requirements

The Commission's 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 Commission 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 is available via [this link](#).

If you have any queries regarding this letter, please call 1300 341 665 or email regorgs@fwc.gov.au.

Yours sincerely

Kylie Ngo
Fair Work Commission



New South Wales Teachers Federation

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



21 May 2024

In reply please quote: 314/2024/ML:jep

Mr Murray Furlong
General Manager
Fair Work Commission
GPO Box 1994
Melbourne VIC 3001

By email: regorgs@fwc.gov.au

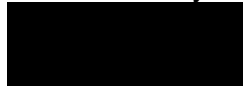
Dear Mr Furlong

Re: Financial Statements for the Australian Education Union New South Wales Teachers Federation Branch for financial period ended 31 December 2023

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 2023 (Attachment A).
- (b) Relieving 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 14 May 2024 (Attachment B).

Yours sincerely



Mel Smith
Relieving General 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 2023

I, Mel Smith, being the Relieving 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 of the Australian Education Union New South Wales Teachers Federation Branch for the period ended 31 December 2023 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 14 May 2024; and*
- *That the full report was presented to a meeting of the Branch Executive on 14 May 2024 in accordance with S266 of the Fair Work (Registered Organisations) Act 2009.*



Signature of prescribed designated officer

Name of prescribed designated officer
Title of prescribed designated officer
Dated:

Mel Smith
Relieving Branch Secretary
21 May 2024

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

ABN: 86 600 150 697

Financial Statements

For the Year Ended 31 December 2023

Australian Education Union

New South Wales Teachers Federation Branch

ABN: 86 600 150 697

Financial Statements

For the Year Ended 31 December 2023

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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 2023

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 2023.

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 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 object of the Federation is to represent the professional and industrial interests of its members, 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 Federation 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 AEU").

In line with Annual Conference Decisions of 2022 and 2023, the major activities of the Federation during the period related to the ongoing campaign for salary justice and raising the status of teachers in public education. Federation executive additionally focused on:

- Growing Union, Growing Strength;
- Staffing as the Heart of an Education System;
- Gender Equity and Equality of the Workforce;
- Emerging Technologies – AI and the future of teacher's work;
- Workload; and
- Peace.

The Federation is a campaigning union and as such much of our focus and resourcing goes toward campaigning to achieve our aims.

More Than Thanks

2023 commenced with a focus on the NSW state election. The More Than Thanks campaign continued from the previous year, with the focus now squarely on the state election. This period provided an opportunity to push both major parties towards our goals of salary increases beyond the wages cap and a reversal of increasing casualisation of the workforce.

Labor gave a pre-election commitment to end the underfunding of public schools through a new agreement with the Commonwealth that would lift all schools to the Schooling Resource Standard and announced a guarantee of at least 70 per cent of vocational education funding to TAFE.

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Operating Report **For the Year Ended 31 December 2023**

This and other public endorsements of Federation's aims encouraged members in unprecedented numbers to turn up to polling stations throughout the state on election day. Election day social and traditional media coverage was awash with More Than Thanks t-shirts. Political parties were again reminded the NSW Teachers Federation is a powerful ally and a dangerous enemy. From an operating point of view, the results from the participation of our members in such numbers is clear endorsement of the resourcing of this campaign.

Yes23

Almost immediately following the state election, Federation moved more fully into the YES campaign. While officers and members had committed to and participated in the lead up to the Voice referendum, the culmination of the More Than Thanks campaign created the space for committed campaigning with Unions for Yes and Yes23.

Federation's Aboriginal Coordinator was seconded to AEU Federal office to coordinate the national campaign, the Multicultural officer was seconded to Yes23 for 2 days per week and worked with the relief Aboriginal coordinator on top of that, to escalate the Yes vote among the Aboriginal and multicultural communities. This campaign was resource intensive from the culmination of election day until 14th October, when another group of members again took to polling booths. Unfortunately, this result was not positive and there remains fallout and many wounds to heal.

World Pride

2023 saw World Pride come to Sydney – the first time the event has travelled to the Southern Hemisphere. The Federation embraced the opportunity to showcase our support of ALL peoples. Hundreds of members participated in various ways. Federation held a very successful fringe event and conference Diversity in Education, which was well attended by our members and the AEU federally. A large contingent of members joined the fifty thousand walking across the Sydney Harbour Bridge.

Secular Education

As a result of the Eric Pearson Study Grant scholarship undertaken by a Country Organiser, Federation partnered with Secularism Australia to present a Conference on Secular Education in December. The small cost associated gained untold and ongoing publicity for public secular education.

Property

In response to an Executive recommendation, Federation purchased a residential property to provide accommodation for the ongoing Project Officer program. Unit 31/111 Foveaux St was purchased in part because of its proximity to the Mary St office, allowing ease of maintenance and cleaning.

Federation moved into larger office space in Lowden Square. This enabled The Australian Services Union, who were looking to expand their workspace, to move into the larger office we had previously occupied. The benefit to Federation is twofold; not only did we keep the ASU as secure, ongoing tenants in our building, we are able to provide more flexibility to our staff who are substantively based at Mary St, to work closer to home.

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Operating Report **For the Year Ended 31 December 2023**

Federation's Lismore office rebuild was completed in November when we took possession of a working office once again. This is seen by our members as a tangible demonstration of the union's ongoing commitment to support their ongoing struggles and endeavours.

We changed addresses in Dubbo, where, after almost 30 years of operating from Talbragar St, we moved to more modern offices in Macquarie St. This tenancy provides more security and privacy for our staff.

Membership

January saw one of the highest membership figures to date at 63,938 financial members. Unfortunately, by 18 December, that number had fallen to 60,221.

No significant changes in the nature of the Federation's activity occurred during the current financial year.

Significant changes in financial affairs

There have been no significant changes in the state of financial affairs of the Australian Education Union New South Wales Teachers Federation 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 2023 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	
Angelo Gavrielatos	Branch President	
Henry Rajendra	Branch Deputy President	
Amber Flohm	Branch Senior Vice-President	
Samuel Clay	Deputy Branch Secretary	
David Ferguson	Deputy Branch Secretary	
Melissa Smith	Deputy Branch Secretary	
Phillip Chadwick	Deputy Branch Secretary	

Australian Education Union

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Operating Report For the Year Ended 31 December 2023

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

Executive

Executive members held their positions throughout the 2023 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	
Natasha Watt	Branch Vice President	
Jennifer Mace	Branch Vice President	
Michael Sciffer	Branch Vice President	
Sharryn Usher	Branch Vice President	
Jeffrey Conroy	Branch Custodian	
Matthew Eastman	Branch Custodian	Commenced 18/02/2023
Dimiti Trudgett	ATSI Member's Roll	
Amy Harland	Association Representative	
Eleanor Lewis	Association Representative	
Michael Hepi	Association Representative	
Trystan Loades	Association Representative	Commenced 18/02/2023
John Skene	Association Representative	Commenced 18/02/2023
Kate Wealleans	Association Representative	Commenced 18/02/2023
Alexander Lau	Association Representative	Commenced 18/02/2023
Natalie Hudson	Association Representative	Commenced 18/02/2023
Robert Bartulovich	Branch Custodian	End of term 17/02/2023
Michael Morgan	Association Representative	End of term 17/02/2023
Amelia Kerr	Association Representative	End of term 17/02/2023
Melissa Seymour	Association Representative	End of term 17/02/2023
Fiona Beasley	Association Representative	End of term 17/02/2023
Matthew Eastman	Association Representative	End of term 17/02/2023

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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Operating Report

For the Year Ended 31 December 2023

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.

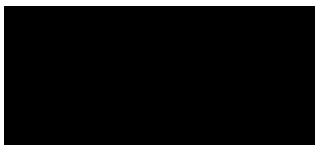
Number of members

The number of financial members at 31 December 2023 was 60,102 (2022: 63,870).

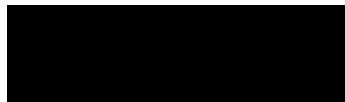
Number of employees

The number of full time equivalent employees at 31 December 2023 was 160 (2022: 154).

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



Jeffrey Conroy
Custodian



Melissa Smith
Deputy Branch Secretary

Dated: 14 May 2024

Australian Education Union New South Wales Teachers Federation Branch

ABN: 86 600 150 697

Committee of Management Statement For the Year Ended 31 December 2023

On 14 May 2024, 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 year ended 31 December 2023:

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 General Manager duly made under section 272 of the RO Act, that information has been provided to the member or General Manager; 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.


Jeffrey Conroy
Custodian


Melissa Smith
Deputy Branch Secretary

Dated: 14 May 2024

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2023

	Note	2023 \$	2022 \$
Revenue	4	41,419,942	41,688,244
Other income	4	5,210,470	3,697,823
Total Revenue		46,630,412	45,386,067
Employee benefits expense	26(d)	(23,262,913)	(21,770,100)
Publication and media expenses		(825,039)	(1,777,917)
Capitation fees and levies	26(a)	(3,519,139)	(3,176,691)
Depreciation and amortisation		(2,415,034)	(2,229,769)
Meetings, conferences and related expenses		(3,444,160)	(3,160,804)
Professional expenses		(679,628)	(1,292,082)
Office administration		(1,197,680)	(1,048,768)
Property costs		(1,249,323)	(925,789)
Grants and donations	26(c)	(789,033)	(719,457)
Affiliation and association fees		(631,447)	(527,293)
Finance charges		(53,450)	(30,270)
Other operating expenses		(1,200,724)	(1,322,107)
Total Expenses		(39,267,570)	(37,981,047)
Result for the year		7,362,842	7,405,020
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gain on defined benefit plans	15(a)	288,089	8,904,857
Total comprehensive income for the year		7,650,931	16,309,877

The accompanying notes form part of these financial statements.

Australian Education Union

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Statement of Financial Position

As at 31 December 2023

	Note	2023 \$	2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	5,694,436	5,337,775
Trade and other receivables	7	2,543,580	1,485,492
Financial assets	8	65,092,375	53,526,061
Other assets	9	165,709	307,960
TOTAL CURRENT ASSETS		73,496,100	60,657,288
NON-CURRENT ASSETS			
Other financial assets	8	-	4,619,658
Property, plant and equipment	10	27,525,588	27,220,534
Intangible assets	11	206,729	157,834
Right-of-use assets	12	989,230	710,512
TOTAL NON-CURRENT ASSETS		28,721,547	32,708,538
TOTAL ASSETS		102,217,647	93,365,826
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	4,916,050	4,044,792
Lease liabilities	12	178,430	150,675
Employee benefits	14	9,819,514	9,013,120
TOTAL CURRENT LIABILITIES		14,913,994	13,208,587
NON-CURRENT LIABILITIES			
Lease liabilities	12	848,296	586,454
Employee benefits	14	2,140,080	2,906,439
TOTAL NON-CURRENT LIABILITIES		2,988,376	3,492,893
TOTAL LIABILITIES		17,902,370	16,701,480
NET ASSETS		84,315,277	76,664,346
EQUITY			
Reserves	16	23,772,036	22,631,336
Retained earnings		60,543,241	54,033,010
TOTAL EQUITY		84,315,277	76,664,346

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 2023

	General Fund	Special Reserve 1984 Conference	Public Education Fund	Total
	\$	\$	\$	\$
Balance at 1 January 2023	54,033,010	20,473,500	2,157,836	76,664,346
Result for the year	7,362,842	-	-	7,362,842
Total other comprehensive income for the year	288,089	-	-	288,089
- Special Reserve: 1984 Annual Conference	(557,500)	557,500	-	-
- Public Education Fund	(583,200)	-	583,200	-
Balance at 31 December 2023	60,543,241	21,031,000	2,741,036	84,315,277
Balance at 1 January 2022	38,377,440	19,072,500	2,904,529	60,354,469
Result for the year	7,405,020	-	-	7,405,020
Total other comprehensive income for the year	8,904,857	-	-	8,904,857
- Special Reserve: 1984 Annual Conference	(1,401,000)	1,401,000	-	-
- Public Education Fund	746,693	-	(746,693)	-
Balance at 31 December 2022	54,033,010	20,473,500	2,157,836	76,664,346

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 2023

	2023	2022
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from members and customers	48,591,043	49,504,927
Payments to suppliers and employees	(40,318,436)	(41,250,189)
Interest received	1,725,410	289,592
Finance costs	(53,450)	(30,270)
Net cash provided by operating activities	23 <u>9,944,567</u>	<u>8,514,060</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(2,598,290)	(527,527)
Proceeds from sale of plant and equipment	131,107	153,183
Purchase of intangible assets	-	(110,758)
Net purchase of term deposits	(6,946,656)	(10,157,897)
Net cash used by investing activities	<u>(9,413,839)</u>	<u>(10,642,999)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of lease liabilities - principal	(174,067)	(216,033)
Net cash used by financing activities	<u>(174,067)</u>	<u>(216,033)</u>
Net (decrease)/increase in cash and cash equivalents held	356,661	(2,344,972)
Cash and cash equivalents at beginning of year	5,337,775	7,682,747
Cash and cash equivalents at end of financial year	6 <u>5,694,436</u>	<u>5,337,775</u>

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements For the Year Ended 31 December 2023

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 the *Fair Work (Registered Organisations) Act 2009* (RO Act). 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, except for cash flow information, have been prepared using the accrual basis of accounting. The financial statements have been prepared on a historical cost basis except for certain classes of property, plant and equipment and investment properties, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. The financial statements are presented in Australian dollars.

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

2 Material Accounting Policy Information

(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 obligation 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 2023

2 Material Accounting Policy Information (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 the services are performed.

Rental income

Leases in which the Federation, as a lessor, does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the relevant lease term. Contingent rents are recognised as income in the period in which they are earned.

Interest revenue

Interest revenue is recognised using the effective interest rate method.

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Notes to the Financial Statements For the Year Ended 31 December 2023

2 Material Accounting Policy Information (continued)

(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 expense

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

(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 incurred. Any costs and 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.

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Notes to the Financial Statements For the Year Ended 31 December 2023

2 Material Accounting Policy Information (continued)

(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.

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

Fixed asset class	Depreciation rate
Buildings	2.5 - 6.67%
Plant and equipment	10-40%
Furniture, fixtures and fittings	10%
Motor vehicles	25%
Leasehold improvements	2.5-20%

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.

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Notes to the Financial Statements For the Year Ended 31 December 2023

2 Material Accounting Policy Information (continued)

(h) Intangibles (continued)

Software (continued)

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.

(i) Software-as-a-Service (SaaS) arrangements

SaaS arrangements are software product offerings in which the Federation does not control the underlying software used in the arrangement. Where costs incurred to configure or customise a SaaS arrangement result in the creation of a resource which is identifiable, and where the Federation has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits, such costs are recognised as a separate intangible software asset and amortised over the useful life of the software on a straight-line basis. The amortisation period is reviewed at least at the end of each reporting period and any changes are treated as changes in accounting estimates.

Where costs incurred to configure or customise do not result in the recognition of an intangible software asset, the Federation recognises those costs as an expense when the supplier provides the services. However, the Federation recognise those costs as a prepayment if, and to the extent that, the supplier performing the configuration and customisation activities is the vendor of the SaaS product (or an agent of the vendor) and those activities do not represent a distinct service in addition to the SaaS access. This is because, in that circumstance, the Federation cannot separately benefit from the configuration and customisation activities and instead those activities are set up activities performed by the SaaS vendor so that it can provide the SaaS access to the Federation.

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2 Material Accounting Policy Information (continued)

(i) Software-as-a-Service (SaaS) arrangements (continued)

In the process of applying the Federation's accounting policy on configuration and customisation of costs incurred in implementing SaaS arrangements, management has made the following judgements:

- Determining whether cloud computing arrangements contain a software licence intangible asset
 - The Federation evaluates cloud computing arrangements to determine if it provides a resource that the Federation can control. The Federation determines that a software licence intangible asset exists in a cloud computing arrangement when both of the following are met at the inception of the arrangement:
 - The Federation has the contractual right to take possession of the software during the hosting period without significant penalty.
 - It is feasible for the Federation to run the software on its own hardware or contract with another party unrelated to the supplier to host the software.
 - Capitalisation of configuration and customisation costs in SaaS arrangements
 - Where the Federation incurs costs to configure or customise SaaS arrangements and such costs are considered to enhance on-premise software that belongs to the Federation or to provide code that can be used by the Federation in other arrangements, the Federation applies judgement to assess whether such costs result in the creation of an intangible asset that meets the definition and recognition criteria in AASB 138 *Intangible Assets*.

For the year ended 31 December 2023, \$nil (2022: \$nil) of costs incurred in implementing SaaS arrangements were recognised as intangible assets.

Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

(j) 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.

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Notes to the Financial Statements For the Year Ended 31 December 2023

2 Material Accounting Policy Information (continued)

(j) Leases (continued)

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.

(k) 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.

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Notes to the Financial Statements For the Year Ended 31 December 2023

2 Material Accounting Policy Information (continued)

(k) Financial instruments (continued)

(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.

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.

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Notes to the Financial Statements For the Year Ended 31 December 2023

2 Material Accounting Policy Information (continued)

(k) Financial instruments (continued)

(i) Financial assets (continued)

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.

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.

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Notes to the Financial Statements For the Year Ended 31 December 2023

2 Material Accounting Policy Information (continued)

(k) Financial instruments (continued)

(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.

(l) Impairment of non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated, and an impairment adjustment made if the asset's recoverable amount is less than the carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Federation were deprived of the asset, its recoverable amount is its fair value.

In other cases, for the purposes of determining recoverable amount, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(m) 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.

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Notes to the Financial Statements For the Year Ended 31 December 2023

2 Material Accounting Policy Information (continued)

(m) Employee benefits (continued)

Defined benefit superannuation schemes (continued)

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.

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.

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Notes to the Financial Statements For the Year Ended 31 December 2023

2 Material Accounting Policy Information (continued)

(m) Employee benefits (continued)

Defined benefit superannuation schemes (continued)

Employee benefit obligations

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits in the circumstances set up below.

Liabilities for short-term employee benefits (as defined in AASB 119 Employee Benefits) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the Federation in respect of services provided by employees up to reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

(n) 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.

(o) Future Australian Accounting Standards

Certain new accounting standards have been published that are not mandatory for 31 December 2023 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.

(p) Contingent Assets and Liabilities

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

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Notes to the Financial Statements For the Year Ended 31 December 2023

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.

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 2023

4 Revenue and Other Income

	Note	2023 \$	2022 \$
Revenue from contracts with customers			
Membership subscriptions		39,432,993	39,868,748
Public Education Fund Levy	16(c)	1,430,212	1,445,512
Course fees		106,091	72,818
Venue hire		434,919	286,530
Advertising		15,727	14,636
		<u>41,419,942</u>	<u>41,688,244</u>
Other income			
Rental income		2,146,145	2,447,071
Grant income	26(f)	85,000	135,400
Interest income		2,552,088	776,626
Other income		427,237	338,726
		<u>5,210,470</u>	<u>3,697,823</u>
Total Revenue and Other Income		<u>46,630,412</u>	<u>45,386,067</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	41,313,851	41,615,426
- At a point in time	106,091	72,818
Revenue from contracts with customers	<u>41,419,942</u>	<u>41,688,244</u>

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Notes to the Financial Statements

For the Year Ended 31 December 2023

5 Result for the Year

The result for the year includes the following specific expenses:

	2023	2022
Note	\$	\$
Superannuation contributions	2,056,508	1,888,143
Defined benefit costs	26(d) 188,887	5,840
Expenses relating to variable lease payments not included in lease liabilities	66,878	46,103
(Gain)/Loss on disposal of assets	(116,854)	35,125
Provision for doubtful debts	6,413	6,709

6 Cash and Cash Equivalents

Cash at bank	5,691,836	5,335,175
Cash on hand	2,600	2,600
	<u>5,694,436</u>	<u>5,337,775</u>

7 Trade and Other Receivables

Trade receivables from contracts with customers	7(b) 1,016,314	906,140
Provision for impairment	7(c) (63,928)	(57,515)
	<u>952,386</u>	<u>848,625</u>
Other receivables	187,179	59,530
Accrued interest receivable	1,404,015	577,337
	<u>2,543,580</u>	<u>1,485,492</u>

(a) Receivable from other reporting unit

Australian Education Union - Federal Office	<u>1,239</u>	<u>-</u>
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Notes to the Financial Statements For the Year Ended 31 December 2023

7 Trade and Other Receivables (continued)

(b) Aged analysis

The ageing analysis of trade receivables is as follows:

	2023	2022
	\$	\$
0 < 14 days	984,231	874,162
14-30 days	19,762	20,843
30-60 days (past due not impaired)	12,321	10,703
61+ days (considered impaired)	-	432
Total	1,016,314	906,140

(c) 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 2023 is determined as follows, and the expected credit losses incorporate forward looking information.

31 December 2023	< 14 days	30 days	60 days	61 + days	Total
Expected loss rate (%)	5%	25.29%	78.89%	0%	
Gross carrying amount (\$)	984,231	19,762	12,321	-	1,016,314
ECL provision	49,212	4,997	9,719	-	63,928
31 December 2022					
Expected loss rate (%)	5%	25.20%	75.90%	99%	
Gross carrying amount (\$)	874,162	20,843	10,703	432	906,140
ECL provision	43,708	5,252	8,127	428	57,515

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Notes to the Financial Statements

For the Year Ended 31 December 2023

8 Financial Assets

	2023	2022
	\$	\$
CURRENT		
<i>Financial assets at amortised cost</i>		
Term deposits	65,092,375	53,526,061
	<u>65,092,375</u>	<u>53,526,061</u>
NON-CURRENT		
<i>Financial assets at amortised cost</i>		
Term deposits	-	4,619,658
	<u>-</u>	<u>4,619,658</u>

9 Other Assets

Prepayments	156,992	297,964
Other	8,717	9,996
	<u>165,709</u>	<u>307,960</u>

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Notes to the Financial Statements For the Year Ended 31 December 2023

10 Property, Plant and Equipment

	2023	2022
	\$	\$
Land and Buildings		
At cost	50,268,180	48,393,059
Accumulated depreciation	<u>(24,803,336)</u>	<u>(23,086,379)</u>
	<u>25,464,844</u>	<u>25,306,680</u>
Plant and equipment		
At cost	2,887,518	2,732,886
Accumulated depreciation	<u>(1,687,144)</u>	<u>(1,478,381)</u>
	<u>1,200,374</u>	<u>1,254,505</u>
Furniture, fixtures and fittings		
At cost	1,261,241	1,126,067
Accumulated depreciation	<u>(921,363)</u>	<u>(852,309)</u>
	<u>339,878</u>	<u>273,758</u>
Motor vehicles		
At cost	979,948	943,730
Accumulated depreciation	<u>(532,911)</u>	<u>(619,249)</u>
	<u>447,037</u>	<u>324,481</u>
Leasehold Improvements		
At cost	168,044	148,654
Accumulated depreciation	<u>(94,589)</u>	<u>(87,544)</u>
	<u>73,455</u>	<u>61,110</u>
	<u><u>27,525,588</u></u>	<u><u>27,220,534</u></u>

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Notes to the Financial Statements For the Year Ended 31 December 2023

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 & equipment \$	Furniture, fixtures & fittings \$	Motor vehicles \$	Leasehold improvements \$	Total \$
Year ended 31 December 2023						
Balance at the beginning of year	25,306,680	1,254,505	273,758	324,481	61,110	27,220,534
Additions	1,875,121	154,632	135,174	277,305	19,390	2,461,622
Disposals	-	-	-	(14,253)	-	(14,253)
Depreciation expense	(1,716,957)	(208,763)	(69,054)	(140,496)	(7,045)	(2,142,315)
	25,464,844	1,200,374	339,878	447,037	73,455	27,525,588
Year ended 31 December 2022						
Balance at the beginning of year	27,008,831	1,238,831	332,253	211,275	68,301	28,859,491
Additions	18,549	217,739	14,193	277,046	-	527,527
Disposals	(175,890)	(3,844)	(2,836)	(5,737)	-	(188,307)
Depreciation expense	(1,544,810)	(198,221)	(69,852)	(158,103)	(7,191)	(1,978,177)
	25,306,680	1,254,505	273,758	324,481	61,110	27,220,534

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Notes to the Financial Statements

For the Year Ended 31 December 2023

11 Intangible Assets

	2023	2022
	\$	\$
Computer Software		
At cost	975,857	839,189
Accumulated amortisation	(769,128)	(681,355)
	<u>206,729</u>	<u>157,834</u>

(a) Movements in carrying amounts of intangible assets

Balance at the beginning of the year	157,834	107,613
Additions	136,668	110,758
Amortisation	(87,773)	(60,537)
Closing value at end of year	<u>206,729</u>	<u>157,834</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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Notes to the Financial Statements

For the Year Ended 31 December 2023

12 Leases (continued)

Right-of-use assets

	Land and buildings	Office equipment	Total
	\$	\$	\$
Year ended 31 December 2023			
Balance at beginning of year	657,867	52,645	710,512
Additions to right-of-use assets	462,499	-	462,499
Remeasurement of lease liabilities	1,165	-	1,165
Depreciation charge	(160,428)	(24,518)	(184,946)
Balance at end of year	961,103	28,127	989,230

Year ended 31 December 2022

Balance at beginning of year	614,968	80,204	695,172
Additions to right-of-use assets	416,422	-	416,422
Remeasurement of lease liabilities	(18,422)	-	(18,422)
Disposals	(191,605)	-	(191,605)
Depreciation charge	(163,496)	(27,559)	(191,055)
Balance at end of year	657,867	52,645	710,512

Lease liabilities

	2023	2022
	\$	\$
Current lease liabilities	178,430	150,675
Non-current lease liabilities	848,296	586,454
Total	1,026,726	737,129

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Notes to the Financial Statements

For the Year Ended 31 December 2023

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
	\$	\$	\$	\$	\$
2023					
Lease liabilities	234,433	838,110	223,876	1,296,419	1,026,726
2022					
Lease liabilities	192,848	536,967	198,292	928,107	737,129

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:

	2023	2022
	\$	\$
Interest expense on lease liabilities	53,450	29,386
Depreciation of right-of-use assets	184,946	191,055
	238,396	220,441

Statement of Cash Flows

Total cash outflow for leases	227,360	220,681
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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 2023

13 Trade and Other Payables

	2023	2022
Note	\$	\$
Trade payables and accruals	1,910,783	1,142,058
Sundry payables	2,285,489	2,284,941
Contract liabilities - membership in advance	719,778	617,793
	<u>4,916,050</u>	<u>4,044,792</u>
(a) Payables to other reporting units:		
Australian Education Union - Federal Office	12,926	2,626
	<u>12,926</u>	<u>2,626</u>
(b) Legal costs payable:		
Litigation	80,881	77,610
Other legal matters	31,211	31,712
	<u>112,092</u>	<u>109,322</u>

14 Employee Benefits

CURRENT		
Annual Leave	3,416,370	3,300,242
Long service leave	5,813,144	5,122,878
Defined benefit fund	15(j) 590,000	590,000
	<u>9,819,514</u>	<u>9,013,120</u>
NON-CURRENT		
Long service leave	27,839	55,826
Defined benefit fund	2,112,241	2,850,613
	<u>2,140,080</u>	<u>2,906,439</u>

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Notes to the Financial Statements For the Year Ended 31 December 2023

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:

	Note	2023 \$	2022 \$
Office holders			
Annual leave		594,744	488,320
Long service leave		971,908	833,619
		<u>1,566,652</u>	<u>1,321,939</u>
Employees other than office holders			
Annual leave		2,821,626	2,811,922
Long service leave		4,869,075	4,345,085
		<u>7,690,701</u>	<u>7,157,007</u>
Defined Benefit Fund Liability [refer 14(a)]	15(a)	<u>2,702,241</u>	<u>3,440,613</u>
		<u><u>11,959,594</u></u>	<u><u>11,919,559</u></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

	Note	2023 \$	2022 \$
Net defined benefit liability at start of year		3,440,613	12,929,634
Current service cost		56,058	110,541
Net interest expense		168,946	394,783
Provision for on costs		(36,117)	(499,484)
Total amount recognised in profit or loss	26(d)	188,887	5,840
Actual return on fund assets less interest income		(1,444,094)	2,663,279
Actuarial (gains)/losses arising from changes in financial assumptions		3,897,739	(12,177,713)
Actuarial (gains)/losses arising from liability experience		(2,741,734)	609,577
Total amount recognised in other comprehensive income		(288,089)	(8,904,857)
Employer contributions		639,171	590,004
Total liability at end of year		2,702,241	3,440,613

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Notes to the Financial Statements For the Year Ended 31 December 2023

15 Defined Benefit Fund (continued)

(b) Reconciliation of Fair Value of Fund Assets

	2023	2022
	\$	\$
Opening balance	45,682,056	50,241,937
Interest income	2,567,850	1,616,670
Actuarial return on fund assets less interest income	1,444,094	(2,663,279)
Employer contributions	639,171	590,004
Contributions by participants	50,967	59,658
Benefits paid	(3,144,199)	(4,088,482)
Taxes, premiums and expenses paid	180,654	(74,452)
Closing balance	47,420,593	45,682,056

(c) Present value of defined benefit obligations

Present value of defined benefit obligations at start of year	48,914,500	62,463,918
Current service costs	56,058	110,541
Interest cost	2,736,795	2,011,453
Contributions by participants	50,967	59,658
Actuarial (gains)/losses arising from changes in financial assumptions	3,897,739	(12,177,713)
Actuarial (gains)/losses arising from liability experience	(2,741,734)	609,577
Benefits paid	(3,144,199)	(4,088,482)
Taxes, premiums and expenses paid	180,654	(74,452)
Present value of defined benefit obligations at end of year	49,950,780	48,914,500

(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 on the maximum economic benefit available to the Federation in the form of reductions in future employer contributions.

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Notes to the Financial Statements For the Year Ended 31 December 2023

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 2022 and 2023, respectively).

Class of asset	2023			Total \$'000	% of total
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000		
Short term securities	2,415,739	1,946,484	70,084	4,432,307	12.2
Australian fixed interest	-	102,577	-	102,577	0.3
International fixed interest	-	1,084,385	14,842	1,099,227	3.0
Australian equities	4,388,741	813,953	2,246	5,204,940	14.3
International equities	13,277,683	64,306	147,969	13,489,958	37.2
Property	-	-	2,849,524	2,849,524	7.8
Alternatives	5,963	1,630,805	7,487,827	9,124,595	25.2
Total	20,088,126	5,642,510	10,572,492	36,303,128	100.0

Class of asset	2022			Total \$'000	% of total
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000		
Short term securities	2,178,314	3,027,145	-	5,205,459	13.7
Australian fixed interest	-	99,002	-	99,002	0.3
International fixed interest	2,904	1,451,796	19,376	1,474,076	3.9
Australian equities	4,988,108	140,005	2,181,597	7,309,710	19.2
International equities	14,295,385	131,091	29,670	14,456,146	38.0
Property	-	-	860,250	860,250	2.3
Alternatives	69,241	1,491,542	7,057,005	8,617,788	22.6
Total	21,533,952	6,340,581	10,147,898	38,022,431	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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Notes to the Financial Statements For the Year Ended 31 December 2023

15 Defined Benefit Fund (continued)

(f) Significant actuarial assumptions at the reporting date

	2023	2022
Discount rate	5.20%	5.80%
Salary increase rate (excluding promotions)	3.2 - 5.74%	2.74 - 3.68%
Rate of CPI increase	2.5 - 6.6%	2.5 - 7%
Pensioner mortality	Per 2021 Actuarial investigation	Per 2021 Actuarial investigation

(g) Sensitivity analysis

The Federation's total defined benefit obligation as at 31 December 2023 and 2022 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 2023 and 2022.

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 2023		
Actuarial assumption		
Discount rate +/- 0.5%	(2,485,951)	2,685,241
Rate of CPI increase +/- 0.5%	2,858,150	(2,659,214)
Salary increase rate (excluding promotions) +/- 0.5%	75,430	(73,155)
Mortality factors: Higher**/Lower*	(489,751)	616,098
31 December 2022		
Actuarial assumption		
Discount rate +/- 0.5%	(2,421,933)	2,615,703
Rate of CPI increase +/- 0.5%	2,793,532	(2,698,396)
Salary increase rate (excluding promotions) +/- 0.5%	79,278	(78,957)
Mortality factors: Higher**/Lower*	(458,493)	514,255

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

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Notes to the Financial Statements For the Year Ended 31 December 2023

15 Defined Benefit Fund (continued)

(g) Sensitivity analysis (continued)

*Assumes the short term pensioner mortality improvement factors for years 2023-2026 also apply for years after 2026.

**Assumes the long term pensioner mortality improvement factors for years post 2026 also apply for the years 2023-2026.

(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 2024 as advised by the Actuary of the respective funds is \$590,000 (December 2023: \$590,000).

(k) Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 10 years (2022: 10.4 years).

(l) Description of significant events

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

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Notes to the Financial Statements For the Year Ended 31 December 2023

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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Notes to the Financial Statements

For the Year Ended 31 December 2023

17 Capital and leasing commitments

(a) Operating leases - receivable

	2023	2022
	\$	\$
Operating lease rentals receivable:		
- not later than 1 year	1,348,721	1,933,532
- between 1 year and 5 years	711,741	2,016,940
	<u>2,060,462</u>	<u>3,950,472</u>

All properties held by the Federation (refer note 10) are predominantly 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 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>1,775,456</u>	<u>230,383</u>
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Capital commitments relate to various capital projects, including software acquisition, equipment purchases, and building refurbishment.

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Notes to the Financial Statements For the Year Ended 31 December 2023

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	2023 \$	2022 \$
Financial Assets			
Cash and cash equivalents	6	5,694,436	5,337,775
Trade and other receivables	7	2,543,580	1,485,492
Financial assets at amortised cost	8	65,092,375	58,145,719
Total financial assets		73,330,391	69,588,644
Financial Liabilities			
Trade and other payables		3,916,779	3,019,777
Lease liabilities	12	1,026,726	737,129
Total financial liabilities		4,943,505	3,756,906

(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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Notes to the Financial Statements

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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	
	2023	2022	2023	2022
	\$	\$	\$	\$
Trade and other payables	4,196,272	3,426,999	-	-
Lease liabilities	178,430	150,675	848,296	586,454
	4,374,702	3,577,674	848,296	586,454

(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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Notes to the Financial Statements For the Year Ended 31 December 2023

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
2023	325,462	(325,462)	325,462	(325,462)
2022	290,729	(290,729)	290,729	(290,729)

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

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

	Note	2023	2022
		\$	\$
Interest income	4	2,552,088	776,626
Interest expense	12	(53,450)	(29,386)

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Notes to the Financial Statements

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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:

	2023	2022
	\$	\$
Short-term employee benefits	1,808,398	1,577,028
Post-employment benefits	173,592	143,810
Other long-term benefits	115,308	71,674
	<u>2,097,298</u>	<u>1,792,512</u>

20 Remuneration of Auditor

Remuneration of the auditor:

- audit and other assurance services	60,747	57,480
- other services	10,283	11,990
	<u>71,030</u>	<u>69,470</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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Notes to the Financial Statements For the Year Ended 31 December 2023

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 sundry 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:

	2023	2022
	\$	\$
Opening Balance	1,304,050	1,342,850
Funds transferred to the Federation	9,410	1,416
Payments from the Federation to Associations*	367,837	348,975
Net income and expenditures on behalf of Associations	(319,743)	(389,191)
Balance of funds held in trust	1,361,553	1,304,050

* 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.

From time to time the Federation makes expenditures for which a component relates to other branches (reporting units). These expenditures are then reimbursed to the Federation at cost hence they are not considered to be related party transactions.

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Notes to the Financial Statements For the Year Ended 31 December 2023

23 Cash Flow Information

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

	Note	2023 \$	2022 \$
Result for the year		7,362,842	7,405,020
Non-cash flows in the result:			
- depreciation and amortisation		2,415,034	2,229,769
- net loss on disposal of fixed assets		(116,854)	35,124
- Defined Benefit Fund current service cost and interest	15(a)	188,887	5,840
Changes in assets and liabilities:			
- decrease/(increase) in trade and other receivables		(1,058,088)	(351,393)
- (increase)/decrease in other assets		142,251	(87,781)
- (decrease)/increase in provision for employee benefits		139,237	(405,976)
- increase/(decrease) in income in advance		101,985	251,323
- increase/(decrease) in trade and other payables		769,273	(567,866)
Cashflow from operations		<u>9,944,567</u>	<u>8,514,060</u>

(b) Non-cash financing and investing activities

Acquisition of assets by means of operating leases		<u>462,499</u>	<u>416,422</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.

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Notes to the Financial Statements

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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 14 May 2024 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

	2023	2022
	\$	\$
Paid to: Australian Education Union - Federal Office		
Capitation fees	2,401,467	2,142,420
ACTU Subscriptions	435,241	399,910
Compulsory levies (Australian Educator and TAFE Teacher)	252,506	232,009
Public Education Campaign	265,796	244,220
Education International	164,129	158,132
Total capitation fees and levies	3,519,139	3,176,691

On the Statement of Profit or Loss and Other Comprehensive Income an amount of \$250,000 (2022: \$230,000) has been included in "Grants paid" for contributions paid to the International Trust Fund.

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Notes to the Financial Statements

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

(b) Affiliation fees and periodic subscriptions expense

	2023	2022
	\$	\$
NSW Labor Council	202,968	186,320
Newcastle Labor Council	-	9,515
South Coast Labour Council	18,897	17,881
Other Affiliates	25,403	25,653
Welfare Rights Council	20,808	20,808
Total affiliation fees and periodic subscriptions	268,076	260,177

(c) Grants and donations

Grants:

Total expensed that were \$1,000 or less	2,991	1,214
Total expensed exceeding \$1,000	776,330	712,243
	779,321	713,457

Donations

Total expensed that were \$1,000 or less	1,172	2,000
Total expensed exceeding \$1,000	8,540	4,000
	9,712	6,000

Total	789,033	719,457
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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 2023

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

(d) Employee expenses

	Note	2023 \$	2022 \$
Holders of Office			
Wages and salaries		1,575,104	1,412,193
Superannuation		173,592	143,810
Leave and other entitlements		342,879	230,073
Other employee expenses		102,236	88,798
Subtotal employee expenses holders of office		2,193,811	1,874,874
Employees other than office holders			
Wages and salaries		14,743,715	14,454,661
Superannuation		1,882,916	1,744,333
Leave and other entitlements		3,093,246	2,624,025
Separation and redundancies		38,353	-
Other employee expenses		1,121,985	1,066,367
Employees other than office holders		20,880,215	19,889,386
Defined benefit Fund	5, 15(a)	188,887	5,840
Total employee expenses		23,262,913	21,770,100

(e) Miscellaneous disclosures

Fees/allowances in respect of attendances at conferences/meetings as representatives of the Union [already included at 26(d)]		9,360	4,920
Meetings and conferences expenses: members, council, committees, panels or other bodies		3,444,160	3,160,804
Legal costs:			
- Litigation		295,335	433,833
- Other legal matters		148,061	428,764

Australian Education Union

New South Wales Teachers Federation Branch

ABN: 86 600 150 697

Notes to the Financial Statements

For the Year Ended 31 December 2023

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

(f) Revenue disclosure

	Note	2023 \$	2022 \$
Grants received	4	<u>85,000</u>	135,400

(g) Cashflows with other reporting units

Australian Education Union - Federal Office

Cash outflows		<u>3,886,380</u>	3,499,341
Cash outflows - International Trust Fund		<u>275,000</u>	253,000
		<u>4,161,380</u>	3,752,341

Australian Education Union - Federal Office

Cash inflows		<u>21,392</u>	-
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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 General Manager:

1. A member of a reporting unit, or the General Manager, 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

ABN: 86 600 150 697

Report required under Subsection 255(2A) For the Year Ended 31 December 2023

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 2023.

Categories of expenditure	2023 \$	2022 \$
Remuneration and other employment related costs and expenses - employees	23,262,913	21,770,100
Advertising	2,055	2,278
Operating costs	13,207,575	13,051,791
Donations to political parties	-	-
Legal costs	443,396	862,597



Jeffrey Conroy
Custodian

Dated: 14 May 2024



Melissa Smith
Deputy Branch Secretary

Australian Education Union New South Wales Teachers Federation Branch

ABN: 86 600 150 697

Officer Declaration Statement

I, Jeffrey Conroy, being the Branch Custodian and Melissa Smith, being Deputy 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 2023 (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

ABN: 86 600 150 697

Officer Declaration Statement

- have a separation and redundancy provision in respect of holders of office
- have other employee provisions in respect of holders of office
- ~~• have a 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


Jeffrey Conroy
Custodian


Melissa Smith
Deputy Branch Secretary

Dated: 14 May 2024



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 2023, 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 ended, and notes to the financial statements, including material accounting policy information, 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 2023, and its financial performance and its cash flows for the year ended on that date in accordance with:

- a. the Australian Accounting Standards; and
- b. 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 ethical 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.

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Professional Standards
Legislation.





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 objective is 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

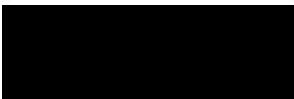
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Federation's internal control.
- Evaluate the appropriateness of accounting policies 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.

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



Stephen Millgate
Partner

Registration number (as required under the RO Act): AA2017/127

Wollongong

Dated: 14 May 2024

Liability limited by scheme approved under Professional Standards Legislation.