Australian Government
Registered Organisations Commission

28 June 2018

Professor Andrew Vann
President
Australian Higher Education Industrial Association

Dear Professor Vann

Re: – Australian Higher Education Industrial Association - financial report for year ending 31 December 2017 (FR2017/301)

I refer to the financial report of the Australian Higher Education Industrial Association. The documents were lodged with the Registered Organisations Commission ('ROC') on 12 June 2018.

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 respect of the report lodged. However I make the following comment to assist you when preparing the next report. Please note the report for year ending 31 December 2018 may be subject to an advanced compliance review.

Timescale requirements

Documents must be lodged with ROC within 14 days of General Meeting

Section 268 of the RO Act requires the full report and the designated officer's certificate to be lodged with the ROC within 14 days of the General Meeting of members referred to in section 266. The Designated Officer's Certificate indicates that this meeting occurred on 15 May 2018. If this is correct the full report should have been lodged with the ROC by 29 May 2018.

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

Reporting Requirements

New Reporting Guidelines will apply to organisations and branches with financial years commencing on or after 1 July 2017. The new Reporting Guidelines are now available on the ROC website and any further information or updates on the guidelines will be provided through the subscription service.

On the ROC website is a number of factsheets in relation to the financial reporting process and associated timelines. Along with the new Reporting Guidelines, a model set of financial statements can also be found. The ROC recommends reporting units use this model as it will assist in ensuring compliance with the RO Act, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via this link.

If you have any questions about the above or the reporting requirements, please do not hesitate to contact me by email at stephen.kellett@roc.gov.au.

Yours faithfully

Stephen Kellett
Financial Reporting
Registered Organisations Commission

Australian
Higher
Education
Industrial
Association

To: Registered Organisations Commission

s.268 Fair Work (Registered Organisations) Act 2009

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the period ended 31 December 2017

I, Professor Andrew Vann, being the President of the Australian Higher Education Industrial Association (AHEIA), certify:

- that the document lodged herewith is a copy of the full report for AHEIA for the period ended 31 December 2017, referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and

- that the full report was provided to members of the reporting unit on 20 March 2018; and

- that the full report was presented to a general meeting of members of the reporting unit on 15 May 2018 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signed: Andrew Vann ....
Professor Andrew Vann
President

Dated: 12 June 2018 ....

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AHEIA ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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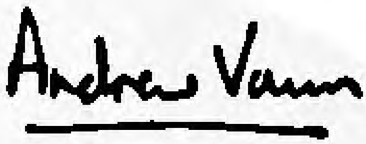
PRESIDENT'S MESSAGE

I am very pleased to present the Annual Report for the Australian Higher Education Industrial Association for 2017.

Enterprise bargaining was at the forefront of the Association's activities during the year, with nine member-universities reaching agreement during the course of the year. The decision of the Fair Work Commission in August to grant Murdoch University's application to terminate its then-current enterprise agreement demonstrated a further avenue for universities which are seeking to make major changes to their industrial arrangements in pursuit of greater efficiency and productivity in the workplace.

It was a privilege for me to also be involved in the hosting of the international conference organised and hosted in May by the Association in conjunction with our UK and Canadian counterpart university employer associations, the Universities & Colleges Employers Association (UCEA) and Faculty Bargaining Services (FBS), respectively.



Professor Andrew Vann
President

FROM THE EXECUTIVE DIRECTOR

The year 2017 had a very international flavour, with both of our annual conferences having a significant international element.

The Higher Education HR/IR Conference held in Sydney in May was the third in a series of international conferences co-hosted by the Association in conjunction with our counterpart university employer associations in the United Kingdom, (Universities and Colleges Employer Association - UCEA) and Canada (Faculty Bargaining Services). The Association also "leapt the Tasman" in taking its annual Universities HR Benchmarking Conference to Queenstown, New Zealand in September, which facilitated participation by a number of New Zealand universities who have been involved in the Association's HR Benchmarking Program in previous years.

Enterprise bargaining was "front and centre" for the Association throughout the year, with the Association continuing its strategic investment of resources into bargaining in Western Australia, setting a benchmark for university bargaining claims being pressed throughout the year. The success of Murdoch University in obtaining an order from the Fair Work Commission in August for the termination of its then-current enterprise agreement was a ground-breaking achievement, attracting significant media attention and calls from the union movement for legislative reform to prevent other employers from following suit to seek termination of agreements when bargaining has reached an impasse. The Murdoch University proceedings and outcome operated as a catalyst for other universities to push for and achieve sustainable wage outcomes and various major changes to their own agreements.

Stuart Andrews
Executive Director

OPERATING REPORT

PRINCIPAL ACTIVITIES

As expanded upon below in the Operating Report, the Association was closely engaged with its member universities in all aspects of enterprise bargaining throughout the year, striving to achieve major improvements to the way that workplace matters are regulated at the enterprise level.

The Association represented member universities in the Fair Work Commission's 4-yearly review of the Higher Education Academic Staff Award 2010 and the Higher Education General Staff Award 2010, which concluded with final hearings at the end of March. The Full Bench had not issued its decision as at the end of 2017.

The Association also represented member universities in the Commission's 4-yearly review proceedings that dealt with "common issues" across a multitude of awards, and was successful in having a Full Bench of the Commission reject union claims to vary the Higher Education General Staff Award to "deem" casual staff to be ongoing after 6 months' continuous service, and to increase the minimum engagement period for casual staff.

Our two annual conferences were very well-attended and rated highly by conference delegates, and the Association's member-only national Enterprise Bargaining Forum was again very successful in enabling the sharing of information and ideas for future bargaining in the sector.

New Learning and Development programs were introduced, and the Universities HR Benchmarking Program was further re-developed to assist participating universities with the input of data and the distribution of individual university reports.

The results of the Association's annual membership survey, which was distributed in July, were again very pleasing, with only one survey respondent indicating that they were not satisfied with the services provided by the Association.

ENTERPRISE BARGAINING

Bargaining stepped up dramatically in 2017, with the vast majority of the Association's members engaged in bargaining during the year. Nine member-universities concluded deals that were put to a successful vote of staff.

The wage outcomes ranged from 1.2% to 2.28% on an annualised basis - significantly lower than the outcomes reached in the last tranche of agreements. A number of agreements involved significant streamlining of processes relating to managing change, staff discipline, redundancy and dispute resolution.

Following an impasse in bargaining at Murdoch University, the Fair Work Commission granted the university's application to terminate its then-current enterprise agreement. This was a landmark decision, and resulted in the sector-wide modern awards applying in lieu along with undertakings that maintained rates of pay and other key conditions of employment. In a nutshell, the Commission concluded that it was not contrary to the public interest for the agreement to be terminated, and that the termination would enhance the prospects of a new agreement being reached.

Communication of bargaining developments across member universities was aided by fortnightly national EB Dial-in teleconferences facilitated and hosted by the Association.

The Association hosted a well-attended national members-only Enterprise Bargaining Forum in Melbourne in November, with member universities reporting on the reforms they were seeking, the differing strategies they were pursuing, and on the outcomes achieved.

The Association also enhanced its member information resources for bargaining, with further tools and improvements added to the Association's website for the use of members.

LEARNING AND DEVELOPMENT ACTIVITIES

The Association made a number of changes to its program portfolio which took on board the results from the *AHEIA Learning & Development Needs Survey* conducted in partnership with PeoplePulse early in the year.

A key focus was an expansion of our in-house training offerings. This model proved to be very popular, with 55% of all facilitation being provided on-campus at the request of individual members. The remaining 45% of training was delivered at scheduled public training programs in capital cities across the country. Having both of these models available to members improved the accessibility of our training, especially for regional universities where travel to a capital city can be costly and time consuming.

ALL UP, THE ASSOCIATION'S SUITE OF LEARNING AND DEVELOPMENT PROGRAMS WERE DELIVERED IN 5 STATES AND 2 TERRITORIES WITH ***438 PARTICIPANTS*** *ATTENDING FROM* ***30 UNIVERSITIES****.*

There was strong demand for the in-house 'Managing for Success' program with 122 attendees, and even stronger demand for the newly-introduced 'People Behaving Badly' program. Originally six public PBB programs were scheduled, however another five in-house bookings were requested from three universities - raising the participant numbers to 179 (from 21 universities) in the four months after the program was launched in August.

Following consultation with members, the Association engaged Proofpoint Advisory to design and deliver an 'Enterprise Bargaining Communications' one-day workshop; providing insightful information about how effective communications outside the bargaining room can help support better bargaining outcomes. The workshop received very positive feedback from the bargaining teams from 10 universities that attended in Melbourne, Brisbane and Adelaide.

Feedback on the quality of our program offerings was very high, with 79% of participants rating the programs as either very good or good.

For the third year running, the Association proudly sponsored the AHEIA Award for Excellence in People and Culture as part of the 2017 ATEM Campus Review Best Practice Awards for Tertiary Education Management. The Awards ceremony formed part of the Tertiary Education Management Conference (TEMC) held in Melbourne; with the University of Auckland taking out the Award.

ANNUAL HR/IR CONFERENCE

The Association was the principal partner in hosting the International Higher Education Human Resources / Industrial Relations Conference held in Sydney on 2-3 May 2017, co-hosted with our UK and Canadian counterpart university employer associations UCEA and FBS.

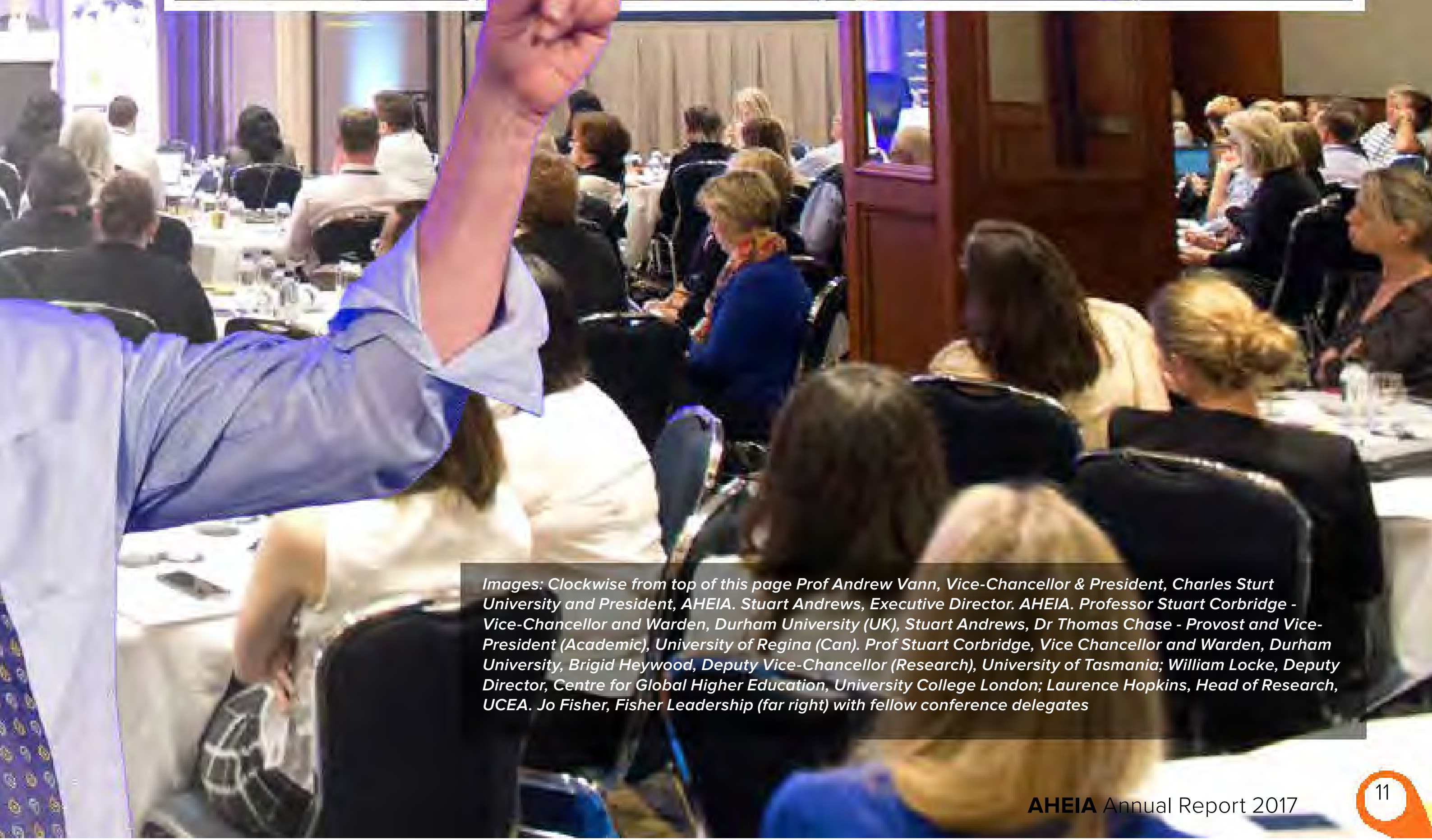
This followed the previous International Conferences co-hosted by the three associations in London (2012) and Vancouver (2014).

The conference theme was *"University Workforce of the Future ... Global Perspectives",* which built on the PwC Report and our 2016 Annual HR/IR Conference theme of the Australian Higher Education Workforce of the Future.

The conference was very successful, with 183 registered conference participants, including 24 from the UK, Canada, New Zealand and the USA. High-profile international speakers including Professor Stuart Corbridge (Vice-Chancellor, Durham University), William Locke (Deputy Director, Centre for Global Higher Education), Dr Daniel Julius (Provost and Senior VP, New Jersey City University), and Dr Thomas Chase (Provost and VP Academic, University of Regina).

There was participant representation from a total of 51 universities, comprising 36 from Australia and a further 15 from the UK, Canada, New Zealand and the USA.

Association President Professor Andrew Vann presented the opening session on challenges facing Australian universities, and Professor Steve Chapman joined with Indi Seerha, HR Director, LSE, to present the closing session on *"Being a global university - Perspectives from a VC and an HRD".*



Images: Clockwise from top of this page Prof Andrew Vann, Vice-Chancellor & President, Charles Sturt University and President, AHEIA. Stuart Andrews, Executive Director. AHEIA. Professor Stuart Corbridge - Vice-Chancellor and Warden, Durham University (UK), Stuart Andrews, Dr Thomas Chase - Provost and Vice-President (Academic), University of Regina (Can). Prof Stuart Corbridge, Vice Chancellor and Warden, Durham University, Brigid Heywood, Deputy Vice-Chancellor (Research), University of Tasmania; William Locke, Deputy Director, Centre for Global Higher Education, University College London; Laurence Hopkins, Head of Research, UCEA. Jo Fisher, Fisher Leadership (far right) with fellow conference delegates

ANNUAL UNIVERSITIES HR BENCHMARKING CONFERENCE

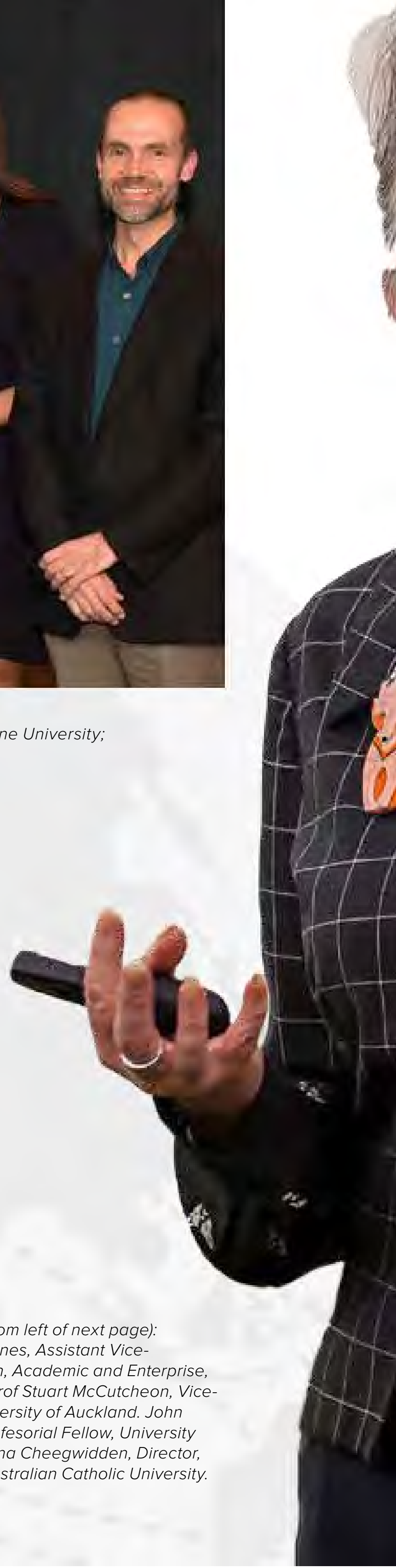
Voice Project Award Recipients: Prof Karam Singh, Curtin University; Nick Crowley, Macquarie University; Rita Cincotta, Swinburne University; Melissa Austin, ANU, flanked by Stuart Andrews (L) and Dr Peter Langford, Voice Project (R)

The Association hosted the annual Universities HR Benchmarking Conference outside Australia for the first time, with the conference being held in Queenstown, New Zealand from 4-6 September.

The decision to take the conference to New Zealand was in recognition of the involvement of several New Zealand universities over a number of years in the Universities HR Benchmarking Program, which has been administered by the Association since 2012.

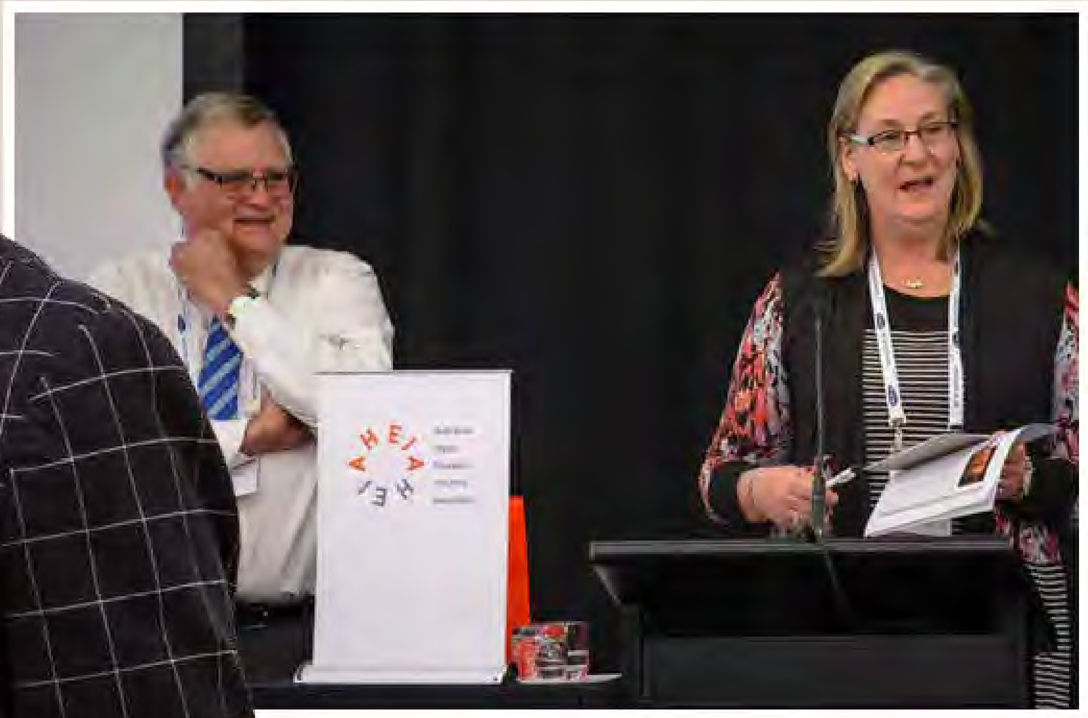
It was particularly pleasing to have participation from a total of seven New Zealand universities, including 18 conference delegates combined from the University of Auckland, Victoria University of Wellington and the University of Otago.

University of Auckland Vice-Chancellor, Stuart McCutcheon gave the opening keynote presentation, and other high-profile speakers included Professor Giselle Byrnes (Assistant Vice-Chancellor, Research, Academic and Enterprise, Massey University) and digital strategist and foresight practitioner, Melissa Clark-Reynolds.



Images (clockwise from left of next page): Professor Giselle Byrnes, Assistant Vice-Chancellor, Research, Academic and Enterprise, Massey University. Prof Stuart McCutcheon, Vice-Chancellor, The University of Auckland. John Steele, Honorary Profesorial Fellow, University of Wollonggong; Diana Cheegwidden, Director, Human Resorces, Australian Catholic University. Haka Dance.


Beyond
Benchmarking



UNIVERSITIES HR BENCHMARKING PROGRAM

This was the sixth year of the Association administering the Universities HR Benchmarking Program that had been originally designed and developed by the Queensland University of Technology. The Program was established in 2004 as a result of collaboration between a number of Australian universities who wanted to be able to compare and contrast human resource data with like institutions. Members collate and submit information about their university, which is analysed and reported across a number of measures, drawing comparisons to the university sector as a whole or a defined sub-group of universities.

For 2017 the program had 35 members from Australia and New Zealand, with 32 members contributing data for the 2017 report. Further redevelopment of the benchmarking system was undertaken during the year to make it easier for members to input and validate their data, and provide an improved method to distribute the final reports to members.

Key findings of the 2017 report for data through to 2016, including comparisons over a 5-year time-line, included:

- Employment costs as a percentage of revenue remained relatively stable in 2016, at 54.8% of total university income.
- Total annual staff turnover within the sector decreased from 16.9% in 2012 to 16.0% in 2016. Voluntary Employee Initiated Turnover (resignations) remained the primary staff turnover reason, albeit decreasing from 8.5% in 2012 to 8.2% in 2016.
- The rate of academic promotions (being the number of successful applications from a particular academic level as against the total number of staff at that level) increased from 4.5% in 2012 to 5.8% in 2016. The highest rate of promotion in 2016 was to Academic Level C at 6.5%, closely followed by promotions to Level D (6.2%) and to Level E (5.1%).
- The HR Function Staffing Ratio, which measures the FTE number of staff delivering HR services as a percentage of total headcount, was at 1.96% in 2016, increasing from 1.89% in 2015.
- The proportion of female staff within the university workforce increased slightly from 2012 (55.2%) to 2016 (56.2%). Female representation in the professional staff workforce was 65% in 2016 compared to 45.4% for academic staff. Senior Academic Staff and Level E academic staff groups had the lowest proportion of female staff representation in 2016 at 33.3% and 27.4% respectively.
- Unscheduled absences per employee increased from 5.9 days per employee in 2012 to 6.5 days per employee in 2016, a rise of 9.8%. Professional staff HEW 1-5 recorded the highest amount of unscheduled absences at 9.3 days per employee in 2016.

AHEIA MEMBERSHIP AND GOVERNANCE

THERE WERE 32 MEMBERS OF THE ASSOCIATION AS AT 31 DECEMBER 2017:

Australian Catholic University

Charles Darwin University

Charles Sturt University

CQ University

Curtin University

Deakin University

Edith Cowan University

Federation University Australia

Flinders University

Griffith University

James Cook University

La Trobe University

Macquarie University

Murdoch University

Queensland University of Technology

RMIT University

Southern Cross University

Swinburne University of Technology

University of Adelaide

University of Canberra

University of New England

University of Newcastle

University of Queensland

University of South Australia

University of Southern Queensland

University of Tasmania

University of Technology, Sydney

University of the Sunshine Coast

University of Western Australia

University of Wollongong

Victoria University

Western Sydney University

GENERAL MEETING OF MEMBERS

An Extraordinary General Meeting of the Association was held in Sydney on 16 May 2017 and the Annual General Meeting was held in Canberra on 31 October 2017.

MANNER OF RESIGNATION

Rule 11 of AHEIA's rules provides for the process of resignations, as follows:

1. A Member may resign from the Association by written notice addressed and delivered to the Executive Director.
2. Except as provided for in the sub-Rule 11(3), a written notice of resignation shall take effect:
    a. At the end of two weeks after the notice is received by the Association; or
    b. On the day specified in the notice; whichever is later.
3. Where a Member ceases to be eligible to become a Member of the Association, a written notice of resignation addressed and delivered to the Executive Director shall take effect:
    a. On the day on which the notice is received by the Association;
    b. On the day specified in the notice, which is a day not earlier than the day when the Member ceases to be eligible to become a Member; whichever is later.
4. Upon the resignation becoming effective the Member shall cease to have any interest in or claim upon the funds of the Association.
5. A Member who ceases to exist as a separate legal entity shall thereupon be deemed to have resigned.
6. Any dues payable but not paid by a former Member of the Association, in relation to a period before the Member's resignation from the Association took effect, may be sued for and recovered in the name of the Association, in a court of competent jurisdiction, as a debt due to the Association.
7. A notice delivered to the Executive Director pursuant to sub-Rule 11(1) shall be taken to have been received by the Association when it was delivered.
8. A notice of resignation that has been received by the Association is not invalid because it was not addressed and delivered in accordance with sub- Rule 11(1).
9. A resignation from membership of the Association is valid even if it is not effected in accordance with this Rule if the Member is informed in writing by or on behalf of the Association that the resignation has been accepted.

THE EXECUTIVE COMMITTEE

PRESIDENT
Professor Andrew Vann

Vice Chancellor and President, Charles Sturt University

31 Oct 2017 - Oct 2019
5 Nov 2015 - 31 Oct 2017
29 Oct 2013 - 5 Nov 2015
8 Nov 2012 - 29 Oct 2013 (member)

VICE PRESIDENT
Professor Dawn Freshwater

Vice-Chancellor, University of Western Australia

31 Oct 2017 - Oct 2019
8 Nov 2016 - 31 Oct 2017 (member)

MEMBER
Professor Carol Dickenson

Senior Deputy Vice Chancellor Academic, Queensland University of Technology

8 Nov 2016 - Oct 2018
28 Oct 2014 - 8 Nov 2016
8 Nov 2012 - 28 Oct 2014
23 Nov 2010 - 8 Nov 2012

MEMBER
Professor Colin Stirling

Vice Chancellor and President, Flinders University

8 Nov 2016 - Oct 2018
5 Nov 2015 - 8 Nov 2016

MEMBER
Professor John Dewar

Vice Chancellor and President, La Trobe University

31 Oct 2017 - Oct 2018
5 Nov 2015 - 31 Oct 2017
(Vice President)
16 Feb 2015 - 5 Nov 2015
(Vice President)
28 Oct 2014 - 16 Feb 2015
11 Dec 2013 - 28 Oct 2014

MEMBER
Sharon Champness

Director, People & Workforce Strategy, University of Newcastle

8 Nov 2016 - 12 June 2017

MEMBER
Jane Booth

Executive Director: People, Talent & Culture University of South Australia

22 Aug 2017 - Oct 2018

EXECUTIVE COMMITTEE ELECTIONS

Professor Andrew Vann and Professor Dawn Freshwater were elected unopposed to the positions of President and Vice President of the Association for two-year terms of office commencing at the 2017 Annual General Meeting and concluding at the 2019 Annual General Meeting.

Two casual vacancies also arose during the year. The first resulted from the departure of Ms Sharon Champness, which required an election, with Ms Jane Booth being the successful candidate. The second resulted from Professor Dawn Freshwater taking on the position of Vice President, with her previous position on the Executive Committee being filled by the appointment of Professor John Dewar by the Executive Committee with effect from the 2017 Annual General Meeting. Both terms of office conclude at the 2018 Annual General Meeting.

MEETINGS OF THE EXECUTIVE COMMITTEE

Monday 20 February	Melbourne
Monday 29 May	Teleconference
Monday 17 July	Teleconference
Monday 9 October	Teleconference
Friday 24 November	Teleconference

OTHER SIGNIFICANT MATTERS

SIGNIFICANT CHANGES IN THE NATURE OF THE ASSOCIATION'S ACTIVITIES

There were no significant changes in the nature of the Association's activities during the year.

SIGNIFICANT CHANGES IN THE FINANCIAL AFFAIRS OF THE ASSOCIATION

There were no significant changes in the financial affairs of the Association during the year.

OTHER MATTERS OF IMPORTANCE

All members of the Association are universities.

DISCLOSURE STATEMENT

There are no officers or members of the Association who are trustees, or directors of a company that is a trustee, of a superannuation entity because they are a member or an officer of a registered organisation.

EMPLOYEES OF THE ASSOCIATION

There were nine full-time staff employed by the Association as at 31 December 2017. The only staffing change during the year was the departure of an Administrative Assistant in February.

Employees of the Association (from left): Henry Wong, Belinda Svoronos, Robyn Trevaskis, Annemarie Comerford, Stuart Andrews, Bianca Rance, Catherine Pugsley, Fitri Elpilysia, Peter Raymond.

PREPARATION OF THIS OPERATING REPORT

This Operating Report has been prepared by the President of the Association, Professor Andrew Vann.

Andrew Vann

Signature Date 23 February 2018

FINANCIAL REPORT

INDEPENDENT AUDIT REPORT

Level [illegible], [illegible] Collins Street
Melbourne Victoria 3000
Telephone +61 3 [illegible]
Facsimile +61 3 9650 5731
www.dfkkidsons.com.au

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF AUSTRALIAN HIGHER EDUCATION INDUSTRIAL ASSOCIATION

Opinion
We have audited the financial report of Australian Higher Education Industrial Association which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by the Executive Committee.

In our opinion:

(a) the general purpose financial report presents fairly, in all material aspects, the financial position of Australian Higher Education Industrial Association as at 31 December 2017, and its financial performance and its cash flows for the year ended on that date in accordance with applicable Australian Accounting Standards and 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).;

(b) management's use of the going concern basis of accounting in the preparation of the Association's financial report is appropriate; and

(c) the financial report properly and fairly reports all information required by the reporting guidelines, including:
    (i) any fees charged to, or reimbursements of expenses claimed from, members and others for recovery of wages activity; and
    (ii) any donations or other contributions deducted from recovered money.

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 Association in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Report
Management is 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 management determines 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, management is responsible for assessing the Association'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 management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the Association's financial reporting process.

INDEPENDENT AUDIT REPORT

Level 6, 30 Collins Street
Melbourne Victoria 3000

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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.
- 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Association'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 Association 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 Australian Higher Education Industrial Association to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Australian Higher Education Industrial Association audit. We remain solely responsible for our audit opinion

INDEPENDENT AUDIT REPORT

dfk kidsons

Level 6, 30 Collins Street
Melbourne Victoria 3000
Telephone +61 3 8659 6190
Facsimile +61 3 9650 6151
www.dfkkidsons.com.au

We communicate with those charged with governance 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.

DFK Kidsons Partnership

Robert Wernli, F.C.A
Partner
Registered Company Auditor, Registration Number: 16278

19 February 2018
Melbourne

COMMITTEE OF MANAGEMENT STATEMENT

For the year ended 31 December 2017

Australian
Higher
Education
Industrial
Association

AUSTRALIAN HIGHER EDUCATION INDUSTRIAL ASSOCIATION
COMMITTEE OF MANAGEMENT STATEMENT
For the year ended 31 December 2017

On the 19 February 2018 the Executive Committee of the Australian Higher Education Industrial Association passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2017:

The Executive Committee 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 the reporting guidelines of the General Manager;

(c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Association for the financial year to which they relate;

(d) there are reasonable grounds to believe that the Association 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 committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and

(ii) the financial affairs of the Association have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and

(iii) the financial records of the Association have been kept and maintained in accordance with the RO Act; and

(iv) where the organisation consists of two or more reporting units, the financial records of the Association have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and

(v) where information has been sought in any request by a member of the Association or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; and

(vi) where any order for inspection of financial records has been made by the Registered Organisations Commission under section 273 of the RO Act, there has been compliance.

(f) in relation to recovery of wages activity:

(i) The Association has not undertaken any recovery of wages activity.

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

Signature of designated officer: Andrew Vann

Name and title of designated officer: Professor Andrew Vann, President AHEIA

Dated: 19th February 2018

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STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	2017 $	2016 $
REVENUE FROM ORDINARY ACTIVITIES	3	2,890,546	2,783,742
OTHER INCOME			
Fair value adjustment for movement in investments	14B	111,464	39,444
EXPENSES			
Employee expenses	4A	(1,660,905)	(1,664,500)
Capitation fees		-	-
Affiliation fees		-	-
Grants or donations		-	-
Depreciation and amortisation		(66,430)	(58,804)
Occupancy expenses		(145,759)	(147,550)
Travelling expenses		(87,969)	(89,998)
Communication expenses		(37,334)	(30,702)
Printing and stationery expenses		(23,141)	(23,132)
Professional fees expense		(48,301)	(31,166)
Legal costs	4B	-	(324)
Information technology expenses		(46,009)	(44,583)
Insurance expenses		(10,403)	(9,265)
Conference and meeting expenses		(563,093)	(538,667)
Other administration expenses	4C	(80,653)	(63,638)
Workforce of the future project expenses		-	(6,300)
Project Manchester		(71,422)	(203,160)
TOTAL EXPENSES		**(2,841,419)**	**(2,911,789)**
SURPLUS/(DEFICIT) FOR THE YEAR		**160,591**	**(88,603)**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE RESULT FOR THE YEAR		**160,591**	**(88,603)**

The above statement should be read in conjunction with the notes.

STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2017

	Notes	2017 $	2016 $
ASSETS			
Current Assets			
Cash and cash equivalents	5A	1,036,361	330,697
Trade and other receivables	5B	554,129	288,283
Other current assets	5C	3,125,485	2,932,872
Total current assets		*4,715,975*	*3,551,852*
Non-Current Assets			
Plant and equipment	6A	128,524	140,775
Intangible assets	6B	57,215	62,394
Total non-financial assets		*185,739*	*203,169*
Total assets		**4,901,714**	**3,755,021**
LIABILITIES			
Current Liabilities			
Trade and other payables	7A	337,800	421,765
Other liabilities	7B	1,223,601	197,372
Employee provisions	8A	239,641	218,752
Total current liabilities		*1,801,042*	*837,889*
Non-Current Liabilities			
Trade and other payables	7A	53,116	72,263
Employee provisions	8A	53,640	11,544
Total non-current liabilities		*106,756*	*83,807*
Total liabilities		**1,907,798**	**921,696**
Net assets		2,993,916	2,833,325
EQUITY			
Reserves	9A	725,000	725,000
Accumulated surplus	9B	2,268,916	2,108,325
Total equity		**2,993,916**	**2,833,325**

The above statement should be read in conjunction with the notes.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Reserves	Accumulated Surplus	Total Equity
	$	$	$
Balance as at 1 January 2017	725,000	2,108,325	2,833,325
Surpl for the year	-	160,591	160,591
Other comprehensive income for the year	-	-	-
Closing balance as at 31 December 2016	**725,000**	**2,286,916**	**2,993,916**
Balance as at 1 January 2016	725,000	2,196,928	2,921,928
Deficit for the year	-	(88,603)	(88,603)
Other comprehensive income for the year	-	-	-
Closing balance as at 31 December 2016	**725,000**	**2,108,325**	**2,833,325**

The above statement should be read in conjunction with the notes.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Notes	2017 $	2016 $
OPERATING ACTIVITIES			
Cash received			
Receipts from other reporting units/controlled entities		-	-
Cash receipts in the course of operations		3,899,916	2,666,831
Interest received		16,130	20,370
Cash used			
Payments to employees and suppliers		(3,249,004)	(3,031,479)
Payment to other reporting units/controlled entities		-	-
Net cash from (used by) operating activities	10A	667,042	18,652
INVESTING ACTIVITIES			
Cash received			
Proceeds from investments		87,621	81,084
Other		-	-
Cash used			
Payments for investments		-	(450,000)
Payments for plant and equipment		-	-
Payments for intangible assets		(18,700)	(27,800)
Net cash from (used by) investing activities		**38,622**	**(396,716)**
Net increase (decrease) in cash held		705,664	(740,994)
Cash & cash equivalents at the beginning of the financial year		330,697	1,071,691
Cash & cash equivalents at the end of the financial year	5A	**1,036,361**	**330,697**

The above statement should be read in conjunction with the notes.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period, and the Fair Work (Registered Organisation) Act 2009. For the purpose of preparing the general purpose financial statements, the Australian Higher Education Industrial Association 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.

1.2 Comparative amounts

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

1.3 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

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

The accounting policies adopted are consistent with those of the previous financial year.

Future Australian Accounting Standards Requirements

Certain new Australian accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting period. As at 31 December 2017, the following standards and interpretations had been issued but were not mandatory for the reporting ended 31 December 2017. The Association has not and does not intend to adopt these standards early.

Standard/ Interpretation	Summary	Application for reporting periods beginning on:	Impact on Financial Report
AASB 9 Financial Instruments and its consequential amendments	The key changes with this standard include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	Beginning 1 January 2018	The Association will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed.
AASB 16 Leases	This amending standard will eliminate the classifications of operating leases and finance leases. Subject to exceptions, the standard will require a right of use asset to be capitalised in the statement of financial position. A liability corresponding to the capitalised lease will also be recognised.	Beginning 1 January 2019	The Association will adopt this standard from 1 January 2019 but the impact of its adoption is yet to be assessed.

In addition to those Accounting Standards listed above, the AASB has also released a number of other Accounting Standards and Australian Interpretations. The application of these Accounting Standards and Australian Interpretations are also not expected to have any significant impact on the Association's financial statements. Consequently, they have not been specifically identified above.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.4 Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Revenue from conference and sponsorship income is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Interest revenue is recognised on an accrual basis using the effective interest method.

1.5 Gains

Sale of assets

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

1.6 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 Employee Benefits) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

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

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

1.7 Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis. Lease incentives under operating leases are recognised as a liability and expensed on a straight line basis over the life of the lease term.

1.8 Cash

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 and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

1.9 Financial instruments

Financial assets and financial liabilities are recognised when the Australian Higher Education Industrial Association becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.10 Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised upon trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset iseither held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Association manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Association's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity dates that the Association has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Loan and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest rate basis except for debt instruments other than those financial assets that are recognised at fair value through profit or loss.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the reporting units past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Association derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

1.11 Financial Liabilities

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial liabilities

The Association derecognises financial liabilities when, and only when, the Association obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

1.12 Contingent Liabilities and Contingent Assets

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

1.13 Plant and Equipment

Asset Recognition Threshold

Purchases of plant and equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following depreciation rates:

	Depreciation rates	Depreciation basis
Office equipment	25%	Straight line
Furniture and Fittings	25%	Straight line
Computer equipment	25%	Straight line
Leasehold improvements	14%	Straight line

Derecognition

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

1.14 Intangible assets

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. 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. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The amortisation rates of intangible assets are:

	Amortisation rates	Amortisation basis
Intangible assets	25%	Straight line

Derecognition

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

1.15 Impairment for non-financial assets

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

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

1.16 Taxation

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

Revenues, expenses and assets are recognised net of GST except; where the amount of GST incurred is not recoverable from the Australian Taxation Office; and for receivables and payables.

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

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

1.17 Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non- current classification. An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

1.18 Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The Association determines the estimated useful lives and related depreciation charges for its plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision

As discussed in note 1.6, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

1.19 Recovery of wages

The Association has not undertaken any recovery of wages activity during the financial year.

1.20 Acquisition of assets or liabilities

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

- an amalgamation under Part 2 of Chapter 3, of the RO Act in which the organisation (of which the reporting unit form part) was the amalgamated organisation; or
- a restructure of the branches of the organization; or
- a determination by the General Manager under sub-section 245(1) of the RO Act of an alternative reporting structure for the organization; or
- a revocation by the General Manager under subsection 249(1) of the RO Act of a certificate issued to an organisation under sub-section 245(1).

1.21 Business combinations

The Association has not acquired assets or liabilities during the financial year as part of a business combination.

1.22 Transactions with another reporting unit

The Association does not have another item in the statement of financial position that has been derived as a result of one or more transactions and/or past events with another reporting unit of the organisation.

1.23 Going concern assumption

The carrying amounts of the Association's assets and liabilities in this financial report are based on the continuing operation of the Association in accordance with its Rules. The Executive Committee has chosen to adopt the going concern assumption to underpin the carrying amounts in this report on the basis of strong net cash inflows from operations, positive budgeted results and financial management skills available. The Association's ability to continue as a going concern is not reliant on financial support of another reporting unit.

1.24 Financial support to another reporting unit

The Association has not agreed to provide financial support to ensure another reporting unit has the ability to continue as a going concern.

NOTE 2: EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the Australian Higher Education Industrial Association's operations, the results of those operations, or the Australian Higher Education Industrial Association's state of affairs in future financial years.

	2017	2016
	$	$

NOTE 3 REVENUE FROM ORDINARY ACTIVITIES

Membership subscriptions	2,260,446	2,192,576
Interest received	16,130	20,370
Investment income	47,297	155,640
Conference and sponsorship income	364,768	332,729
Service fees	201,905	82,427
Capitation fees	-	-
Levies	-	-
Grants and donations	-	-
Miscellaneous income	-	-
Total revenue from ordinary activities	**2,890,546**	**2,783,742**

NOTE 4 EXPENSES

Note 4A: Employee expenses

	$	$
Holders of office:		
Wages and salaries	-	-
Superannuation	-	-
Leave and other entitlements	-	-
Separation and redundancies	-	-
Other employee expenses	-	-
Employees other than office holders:	-	-
Wages and salaries	1,421,911	1,476,137
Superannuation	176,008	167,976
Leave and other entitlements	62,986	20,387
Separation and redundancies	-	-
Other employee expenses	-	-
Total employee expenses	**1,660,905**	**1,664,500**

	2017	2016
	$	$

NOTE 4 EXPENSES (CONTINUED)

Note 4B: Legal costs

	2017	2016
Litigation	-	-
Other legal matters	-	324
Total legal costs	**-**	**324**

Note 4C: Administration expenses

	2017	2016
Equipment hire	6,366	7,361
Subscription fees	1,815	3,068
Office services and supplies	18,688	22,196
Bad debts written off	-	-
Bank charges	5,876	6,568
Other operating expenses	47,908	24,445
Capitation fees	-	-
Affiliation fees	-	-
Grants or donations	-	-
Consideration to employers for payroll deductions	-	-
Penalties - via RO Act or RO Regulations	-	-
Compulsory levies	-	-
Fees/allowances – meeting and conferences	-	-
Meeting and conference expenses	-	-
Subtotal administration expense	**63,638**	**56,861**

	2017	2016
	$	$

NOTE 5 CURRENT ASSETS

Note 5A: Cash and Cash Equivalents

	2017 $	2016 $
Cash at bank	1,036,161	330,497
Cash on hand	200	200
Short term deposits	-	-
Total cash and cash equivalents	**1,036,361**	**330,697**

Note 5B: Trade and Other Receivables

	2017 $	2016 $
Trade receivables	550,176	205,079
Receivables from other reporting units	-	-
Less provision for doubtful debts	-	-
Total receivables	**550,176**	**205,079**
Other receivables:		
GST receivable from the ATO	-	22,656
Franking credits receivable	-	56,595
Other receivables	3,953	3,953
Total other receivables	**3,953**	**83,204**
Total trade and other receivables (net)	**554,129**	**288,283**

The average credit period is 30 days (2016: 30 days).
No interest is charged on outstanding amounts

Note 5C: Other Current Assets

	2017 $	2016 $
Prepayments	107,573	88,315
Accrued income	13,750	24,489
MLC Investment Portfolio	2,454,162	2,270,068
Term deposits*	550,000	550,000
Total other current assets	**3,125,485**	**2,932,872**

*The Association has in place a bank guarantee with the National Australia Bank for the current lease at Level 6, 303 Collins Street, Melbourne. This bank guarantee of $71,247 (2016: $71,247) is secured by one of the term deposits.

	2017	2016
	$	$

NOTE 6 NON-CURRENT ASSETS

Note 6A: Plant and equipment

	2017 $	2016 $
Plant and equipment:		
At cost	287,277	256,978
Less accumulated depreciation	(158,753)	(116,203)
Total plant and equipment	**128,524**	**140,775**

	2017 $	2016 $
Reconciliation of carrying amounts of plant and equipment		
Balance at the beginning of the year	140,775	180,871
Additions	30,299	-
Disposals	-	-
Depreciation	(42,550)	(40,096)
Carrying amount at end of the year	128,524	140,775

Note 6B: Intangible assets

	2017 $	2016 $
Intangible assets		
At cost	100,694	81,994
Less accumulated amortisation	(43,479)	(19,600)
Total intangible assets	**57,215**	**62,394**

	2017 $	2016 $
Reconciliation of carrying amounts of intangible assets		
Balance at the beginning of the year	62,394	53,303
Additions	18,700	27,800
Disposals	-	-
Amortisation	(23,879)	(18,709)
Carrying amount at end of the year	57,215	62,394

	2017	2016
	$	$

NOTE 7 LIABILITIES

Note 7A: Trade and other payables

Trade creditors	84,854	234,865
Subtotal trade creditors	**84,854**	**234,865**
Payables to other reporting units	-	-
Subtotal payables to other reporting units	-	-
Total trade payables	**84,854**	**234,865**
Other payables:		
Accrued expenses	22,971	63,784
Superannuation and PAYG payable	74,286	76,728
Consideration to employers for payroll deductions	-	-
Litigation costs	-	-
Other legal matters	-	-
Deferred lease incentive	72,263	87,443
GST payable to the ATO	106,809	-
Other payables	29,733	31,208
Total other payables	**306,062**	**259,163**
Total trade and other payables	**390,916**	**494,028**
Total payables are expected to be settled in:		
No more than 12 months	337,800	421,765
More than 12 months	53,116	72,263
Total payables	***390,916***	***494,028***

The average credit period is 30 days (2016: 30 days).
No interest is charged on outstanding amounts.

Note 7B: Other liabilities

Prepaid income	1,233,601	197,372
Total other liabilities	**1,233,601**	**197,372**

	2017	2016
	$	$

NOTE 8 PROVISIONS

Note 8A: Employee Provisions

	2017 $	2016 $
Office holders:		
Annual leave	-	-
Long service leave	-	-
Separations and redundancies	-	-
Other expenses	-	-
Employees other than office holders:	-	-
Annual leave	103,705	94,162
Long service leave	189,576	136,134
Separations and redundancies	-	-
Other expenses	-	-
Total employee provisions	**293,281**	**230,296**
Current	239,641	218,752
Non Current	53,640	11,544
Total employee provisions	***293,281***	***230,296***

NOTE 9 EQUITY

Note 9A: Reserves

		2017 $	2016 $
Reserve for Legal Services	(a)		
Balance as at start of year		475,000	475,000
Transferred to/(from) reserve		-	-
Balance as at end of year		**475,000**	**475,000**
Reserve for Major Contingency	(b)		
Balance as at start of year		250,000	250,000
Transferred to/(from) reserve		-	-
Balance as at end of year		**250,000**	**250,000**
Total reserves		**725,000**	**725,000**

(a) Reserve for Legal Services

The legal services reserve was established in prior years to record amounts set aside to ensure that any unexpected legal costs of a material nature can be paid

(b) Reserve for Major Contingency

The major contingency reserve was established in prior years to record amounts set aside to ensure that any unexpected costs of a material nature can be paid.

	2017	2016
	$	$

Note 9B: Accumulated Surplus

Accumulated surplus at the beginning of the financial year	2,108,325	2,196,928
Surplus/(Deficit) for the year	160,591	(88,603)
Accumulated surplus at the end of the financial year	**2,268,916**	**2,108,325**

NOTE 10 CASH FLOW

Note 10A: Cash Flow Reconciliation

Cash and cash equivalents as per:		
Cash flow statement	1,036,361	330,697
Balance sheet	1,036,361	330,697
Difference	-	-
Reconciliation of result to net cash from operating activities:		
Deficit from ordinary activities	160,591	(88,603)
Adjustments for non-cash items:		
Depreciation and amortisation	66,430	58,805
Change in fair value of investments - decrease/(increase)	(142,253)	(198,360)
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(277,762)	(287,874)
(Increase)/decrease in other assets	(19,257)	(25,591)
Increase/(decrease) in payables	816,308	176,957
Increase/(decrease) in employee provisions	62,985	20,388
Net cash from (used by) operating activities	**667,042**	**(344,278)**

Note 10B: Cash flow information

Cash inflows		
Australian Higher Education Industrial Association	3,916,046	2,687,201
Total cash inflows	**3,916,046**	**2,687,201**
Cash outflows		
Australian Higher Education Industrial Association	3,249,004	3,031,479
Total cash outflows	**3,249,004**	**3,031,479**

	2017	2016
	$	$

NOTE 11 CONTINGENT LIABILITIES, ASSETS AND COMMITMENTS

Note 11A: Commitments

Operating lease commitments—as lessee

Operating leases are in place for the following:

- Rental of premises at Level 6, 303 Collins Street, Melbourne
- Rental of Lanier Photocopier

	2017	2016
Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:		
Within one year	113,443	106,047
After one year but not more than five years	237,801	315,338
More than five years	-	-
	351,244	421,385

Note 11B: Contingencies

The Association had no contingent assets or liabilities as at 31 December 2016 (2015: nil).

NOTE 12 RELATED PARTY DISCLOSURES

Note 12A: Related Party Transactions for the Reporting Period

There were no related party transactions, loans to/from related parties, and trade receivables from or trade payables to related parties during the current and previous financial year.

Note 12B: Key Management Personnel Remuneration for the Reporting Period

The aggregate compensation made to officers and other members of key management personnel of the Association is set out below:

	2017	2016
Short-term employee benefits	266,342	225,596
Post-employment benefits	-	-
Other long term employee benefits	-	-
Termination benefits	-	-
	266,342	225,596

NOTE 13 REMUNERATION OF AUDITORS

	2017	2016
Value of the services provided		
Financial statement audit services	14,020	14,000
Other Services	4,640	1,900
Total remuneration of auditors	**18,660**	**15,900**

NOTE 14 FINANCIAL INSTRUMENTS

This note presents information about the Association's financial instrument risk management objectives, policies and processes for measuring and managing risk.

The Executive Committee has responsibility for the establishment and oversight of the risk management framework to identify and analyse the risks faced by the Association.

The Association's principal financial instruments comprise cash and short-term deposits, fair value through profit or loss assets and accounts receivable/payable. At the end of the 2017 financial year, the Association had investments of $2,454,162 (2016: $2,270,068) in managed funds through MLC Masterkey Investment. These funds are managed by third parties to achieve the growth targets set by the Committee of Management, which evaluates the performance of its portfolio based on reports received from the external financial advisor.

The Association's activities expose it primarily to the financial risks of changes in interest rates, price risk, liquidity risk and credit risk. The Association does not enter into or trade financial instruments including derivative financial instruments for speculative purposes. The Executive Committee reviews and agreespolicies for managing each of these risks and undertakes regular monitoring of the performance of its financial assets and liabilities.

Financial assets	Note	Category	2017 $	2016 $
Cash and cash equivalents	5A	N/A	1,036,361	330,697
Term Deposits	5C	Held to maturity	550,000	550,000
Trade Receivables	5B	Loans and receivables	550,176	205,079
Managed Investment Portfolio	5C	Fair value through profit or loss	2,454,162	2,270,068
Financial Liabilities				
Trade Payables	7A	Financial liabilities measured at amortised cost	84,854	234,865

	2017	2016
	$	$

NOTE 14 FINANCIAL INSTRUMENTS (CONTINUED)

Note 14B: Net Income and Expense from Financial Assets

	2017 $	2016 $
Cash and cash equivalents		
Interest revenue	1,781	3,593
Net gain/(loss) on cash and cash equivalents	**1,781**	**3,593**
Held-to-maturity		
Interest revenue	14,529	16,777
Net gain/(loss) held-to-maturity	**14,529**	**16,777**
Fair value through profit and loss		
Designated as fair value through profit and loss:		
Change in fair value	111,464	39,444
Investment revenue	47,297	155,640
Total designated as fair value through profit and loss	**158,761**	**195,084**
Net gain/(loss) at fair value through profit and loss	**158,761**	**195,084**
Net gain/(loss) from financial assets	**175,071**	**215,454**

Note 14C: Fair Value of Financial Instruments

	Carrying amount	**Fair value**	Carrying amount	Fair value
	2016	**2016**	2015	2015
	$	**$**	$	$
Financial Assets				
Cash and cash equivalents	1,036,161	1,036,161	330,967	330,967
Trade receivables	550,176	550,176	205,079	205,079
Investments – held to maturity	550,000	550,000	550,000	550,000
Investments - FVTPL	2,454,162	2,454,162	2,270,068	2,270,068
Total	4,590,499	4,590,499	3,356,114	3,356,114

The Committee of Management consider that the carrying amount of financial assets and liabilities recorded in the financial statements approximate their fair value.

FAIR VALUE MEASUREMENTS CATEGORISED BY FAIR VALUE HIERARCHY

The following table provides an analysis of financial instruments that are measured at fair value, by valuation method. The different levels are defined below:

Level 1: Fair value obtained from unadjusted quoted prices in active markets for identical instruments indirectly.

Level 2: Fair value derived from inputs other than quoted prices included within Level 1 that are observable for the instrument, either directly or

Level 3: Fair value derived from inputs that are not based on observable market data.

NOTE 14 FINANCIAL INSTRUMENTS (CONTINUED)

Note 14C: Fair Value of Financial Instruments (continued)

Fair value hierarchy for financial assets

	LEVEL 1		LEVEL 2		LEVEL 3	
	2017	2016	**2017**	2016	**2017**	2016
Managed investment portfolio	**2,454,162**	2,270,068	**-**	-	**-**	-
Total	**2,454,162**	2,270,068	**-**	-	**-**	-

Note 14D: Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Association. The Association has adopted a policy of only dealing with creditworthy counter parties as a means of mitigating the risk of financial loss from defaults. The Association's exposure is continuously monitored and limits reviewed annually.

Trade receivables consist of a large number of members and customers, spread across diverse industries and geographical areas. The Association does not have any significant credit risk exposure to any single party or any economic entity of counter parties having similar characteristics.

The credit risk on liquid funds is limited because the counter parties are recognized banking institutions. Trade receivables are concentrated in Australia. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

Note 14E: Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the Executive Committee, who has in place a framework to management the Association's short, medium and long term funding and liquidity. The Association manages the liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows by matching the maturity profiles of financial assets and liabilities. Given the current surplus cash assets, liquidity risk is considered to be minimal.

Note 14F: Market Risk

The Association is exposed to equity securities price risk through the managed funds held with MLC Masterkey Investment. This arises from investments held by the Association and classified on the statement of financial position as fair value through profit and loss. The Association is not exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, the Association diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Executive Committee based on advice provided by external financial advisor. The majority of the Association's equity investments are publicly traded funds.

Interest rate risk

The Association's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:w

Interest rate risk

	Floating Interest Rate		Non Interest Bearing		Total	
	2017	2016	2017	2016	2017	2016
Financial Assets:	$	$	$	$	$	$
Cash	1,035,861	330,497	200	200	1,036,161	330,697
Term deposits	550,000	550,000	-	-	2,454,162	550,000
Investment – fair value through profit or loss	2,454,162	2,270,068	-	-	2,270,068	2,270,068
Trade and other receivables	-	-	550,176	205,076	550,176	205,076
Total Financial Assets	4,040,023	3,150,565	550,176	205,276	4,590,499	3,355,841
Financial Liabilities:						
Trade and other payables	-	-	84,854	234,865	84,854	234,865
Total Financial Liabilities	-	-	84,854	234,865	84,854	234,865

Price risk

The Association is exposed to equity securities price risk through the managed funds held with MLC Masterkey Investment. This arises from investments held by the Association and classified on the statement of financial position as fair value through profit and loss. The Association is not exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, the Association diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Executive Committee based on advice provided by external financial advisor. The majority of the Association's equity investments are publicly traded funds.

		Interest rate risk				Other price risk			
		(1%)	(1%)	1%	1%	(5%)	(5%)	5%	5%
2017		Net result	Equity	Net result	Equity	Net result	Equity	Net result	Equity
Cash and cash equivalents	1,036,361	10,364)	10,364)	10,364	10,364	-	-	-	-
Other financial assets	3,554,138	-	-	-	-	(177,707)	(177,707)	177,707	177,707
Total	4,590,499	10,364)	10,364)	10,364	10,364	(177,707)	(177,707)	177,707	177,707

		Interest rate risk				Other price risk			
		(1%)	(1%)	1%	1%	(5%)	(5%)	5%	5%
2016		Net result	Equity	Net result	Equity	Net result	Equity	Net result	Equity
Cash and cash equivalents	330,697	(3,307)	(3,307)	3,307	3,307	-	-	-	-
Other financial assets	3,025,147	-	-	-	-	(151,257)	(151,257)	151,257	151,257
Total	3,355,844	(3,307)	(3,307)	3,307	3,307	(151,257)	(151,257)	151,257	151,257

NOTE 15 INFORMATION TO BE PROVIDED TO MEMBERS OF THE REGISTRAR

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention

of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

Information to be provided to members or General Manager:

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

NOTE 16 ASSOCIATION DETAILS

The principal place of business of the Association is:

Australian Higher Education Industrial Association

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Melbourne Victoria 3000

AUSTRALIAN HIGHER EDUCATION INDUSTRIAL ASSOCIATION

Level 6, 303 Collins Street Melbourne, Victoria 3000

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