



10 May 2021

John Dixon
Branch Secretary, New South Wales Teachers Federation Branch
Australian Education Union

Dear John Dixon

Re: – Financial reporting – Australian Education Union, New South Wales Teachers Federation Branch - for year ending 31 December 2020 (FR2020/326)

I refer to the financial report of the New South Wales Teachers Federation Branch of the Australian Education Union in respect of the year ending 31 December 2020. The documents were lodged with the Registered Organisations Commission ('ROC') on 3 May 2021.

The financial report has been filed. The financial report was 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.

You are not required to take any further action in relation to the 2020 report. Please note the report for year ending 31 December 2021 may be subject to an advanced compliance review.

Reporting Requirements

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

Yours faithfully

A handwritten signature in black ink that reads "Stephen Kellett". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Stephen Kellett
Financial Reporting
Registered Organisations Commission



New South Wales Teachers Federation

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



30 April 2021

In reply please quote: 319/2021/JD/lb

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

Via email: regorgs@roc.gov.au

Re: Financial Statements for the Australian Education Union New South Wales Teachers Federation Branch for financial period ended 31 December 2020

Dear Commissioner Bielecki

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

- (a) A copy of the AEU NSW Teachers Federation Branch Financial Report for the financial period ending 31 December 2020 (*Attachment A*)
- (b) Branch Secretary's Certificate that the document lodged is a copy of the document provided to members and presented to the meeting of the Branch Executive of the AEU NSW Teachers Federation Branch on 27 April 2021 (*Attachment B*)

Yours sincerely

John Dixon
Branch Secretary

ATTACHMENT B

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

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the period ended 31 December 2020

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

- that the document lodged herewith is a copy of the full report for the Australian Education Union New South Wales Teachers Federation Branch for the period ended 31 December 2020 referred to in s268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 27 April 2021 and
- that the full report was presented to a meeting of the Branch Executive on 27 April 2021 in accordance with s266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer
Name of prescribed designated officer
Title of prescribed designated officer
Dated



John Dixon
Branch Secretary
30 April 2021

Australian Education Union New South Wales Teachers Federation Branch

ABN: 86 600 150 697

Financial Statements

For the Year Ended 31 December 2020

Australian Education Union New South Wales Teachers Federation Branch

ABN: 86 600 150 697

Financial Statements

For the Year Ended 31 December 2020

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Australian Education Union

New South Wales Teachers Federation Branch

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Operating Report

For the Year Ended 31 December 2020

Review of principal activities and results of operations

The Committee present their report on the Australian Education Union New South Wales Teachers Federation Branch ("the Federation") for the financial year ended 31 December 2020.

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

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

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

The NSWTF-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 the state and nationally as part of the AEU.

The Federation Executive has set the following strategic objectives:

- To achieve equitable, sustainable, recurrent Government funding of public education across early childhood, schools and TAFE.
- To protect and promote quality teaching and learning.
- To protect and promote quality teaching and learning environments.
- To protect and promote the salaries and working conditions of Public Education teachers in NSW.
- To ensure that the NSWTF-AEU is a growing, active campaigning, democratic union.
- To promote, defend and advocate for human rights and social justice.

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

The major activities of the NSWTF-AEU during the period were the continuation of the national public education campaigns in schools, early childhood and TAFE; responding to the impact of the COVID-19 pandemic on public education and the teachers and education support personnel who work within it and national assessment and reporting issues and commissioning an Independent Review-“Valuing the Teaching Profession — an independent inquiry”, chaired By Geoff Gallop.

The Inquiry heard evidence from research experts, academics, teachers, executive staff, careers advisors, teacher-librarians, school counsellors, principals, non-school based officers, indeed all classifications representing the widest variety of school settings and contexts. They've talked about the changing nature and value of your work over the past 17 years.

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Regressive industrial laws implemented by this NSW Government have denied Federation the opportunity that was previously afforded unions to appear before the state Industrial Relations Commission (IRC) to argue a work-value case through a thorough examination of changes to skills, complexities and responsibilities to determine salaries.

In short, the evidence before the Gallop inquiry ranges from the burgeoning daily administration work now required of the job, to the lack of resources and support available to teachers and principals exacerbated by the withdrawal of departmental support under policies such as Local Schools, Local Decisions. All this amid a rapidly rising tide of mental health and disability issues in schools.

The inquiry is also taking place against the backdrop of continued attacks on the public sector by NSW Government. While you were turning yourselves inside out delivering teaching and learning in the context of a pandemic — meeting challenge after challenge — the State Government was plotting a wage cut.

Not content with the 2.5 per cent salary cap it imposed with the removal of work-value cases in the IRC, the Berejiklian Government sought to freeze public sector wages and not pass on the annual 2.5 per cent ration as a post-pandemic austerity measure.

It lost the first round in Parliament and sent its argument to the IRC where, what could only be described as a studied insult, a 0.3 per cent increase was passed on to public sector workers, tantamount to a handful of silver coins.

In the recent State Budget the Government announced a new state wage policy that now places teachers' worth at between zero and 1.5 per cent.

Not content with a wage freeze, the Government thought it would be a good idea to explore the option of some more precarious employment in our system by floating the discredited notion of putting principals on individual contracts. We fought back with an army of retired principal members.

Further, at the height of the pandemic, our TAFE teachers who have not had a pay increase since November 2018 had their 2.5 per cent annual entitlement quashed despite having negotiated a new four-year enterprise agreement before COVID-19. We are continuing our efforts to secure salary justice for our TAFE teachers.

The Federal Government abandoned needs-based funding for public schools with its changes to the Education Act in 2017. The changes resulted in public schools missing out on \$1.9 billion of promised funding in 2018 and 2019 and a shortfall against the minimum Schooling Resource Standard (SRS) of \$19 billion from 2020 through to 2023. In addition, agreements between state/territory and federal governments (with the exception of the ACT) mean that jurisdictions can use up to 4% of their SRS contribution as an allowance to deduct expenses such as capital depreciation, the cost of educational standards authorities and even school transport in the total recurrent funding of public schools. This allowance applies to public school systems only and reduces the effective recurrent funding available to public schools by an additional \$ 8 billion through to 2023. Further the government introduced a cap of 20% on the federal SRS contribution to public schools.

The impact of these changes is that 99% of public schools will be funded below the Schooling Resource Standard by 2023 while all private schools will be at or above the SRS. The SRS is recognised as the minimum requirement to give every child, regardless of their background, the greatest opportunity to achieve their full potential regardless of their background or circumstances.

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These changes result in total underfunding of public schools by a minimum of \$6.5 billion every year to 2023, and total underfunding from 2020 to 2023 of \$27 billion. Instead of ensuring every school across the country has the resources needed to close the education gap for students, the Federal Government's school funding agenda continues to entrench disadvantage and inequality between school sectors.

The Federal Government also cut at least \$31 million in funding for students with disability in 2018. Changes to the way that levels of disability adjustment are calculated have resulted in a total increase of around 26,000 public school students who are categorised as having disability and requiring adjustments but who are deemed not to require any additional funds.

These changes significantly impact on resources for schools to educate children with disability who face challenges that other children do not.

School funding was influential on member and supporter voting intentions and there was a high level of activism and engagement in the campaign. We won strong policy commitments from progressive parties in the lead up to the election. However, there were some areas of improvement identified, and those reflections are being taken into consideration in terms of creating the next phase of the campaign.

The COVID-19 crisis has made campaigning outside of COVID-19 challenging, while at the same time has resulted in increased respect and appreciation from parents for what our members and schools do. However, the union continued its focus on media and social media presence, including producing research and reports that produced strong media interest.

The COVID-19 pandemic struck schools and Colleges. There was little respite for teachers and principals as this public health crisis unfolded and school education was forced to swing into remote learning mode, and variations thereof.

It has become something of a cliché but there is no other way to describe the efforts of our teachers and principals other than superhuman. You have gone over and above the call of duty, doing the very best within the constraints of the resources available, to support your students and communities.

The year has been marred by periods of intense anxiety and stress, not helped by conflicting, contradictory and, at times, hypocritical advice by state and federal politicians. Nonetheless, you have risen to the challenge and provided continuity and stability under the most trying of circumstances.

Behind the scenes, Federation prioritised the health and wellbeing of the teaching service and, by extension, our students and communities. Daily, indeed sometimes three and four times a day, our officers were keeping in touch with departmental officials and other agencies doing our best to look after you, so you could look after your families and your students.

It has been disappointing that policy makers too frequently treated teachers as an afterthought in the handling of the pandemic. Fortunately, it is in contrast to the high regard parents and the community have shown teachers and principals for their amazing efforts during the crisis.

The NSWTF-AEU is in the process of implementing the recommendations from the school funding campaign review, including launching a new school funding campaign brand in preparation for the next federal election and beyond. A key campaign priority will be to secure school funding policy commitments from political parties.

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The Stop TAFE Cuts campaign continued to be set against the backdrop of cuts to TAFE funding, ongoing privatisation of the VET sector and the impact this has on the quality of the provision of vocational education in this country.

During 2020 research was undertaken to inform the next phase of the TAFE funding campaign in the lead up to the next federal election. That research included focus groups with the TAFE Executive, TAFE members and the general public, as well as online research. The major focus of the TAFE campaign going forward will be to secure a guarantee from all major political parties of a minimum of 70 per cent of all government funding for vocational education for TAFE, increase infrastructure and workforce investment and to abolish the government policy settings of contestable funding, marketisation and privatisation.

The NSWTF-AEU was part of the 'State of our TAFEs survey' of over 1,400 of AEU members in late 2019 and early 2020. The survey found that TAFE teachers are working above their contracted hours, the pace or intensity of their work has increased in the last three years and their current workload is unmanageable. The results of the survey were used to generate media around issues of teacher workload, course closure and the impact of funding shortfalls on TAFE provision.

National TAFE Day was celebrated on 13 August 2020 with union members and supporters celebrating the achievements of TAFE. Videos and bios in support of TAFE were provided by prominent people and widely shared across social media.

Despite face to face activities being impacted due to COVID-19, National TAFE Day 2020 had the best reach in terms of media and social media, when compared to previous years. The NSWTF-AEU's activities were directed towards securing investment in TAFE as a critical component of Australia's economic recovery post COVID-19, with actions adapted towards online engagement with the broader community and targeted politicians.

On National TAFE Day, the Centre for Future Work released their national report 'An Investment in Productivity and Inclusion: The Economic and Social Benefits of the TAFE System'. The study found that Australia's historical investment in TAFE yields total economic benefits of \$92.5 billion per year, 16 times the current annual cost of \$5.7 billion per year, and concluded that these benefits are likely to be lost without significant investment in TAFE. This was profiled widely in the media and provided the content for much of the AEU's activities on the day.

Political lobbying of Federal MPs by union leadership and members showed there was significant interest in the issues raised by the report and COVID-19 economic stimulus needs.

The NSWTF-AEU continues to campaign for the Commonwealth Government to take the following steps to guide Australia, and particularly young Australians, through the crisis:

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

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The NSWTF-AEU has worked with members, 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, professional autonomy for teachers, the introduction of professional teaching qualifications for TAFE teachers as well as for further recognition through improved remuneration, enhanced career structures and addressing workload for teachers

Results of activities

The Post-2019 election review of our campaigning over the past three years found that the school funding campaign is hugely important to AEU- NSWTF members and education is a very major issue of concern to both members and supporters. During 2020 the AEU-NSWTF branch has successfully raised the awareness of members, politicians and the public of the impact on public schools and students of the unfair and inequitable school funding policies of the federal government through campaigning, commissioning research and lobbying political parties. Public polling continually shows the public is concerned about fair funding for schools.

The work undertaken during the year has informed the planning for the next phase of the campaign A first high priority is securing policy commitments from political parties.

The TAFE funding campaign has successfully achieved a broad understanding of the economic and social benefits of the TAFE and the role VET and TAFE needs to play as the economy rebuilds post COVID. Support for increased funding for TAFE and recognition of its critical role as the public provider is building, with community and industry trust for TAFE being high.

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

Significant changes in financial affairs

There have been no significant changes in the state of financial affairs of the NSWTF AEU Branch that occurred during the financial year.

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Operating Report

For the Year Ended 31 December 2020

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

Office Holders

Office Holders held their positions throughout the 2020 financial year, unless otherwise stated.

The names of the people who held positions as Officers during the year are:

Name	Position	Date of Election/Resignation
John Dixon	Branch Secretary	
Angelo Gavrielatos	Branch President	Elected October 2019
Henry Rajendra	Branch Deputy President	Elected October 2019
Amber Flohm	Branch Senior Vice-President	Elected October 2019
Nicole Calnan	Deputy Branch Secretary	Resignation October 2020
Sam Clay	Deputy Branch Secretary	
David Ferguson	Deputy Branch Secretary	
Maxine Sharkey	Deputy Branch Secretary	
Melissa Smith	Deputy Branch Secretary	Elected October 2020
Maurie Mulheron	Branch President	End of term January 2020
Joan Lemaire	Branch Deputy President	End of term January 2020
Henry Rajendra	Branch Senior Vice-President	End of term January 2020

Australian Education Union

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Operating Report

For the Year Ended 31 December 2020

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

Executives

Executives held their positions throughout the 2020 financial year, unless otherwise stated.

The names of the people who held positions on the Committee of Management are:

Name	Position	Commencement/end of term date
Angelo Gavrielatos	Branch President	January 2020
Henry Rajendra	Branch Deputy President	January 2020
Amber Flohm	Branch Senior Vice-President	January 2020
Julie Ross	Branch Vice President	February 2020
Natasha Watt	Branch Vice President	February 2020
Tim Mulroy	Branch Vice President	February 2020
Jennifer Mace	Branch Vice President	February 2020
Margaret Vos	Branch Custodian	February 2020
Michael Sciffer	Branch Custodian	February 2020
Dimiti Trudgett	ATSI Member's Roll	February 2020
Brian Webb	Association Representative	February 2020
Denis Fitzgerald	Association Representative	February 2020
Mike Morgan	Association Representative	February 2020
Philip von Schoenberg	Association Representative	February 2020
Katie Sullivan	Association Representative	February 2020
Andrew Viller	Association Representative	February 2020
Amelia Kerr	Association Representative	February 2020
Sharryn Usher	Association Representative	February 2020
Maurie Mulheron	Branch President	End of term January 2020
Joan Lemaire	Branch Deputy President	End of term January 2020
Henry Rajendra	Branch Senior Vice-President	End of term January 2020
Dianne Byers	Branch Custodian	End of term January 2020
Michael Sciffer	Association Representative	End of term January 2020

Right of members to resign

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

Australian Education Union New South Wales Teachers Federation Branch

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Officers or members who are superannuation fund trustees(s) or director(s) of a company that is a superannuation fund trustee

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

Review of operations

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

Number of members

The number of financial members at 31 December 2020 was 60,386 (2019: 60,563).

Number of employees

The number of full time equivalent employees at 31 December 2020 was 152 (2019: 164).



Margaret Vos
Custodian



John Dixon
Branch Secretary

Dated: 27 April 2021

Australian Education Union New South Wales Teachers Federation Branch

ABN: 86 600 150 697

Committee of Management Statement

For the Year Ended 31 December 2020

On 27 April 2021, the Committee of Management ("the Executive") of the Australian Education Union New South Wales Teachers Federation Branch ("the Federation"), passed the following resolution in relation to the general purpose financial report (GPFR) for the financial year ended 31 December 2020:

The Executive declares that in its opinion:

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

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



Margaret Vos
Custodian



John Dixon
Branch Secretary

Dated: 27 April 2021

Australian Education Union

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2020

	Note	2020 \$	2019 \$
Revenue	4	38,361,108	37,750,447
Other income	4	2,791,364	3,078,514
Total Revenue		41,152,472	40,828,961
Employee benefits expense	27(d)	(20,734,397)	(21,995,708)
Capitation fees and levies	27(a)	(2,949,645)	(2,901,499)
Depreciation and amortisation		(2,194,780)	(2,093,028)
Professional expenses		(1,282,175)	(661,537)
Office administration		(1,014,191)	(1,054,476)
Property costs		(914,657)	(1,241,089)
Meetings, conferences and related expenses	27(e)	(897,485)	(3,479,012)
Publication expenses		(769,573)	(1,336,557)
Affiliation and association fees		(579,521)	(530,733)
Grants and donations	27(c)	(536,772)	(478,283)
Finance charges		(177,869)	(230,579)
Other operating expenses		(1,176,147)	(895,144)
Total Expenses		(33,227,212)	(36,897,645)
Profit from continuing operations		7,925,260	3,931,316
Profit from discontinued operations	21	-	36,015
Result for the year		7,925,260	3,967,331
Other comprehensive income			
Actuarial gain/(loss) on defined benefit plans		525,519	(2,984,519)
Other comprehensive income for the year		525,519	(2,984,519)
Total comprehensive income for the year		8,450,779	982,812

The accompanying notes form part of these financial statements.

Australian Education Union New South Wales Teachers Federation Branch

ABN: 86 600 150 697

Statement of Financial Position

As at 31 December 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	6,846,783	4,152,136
Trade and other receivables	7	825,794	867,750
Other financial assets	8	42,618,289	38,114,749
Other assets	9	407,982	191,975
TOTAL CURRENT ASSETS		50,698,848	43,326,610
NON-CURRENT ASSETS			
Other financial assets	8	119,658	119,658
Property, plant and equipment	10	30,193,861	28,980,535
Intangible assets	11	9,623	33,903
Right-of-use assets	12	559,653	687,044
TOTAL NON-CURRENT ASSETS		30,882,795	29,821,140
TOTAL ASSETS		81,581,643	73,147,750
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	4,017,469	3,475,247
Lease liabilities	12	181,549	231,475
Employee benefits	14	7,947,708	7,973,268
TOTAL CURRENT LIABILITIES		12,146,726	11,679,990
NON-CURRENT LIABILITIES			
Lease liabilities	12	429,544	514,704
Employee benefits	14	24,939,168	25,337,630
TOTAL NON-CURRENT LIABILITIES		25,368,712	25,852,334
TOTAL LIABILITIES		37,515,438	37,532,324
NET ASSETS		44,066,205	35,615,426
EQUITY			
Reserves	16	24,428,969	24,760,352
Retained earnings		19,637,236	10,855,074
TOTAL EQUITY		44,066,205	35,615,426

The accompanying notes form part of these financial statements.

Australian Education Union

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Statement of Changes in Equity

For the Year Ended 31 December 2020

	General Fund \$	Special Reserve 1984 Conference \$	Public Education Fund \$	Total \$
1 January 2020	10,855,074	18,939,500	5,820,852	35,615,426
Comprehensive income for the year	7,925,260	-	-	7,925,260
Total other comprehensive income for the period	525,519	-	-	525,519
Transfers to and from reserves				
- Special Reserve: 1984 Annual Conference	(61,000)	61,000	-	-
- Public Education Fund	392,383	-	(392,383)	-
Balance at 31 December 2020	19,637,236	19,000,500	5,428,469	44,066,205
1 January 2019	11,268,493	18,329,000	5,035,121	34,632,614
Comprehensive income for the year	3,967,331	-	-	3,967,331
Total other comprehensive income for the period	(2,984,519)	-	-	(2,984,519)
Transfers to and from reserves				
- Special Reserve: 1984 Annual Conference	(610,500)	610,500	-	-
- Public Education Fund	(785,731)	-	785,731	-
Balance at 31 December 2019	10,855,074	18,939,500	5,820,852	35,615,426

The accompanying notes form part of these financial statements.

Australian Education Union

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Statement of Cash Flows

For the Year Ended 31 December 2020

	2020	2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from members and customers	44,164,435	43,832,659
Payments to suppliers and employees	(33,743,782)	(37,435,781)
Interest received	973,897	968,908
Finance costs	30,551	(140,280)
Net cash provided by operating activities	24 <u>11,425,101</u>	<u>7,225,506</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(4,005,942)	(2,735,693)
Proceeds from sale of plant and equipment	46,360	168,844
Purchase of intangible assets	(5,738)	(16,800)
Net purchase of investments	(4,503,540)	(3,305,530)
Net cash used by investing activities	<u>(8,468,860)</u>	<u>(5,889,179)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of lease liabilities	(261,594)	(254,618)
Net cash used by financing activities	<u>(261,594)</u>	<u>(254,618)</u>
Net increase in cash and cash equivalents held	2,694,647	1,081,709
Cash and cash equivalents at beginning of year	4,152,136	3,070,427
Cash and cash equivalents at end of financial year	6 <u>6,846,783</u>	<u>4,152,136</u>

The accompanying notes form part of these financial statements.

Australian Education Union

New South Wales Teachers Federation Branch

ABN: 86 600 150 697

Notes to the Financial Statements

For the Year Ended 31 December 2020

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

1 Basis of Preparation

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

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

Comparatives are consistent with prior years, unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Basis for consolidation

The financial statements are not consolidated to include the financial position and performance of Federation Law Pty Ltd for the year ended 31 December 2020, as this entity was deregistered in 2019 and is immaterial to the Federation's financial performance and position. Refer to note 21.

(b) Income tax

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

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2 Summary of Significant Accounting Policies (continued)

(c) Revenue and other income

Revenue from contracts with customers

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

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

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

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

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

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

Membership income

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

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

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

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

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2 Summary of Significant Accounting Policies (continued)

(c) Revenue and other income (continued)

Other professional services

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

Government COVID-19 stimulus income

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

Rental income

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

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

Interest revenue

Interest revenue is recognised using the effective interest rate method.

Donations

Donations and bequests are recognised as revenue when received.

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2 Summary of Significant Accounting Policies (continued)

(d) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST.

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

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

(e) Property, plant and equipment

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

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

Depreciation

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

Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

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

Land is not depreciated and is held at cost.

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2 Summary of Significant Accounting Policies (continued)

(e) Property, plant and equipment (continued)

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

Fixed asset class	Depreciation rate
Buildings	2.5%
Computer equipment	40%
Leasehold improvements	20%
Motor vehicles	25%
Office equipment	10-25%
Plant and equipment	10%

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

(f) Financial instruments

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

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

(i) Financial assets

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

Classification

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

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

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

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Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

(i) Financial assets (continued)

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

Impairment of financial assets

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

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

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

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

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

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2 Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

(i) Financial assets (continued)

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

Trade receivables

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

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

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

Other financial assets measured at amortised cost

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

(ii) Financial liabilities

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

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

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2 Summary of Significant Accounting Policies (continued)

(g) Impairment of non-financial assets

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

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

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

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

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

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

(h) Intangibles

Software

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

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

Amortisation

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

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

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2 Summary of Significant Accounting Policies (continued)

(i) Cash and cash equivalents

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

(j) Leases

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

This involves an assessment of whether:

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

Lessee accounting

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

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

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

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

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

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2 Summary of Significant Accounting Policies (continued)

(j) Leases (continued)

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

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

(k) Employee benefits

(i) *Defined contribution schemes*

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

(ii) *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.

(iii) *Other long-term employee benefit obligations*

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

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

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Notes to the Financial Statements

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2 Summary of Significant Accounting Policies (continued)

(l) Capitation fees and levies

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

(m) Legal assistance to members: disbursements and recoveries

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

(n) Adoption of new and revised accounting standards

The Federation has adopted all standards which became effective for the first time at 31 December 2020, and the adoption of these standards has not caused any material adjustments to the reported financial position or performance.

(o) New Accounting Standards and Interpretations

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

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Notes to the Financial Statements

For the Year Ended 31 December 2020

3 Critical Accounting Estimates and Judgments

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

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

The significant estimates and judgements made have been described below:

Key estimates - impairment of property, plant and equipment

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

Key estimates - useful lives of depreciable assets

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

Key estimates - employee entitlements

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

Key estimates - defined benefit fund liability

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

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4 Revenue and Other Income

	2020	2019
Note	\$	\$
Revenue from contracts with customers		
Membership subscriptions	36,786,628	35,213,147
Public Education Fund Levy	16(c) 1,327,553	1,270,484
Course fees	86,328	727,205
Venue hire	137,921	475,471
Advertising	22,678	64,140
	38,361,108	37,750,447
Other income		
Rental income	1,698,926	1,750,532
Grant income	50,000	75,000
Interest income	699,618	1,010,884
Other income	342,820	242,098
	2,791,364	3,078,514
Total Revenue and Other Income	41,152,472	40,828,961

Disaggregation of revenue from contracts with customers

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

Timing of revenue recognition

- Over time	38,274,780	37,023,242
- At a point in time	86,328	727,205
Revenue from contracts with customers	38,361,108	37,750,447

Unsatisfied performance obligations

As a practical expedient, and consistent with Accounting Standards, the Federation has disclosed information in relation to its remaining performance obligations as they form part of contracts which have an original expected duration of one year or less.

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Notes to the Financial Statements

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5 Result for the Year

The result for the year includes the following specific expenses:

	2020	2019
Note	\$	\$
Superannuation contributions	1,573,906	1,540,535
Defined benefit costs	710,101	1,321,032
Depreciation and amortisation	1,971,432	1,869,574
Amortisation of right-of-use assets	223,348	223,454
Rental expense on operating leases:		
- Minimum lease payments	59,656	46,508
Loss on disposal of assets	407,248	8,952

6 Cash and Cash Equivalents

Cash at bank	6,844,183	4,149,786
Cash on hand	2,600	2,350
	<u>6,846,783</u>	<u>4,152,136</u>

7 Trade and Other Receivables

Trade receivables from contracts with customers	7(a) 646,432	456,917
Provision for impairment	7(b) (39,916)	(31,202)
	<u>606,516</u>	425,715
Other receivables	219,278	442,035
	<u>825,794</u>	<u>867,750</u>

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Notes to the Financial Statements

For the Year Ended 31 December 2020

7 Trade and Other Receivables (continued)

(a) Aged analysis

The ageing analysis of trade receivables is as follows:

	2020	2019
	\$	\$
0 < 14 days	625,897	433,508
14-30 days	14,257	16,772
30-60 days (past due not impaired)	5,756	6,161
60+ days (past due not impaired)	522	476
Total	646,432	456,917

(b) Impairment of receivables

The Federation applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 December 2020 is determined as follows, and the expected credit losses incorporate forward looking information.

	<14 days	30 days	60 days	60 + days	Total
31 December 2020					
Expected loss rate (%)	5.00	37.50	80.00	99.00	
Gross carrying amount (\$)	625,897	14,257	5,756	522	646,432
ECL provision	31,295	3,599	4,506	516	39,916
31 December 2019					
Expected loss rate (%)	5.00	25.87	76.55	99.15	
Gross carrying amount (\$)	433,508	16,772	6,161	476	456,917
ECL provision	21,675	4,339	4,716	472	31,202

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Notes to the Financial Statements

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8 Financial Assets

	2020	2019
	\$	\$
CURRENT		
<i>Financial assets at amortised cost</i>		
Term deposits	<u>42,618,289</u>	<u>38,114,749</u>
NON-CURRENT		
<i>Financial assets at amortised cost</i>		
Term deposits	<u>119,658</u>	<u>119,658</u>

9 Other Assets

Prepayments	402,445	185,308
Other	<u>5,537</u>	<u>6,667</u>
	<u>407,982</u>	<u>191,975</u>

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10 Property, Plant and Equipment

	2020	2019
	\$	\$
Land and Buildings		
At cost	36,712,308	36,712,308
Accumulated depreciation	(18,516,893)	(17,593,540)
	18,195,415	19,118,768
Plant and equipment		
At cost	14,483,492	11,636,269
Accumulated depreciation	(3,187,985)	(2,694,852)
	11,295,507	8,941,417
Furniture, fixtures and fittings		
At cost	1,699,784	1,969,900
Accumulated depreciation	(1,348,107)	(1,512,369)
	351,677	457,531
Motor vehicles		
At cost	896,097	870,115
Accumulated depreciation	(595,919)	(461,040)
	300,178	409,075
Leasehold Improvements		
At cost	125,927	152,775
Accumulated depreciation	(74,843)	(99,031)
	51,084	53,744
	30,193,861	28,980,535

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10 Property, Plant and Equipment (continued)

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

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

	Land & buildings	Plant and equipment	Furniture, fixtures & fittings	Motor vehicles	Leasehold improvements	Total
	\$	\$	\$	\$	\$	\$
Year ended 31 December 2020						
Balance at the beginning of year	19,118,768	8,941,417	457,531	409,075	53,744	28,980,535
Additions	-	3,459,770	33,427	115,152	-	3,608,349
Disposals	-	(389,129)	(40,717)	(23,763)	-	(453,609)
Depreciation expense	(923,353)	(716,551)	(98,564)	(200,286)	(2,660)	(1,941,414)
	18,195,415	11,295,507	351,677	300,178	51,084	30,193,861
Year ended 31 December 2019						
Balance at the beginning of year	20,068,458	6,713,997	518,167	577,647	6,336	27,884,605
Additions	-	2,737,136	44,627	243,946	50,000	3,075,709
Disposals	-	-	-	(174,393)	-	(174,393)
Depreciation expense	(949,690)	(509,716)	(105,263)	(238,125)	(2,592)	(1,805,386)
	19,118,768	8,941,417	457,531	409,075	53,744	28,980,535

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11 Intangible Assets

	2020	2019
	\$	\$
Computer Software		
Software - at cost	712,515	706,777
Accumulated amortisation	<u>(702,892)</u>	<u>(672,874)</u>
	<u>9,623</u>	<u>33,903</u>

(a) Movements in carrying amounts of intangible assets

Balance at the beginning of the year	33,903	81,760
Additions	5,738	16,800
Disposals	-	(470)
Amortisation	<u>(30,018)</u>	<u>(64,187)</u>
Closing value at end of year	<u>9,623</u>	<u>33,903</u>

12 Leases

Union as a lessee

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

Land and buildings

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

Office equipment

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

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Notes to the Financial Statements

For the Year Ended 31 December 2020

12 Leases (continued)

Right-of-use assets

	Land and buildings \$	Office equipment \$	Total \$
Year ended 31 December 2020			
Balance at beginning of year	575,407	111,637	687,044
Remeasurement of right-of-use assets	2,024	(11)	2,013
Additions to right-of-use assets	93,944	-	93,944
Depreciation charge	(156,556)	(66,792)	(223,348)
Balance at end of year	514,819	44,834	559,653
Year ended 31 December 2019			
Balance at beginning of year	569,495	180,745	750,240
Additions to right-of-use assets	160,258	-	160,258
Depreciation charge	(154,346)	(69,108)	(223,454)
Balance at end of year	575,407	111,637	687,044

Lease liabilities

	2020 \$	2019 \$
Current lease liabilities	181,549	231,475
Non-current lease liabilities	429,544	514,704
Total	611,093	746,179

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12 Leases (continued)

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

	< 1 year \$	1 - 5 years \$	> 5 years \$	Total undiscounted lease liabilities \$	Lease liabilities included in this Statement Of Financial Position \$
2020					
Lease liabilities	204,381	413,569	24,200	642,150	611,093
2019					
Lease liabilities	256,065	516,691	48,268	821,024	746,179

Extension options

A number of the building leases contain extension options which allow the Federation to extend the lease term of the original non-cancellable period of the lease.

At commencement date and each subsequent reporting date, the Federation assesses where it is reasonably certain that the extension options will be exercised.

Statement of Profit or Loss and Other Comprehensive Income

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

	2020 \$	2019 \$
Interest expense on lease liabilities	(30,551)	(90,299)
Amortisation of right-of-use assets	(223,348)	(223,454)
	<u>(253,899)</u>	<u>(313,753)</u>

Statement of Cash Flows

Total cash outflow for leases	<u>261,594</u>	<u>254,618</u>
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Australian Education Union New South Wales Teachers Federation Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2020

12 Leases (continued)

The Union as a lessor

Refer to note 17(a) for further details.

13 Trade and Other Payables

	2020	2019
	\$	\$
Trade payables and accruals	1,275,023	1,317,074
Other payables	2,059,442	1,541,772
Contract liabilities - membership in advance	683,004	616,401
	<u>4,017,469</u>	<u>3,475,247</u>
(a) Payables to other reporting units:		
Australian Education Union - non-interest bearing	-	686
(b) Legal costs payable:		
Litigation	52,235	45,431
Other legal matters	73,833	15,030
	<u>126,068</u>	<u>60,461</u>

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14 Employee Benefits

	Note	2020 \$	2019 \$
CURRENT			
Annual Leave		2,677,296	2,478,747
Long service leave		4,680,412	4,904,521
Defined benefit fund	15(j)	590,000	590,000
		<u>7,947,708</u>	<u>7,973,268</u>
NON-CURRENT			
Long service leave		123,938	116,979
Defined benefit fund	15	24,815,230	25,220,651
		<u>24,939,168</u>	<u>25,337,630</u>
Total		<u>32,886,876</u>	<u>33,310,898</u>

(a) Defined benefit fund balances

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

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

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Notes to the Financial Statements

For the Year Ended 31 December 2020

14 Employee Benefits (continued)

(b) *Employee benefits attributable to:*

	Note	2020 \$	2019 \$
Office holders			
Annual leave		357,081	340,046
Long service leave		763,540	1,024,542
		<u>1,120,621</u>	<u>1,364,588</u>
Employees other than office holders			
Annual leave		2,320,215	2,138,701
Long service leave		4,040,810	3,996,958
		<u>6,361,025</u>	<u>6,135,659</u>
Defined Benefit Fund Liability	15(a)	<u>25,405,230</u>	<u>25,810,651</u>
		<u>32,886,876</u>	<u>33,310,898</u>

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For the Year Ended 31 December 2020

15 Defined Benefit Fund

(a) Reconciliation of the net defined benefits liability

	2020	2019
	\$	\$
Net defined benefit liability at start of year	25,810,651	22,095,105
Current service cost	191,764	194,349
Net interest expense/(income)	647,654	797,912
Total amount recognised in profit or loss	839,418	992,261
	26,650,069	23,087,366
Remeasurements:		
Actual return on fund assets less interest income	(78,294)	(4,894,444)
Actuarial gains and loss arising from changes in financial assumptions	1,114,855	8,808,042
Actuarial (gains)/losses arising from liability experience	(1,562,080)	(929,079)
Total amount recognised in other comprehensive income	(525,519)	2,984,519
	26,124,550	26,071,885
Employer contributions	(590,004)	(590,004)
	25,534,546	25,481,881
Provision for on costs	(129,316)	328,770
Total liability at end of year	25,405,230	25,810,651

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Notes to the Financial Statements

For the Year Ended 31 December 2020

15 Defined Benefit Fund (continued)

(b) Reconciliation of Fair Value of Fund Assets

	2020	2019
	\$	\$
Opening balance	50,965,116	46,130,168
Interest income	1,337,284	1,769,784
Actuarial return on fund assets less interest income	78,294	4,894,444
Employer contributions	590,004	590,004
Contributions by participants	135,834	147,784
Benefits paid	(4,829,712)	(2,820,862)
Taxes, premiums and expenses paid	23,460	253,794
Closing balance	48,300,280	50,965,116

(c) Present value of defined benefit obligations

Present value of defined benefit obligations at start of year	75,158,779	66,937,055
Current service costs	191,764	194,349
Interest cost	1,984,938	2,567,697
Contributions by participants	135,834	147,784
Actuarial (gains)/losses arising from changes in financial assumptions	1,114,855	8,808,042
Actuarial (gains)/losses arising from liability experience	(1,562,081)	(929,080)
Benefits paid	(4,829,712)	(2,820,862)
Taxes, premiums and expenses paid	23,460	253,794
Present value of defined benefit obligations at end of year	72,217,837	75,158,779

(d) Effect of the asset ceiling

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

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

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Notes to the Financial Statements

For the Year Ended 31 December 2020

15 Defined Benefit Fund (continued)

(e) Fair value of Fund assets

All pooled fund assets are invested by SAS Trustee Corporation (STC) at arm's length through independent fund managers, assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. As such, the disclosures below relate to total assets of the Pooled Fund (available as at November 2019 and 2020, respectively).

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

Class of asset	2019			Total \$'000	% of total
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000		
Short term securities	1,820,905	1,940,122	-	3,761,027	8.9
Australian fixed interest	-	1,474,232	-	1,474,232	3.5
International fixed interest	17,668	2,033,168	4,046	2,054,882	4.8
Australian equities	7,603,409	561,440	-	8,164,849	19.3
International equities	11,376,130	1,897,221	45	13,273,396	31.3
Property	748,492	831,249	2,110,559	3,690,300	8.7
Alternatives	21,100	5,412,428	4,546,783	9,980,311	23.5
Total	21,587,704	14,149,860	6,661,433	42,398,997	

Refer to note 22 for the definition of what constitutes levels 1, 2 and 3 in the fair value hierarchy.

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Notes to the Financial Statements

For the Year Ended 31 December 2020

15 Defined Benefit Fund (continued)

(f) Significant actuarial assumptions at the reporting date

	2020	2019
Discount rate	2.37%	2.71%
Salary increase rate (excluding promotions)	1.7%	3.2%
Rate of CPI increase	1.00 - 2.5%	1.75 - 2.5%
Pensioner mortality	Per 2018 Actuarial investigation	Per 2018 Actuarial investigation

(g) Sensitivity analysis

The Federation's total defined benefit obligation as at 31 December 2019 and 2020 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 31 December 2019 and 2020.

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

	Increase in assumption	Decrease in assumption
31 December 2020		
Actuarial assumption	\$	\$
Discount rate +/- 0.5%	(4,450,183)	4,893,663
Rate of CPI increase +/- 0.5%	4,982,020	(4,558,822)
Salary increase rate (excluding promotions) +/- 0.5%	180,827	(178,376)
Mortality factors: Lower/Higher	1,184,873	(828,363)
31 December 2019		
Actuarial assumption		
Discount rate +/- 1.0%	(8,735,447)	10,576,036
Rate of CPI increase +/- 0.5%	5,016,054	(4,591,936)
Salary increase rate (excluding promotions) +/- 0.5%	276,198	(264,095)
Mortality factors: Lower/Higher	1,166,522	(809,856)

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

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Notes to the Financial Statements

For the Year Ended 31 December 2020

15 Defined Benefit Fund (continued)

(h) Asset-liability matching strategies

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

(i) Funding arrangements

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

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

(j) Expected contributions

The expected contributions for the year ending 31 December 2021 as advised by the Actuary of the respective funds is \$590,000 (December 2020: \$590,000).

(k) Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 12.5 years (2019: 12.3 years).

(l) Description of significant events

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

(m) Description of risks

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

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

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For the Year Ended 31 December 2020

15 Defined Benefit Fund (continued)

(m) Description of risks (continued)

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

16 Reserves

(a) General fund

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

(b) Special Reserve: 1984 Conference

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

(c) Public Education Fund

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

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

17 Capital and leasing commitments

(a) Operating leases - receivable

	2020	2019
	\$	\$
Operating lease rentals receivable:		
- not later than 1 year	1,439,832	1,863,245
- between 1 year and 5 years	1,218,454	3,121,977
	<u>2,658,286</u>	<u>4,985,222</u>

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Notes to the Financial Statements

For the Year Ended 31 December 2020

17 Capital and leasing commitments (continued)

(a) Operating leases - receivable (continued)

The above includes property lease commitment receivable for property owned by the Federation varies from less than 1 year to a maximum of 7 years from the financial year end date, with leases including provisions for fixed increases in rent.

(b) Capital commitments

	2020	2019
	\$	\$
Capital commitments	<u>37,766</u>	<u>1,078,760</u>

Capital commitments relate to various capital projects, including property refurbishments and equipment purchases.

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Notes to the Financial Statements

For the Year Ended 31 December 2020

18 Financial Risk Management

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

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

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

	Note	2020 \$	2019 \$
Financial Assets			
Cash and cash equivalents	6	6,846,783	4,152,136
Trade and other receivables	7	825,794	867,750
Financial assets at amortised cost	8	42,737,947	38,234,407
Total financial assets		50,410,524	43,254,293
Financial Liabilities			
<i>Financial liabilities at amortised cost</i>			
Trade and other payables		3,037,269	2,626,744
Lease liabilities	12	611,093	746,179
Total financial liabilities		3,648,362	3,372,923

(a) Liquidity risk

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

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

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

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Notes to the Financial Statements

For the Year Ended 31 December 2020

18 Financial Risk Management (continued)

(a) Liquidity risk (continued)

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

	Less than 12 months		1 to 5 years	
	2020	2019	2020	2019
	\$	\$	\$	\$
Trade and other payables	4,017,469	3,475,247	-	-
Lease liabilities	181,549	231,475	429,544	514,704
	<u>4,199,018</u>	<u>3,706,722</u>	<u>429,544</u>	<u>514,704</u>

(b) Credit risk

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

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

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

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

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

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

(c) Market risk

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

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

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Notes to the Financial Statements

For the Year Ended 31 December 2020

18 Financial Risk Management (continued)

(c) Market risk (continued)

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

Sensitivity analysis

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

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

	Profit		Equity	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
2020	213,690	(213,690)	213,690	(213,690)
2019	191,172	(191,172)	191,172	(191,172)

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

(d) Net income from financial assets

	Note	2020	2019
		\$	\$
Interest income	4	699,618	1,010,884
Interest expense	12	(30,551)	(90,229)

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19 Interests of Key Management Personnel

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

	2020	2019
	\$	\$
Short-term employee benefits	1,562,531	1,566,998
Other long-term benefits	119,750	141,139
Post-employment benefits	216,885	205,316
	<u>1,899,166</u>	<u>1,913,453</u>

20 Remuneration of Auditor

Remuneration of the auditor:

- audit and other assurance services	53,500	54,800
- other services	15,500	11,500
	<u>69,000</u>	<u>66,300</u>

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

21 Interests in Subsidiaries

Consolidated structured entities

At the commencement of 2019, the Federation held a 100% ownership of Federation Law Pty Ltd.

On 10 December 2019, the Company was deregistered. A final dividend of \$36,015 was received in 2019 and included in "Loss from discontinued operations" - refer to note 23(c).

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Notes to the Financial Statements

For the Year Ended 31 December 2020

22 Fair Value Measurement

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

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

Fair value hierarchy

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

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

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

23 Related Party Information

(a) Key management personnel

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

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

(b) Other related parties

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

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Notes to the Financial Statements

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23 Related Party Information (continued)

(b) Other related parties (continued)

Federation Law Pty Ltd was a 100% owned subsidiary. Refer note 21 for further information.

Associations

Over many years, regional Associations of the Federation have been formed under the Rules, with each Association consisting of at least 15 Federation members. The Associations are autonomous organisations with their own meeting standing orders, which are aligned with those of the Federation, and they are required to abide by decisions and policies of the Branch Conference, Branch Council and Branch Executive. On an annual basis the Branch Executive provide for the payment of funds to each Association, which may only be applied to further the objects of the Federation and the expenses of its operations and management. This is recorded as a single expense line item of the Federation. In 2018 the Branch Executive resolved to centralise the administration of all bank accounts of the Associations of the Federation, as a means of providing administrative assistance. As at balance date, not all Associations have centralised their bank accounts.

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

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

	2020	2019
	\$	\$
Opening Balance	966,160	631,203
Funds transferred to the Federation	24,369	215,345
Payments from the Federation to Associations *	331,130	343,107
Net income and expenditures on behalf of Associations	(97,493)	(223,495)
Balance of funds held in trust	1,224,166	966,160

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

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Notes to the Financial Statements

For the Year Ended 31 December 2020

23 Related Party Information (continued)

(c) Related Party Transactions

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

	2020	2019
	\$	\$
<i>Federation Law Pty Ltd:</i>		
Distribution received	-	36,015

Australian Education Union:

Refer to note 27(a) for further details of transactions with the Australian Education Union.

Other:

A close family member of one of the Federation's Key Management Personnel was previously engaged under a contract to provide consulting services to the Federation. This contract was subject to the terms and conditions applicable to all contractors, and has been formally ratified by the Executive. The value of payments made during the 2019 year was \$6,732 (2020: \$Nil).

(d) Related Party Balances

Related Party balances payable are recorded at note 13(a).

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Notes to the Financial Statements

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24 Cash Flow Information

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

	Note	2020 \$	2019 \$
Result for the year		7,925,260	3,967,331
Non-cash flows in the result:			
- depreciation and amortisation		2,194,780	2,090,097
- lease finance charges		30,551	90,299
- net loss on disposal of fixed assets		407,248	8,952
- Defined Benefit Fund current service cost and interest	15(a)	839,418	992,261
Changes in assets and liabilities:			
- decrease/(increase) in trade and other receivables		41,956	73,609
- (increase)/decrease in other assets		(216,007)	201,394
- (decrease)/increase in provision for employee benefits		(737,921)	(311,517)
- increase/(decrease) in income in advance		66,603	21,785
- increase/(decrease) in trade and other payables		873,213	91,295
Cashflow from operations		<u>11,425,101</u>	<u>7,225,506</u>

(b) Non-cash financing and investing activities

Acquisition of assets by means of operating leases		<u>93,944</u>	<u>910,498</u>
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25 Contingent Liabilities and Contingent Assets

(a) Contingent liabilities

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

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Notes to the Financial Statements

For the Year Ended 31 December 2020

25 Contingent Liabilities and Contingent Assets (continued)

(b) Contingent assets

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

26 Events after the end of the Reporting Period

The financial report was authorised for issue on 27 April 2021 by the Executive.

As a result of the evolving nature of the COVID-19 outbreak and the rapidly evolving government policies of restrictive measures put in place to contain it, as at the date of these financial statements, the Federation is not in a position to reasonably estimate the financial effects of the COVID-19 outbreak on the future financial performance and financial position of the Federation. Other than the current disclosures, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Federation, the results of those operations, or the state of affairs of the Federation in subsequent financial periods.

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Notes to the Financial Statements

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

(a) **Capitation fees and levies**

	2020	2019
	\$	\$
Australian Education Union		
Capitation fees	1,962,671	1,931,961
ACTU Subscriptions	373,305	365,875
Compulsory levies (Australian Educator and TAFE Teacher)	221,372	217,034
Public Education Campaign	237,396	237,196
Education International	154,901	149,433
Total capitation fees and levies	2,949,645	2,901,499

On the Statement of Profit or Loss and Other Comprehensive Income an amount of \$220,000 (2019: \$200,000) has been included in "Grants paid" for contributions paid to the International Trust Fund.

(b) **Affiliation fees and periodic subscriptions expense**

NSW Labor Council	177,214	176,153
Newcastle Labor Council	9,102	8,958
South Coast Labor Council	17,204	16,542
Other Affiliates	24,565	20,656
Welfare Rights Council	20,808	20,808
Total affiliation fees and periodic subscriptions	248,893	243,117

Australian Education Union New South Wales Teachers Federation Branch

ABN: 86 600 150 697

Notes to the Financial Statements

For the Year Ended 31 December 2020

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

(c) Grants and donations *

	2020	2019
	\$	\$
Grants:		
Total expensed that were \$1,000 or less	10,402	9,041
Total expensed exceeding \$1,000	521,978	419,900
	<u>532,380</u>	<u>428,941</u>
Donations		
Total expensed that were \$1,000 or less	1,512	1,842
Total expensed exceeding \$1,000	2,880	47,500
	<u>4,392</u>	<u>49,342</u>
Total	<u>536,772</u>	<u>478,283</u>

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

Australian Education Union

New South Wales Teachers Federation Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2020

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

(d) Employee expenses

	Note	2020 \$	2019 \$
Holders of Office			
Wages and salaries		1,385,861	1,393,581
Superannuation		216,885	205,316
Leave and other entitlements		285,272	311,472
Other employee expenses		91,188	100,103
Subtotal employee expenses holders of office		1,979,206	2,010,472
Employees other than office holders			
Wages and salaries		13,284,079	13,867,655
Superannuation		1,357,021	1,335,219
Leave and other entitlements		2,440,683	2,382,718
Other employee expenses		963,307	1,078,612
Employees other than office holders		18,045,090	18,664,204
Defined benefit Fund	5, 14(a)	710,101	1,321,032
Total employee expenses		20,734,397	21,995,708

Australian Education Union New South Wales Teachers Federation Branch

ABN: 86 600 150 697

Notes to the Financial Statements

For the Year Ended 31 December 2020

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

(e) **Miscellaneous disclosures**

	2020	2019
	\$	\$
Fees/allowances in respect of attendances at conferences/meetings as representatives of the Union [already included at 27(d)]	21,580	25,271
Meetings and conferences expenses: members, council, committees, panels or other bodies	897,485	3,479,012
Legal costs:		
- Litigation	328,898	291,920
- Other legal matters	321,442	89,037

(f) **Revenue disclosure**

Grants received	50,000	75,000
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(g) **Cashflows with reporting units**

Australian Education Union

Cash outflows	3,386,147	2,956,707
Cash outflows - International Trust Fund	242,000	220,000
	3,628,147	3,176,707

There have been no other cashflows with reporting units of the Federation.

Australian Education Union

New South Wales Teachers Federation Branch

ABN: 86 600 150 697

Notes to the Financial Statements

For the Year Ended 31 December 2020

28 Section 272 Fair Work (Registered Organisations) Act 2009

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

Information to be provided to members or the Commissioner:

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

Australian Education Union New South Wales Teachers Federation Branch

ABN: 86 600 150 697

Report required under Subsection 255(2A)

For the year ended 31 December 2020

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Australian Education Union New South Wales Teachers Federation Branch for the year ended 31 December 2020 .

	2020 \$	2019 \$
Remuneration and other employment related costs and expenses - employees	20,734,397	21,995,708
Advertising	4,470	10,654
Operating costs	9,205,426	12,631,801
Donations to political parties	-	-
Legal costs	650,340	380,957



Margaret Vos
Custodian



John Dixon
Branch Secretary

Dated: 27 April 2021

Australian Education Union

New South Wales Teachers Federation Branch

ABN: 86 600 150 697

Officer Declaration Statement

I, Margaret Vos being the Custodian and John Dixon being Branch Secretary of the Australian Education Union New South Wales Teachers Federation Branch, declare that the following activities did not occur during the reporting period ending 31 December 2020 (including the comparative year).

The reporting unit did not:

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

Australian Education Union

New South Wales Teachers Federation Branch

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



Margaret Vos
Custodian



John Dixon
Branch Secretary

Dated: 27 April 2021

Independent Audit Report

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Education Union New South Wales Teachers Federation Branch ("the Federation"), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, the Committee of Management Statement, the subsection 255(2A) report and the Officer Declaration Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Australian Education Union New South Wales Teachers Federation Branch as at 31 December 2020, and its financial performance and its cash flows for the year ended on that date in accordance with:

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

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

Basis for Opinion

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

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



Independent Audit Report

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

Information Other than the Financial Report and Auditors Report Thereon

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

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

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

Responsibilities of Committee of Management for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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



Independent Audit Report

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

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

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

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


Daley Audit


Michael Mundt
Partner

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

Wollongong
Dated: 27 April 2021

Liability limited by scheme approved under Professional Standards Legislation.