



Australian Government
Registered Organisations Commission

22 May 2017

Ms Susan Hopgood
Federal Secretary
Australian Education Union

By Email: aeu@aeufederal.org.au

Dear Ms Hopgood

**Re: Lodgement of Financial Statements and Accounts – Australian Education Union -
for year ended 31 December 2016 (FR2016/409)**

I refer to the financial report for the Australian Education Union. The report was lodged with the Registered Organisations Commission on 9 May 2017.

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

Please note the next report may be subject to an advanced review.

Reporting Requirements

On the Registered Organisations Commission ('ROC') website a number of factsheets in relation to the financial reporting process and associated timelines are available. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The ROC recommends reporting units use this model as it will assist in ensuring compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained at <http://www.roc.gov.au/running-a-registered-organisation/financial-reporting>

Should you require further information on the financial reporting requirements of the Act, I may be contacted on (02) 6746 3283 or 0429 462 979 or by email at stephen.kellett@roc.gov.au

Yours sincerely

A handwritten signature in black ink that reads 'Stephen Kellett'.

Stephen Kellett
Financial Reporting

From: KELLETT,Stephen
Sent: Monday, 22 May 2017 12:01 PM
To: 'aeu@aeufederal.org.au'
Subject: Attention Ms Susan Hopgood - financial reporting - y/e 31 Dec 2016 - filing
[SEC=UNCLASSIFIED]

UNCLASSIFIED

Dear Ms Hopgood,

Please see attached my letter in relation to the above.

Yours faithfully

STEPHEN KELLETT
Senior Adviser
Financial Reporting
Registered Organisations Commission

Tel: (02) 6746 3283
Email: stephen.kellett@roc.gov.au

Level 13, 175 Liverpool Street, Sydney NSW 2000

www.roc.gov.au



Australian Government
Registered Organisations Commission

Please consider the environment before printing this message



AEU FR2016 409
(primary final).pdf

From: Susan Hopgood [<mailto:SHopgood@aeufederal.org.au>]
Sent: Tuesday, 9 May 2017 5:10 PM
To: ROC - Registered Org Commission
Cc: Susan Hopgood; Pat Forward
Subject: HPRM: ON CMS FR2016/409 AEU FR LODGEMENT

[FR2016/409](#)

Mr Mark Bielecki
Registered Organisations Commissioner
Registered Organisations Commission

Dear Commissioner Bielecki

Attached please find correspondence from Susan Hopgood, AEU Federal Secretary containing documentation for the financial period ended 31 December 2016.

Yours sincerely
Sam Graziano
(on behalf of Susan Hopgood, Federal Secretary)

Sam Graziano
Australian Education Union – Federal Office
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Southbank 3006
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Financial period
ending December 31



Australian Education Union

Federal Office

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Federal President : Correna Haythorpe

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9 May 2017

Ref.: 031.001.001

Mr Mark Bielecki
Registered Organisations Commissioner
Registered Organisations Commission

Email: regorgs@roc.gov.au

Dear Commissioner Bielecki,

**Re: Financial Documents for the Australian Education Union
for financial period ended 31 December 2016**

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

- (a) A copy of the AEU Financial Report for the financial period ending 31 December 2016 (Attachment A);
- (b) Secretary's Certificate that the document lodged is a copy of the document provided to members and presented to the meeting of the Federal Executive of the Australian Education Union on 27th April 2017 (Attachment B).

Yours sincerely,

A handwritten signature in blue ink that reads 'S Hopgood'.

Susan Hopgood
Federal Secretary

**AUSTRALIAN EDUCATION UNION – FEDERAL OFFICE
ABN 16 006 296 647**

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**



Australian Education Union

Federal Office

Ground Floor, 120 Clarendon Street, Southbank, Victoria, 3006

PO Box 1158, South Melbourne, Victoria, 3205

Federal Secretary : Susan Hopgood

Federal President : Correna Haythorpe

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This financial report covers the Australian Education Union - Federal Office as an individual entity. The financial report is presented in the Australian currency.

The Australian Education Union - Federal Office is a registered body under the Fair Work (Registered Organisations) Act 2009 and is domiciled in Australia.

The principal place of business is:
Australian Education Union – Federal Office
G/F, 120 Clarendon Street
SOUTH BANK VIC 3006

The financial report was authorised for issue by the Committee of Management on the 23rd day of February 2017.

AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE
ABN 16 006 296 647

OPERATING REPORT

The Federal Executive presents their report on the Australian Education Union - Federal Office (The AEU-Federal Office) for the financial year ended 31 December 2016.

Members of executive

The Federal Executive is elected for a two-year term commencing on 1 March and ending two years later at the end of February. The name of each person who has been a member of the Federal Executive at any time during or since the end of the financial year is as follows:

Federal Executive from 1 March 2015 to 29 February 2016

Name	Position	Name	Position
Erin Aulich	General Division	Kevin Bates **	General Division
Julie Brown	General Division	Pat Byrne**	General Division
Carolyn Clancy	General Division	John Dixon **	General Division
Glenn Fowler	General Division	Pat Forward**	Deputy Federal Secretary
Correna Haythorpe **	Federal President	Susan Hopgood **	Federal Secretary
Joan Lemaire	General Division	Meredith Peace**	General Division
Maurie Mulheron	Deputy Federal President	Samantha Pidgeon	General Division
Terry Polglase	General Division	Michelle Purdy	Federal TAFE President
Jarvis Ryan	General Division	David Smith	General Division
Howard Spreadbury	Early Childhood Representative	Lynette Winch	Principals Representative
Justin Mullaly	General Division	Gary Zadkovich	General Division
Charline Emzin-Boyd	Aboriginal & Torres Strait Islander Representative	Michelle Rosicky	General Division

Federal Executive from 1 March 2016 to 28 February 2018

Name	Position	Name	Position
Erin Aulich	General Division	Kevin Bates **	General Division
Pat Byrne**	General Division	Carolyn Clancy	General Division
John Dixon **	General Division	Glenn Fowler	General Division
Pat Forward**	Deputy Federal Secretary	Shane Gorman (from 20 Sept 2016)	Principals Representative
Correna Haythorpe **	Federal President	Susan Hopgood **	Federal Secretary
Joan Lemaire	General Division	Martel Menz	Early Childhood Representative
Maurie Mulheron	Deputy Federal President	Justin Mullaly	General Division
Meredith Peace**	General Division	Samantha Pidgeon	General Division
Kevin Pope (to 10 May 2016)	Principals Representative	Michelle Purdy	Federal TAFE President
Helen Richardson	General Division	Michelle Rosicky	General Division
Jarvis Ryan	General Division	Howard Spreadbury	General Division
Jenny Swadling	General Division	Gary Zadkovich	General Division
Charline Emzin-Boyd (from 2 May 2016)	Aboriginal & Torres Strait Islander Representative		

** members of Finance Committee

Members have been in office since the start of the financial year to the date of this report unless otherwise stated.

OPERATING REPORT (Continued)

Significant changes in state of financial affairs

There have been no significant changes in the state of financial affairs of the AEU-Federal Office that occurred during the financial year.

Review of principal activities and results of operations

The AEU is a professional and industrial organisation, registered under the Fair Work (Registered Organisations Act) 2009, representing teachers and other education workers in public early childhood education centres, schools and TAFE colleges across Australia. The AEU is a democratic, federated structure, with a Federal Office, based in Melbourne, and branches in every state and territory of Australia.

The primary object of the AEU is to represent the professional and industrial interests of its members and to promote and defend Australia's high quality public education system. We do this by enacting strategies and campaigns which enhance the working conditions, living standards and professional rights of members and the learning environment of students attending public early childhood education centres, schools and TAFE institutes.

The AEU 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 Australia and internationally.

The AEU Federal Executive set the following strategic objectives :

- Increase Government funding to public schools, early childhood education centres and TAFE institutes.
- Enhance and support the professional status of AEU members in public education.
- Protect and promote quality teaching and learning.
- Protect and enhance the industrial rights of AEU members.
- Promote human rights and social justice.

The principal activities of the AEU-Federal Office during the financial year have focussed on the achievement of these strategic objectives.

The major activity of the AEU during the period was the continuation of the Schools Funding Campaign. Throughout 2016 the AEU has continued to advocate for the Gonski needs based funding model and full six years of Gonski funding necessary to ensure all schools are resourced to the standard required for every student to be given the opportunity to succeed regardless of their family background or circumstances.

The campaign was conducted in the context of the federal election due to be held sometime during 2016. In January the ALP committed to delivering the full six years of needs-based Gonski funding and to the Gonski needs based funding model if elected. The Greens also committed to support the Gonski funding reforms in full.

The Coalition went into the 2016 election with a policy to scrap the final two years of Gonski and replace them with a new funding agreement with the States. Details were not made clear, beyond an extra \$1.2 billion for schools over three years (leaving them about \$3.8 billion short of the full Gonski in 2018 and 2019 alone). Education Minister Birmingham hinted several times that the new funding package would involve redistribution between states, and the 2016 Budget Papers showed cuts to funding for public schools in the NT and Tasmania.

Further, the Federal Government has failed for another year to progress the matter of funding for students with disability despite promising that the funding will be in place in 2016.

OPERATING REPORT (Continued)

Review of principal activities and results of operations (Continued)

Therefore the main objective of the AEU's School Funding campaign in 2016 was to ensure that the government which was elected would support the full funding of Gonski and the continuation of the Gonski funding model. As the Coalition did not support this the AEU campaigned against their re-election calling on our members and the community to vote for a party that would not cut schools funding, The campaign focused on eighteen marginal electorates where AEU staff worked with principals, teachers and parents, to showcase that Gonski funding is making a positive difference on the outcomes for students in the states where the Gonski funding has been in schools since (QLD, NSW, VIC and SA) and to highlight the need for additional funding in all our schools across the country.

Ensuring that full Gonski funding for students with disabilities is delivered, as promised, by the Federal Government has continued to be a campaigning priority for the year. The final data from the Nationally Consistent Collection of Data on Disability (NCCD) was presented to federal and state education ministers at the end of 2015 and but was not released publicly until 20 December 2016. The NCCD for 2015 shows that 12.5% of all students needed supplementary, substantial or extensive support for a disability or learning difficulty – more than twice the number currently receiving funded support in our schools. The figure is higher for public schools, where 13.6% of students need extra funded support.

The most recent research from the Productivity Commission found that only 5.1% of all students (and 6.3% of public school students) received funded support for their disability in 2014.

Over 270,000 students with disability – more than half the total number - will begin the 2017 school year with no extra funded support after the Turnbull Government failed to keep its promise to lift school funding for disability to match student need.

The AEU held a Close the Educational Gap lobbying day in Canberra on 3 February 2016 to highlight the educational issues that Aboriginal and Torres Strait Islander children and their families face in the context of the broader Gonski campaign and the Prime Minister's deliverer of the Close the Gap report. Principals, teachers, parents and students met with the Education Minister Simon Birmingham, Opposition Leader Bill Shorten and their local Federal MPs, to tell of the success of needs-based Gonski funding in delivering better outcomes for Aboriginal and Torres Strait Islander students and lobby the MPs on importance of school funding and the growing achievement gaps for Indigenous students.

Schools, through their Principal, were encouraged to tell their Gonski success story which was distributed to the school community via newsletter, website, and through parent meetings. Schools in QLD, SA, NSW and Victoria were also urged to invite their local MP to visit their school to hear about the way in which Gonski funding was making a difference. In other states, the schools invited their local MP to hear about the needs of their schools and how the money when provided would improve student outcomes.

In the election period AEU members and community / *Give a Gonski* supporters knocked on doors to talk about the success of Gonski funding to student outcomes. Branches organised member meetings in schools in the target seats to educate members about the importance of this election on the future of Gonski funding.

Submissions were made to a number of Parliamentary and other Inquiries as well as appearances to these Inquiries. These included a House of Representatives Inquiry into Educational Opportunities for Aboriginal and Torres Strait Islander Students and a Senate Inquiry into current levels of access and attainment for students with disability in the school system and the impact on students and families associated with inadequate levels of support.

Another major activity was the *Stop TAFE Cuts* campaign which was set against the backdrop of the unfolding disaster that was VET FEE-HELP and increasing uncertainty as public revelations about the activities of private for-profit colleges consumed the media. The problems with the VET FEE-HELP scheme cannot be considered in isolation from the other problems which currently exist across the sector. Indeed many of the problems - low quality provision, low student engagement, poor progression, inconsistent assessment and low completion rates, unscrupulous providers and wasted financing are all evident across the whole sector, and are not confined to VET FEE-HELP provision.

OPERATING REPORT (Continued)

Review of principal activities and results of operations (Continued)

TAFE teachers, members and activists around the country actively participated in the *Stop TAFE Cuts* campaign with audiences on Facebook, Twitter and the website continue to grow. A series of activities were held around the country for National TAFE Day 2016, including a reception in Parliament House in NSW which was addressed by three TAFE students.

The union continued to campaign for the Federal Government to commit to ongoing funding for universal access to fifteen hours of pre-school delivered by a qualified teacher for every four year old. The Universal Access to Early Childhood Education National Partnership implemented by the then Federal Labor government provided funding from 1 July 2013 to 31 December 2014. The Abbott Government was forced by public pressure to extend funding but would only make a commitment to one year from 1 January 2015 to 31 December 2015. Again, in response to further pressure, a subsequent \$840 million extension of funding was made from 1 January 2016 to the end of December 2017.

The Turnbull government has so far failed to make any commitment to permanent federal funding and there is currently no certainty of funding beyond 2017 despite the strong evidence base on the importance of quality early childhood programs for children and the long term social and economic benefits for the nation of early investment in education.

The AEU Federal Executive working with the National Early Childhood Committee has developed a national campaign plan aimed at achieving our goal for fully funded universal access of 15 hours per week for all 4 year olds.

The Union has worked with its members, its Branches and employing authorities to improve the professional status of teaching and other education workers in all sectors. It has campaigned for these objectives through advocacy and support for high standards of entry to, and rigorous courses of, Initial Teacher Education, professional standards for school teachers and principals, the introduction of professional teaching qualifications for TAFE teachers as well as for further recognition through improved remuneration and enhanced career structures for teachers and education workers generally.

Results of activities

The AEU's *I Give a Gonski* campaign helped to deliver a new national funding system, and hundreds of millions of dollars in extra funding for public schools. In NSW, Queensland, and South Australia, where the funding has been in schools since 2014 and in Victoria since 2016, the benefits are already visible, through increased resourcing in schools, better outcomes and increased levels of job satisfaction being reported by members.

Despite the agenda of the Federal Government to dismantle the Gonski funding model and back down on its commitment to fully fund the Gonski reforms, the AEU, together with parents and the broader community have successfully campaigned to ensure that fairer funding for schools remains on the political agenda. The impact of the high profile Gonski campaign continues to be enormous. The issue of fair funding for schools and the full implementation of Gonski is high on the issues of voters both at a national and at state level.

Our members were very active in the campaign for Gonski funding, participating in door knocks, community actions, phone calling, handing out Gonski material on election day. The focus was always on promoting the positive outcomes for students of increased funding. Across Australia parents, teachers and principals have spoken of the importance of fair and equitable funding for their schools, and of the demonstrated connection between additional resourcing for schools and improved student outcomes. The campaign has a very high profile on social media.

The Turnbull Government was returned with a significantly reduced majority and a more complicated Senate. And there is still no public support for ending Gonski funding. A number of polls taken during and post the election showed that Gonski funding was a major election issue. A poll taken by the Australia Institute in the week after the election found that 64% of voters wanted the Senate to oppose any attempts to cut Gonski.

OPERATING REPORT (Continued)

Results of activities (Continued)

The AEU's campaign continues to have a major impact on school funding policies. All State and Territory Governments, except for the WA Government, oppose the cuts to the Gonski funding proposed by the Turnbull Government, They have stated this opposition repeatedly at meetings of the Education Council (Education Ministers). Polling by Essential Research in the lead up to the December meeting showed that only 18% of voters approved of the Coalition's cuts to Gonski, while 54% opposed them.

The AEU's *Stop TAFE Cuts* campaign continues to build a strong presence on social media, with sign-ups on the website, and on Facebook and Twitter continuing. As a result of activities held across the country around National TAFE Day, tens of thousands of leaflets and posters were distributed.. We have been successful in engaging a broad cross section of the Australian community in the campaign, and on National TAFE Day a variety of BBQs, morning teas, concerts, and other gatherings, events and actions were organised. The campaign has built links with the AMWU, young Labor, Greens, CFMEU, ASU, ETU, CPSU, PSA, Unions NSW, TAFEs, and TAFE Student Associations.

The campaign for universal pre-school education for four year olds has resulted in the pre-school community becoming aware of the funding shortfall and active in the campaign to call on the government to support it.

Throughout the financial year the AEU has successfully enhanced and supported the professional status of AEU members in public education through professional development and training and conferences, representation of members on professional bodies and to employers; made submissions and appeared before Commonwealth of Australia Parliamentary Committees and various federal Inquiries.

The AEU Federal Office has coordinated, researched and informed Branches on industrial matters including support for salaries and conditions which have resulted in increased salaries and improved conditions across the country.

Analysis of results for the year:

The expenditure on campaigning is impacted by the three year federal election cycle. This year was the final year of the cycle and as it was an election year we campaigned more actively, particularly focussing on local community campaigning in targeted electorates, to promote and advocate for a continuation of the new fairer funding model for schools based on student need.

The public education funds which the AEU held provided the resources necessary to conduct such a campaign over the twelve months in the lead up to the 2016 federal election. These funds resourced the activities of the campaign including employment of target seat coordinators, campaign activities, paid advertising including television and social media, research and polling.

	General Operations	Public Education Campaign	Total
	\$	\$	\$
Revenue	8,409,175	774,068	9,183,243
Expenses	(5,933,595)	(4,947,564)	(10,881,159)
Funds transferred	(1,605,492)	1,605,492	-
Deficit for the year	870,088	(2,568,004)	(1,697,916)

OPERATING REPORT (Continued)

Right of members to resign

Members may resign from the union in accordance with rule 17, which reads as follows:

"17 - Resignation from membership and termination of eligibility

- (1) Subject to sub-rule 17(1A) a member becomes ineligible for membership of the Union when he/she no longer meets the conditions of eligibility for membership of the Union.
- (1A) The following persons shall after the date referred to in sub-rule 5(12) be eligible to retain membership of the Union notwithstanding the fact that they are no longer eligible for membership within the conditions of eligibility for membership set out in rule 5:
 - (a) members who are eligible for membership pursuant to paragraphs 5(3)(a), (b) or (c) and are -
 - (i) seconded by their employer to non-teaching duties, or
 - (ii) appointed by the Minister for Education to any Board, Committee or statutory authority;
 - (b) members who were formerly eligible for membership pursuant to paragraph 5(4)(a), (b) or (c) and have commenced to be employed elsewhere in the Victorian Education Department or in a technical and further education institution or by the Technical and Further Education Board or are seconded by their employer to perform professional duties requiring teacher qualifications;
 - (c) persons who become members of the Union prior to the date referred to in sub-rule 5(12) pursuant to paragraphs 5(3)(d) or 5(4)(d);provided that persons who are entitled to retain membership pursuant to this sub-rule should not be entitled to retain membership after the expiration of the secondment or appointment.
- (2) A member who becomes ineligible for membership of the Union shall within seven days thereof give written notice of the fact and the reason therefore to the Secretary of the Branch to which he/she is attached.
- (3) A member may resign from membership of the Union by written notice addressed to and delivered to the Secretary of the Branch to which the member is attached.
- (4) A notice of resignation from membership takes effect:-
 - (a) here the member ceases to be eligible to become a member of the Union -
 - (i) on the day on which the notice is received at the office of the relevant Branch Secretary; or
 - (ii) on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;whichever is later; or
 - (b) in any other case -
 - (i) at the end of 2 weeks after the notice is received at the office of the relevant Branch Secretary; or
 - (ii) on the day specified in the notice;whichever is later.
- (5) Any subscriptions, levies or fines which are due and payable but have not been paid by a former member in relation to a year before the member's resignation took effect, may be sued for and recovered in the name of the Union, in a court of competent jurisdiction, as a debt due to the Union.
- (6) A notice delivered to the relevant Branch Secretary shall be taken to have been received by the Union when it was delivered.
- (7) A notice of resignation that has been received at the office of the relevant Branch Secretary is not invalid because it was not addressed and delivered in accordance with sub-rule (1).
- (8) (A resignation from membership is valid even if it is not effected in accordance with this section if the member is informed in writing by or on behalf of the Union that the resignation has been accepted.
- (9) A relevant Branch Secretary may accept a resignation from membership which is not effected in accordance with this Rule.
- (10) Where the relevant Branch Secretary accepts a resignation in accordance with the previous sub-rule the relevant Branch Secretary shall inform the member in writing that his/her resignation has been accepted.
- (11) On receipt of a written notice from a member that he/she has become ineligible for membership of the Union or a notice of resignation or on acceptance of a resignation which is not effected in accordance with this Rule, the Branch Secretary shall, as soon as possible notify the Federal Secretary that the member has become ineligible for membership or that the member has resigned."

AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE
ABN 16 006 296 647

OPERATING REPORT (Continued)

Membership and employee numbers

The number of employees includes both full-time employees and part-time employees measured on a full-time equivalent basis at 31 December 2016 was 17.2 (2015: 37.3)

The number of members across 8 branches at 31 December 2016 was 188,880 (2015: 188,319).

Superannuation trustees

To the best of the Federal Executive's belief and knowledge, no officer or member of the organisation, by virtue of their office or membership of the Australian Education Union is:

- (i) a trustee of a superannuation entity or exempt public sector superannuation scheme: or
- (ii) a director of a company that is a trustee of a superannuation entity or exempt public sector superannuation scheme: and
- (iii) where the criterion for the officer or member being a trustee or director is that the officer or member is an officer or member of a registered organisation.

Signed in accordance with a resolution of the Federal Executive:

Signature of designated officer: _____



Name of designated officer: Susan Hopgood

Title of designated officer: Federal Secretary

Date:

23/2 / 17

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 \$	2015 \$
Revenue from continuing operations	4	8,652,470	8,490,166
Other revenue	4	530,773	476,655
Expenses			
Administrative and other expenses	5	(378,811)	(552,732)
Capitation, affiliation fees and levies	6	(1,617,122)	(1,538,152)
Campaign and project expenses	7	(5,099,729)	(1,427,115)
Depreciation and amortisation	8	(14,464)	(14,699)
Employee expenses	9	(2,674,261)	(2,790,944)
ITF allocation		(88,000)	(88,000)
Legal and professional fees	10	(32,969)	(29,350)
Meeting and conference expenses	11	(286,631)	(363,911)
Publications	12	(689,172)	(725,407)
		<u>(10,881,159)</u>	<u>(7,530,310)</u>
(Deficit) Surplus for the year		<u>(1,697,916)</u>	<u>1,436,511</u>
(Deficit) Surplus attributable to the members		(1,697,916)	1,436,511
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Gain on revaluation of investments		784,477	-
Total comprehensive income for the year attributable to the members		<u>(913,439)</u>	<u>1,436,511</u>

AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE
ABN 16 006 296 647

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Notes	2016 \$	2015 \$
ASSETS			
Current assets			
Cash and cash equivalents	13	12,484,995	14,517,649
Trade and other receivables	14	<u>234,850</u>	<u>165,788</u>
Total current assets		<u>12,719,845</u>	<u>14,683,437</u>
Non-current assets			
Available-for-sale financial assets	15	4,089,787	3,303,661
Property, plant and equipment	16	<u>30,422</u>	<u>42,790</u>
Total non-current assets		<u>4,120,209</u>	<u>3,346,451</u>
Total assets		<u>16,840,054</u>	<u>18,029,888</u>
LIABILITIES			
Current liabilities			
Trade and other payables	17	179,285	339,600
Provisions	18	<u>1,923,681</u>	<u>2,039,761</u>
Total current liabilities		<u>2,102,966</u>	<u>2,379,361</u>
Total liabilities		<u>2,102,966</u>	<u>2,379,361</u>
Net assets		<u>14,737,088</u>	<u>15,650,527</u>
FUNDS			
Reserves	19	5,042,172	6,855,699
General fund	20	<u>9,694,916</u>	<u>8,794,828</u>
Total funds		<u>14,737,088</u>	<u>15,650,527</u>

The above balance sheet should be read in conjunction with the accompanying notes.

AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE
ABN 16 006 296 647

STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2016

	General Fund \$	Reserves \$	Total \$
Balance at 1 January 2015	8,360,224	5,853,792	14,214,016
Total comprehensive income for the year	1,436,511	-	1,436,511
Revaluation of financial assets	-	-	-
Transfer from general fund	<u>(1,001,907)</u>	<u>1,001,907</u>	<u>-</u>
Balance at 31 December 2015	<u>8,794,828</u>	<u>6,855,699</u>	<u>15,650,527</u>
Balance at 1 January 2016	8,794,828	6,855,699	15,650,527
Total comprehensive income for the year	(1,697,916)	-	(1,697,916)
Revaluation of financial assets	-	784,477	784,477
Transfer to (from) general fund	<u>2,598,004</u>	<u>(2,598,004)</u>	<u>-</u>
Balance at 31 December 2016	<u>9,694,916</u>	<u>5,042,172</u>	<u>14,737,088</u>

The above statement of changes in funds should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 \$	2015 \$
Cash flows from operating activities			
Receipts of capitation fees and levies (inclusive of GST)	25(a)	8,456,891	8,311,121
Receipts from controlled entities		-	-
Receipts of campaign contributions from branches (inclusive of GST)	25(b)	851,475	824,514
Sundry receipts		567,675	432,544
Payments to suppliers and employees (inclusive of GST)		(12,052,804)	(8,184,681)
Payments to controlled entities		-	-
Interest received		193,901	232,786
Net cash (outflow) inflow from operating activities	25(c)	<u>(1,982,862)</u>	<u>1,616,284</u>
Cash flows from investing activities			
Payment for property, plant and equipment		(16,138)	(32,518)
Proceeds from sales of property, plant and equipment		3,330	-
Return of investment		-	270,844
Net cash (outflow) inflow from investing activities		<u>(12,808)</u>	<u>238,326</u>
Cash flows from financing activities			
Repayment of borrowing		(36,984)	(39,996)
Net cash (outflow) from financing activities		<u>(36,984)</u>	<u>(39,996)</u>
Net (decrease) increase in cash and cash equivalents		(2,032,654)	1,814,614
Cash and cash equivalents at beginning of financial year		<u>14,517,649</u>	<u>12,703,035</u>
Cash and cash equivalents at end of financial year	13(a)	<u><u>12,484,995</u></u>	<u><u>14,517,649</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1: Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the period presented, unless otherwise stated.

The financial report includes the separate financial statements for the Australian Education Union - Federal Office (The AEU-Federal Office).

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Fair Work (Registered Organisation) Act 2009*. The AEU-Federal Office is a not-for-profit entity for the purpose of preparing the financial statements.

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

Compliance with Australian Accounting Standards

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). A statement of compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) cannot be made due to the AEU-Federal Office applying not-for-profit specific requirements contained in the Australian Accounting Standards.

Early adoption of standards

No accounting standard has been adopted earlier than the application date stated in the standard.

New and amended standards adopted by the AEU-Federal Office

The AEU-Federal Office adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Board (AASB) that are relevant to the operations and effective for the current annual reporting period.

It has assessed the impact of other new and amended standards that came into effect for the first time for the annual reporting period commencing 1 January 2016. These standards did not result in changes to the accounting policies and had no effect on the amounts reported for current or prior year financial statements.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the AEU-Federal Office's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1: Summary of significant accounting policies (Continued)

(b) Taxation

AEU-Federal Office 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).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of amounts collected on behalf of third parties.

The AEU-Federal Office recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the AEU-Federal Office and specific criteria have been met for each of the AEU-Federal Office's activities as described below. The amount of revenue is not considered to be reliably measurable until all relating contingencies have been resolved. The AEU-Federal Office bases its estimates on historical results, taking into consideration the type of member, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major operating activities as follows:

Affiliation and capitation fees and levies

Affiliation and capitation fees and levies are recognised on an accruals basis when the right to receive the fee or levy has been established.

Campaign contributions from branches

Campaign contributions from branches are recognised on an accruals basis when the right to receive the fee or levy has been established.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the AEU-Federal Office reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1: Summary of significant accounting policies (Continued)

(c) Revenue recognition (Continued)

Other revenue

Other revenue is recognised when the right to receive the revenue has been established.

All revenue is stated net of the amount of Goods and Services Tax (GST).

(d) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(e) Investment in other financial assets

Classification

The AEU-Federal Office classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

The AEU-Federal Office does not hold any investments in the following categories: financial assets at fair value through profit or loss and held-to-maturity investments.

(i) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

Reclassification

The entity may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the entity may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the entity has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1: Summary of significant accounting policies (Continued)

(e) Investment in other financial assets (Continued)

Reclassification (Continued)

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the entity commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the entity has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities

Measurement

At initial recognition, the entity measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- for 'financial assets at fair value through profit or loss' – in profit or loss within other income or other expenses
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security are recognised in profit or loss and other changes in the carrying amount are recognised in other comprehensive income
- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income.

Dividends on financial assets at fair value through profit or loss and available-for-sale equity instruments are recognised in profit or loss as part of revenue from continuing operations when the entity's right to receive payments is established.

Interest income from financial assets at fair value through profit or loss is included in the net gains/(losses). Interest on available-for-sale securities, held-to-maturity investments and loans and receivables calculated using the effective interest method is recognised in the statement of profit or loss as part of revenue from continuing operations

Impairment

The entity assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1: Summary of significant accounting policies (Continued)

(e) Investment in other financial assets (Continued)

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the entity may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(f) Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the entity is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1: Summary of significant accounting policies (Continued)

(g) Property, plant and equipment

Each class of property, plant and equipment is carried at historical cost less any accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Depreciation

The depreciable amount of all fixed assets including buildings are depreciated over their estimated useful lives to the AEU-Federal Office commencing from the time the asset is held ready for use.

Class of fixed asset	Depreciation rate	Depreciation basis
Office and computer equipment	20 -33%	diminishing value
Furniture and fittings	10%	straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the AEU-Federal Office prior to the end of the financial year and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

(i) Employee benefits

(i) Short-term obligations

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

(ii) Other long-term employee benefit obligations

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1: Summary of significant accounting policies (Continued)

(i) Employee benefits (Continued)

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The entity recognises termination benefits at the earlier of the following dates: (a) when the entity can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(j) Functional and presentation currency

Items included in the financial report are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial report is presented in Australian dollars, which is the AEU-Federal Office's functional and presentation currency.

(k) Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(l) Impairment of assets

Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows 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.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2016

1: Summary of significant accounting policies (Continued)

(m) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods. The AEU-Federal Office's assessment of the impact of these new standards and interpretations is set out below:

Title of Standard	AASB 9 Financial Instruments
Nature of change	<p>AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:</p> <ol style="list-style-type: none"> a. Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c. Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments. d. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. e. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: <ul style="list-style-type: none"> • the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI) • the remaining change is presented in profit or loss <p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</p> <ul style="list-style-type: none"> • Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9: • classification and measurement of financial liabilities; and • derecognition requirements for financial assets and liabilities. <p>AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements. Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.</p> <p>When this standard is first adopted for the year ending 31 December 2018, there will be no material impact on the transactions and balances recognised in the financial statements.</p>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2016

1: Summary of significant accounting policies (Continued)

(m) New accounting standards and interpretations (Continued)	
Title of Standard	AASB 9 Financial Instruments (Continued)
Application date	Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed AASB 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The entity does not intend to adopt AASB 9 before its mandatory date.
Title of Standard	AASB 15 Revenue from Contracts with Customers
Nature of change	<p>AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations:</p> <ul style="list-style-type: none"> – establishes a new revenue recognition model – changes the basis for deciding whether revenue is to be recognised over time or at a point in time – provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing) – expands and improves disclosures about revenue <p>In May 2015, the AASB issued ED 260 Income of Not-for-Profit Entities, proposing to replace the income recognition requirements of AASB 1004 Contributions and provide guidance to assist not-for-profit entities to apply the principles of AASB 15. The ED was open for comment until 14 August 2015 and the AASB is currently in the process of redeliberating its proposals with the aim of releasing the final amendments in late 2016.</p> <p>At this stage, the entity is not able to estimate the effect of the new rules on the entity's financial statements. The entity will make more detailed assessments of the effect over the next twelve months.</p>
Application date	Mandatory for financial years commencing on or after 1 January 2018. At this stage, the entity does not intend to adopt the standard before its effective date.
Title of Standard	AASB 16 Leases
Nature of change	<p>AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.</p> <p>The standard will affect primarily the accounting for the entity's operating leases. As at the reporting date, the entity has non-cancellable operating lease commitments of \$33,638, see note 22. However, the entity has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the entity's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.</p>
Application date	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the entity does not intend to adopt the standard before its effective date.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2016

1: Summary of significant accounting policies (Continued)

(m) New accounting standards and interpretations (Continued)	
Title of Standard	AASB 1058 Income of Not-for-Profit Entities
Nature of change	<p>AASB 1058 clarifies and simplifies the income recognition requirements that apply to NFP entities, in conjunction with AASB 15 Revenue from Contracts with Customers. These Standards supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions. Under AASB 1058, the timing of income recognition depends on whether a NFP transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity.</p> <p>This standard applies when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. In the latter case, the entity will recognise and measure the asset at fair value in accordance with the applicable Australian Accounting Standard (e.g. AASB 116 Property, Plant and Equipment). Upon initial recognition of the asset, AASB 1058 requires the entity to consider whether any other financial statement elements (called 'related amounts') should be recognised, such as:</p> <ol style="list-style-type: none"> a. Contributions by owners; b. Revenue, or a contract liability arising from a contract with a customer; c. A lease liability; d. A financial instrument; or e. A provision. <p>These related amounts will be accounted for in accordance with the applicable Australian Accounting Standard.</p>
Application date	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the entity does not intend to adopt the standard before its effective date.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2: Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the AEU-Federal Office and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The AEU-Federal Office makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. None of the estimates and assumptions are expected to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value of financial instruments

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

(b) Critical judgments in applying the AEU-Federal 's accounting policies

The following are the critical judgements that management has made in the process of applying the AEU-Federal Office's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Employee entitlements

Management judgements are applied in determining the following key assumptions in the calculation of long service leave at balance date:

- future increase in wages and salaries;
- future on-costs rates; and
- experience of employees departures and year of service.

3: Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009* the attention of members is drawn to the provisions of subsection (1) to (3) of sections 272, which read as follows:

Information to be provided to members or the General Manager of Fair Work Commission:

(1) a member of a reporting unit, or the General Manager of Fair Work Commission, 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).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

4: Revenue

	Notes	2016 \$	2015 \$
From continuing operations			
Affiliation fees & other levies	a	1,489,996	1,476,633
Campaign contributions from branches	b	774,068	749,560
Capitation fees	c	5,543,307	5,419,319
Library income		82,104	73,516
Publication income	d	108,215	111,525
Publication levy	e	654,780	659,613
		<u>8,652,470</u>	<u>8,490,166</u>
Other revenue			
Distribution received		127,341	30,923
Donations		-	-
Financial support from another reporting unit		-	-
Grants		-	-
Interest		183,331	229,046
ITF reimbursements		57,350	57,350
Rent		161,012	141,736
Other revenue		1,739	17,600
		<u>530,773</u>	<u>476,655</u>

(a) Affiliation fees & other levies

	2016 \$	2015 \$
ACT Branch	28,107	26,697
NSWTF Branch	476,211	469,223
NT Branch	14,931	17,895
QLD Branch	314,296	305,437
SA Branch	108,095	104,300
TAS Branch	46,106	47,438
VIC Branch	383,495	387,798
SSTUWA for the WA Branch	118,755	117,845
	<u>1,489,996</u>	<u>1,476,633</u>

The affiliation fees income represents the funding received or receivable from the branches for the ACTU and Education International Affiliations.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

4: Revenue (Continued)

(b) Campaign contributions from branches

	2016	2015
	\$	\$
ACT Branch	14,036	13,552
NSWTF Branch	247,808	238,184
NT Branch	7,456	9,084
QLD Branch	166,952	155,044
SA Branch	53,980	52,944
TAS Branch	23,024	24,080
VIC Branch	201,508	196,852
SSTUWA for the WA Branch	59,304	59,820
	<u>774,068</u>	<u>749,560</u>

These contribution from branches are for the National Public Education Campaign.

(c) Capitation fees

	2016	2015
	\$	\$
ACT Branch	104,568	97,981
NSWTF Branch	1,771,670	1,722,070
NT Branch	55,547	65,677
QLD Branch	1,169,292	1,120,968
SA Branch	402,151	382,785
TAS Branch	171,529	174,099
VIC Branch	1,426,735	1,423,240
SSTUWA for the WA Branch	441,815	432,499
	<u>5,543,307</u>	<u>5,419,319</u>

(d) Publication income

	2016	2015
	\$	\$
Australian Educator	99,440	100,128
TAFE Teacher	8,775	11,397
	<u>108,215</u>	<u>111,525</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

4: Revenue (Continued)

(e) Publication levy

	2016 \$	2015 \$
ACT Branch	12,352	11,926
NSWTF Branch	209,271	209,602
NT Branch	6,561	7,994
QLD Branch	138,118	136,439
SA Branch	47,502	46,591
TAS Branch	20,261	21,190
VIC Branch	168,527	173,230
SSTUWA for the WA Branch	52,188	52,641
	<u>654,780</u>	<u>659,613</u>

This levy is for the publication of Australian Educator and TAFE Teacher.

5: Administration and other expenses

	2016 \$	2015 \$
Communication	53,295	51,929
Consideration to employers for payroll deductions	-	-
Donations:		
Total paid that were \$1,000 or less	2,791	2,845
Total paid that exceeded \$1,000	17,615	41,500
Grants:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Insurance	29,533	47,379
Library	29,934	34,158
Occupancy costs	128,040	166,105
Penalties - via RO Act or RO Regulations	-	-
Postage, printing and stationary	58,927	62,819
Overseas travel	15,351	54,540
Website	7,040	37,478
Loss on disposal of fixed assets	10,712	4,382
Other expenses	25,573	49,597
	<u>378,811</u>	<u>552,732</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2016

6: Capitation, affiliation fees & levies

	Note	2016 \$	2015 \$
<i>Capitation fees</i>		-	-
<i>Affiliation fees</i>			
ACOSS		1,493	1,450
ACSA		218	215
Aust Council on Children & Media		191	191
ACTU		1,174,563	720,532
APHEDA		6,180	6,000
ATEA		109	109
AFTINET		200	200
Australian Anti-Base campaign		200	200
Australian Institute Employment Right		3,000	3,000
Education International		430,235	430,721
International Peace Bureau		253	-
Other		-	274
The Refugee Council of Australia		480	480
		<u>1,617,122</u>	<u>1,163,372</u>
<i>Compulsory levies</i>			
ACTU – campaign levy		-	374,780
<i>Total Capitation, affiliation and levies</i>		<u>1,617,122</u>	<u>1,538,152</u>

7: Campaign and project expenses

		2016 \$	2015 \$
Public education campaigns			
- Salaries & on-costs	9	1,048,408	1,107,888
- Other expenses		3,899,156	309,765
Total Public education campaigns		4,947,564	1,417,653
Workers Right Campaign		80,000	-
Research project and other campaigns		72,165	9,462
		<u>5,099,729</u>	<u>1,427,115</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2016

8: Depreciation

	Note	2016 \$	2015 \$
<i>Depreciation of non-current assets</i>			
Office equipment		11,983	10,670
Furniture, fixtures and fittings		<u>2,481</u>	<u>4,029</u>
		<u>14,464</u>	<u>14,699</u>

9: Employee expenses

		2016 \$	2015 \$
Holders of office:			
Wages and salaries		500,921	605,719
Superannuation		76,593	74,334
Leave and other entitlements		102,818	(83,503)
Separation and redundancies		-	-
Other employee expenses		<u>82</u>	<u>6,627</u>
		<u>680,414</u>	<u>603,177</u>
Employees other than holders of office:			
Wages and salaries		2,870,130	2,701,790
Salaries reimbursement received (Seconded staff)		(218,400)	(200,200)
Casual wages		7,564	24,319
Superannuation		344,448	366,134
Leave and other entitlements		(218,898)	159,424
Separation and redundancies		-	-
Other employee expenses		<u>5,515</u>	<u>3,866</u>
		<u>2,790,359</u>	<u>3,055,333</u>
Other :			
Payroll tax		189,973	182,000
Workcover		31,331	39,639
Staff recruitment		-	9,637
Fringe benefit tax		28,017	1,110
Staff training		<u>2,575</u>	<u>7,936</u>
		<u>251,896</u>	<u>240,322</u>
Allocated to Public Education Campaigns	7	<u>(1,048,408)</u>	<u>(1,107,888)</u>
Total employee expenses		<u>2,674,261</u>	<u>2,790,944</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

10: Legal and professional fees

	2016 \$	2015 \$
Audit of the financial report	29,000	29,350
Legal fees		
- litigation	-	-
- other legal matters	3,969	-
	<u>32,969</u>	<u>29,350</u>

11: Meeting and conference expenses

	2016 \$	2015 \$
Allowances - meeting and conferences	113,736	127,792
Other meeting expenses	172,895	236,119
	<u>286,631</u>	<u>363,911</u>

12: Publications

	2016 \$	2015 \$
Australian Educator	616,769	652,748
TAFE Teacher	72,403	72,659
	<u>689,172</u>	<u>725,407</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2016

13: Current assets – Cash and cash equivalents

	2016 \$	2015 \$
Cash on hand	4,131	3,620
Cash at bank	5,740,145	7,939,604
Term deposits	6,740,719	6,574,425
	<u>12,484,995</u>	<u>14,517,649</u>

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	<u>12,484,995</u>	<u>14,517,649</u>
Balances per statement of cash flows	<u>12,484,995</u>	<u>14,517,649</u>

14: Current assets – Trade and other receivables

	2016 \$	2015 \$
<i>Receivable from other reporting units</i>		
NT Branch	-	1,366
QTU	-	1,944
SA Branch	780	-
SSTUWA for the WA Branch	2,210	451
	<u>2,990</u>	<u>3,761</u>
Less provision for impairment of receivables	-	-
	<u>2,990</u>	<u>3,761</u>
<i>Others</i>		
Prepayments	81,734	55,703
Amount due from ITF	37,180	196
Net GST refund	36,210	29,073
Other receivables	76,736	77,055
	<u>234,850</u>	<u>165,788</u>

Classification as trade and other receivables

(i) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as noncurrent assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current.

(ii) Other receivables

These amounts generally arise from transactions during the usual operating activities of the entity. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

(iii) Fair values of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

15: Non-current assets – Available for sale financial assets

	2016 \$	2015 \$
Unlisted investments in unit trusts	<u>4,089,787</u>	<u>3,303,661</u>

These financial assets are carried at fair value.

These investments include the following surplus transferred to equity at reporting date:

Opening balance	3,303,661	3,554,017
Distribution capitalised	1,649	20,489
Return of investment	-	(270,845)
Increase in investment revaluation reserve	784,477	-
Closing balance	<u>4,089,787</u>	<u>3,303,661</u>

(a) The unit trust investment represents a 21.9% investment in the FEU which owns the building occupied by the AEU Federal Office and units in ACTU Member Connect.

16: Non-current assets – Property, plant and equipment

	2016 \$	2015 \$
Plant and equipment		
Office equipment		
At cost	41,074	55,297
Less accumulated depreciation	<u>(22,623)</u>	<u>(26,959)</u>
	<u>18,451</u>	<u>28,338</u>
Furniture, fixtures and fittings		
At cost	60,224	60,224
Less accumulated depreciation	<u>(48,253)</u>	<u>(45,772)</u>
	<u>11,971</u>	<u>14,452</u>
Total property, plant and equipment	<u>30,422</u>	<u>42,790</u>

(a) Non-current assets pledged as security

None of the non-currents assets are pledged as security.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2016

16: Non-current assets – Property, plant and equipment (Continued)

(b) Movements in carrying amounts

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

	Office equipment	Furniture, fittings and fixtures	Total
	\$	\$	\$
2015			
Opening net book amount	20,780	8,573	29,353
Additions	22,598	9,920	32,518
Disposals	(4,370)	(12)	(4,382)
Depreciation	(10,670)	(4,029)	(14,699)
Closing net book amount	<u>28,338</u>	<u>14,452</u>	<u>42,790</u>
2016			
Opening net book amount	28,338	14,452	42,790
Additions	16,138	-	16,138
Disposals	(14,042)	-	(14,042)
Depreciation	(11,983)	(2,481)	(14,464)
Closing net book amount	<u>18,451</u>	<u>11,971</u>	<u>30,422</u>

17: Current liabilities – Trade and other payables

	2016 \$	2015 \$
<i>Unsecured:</i>		
Trade creditors	97,126	208,686
Legal cost		
- other legal matters	-	-
- litigation	-	-
Amount payables to other reporting units	-	-
Consideration to employers for payroll deductions	-	-
Other payables and accruals	82,159	130,914
	<u>179,285</u>	<u>339,600</u>

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2016

18: Current liabilities – Provisions

	2016	2015
	\$	\$
Holders of office:		
Annual leave	444,537	411,064
Long service leave	429,394	360,048
Separations and redundancies	-	-
Other	-	-
	<u>873,931</u>	<u>771,112</u>
Employees other than holders of office:		
Annual leave	365,266	480,399
Long service leave	617,573	721,339
Separations and redundancies	-	-
Other	-	-
	<u>982,839</u>	<u>1,201,738</u>
Other provision	<u>66,911</u>	<u>66,911</u>
Total provision	<u>1,923,681</u>	<u>2,039,761</u>

(a) Employee benefits - long service leave

Included in the employee benefits provision is a provision that has been recognised for future employee benefits relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on an assessment of the individual employee's circumstances. The measurement and recognition criteria for employee benefits have been included in Note 1.

	Employee benefit obligations	Other provisions	Total
	\$	\$	\$
Balance at 1 January 2015	1,896,929	66,511	1,963,440
Charged to income statement	75,921	400	76,321
Balance at 31 December 2015	1,972,850	66,911	2,039,761
Charged to income statement	(116,080)	-	(116,080)
Balance at 31 December 2016	<u>1,856,770</u>	<u>66,911</u>	<u>1,923,681</u>

19: Reserves

		2016	2015
		\$	\$
Public education campaign reserve	(a)	2,035,445	4,633,449
Workers' rights campaign reserve	(b)	373,352	373,352
Available for sale investments revaluation reserve	(c)	2,499,175	1,714,698
Allocated funds reserve	(d)	134,200	134,200
		<u>5,042,172</u>	<u>6,855,699</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2016

19: Reserves (Continued)

(a) Public education campaign reserve

	2016	2015
	\$	\$
Movements during the financial year:		
<i>Opening balance</i>	4,633,449	3,701,542
Funds received	744,068	749,560
Funds allocated from general fund	<u>1,605,492</u>	<u>1,600,000</u>
	6,983,009	6,051,102
Funds spent (note 7)	<u>(4,947,564)</u>	<u>(1,417,653)</u>
<i>Closing balance</i>	<u>2,035,445</u>	<u>4,633,449</u>

The public education campaign fund reserve records funds set aside from the surplus for the purpose of funding future public education campaigns. Funds raised in a financial year that are not expended in that year are set aside in the reserve to be spent in future years.

(b) Workers rights campaign reserve

	2016	2015
	\$	\$
Movements during the financial year:		
<i>Opening balance</i>	373,352	323,352
Funds received	30,000	-
Funds allocated	<u>50,000</u>	<u>50,000</u>
	453,352	373,352
Funds spent	<u>(80,000)</u>	<u>-</u>
<i>Closing balance</i>	<u>373,352</u>	<u>373,352</u>

The worker rights campaign reserve records funds set aside from the surplus for the purpose of funding future worker rights campaigns.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2016

19: Reserves (Continued)

(c) Available for sale investment revaluation reserve

	2016	2015
	\$	\$
<i>Movements during the financial year:</i>		
Opening balance	1,714,698	1,714,698
Revaluation	784,477	-
Closing balance	<u>2,499,175</u>	<u>1,714,698</u>

Changes in fair value arising on translation of investments such as equities, classified as available-for-sale financial assets, are taken to the available-for-sale investments revaluation reserve, as described in note 1. Amounts are recognised in the income statement when the associated assets are disposed of or impaired.

(d) Allocated funds reserve

	2016	2015
	\$	\$
<i>Movements during the financial year:</i>		
<i>Opening balance</i>	134,200	114,200
Funds allocated	-	20,000
Funds transferred	-	-
	<u>134,200</u>	<u>134,200</u>
Funds spent	-	-
Funds transferred	-	-
	<u>-</u>	<u>-</u>
<i>Closing balance</i>	<u>134,200</u>	<u>134,200</u>

The allocated funds reserve records funds allocated from the surplus for the purpose of funding future projects.

20: General funds

	2016	2015
	\$	\$
<i>Movements in the general funds were as follows:</i>		
Opening balance	8,794,828	8,360,224
Net (deficit) surplus for the year	(1,697,916)	1,436,511
Transfer from (to) reserves	2,598,004	(1,001,907)
Ending balance	<u>9,694,916</u>	<u>8,794,828</u>

Apart from those recorded in the financial statements, no specific funds or accounts have been operated as part of the Federal Fund in respect of compulsory levies or voluntary contributions (Refer Note 28).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

21: Contingencies

Details of contingent liabilities where the probability of future payments is not considered remote are set out below. Provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	2016	2015
	\$	\$
Bank autopay facility	<u>30,000</u>	<u>30,000</u>

There are no other known contingent assets or liabilities at 31 December 2016.

22: Commitments

	2016	2015
	\$	\$
<i>Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:</i>		
Within one year	33,638	37,529
Later than one year but no later than five years	<u>-</u>	<u>33,638</u>
	<u>33,638</u>	<u>71,167</u>

General description of leasing arrangement:

Leases are for photocopiers, postage meters and rental property.

23: Events occurring after reporting date

No matter or circumstance has arisen since the end of the financial year to the date of this report, that has or may significantly affect the activities of the AEU-Federal Office, the results of those activities or the state of affairs of the AEU-Federal Office in the ensuing or any subsequent financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

24: Related party transactions

(a) Key management personnel

Members of Executive

(i) The Federal Executive is elected for a two-year term commencing on 1 March and ending two years later at the end of February. The names of the Federal Executive in office at any time during or since the end of the financial year are:

Federal Executive from 1 March 2015 to 29 February 2016

Name	Position	Name	Position
Erin Aulich	General Division	Kevin Bates **	General Division
Julie Brown	General Division	Pat Byrne**	General Division
Carolyn Clancy	General Division	John Dixon **	General Division
Glenn Fowler	General Division	Pat Forward**	Deputy Federal Secretary
Correna Haythorpe **	Federal President	Susan Hopgood **	Federal Secretary
Joan Lemaire	General Division	Meredith Peace**	General Division
Maurie Mulheron	Deputy Federal President	Samantha Pidgeon	General Division
Terry Polglase	General Division	Michelle Purdy	Federal TAFE President
Jarvis Ryan	General Division	David Smith	General Division
Howard Spreadbury	Early Childhood Representative	Lynette Winch	Principals Representative
Justin Mullaly	General Division	Gary Zadkovich	General Division
Charline Emzin-Boyd	Aboriginal & Torres Strait Islander Representative	Michelle Rosicky	General Division

Federal Executive from 1 March 2016 to 28 February 2018

Name	Position	Name	Position
Erin Aulich	General Division	Kevin Bates **	General Division
Pat Byrne**	General Division	Carolyn Clancy	General Division
John Dixon **	General Division	Glenn Fowler	General Division
Pat Forward**	Deputy Federal Secretary	Shane Gorman (from 20 Sept 2016)	Principals Representative
Correna Haythorpe **	Federal President	Susan Hopgood **	Federal Secretary
Joan Lemaire	General Division	Martel Menz	Early Childhood Representative
Maurie Mulheron	Deputy Federal President	Justin Mullaly	General Division
Meredith Peace**	General Division	Samantha Pidgeon	General Division
Kevin Pope (to 10 May 2016)	Principals Representative	Michelle Purdy	Federal TAFE President
Helen Richardson	General Division	Michelle Rosicky	General Division
Jarvis Ryan	General Division	Howard Spreadbury	General Division
Jenny Swadling	General Division	Gary Zadkovich	General Division
Charline Emzin-Boyd (from 2 May 2016)	Aboriginal & Torres Strait Islander Representative		

** members of Finance Committee

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2016

24: Related party transactions

(a) Key management personnel (Continued)

(ii) Key management personnel remuneration

	2016	2015
	\$	\$
Short-term employee benefits		
Salary (including annual leave taken)	475,370	449,484
Annual leave	59,024	54,986
Accommodation benefit	25,390	24,519
Total short-term employee benefits	<u>559,784</u>	<u>528,989</u>
Post-employment benefits:		
Superannuation	76,593	74,334
Total post-employment benefits	<u>76,593</u>	<u>74,334</u>
Other long-term benefits:		
Long-service leave	69,345	(107,918)
Total other long-term benefits	<u>69,345</u>	<u>(107,918)</u>
Termination benefits	-	125,664
	-	125,664
Total	<u>705,722</u>	<u>621,069</u>

(iii) There were no loans between the key management personnel or the committee of management and the AEU-Federal Office.

(iv) There were no transactions between key management personnel or the committee of management and the AEU-Federal Office other than those relating to their membership of the AEU-Federal Office and reimbursement by the AEU-Federal Office in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which is reasonable to expect would have been adopted by parties at arm's length.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

24: Related party transactions (Continued)

(b) Transactions with related parties

Sales of goods and services:

Capitation fees and levies received

Some capitation fee and levies are paid by associated entities of the affiliated branches as allowed by rule 11(7).

	2016	2015
	\$	\$
<i>Administration fees received</i>		
From the Australian Education Union International Trust Fund	57,350	57,350
<i>Rent received</i>		
From the Federation of Education Unions Unit trust	161,012	141,736
<i>Purchases of goods and services:</i>		
<i>Outgoings paid</i>		
To the Federation of Education Unions Unit trust	128,040	166,105
<i>Superannuation contributions</i>		
Defined contribution superannuation contributions on behalf of employees	332,048	440,468

(c) Outstanding balances arising from sales and purchases of goods and services:

These balances are disclosed in the "Trade receivables" and "Trade payables" notes to the accounts. No provision for impairment has been raised in relation to any of these outstanding balances and no expense has been recognised in respect of bad or doubtful debts due from related parties.

(d) Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2016, the entity has not recorded any impairment of receivables relating to : owed by related parties and declared person or body (2015: \$Nil). This assessment is undertaken each financial year examining the financial position of the related party and the market in which the related party operates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

25: Cash flow information

(a) Receipts of affiliation, capitation fees and levies (inclusive of GST)

	2016	2015
	\$	\$
ACT Branch	159,530	150,265
NSWTF Branch	2,702,866	2,640,984
NT Branch	84,743	100,723
QLD Branch	1,783,877	1,719,128
SA Branch	613,523	587,043
TAS Branch	261,685	266,999
VIC Branch	2,176,632	2,182,695
SSTUWA for the WA Branch	674,035	663,284
	<u>8,456,891</u>	<u>8,311,121</u>

(b) Receipts of campaign contributions from branches (inclusive of GST)

	2016	2015
	\$	\$
ACT Branch	15,440	14,907
NSWTF Branch	272,589	262,002
NT Branch	8,202	9,992
QLD Branch	183,647	170,548
SA Branch	59,378	58,238
TAS Branch	25,326	26,488
VIC Branch	221,659	216,537
SSTUWA for the WA Branch	65,234	65,802
	<u>851,475</u>	<u>824,514</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

25: Cash flow information (Continued)

(c) Reconciliation of cash flow from operations with the (deficit) surplus for the year

	2016	2015
	\$	\$
(Deficit) Surplus for the year	(1,697,916)	1,436,511
<i>Non-cash flows in (deficit) surplus</i>		
Depreciation	14,464	14,699
Loss on disposals of fixed assets	10,712	4,382
Non-cash distribution	(1,649)	(20,489)
<i>Changes in assets and liabilities</i>		
(Increase) Decrease in trade and other receivables	(32,078)	(9,449)
Increase (Decrease) in payables	(160,315)	114,309
Increase in provisions	(116,080)	76,321
Cash flows from operations	<u>(1,982,862)</u>	<u>1,616,284</u>

26: Wage recovery activities

All wage recovery activity has resulted in payments being made directly to members by employers. The AEU-Federal Office has not derived any revenue in respect of these activities.

27: Other information

(i) Going Concern

The AEU-Federal Office's ability to continue as a going concern is not reliant on financial support from another reporting unit.

(ii) Financial Support

No financial support has been provided to another reporting unit to ensure that it continues as a going concern.

(iii) Acquisition of assets and liability under specific sections:

The entity did not acquire any asset or a liability during the financial year as a result of:

- an amalgamation under part 2 of Chapter 3, of the RO Act;
- a restructure of the Branches of the organisation;
- a determination by the General Manager under s245(1) of the RO Act;
- a revocation by the General Manager under s249(1) of the RO Act;

(iv) Acquisition of assets and liability as part of a business combination:

If assets and liabilities were acquired during the financial year as part of a business combination, the requirement of the Australian Accounting Standards will be complied with. No such acquisition has occurred during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2016

28: International Trust Fund

In addition to the Federal Fund established under Rule 61 and to which these financial statements relate, the following separate funds have been established by the Rules:

1. Branch Funds established by Rule 62
 (each branch prepares and lodges its own financial statements with FWC)
2. International Trust Fund (ITF) established by Rule 67
 (the ITF, being a fund separate from the Federal Fund prepares its own financial statements which are published on the AEU website)

In terms of Rule 67 (3), the objects of the International Trust Fund shall be:-

- a) To promote the exchange of information and understanding between teachers and their organisations in Australia and in other countries;
- b) To promote the development of united and effective teachers' organisations throughout the world and to assist them in times of crisis;
- c) To further the development of education and the professional development of teachers;
- d) To seek the extension of educational opportunities to all children in the world; and
- e) To promote peace, international co-operation and understanding and respect of human rights

A summary of the financial statements of the ITF is presented below:

	Note	2016 \$	2015 \$
Summarised balance sheet			
Current assets		1,490,199	1,590,658
Non-current assets		<u>1,420,247</u>	<u>1,382,809</u>
Total assets		<u>2,910,446</u>	<u>2,973,467</u>
Current liabilities		<u>73,696</u>	<u>103,227</u>
Total liabilities		<u>73,696</u>	<u>103,227</u>
Net assets		<u>2,836,750</u>	<u>2,870,240</u>
Summarised income and expenditure statement			
		2016 \$	2015 \$
REVENUE			
Contributions	28a	721,046	708,865
Investment income		54,293	76,845
Other income		-	-
TOTAL REVENUE		<u>775,339</u>	<u>785,710</u>
TOTAL EXPENDITURE		<u>808,829</u>	<u>751,435</u>
EXCESS OF EXPENDITURE OVER REVENUE		<u>(33,490)</u>	<u>34,275</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2016

28: International Trust Fund (Continued)

Summarised cash flows	2016 \$	2015 \$
Net cash (outflow) inflow from operating activities	(184,877)	66,804
Net cash inflow (outflow) from financing activities	<u>36,984</u>	<u>(2,917)</u>
Net (decrease) increase in cash and cash equivalents	<u>(147,893)</u>	<u>63,887</u>

(a) Contributions

	2016 \$	2015 \$
ACT Branch	15,252	14,021
NSWTF Branch	160,000	150,000
Federal Fund	88,000	88,000
NT Branch	7,229	7,868
QLD Branch	100,000	100,000
SA Branch	60,000	60,000
TAS Branch	18,000	16,000
VIC Branch	192,000	192,000
SSTUWA for the WA Branch	80,565	80,976
	<u>721,046</u>	<u>708,865</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

29: Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, other price risks and aging analysis for credit risk.

Risk management is carried out by management under policies approved by Committee of Management. The Committee of Management identifies, evaluates and hedges financial risks as part of regular meetings. This identification and analysis includes an analysis of interest rate exposure and the evaluation of strategies in the context of most recent economic conditions.

(a) Market risk

(i) Foreign exchange risk

The entity is not exposed to foreign exchange risk.

(ii) Price risk

The entity is exposed to equity securities price and commodity price risk.

(iii) Cash flow and fair value interest rate risk

The AEU-Federal Office has no borrowings and is therefore not exposed to interest rate risk on liabilities. The AEU-Federal Office has investments in a variety of interest-bearing assets and the AEU-Federal Office's income and operating cash flows are exposed to changes in market interest rates for assets.

Sensitivity analysis

As at 31 December 2016 the effect on the surplus as a result of changes in interest rates, with all other variables remaining constant, would be as follows:

	2016	2015
<i>Effect on results:</i>	\$	\$
Increase of interest rates by 2%	249,617	290,280
Decrease of interest rates by 2%	(249,617)	(290,280)

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. Cash transactions are limited to high credit quality financial institutions. Currently the investments are held in Australian banks. The AEU-Federal Office has no significant concentrations of credit risk.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. The credit quality of financial assets can be assessed by reference to external credit ratings as follows:

	2016	2015
	\$	\$
Cash at bank		
<i>A-1+ Rating</i>	5,561,912	7,774,846
<i>A-2 Rating</i>	178,233	164,757
Term deposits		
<i>AA- Rating</i>	4,671,639	4,558,561
<i>BBB+ Rating</i>	2,069,079	2,015,863

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

29: Financial risk management (Continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions

Maturity profile of financial instruments

The maturity profile of financial assets and liabilities held are detailed below:

2016

	Weighted Average Interest rate %	Floating Interest rate \$	1 year or less \$	1 to 2 years \$	2 to 5 years \$	Over 5 years \$	Non Interest bearing \$	Total \$
Financial Assets								
Cash on hand		-	-	-	-	-	4,131	4,131
Cash at banks	0.24	5,740,145	-	-	-	-	-	5,740,145
Deposits at banks	2.05	-	6,740,719	-	-	-	-	6,740,719
Other receivables Available for sale financial assets		-	-	-	-	-	153,116	153,116
		-	-	-	-	-	4,089,787	4,089,787
		<u>5,740,145</u>	<u>6,740,719</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,247,034</u>	<u>16,727,898</u>
Financial Liabilities								
Trade & other payables		-	-	-	-	-	179,285	179,285
		-	-	-	-	-	179,285	179,285
Net Financial Assets		<u>5,740,145</u>	<u>6,740,719</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,067,749</u>	<u>16,548,613</u>

2015

	Weighted Average Interest rate %	Floating Interest rate \$	1 year or less \$	1 to 2 years \$	2 to 5 years \$	Over 5 years \$	Non Interest bearing \$	Total \$
Financial Assets								
Cash on hand		-	-	-	-	-	3,620	3,620
Cash at banks	0.48	7,939,604	-	-	-	-	-	7,939,604
Deposits at banks	2.57	-	6,574,425	-	-	-	-	6,574,425
Other receivables Available for sale financial assets		-	-	-	-	-	110,085	110,085
		-	-	-	-	-	3,303,661	3,303,661
		<u>7,939,604</u>	<u>6,574,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,417,366</u>	<u>17,931,395</u>
Financial Liabilities								
Trade & other payables		-	-	-	-	-	339,600	339,600
		-	-	-	-	-	339,600	339,600
Net Financial Assets		<u>7,939,604</u>	<u>6,574,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,077,766</u>	<u>17,591,795</u>

(d) Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The AEU-Federal Office does not presently have such arrangement in place.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2016

30: Fair value measurement

(a) Financial assets and liabilities

Management of the reporting unit assessed that cash, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values:

- Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 31 December 2016 was assessed to be insignificant.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the entity based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2016 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The following table contains the carrying amounts and related fair values for the entity financial assets and liabilities:

	Carrying amount 2016 \$	Fair value 2016 \$	Carrying amount 2015 \$	Fair value 2015 \$
Financial Assets				
Cash and cash equivalents	12,484,995	12,484,995	14,517,649	14,517,649
Trade and other receivables	234,580	234,580	165,788	165,788
Total	12,719,575	12,719,575	14,683,437	14,683,437
Financial Liabilities				
Trade and other payables	179,285	179,285	339,600	339,600
Total	179,285	179,285	339,600	339,600

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

30: Fair value measurement (Continued)

The entity measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Available-for-sale financial assets

The entity has also measured assets and liabilities at fair value on a non-recurring basis as a result of the reclassification of assets as held for sale.

(b) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) Recognised fair value measurements

The following table presents the entity's assets and liabilities measured and recognised at fair value at 31 December 2016. Comparative information for non-financial assets has not been provided as permitted by the transitional provisions of the new rules.

	Level 1		Level 2		Level 3		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$		\$		\$		\$	
Assets								
Available-for-sale financial assets	-	-	4,089,787	3,303,661	-	-	4,089,787	3,303,661
Financial assets through profit and loss	-	-	-	-	-	-	-	-
Total assets	<u>-</u>	<u>-</u>	<u>4,089,787</u>	<u>3,303,661</u>	<u>-</u>	<u>-</u>	<u>4,089,787</u>	<u>3,303,661</u>

There were no transfers between Level 1, Level 2 and Level 3 in 2016 or 2015.

The entity also has a number of assets and liabilities which are not measured at fair value, but for which fair values are disclosed in the notes.

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

30: Fair value measurement (Continued)

(c) Valuation techniques used to derive level 2 and level 3 fair values

(i) Recurring fair value measurements

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

(ii) Non-recurring fair value measurements

The entity does not have assets in this category.

AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE
ABN 16 006 296 647

COMMITTEE OF MANAGEMENT STATEMENT

On the 23rd of February 2017, the Committee of Management of the Australian Education Union - Federal Office passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2016:

The Committee of Management declares that in its opinion:

1. the financial statements and notes comply with Australian Accounting Standards;
2. the financial statements and notes comply with the reporting guidelines of the General Manager;
3. the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
4. there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
5. during the financial year to which the GPFR relates and since the end of that year:
 - a. meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - b. the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - c. the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - d. where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a manner consistent with each of the other reporting units of the organisation; and
 - e. where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act, that information has been provided to the member or General Manager; and
 - f. 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.
6. No revenue has been derived from undertaking recovery of wages activity during the reporting period.

This declaration is made in accordance with a resolution of the Committee of Management

Designated Officer



Susan Hopgood – Federal Secretary

Dated :

23/2/17

*All correspondence to*PO Box 6094
MELBOURNE VIC 3004**E** bgl@bglpartners.com.au**T** (03) 9525 2511**F** (03) 9525 2829**W** bglpartners.com.au

ABN 96 006 935 459

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN EDUCATION UNION – FEDERAL OFFICE

Report on Audit of the Financial Report

Opinion

We have audited the financial report of the Australian Education Union – Federal Office which comprises the balance sheet as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, notes to the financial statement including a summary of significant accounting policies and other explanatory information and the Committee of Management Statement.

In our opinion:

(i) the accompanying financial report of Australian Education Union – Federal Office:

- a) presents fairly, in all material respects, the financial position of Australian Education Union – Federal Office as at 31 December 2016 and the results of its operations, its changes in equity and cash flows for the year then ended; and
- b) complies the Australian Accounting Standards; and
- c) complies with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*.

(ii) the Committee of Management's use of the going concern basis of accounting in the preparation of the entity's financial statements 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the entity in accordance with auditor independent requirements of ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 Code of Ethics for Professional Accountants (the "Code") that are relevant to our audit of the financial report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

CHARTERED ACCOUNTANTS
AUSTRALIA - NEW ZEALAND

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN EDUCATION UNION – FEDERAL OFFICE (Continued)

Committee of Management 's responsibility for the financial report

The Committee of Management are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009* and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee of Management are responsible for assessing the entity'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 entity or to cease operations, or have no realistic alternative but to do so.

Auditor 's responsibility for the audit of the financial report

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment 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.
- 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 entity'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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN EDUCATION UNION – FEDERAL OFFICE (Continued)

Auditor's responsibility for the audit of the financial report (Continued)

- Conclude on the appropriateness of the Committee of Management s' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity 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 statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or activities within the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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



BGL Partners
Chartered Accountants



I. A. Hinds - C.A. - Partner

Approved auditor

Member of Chartered Accountants Australia and New Zealand
Holder of current Public Practice Certificate

23 February 2017
Melbourne



SECRETARY'S CERTIFICATE

I, SUSAN LOUISE HOPGOOD, Federal Secretary, Australian Education Union do certify that:

1. I am an Officer authorised by the AEU Rules to lodge these documents.
2. The Federal Executive of the AEU held a meeting in accordance with the rules on 23 February 2017 at which the Executive passed a resolution concerning the accounts as presented.

The copy of the AEU Financial Report being lodged is the document that was provided to members on the AEU website www.aeufederal.org.au on and from 6 March 2017.

3. The copy of the full report being lodged is the document presented to the meeting of the Federal Executive of the AEU on 27th April 2017.



.....
SUSAN LOUISE HOPGOOD

9th May 2017



27 January 2017

The Federal Secretary
Australian Education Union
By Email: aeu@aeufederal.org.au

Dear Federal Secretary,

**Re: Lodgement of Financial Report - [FR2016/409]
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the Australian Education Union (the reporting unit) ended on 31 December 2016.

This is a courtesy letter to remind you of the obligation to prepare and lodge the financial report for the reporting unit by the due date under s.268 of the RO Act, that being within 14 days after the meeting referred to in s.266 of the RO Act.

Also you are reminded of the obligation to prepare and lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 requires this statement to be lodged with the FWC within 90 days of the end of the reporting unit's financial year, that is on or before 31 March 2017.

The new Registered Organisations Commission

The Registered Organisations Commission (the ROC) will be established in 2017.

Statements of loans, grants and donation and financial reports must be lodged with the Fair Work Commission until the ROC is established. Once the ROC is established, they must be lodged with the ROC.

It is not yet known when in 2017 the ROC will be established. The Fair Work Commission will be providing information on the transition to the ROC through its subscription service and its website. For details about the subscription service, go to [Subscriptions](#) and subscribe to the Registered organisations information service.

Where to lodge Statements of Loans Grants and Donations and Financial Reports

	Before the ROC is established	From establishment of the ROC
Where to lodge	Lodge your statement of loans grants donations and your financial report with the Fair Work Commission	Lodge your statement of loans grants donations and your financial report and with the ROC
How to lodge	The easiest way to lodge is via email: orgs@fwc.gov.au	Lodgement methods are not yet known

11 Exhibition Street
Melbourne VIC 3000
GPO Box 1994
Melbourne VIC 3001

Telephone : (03) 8661 7777
Email : orgs@fwc.gov.au
Internet : www.fwc.gov.au

Our focus this year: timelines and disclosure of loans, grants and donations

Over the past year we have noted issues in organisations' financial reports relating to timelines and how loans, grants and donations are reported. We will be focusing closely on these areas this year. Please find attached below fact sheets relating to these requirements or alternatively visit our website for information regarding [financial reporting timelines](#) and [loans, grants and donations](#).

Timelines

The RO Act sets out a particular chronological order in which financial documents and statements must be prepared, audited, provided to members and presented to a meeting. For your assistance, the attached *Timeline/Planner* summarises these requirements.

As stated above, section 237 requires the loans, grants and donations statement to be lodged with the FWC within 90 days of the end of the reporting unit's financial year, that is on or before 31 March 2017. A sample statement of loans, grants or donations is available at [sample documents](#).

Fact sheets, guidance notes and model statements

Fact sheets and guidance notes in relation to financial reporting under the RO Act are provided on the Fair Work Commission (FWC) website. This includes a model set of financial statements which have been developed by the FWC. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards. The model statements, Reporting Guidelines and other resources can be accessed through our website under [Financial Reporting](#) in the Running a Registered Organisation section.

Civil penalties may apply

It should be noted that s.268 and s.237 are civil penalty provisions. If a loan, grant or donation over \$1000 has been made, failure to lodge a statement of loans, grants and donations may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$54,000 for a body corporate and \$10,800 for an individual per contravention) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

Failure to lodge a financial report may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$54,000 for a body corporate and \$10,800 for an individual per contravention) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

Contact

Should you wish to seek any clarification in relation to the above, email orgs@fwc.gov.au.

Yours sincerely,

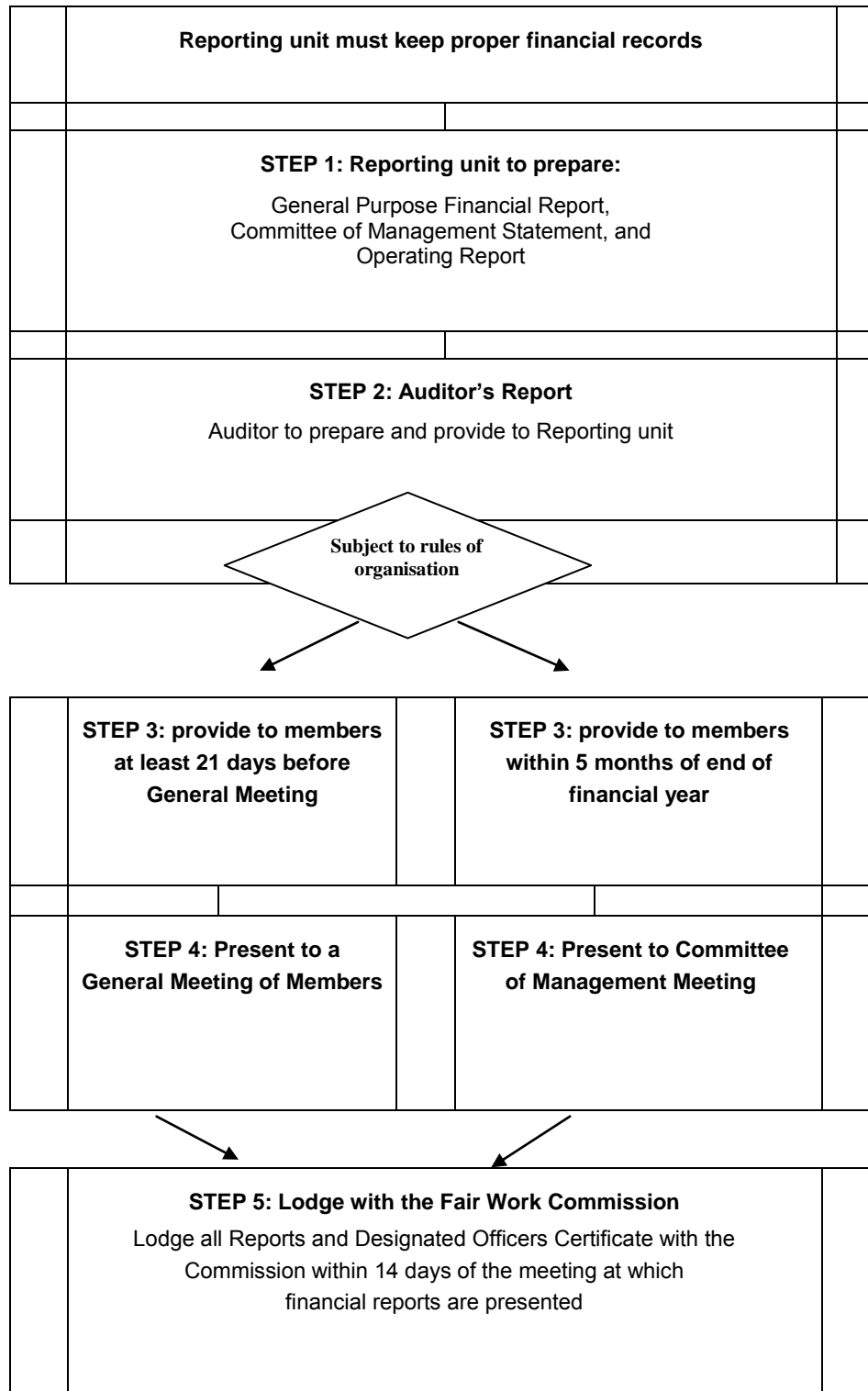


Marianne Kay
Adviser
Regulatory Compliance Branch

Financial reporting timelines

Financial reports are to be lodged with the Fair Work Commission (the Commission) within 14 days of the meeting at which the financial reports have been presented, by completing the steps as outlined below.

See Fact sheet—Financial reporting for an explanation of each of these steps.



Fact Sheet - Loans, Grants & Donations

The Loans, Grants & Donations Requirements

The *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within **90 days** of the ending of the financial year.

Under the General Manager's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.

The Loans, Grants & Donations Statement

Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceed \$1000. The following information must be supplied to the Commission for each relevant loan, grant or donation:

the amount,

the purpose,

the security (if it is a loan),

the name and address of the person to whom it was made,* and







the arrangements for repaying the loan.*

*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.

The statement must be lodged within 90 days of the end of the financial year and the Commission has a [Template Loans, Grants and Donations Statement](#) on its website. The Commission encourages branches and organisations to lodge the statement even if all of the figures are NIL.

Common misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Statement. They include:

Misconception	Requirement
 Only reporting units must lodge the Statement.	 All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.
 Employees can sign the Statement.	 The statement must be signed by an elected officer of the relevant branch.
 Statements can be lodged with the financial report.	 The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.

Grants & Donations within the Financial Report

Item 16(e) of the [General Manager's Reporting Guidelines](#) requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

As such, the note in the financial report relating to grants and donations will have four lines.

In the [Commission's Model Statements](#) the note appears as follows:

Note 4E: Grants or donations*

Grants:	2016	2015
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Total grants or donations	-	-

Item 17 of the General Manager's Reporting Guidelines requires that these line items appear in the financial report even if the figures are NIL.

Implications for filing the Financial Report

During their review of the 2016 financial report staff of the Commission will confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.

If a reporting unit did not fully comply with these requirements in their 2015 financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

It is strongly recommended that all reporting units review their filing letters from the previous financial year to ensure any targeted concerns are addressed in their latest financial report. Failure to address these individual concerns may mean that a financial report cannot be filed.

Previous financial reports and filing letters are available from the [Commission's website](#).

Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the Regulatory Compliance Branch on orgs@fwc.gov.au