



FAIR WORK
AUSTRALIA

12 November 2012

Mr Wayne Hanson
Secretary, South Australian Branch
The Australian Workers' Union
GPO Box 2577
ADELAIDE SA 5001



Dear Mr Hanson

Re: Lodgement of Statement of Loans, Grants and Donations – The Australian Workers' Union, South Australian Branch – for year ending 30 June 2012 (FR2012/436)

I acknowledge receipt of the general purpose financial report for the above year which was lodged with Fair Work Australia on 1 November 2012.

The documents have been filed but I wish to draw your attention to several issues relating to the content or format of the documentation. I acknowledge that these particular details have not been commented on in the past where previous financial reports were concerned, but after consultation with colleagues, and consistent with new FWA Regulatory Compliance Policy I wish to set out where the Branch's reports will reflect more correctly relevant provisions of the *Fair Work (Registered Organisations) Act 2009* or standards. My purpose is to direct your attention to the importance of giving full effect to the exact wording of the Act and regulations so as to assist the Branch to avoid any inadvertent contraventions of the relevant statutory requirements in future.

Recent amendments to the Act reflect an emphasis on transparency and the importance of strict compliance, so I set them out for your future reference. They should not represent onerous modifications to the reporting content or presentation of the documentation and represent issues of detail and/or interpretation.

1. Operating Report disclosures

(i) Results of principal activities

Section 254(2)(a) requires the operating report to "*contain a review of the reporting unit's principal activities during the year, the results of those activities and any significant changes in the nature of those activities during the year*".

Your Operating Report complies for the most part in that it lists the principal activities, and confirms "there was no significant change in the nature....of the operations during the year". It does not however contain a review of "the results of those activities" under the heading "Operating Results". Rather it reports a "surplus" of \$130,630.

I have been advised that subsection 254(2)(a) does not require a financial result of this kind, and is not to be interpreted as such, but instead requires a description of the non-financial results from the principal activities listed. For example, a result of the activity the Branch has described as "assist members in dispute resolution" might include the number of disputes resolved or a statement about whether dispute resolution assistance provided during the year had been successful; a result of the activity described as "assist members in unfair dismissal matters before relevant tribunals" might include the number of

members represented and/or the number of matters successfully defended or a statement about whether tribunal assistance provided during the year had been successful; a result of the activity described as acting "on behalf of members in respect of employment terms and conditions" might include the number of agreements or awards successfully negotiated or varied or a statement about whether employment terms and conditions had been maintained or improved etc and so on, just to suggest a few possible examples, without being too prescriptive.

In future, the Operating Report must set out a brief description of results of its principal activities.

(ii) Period of office

Regulation 159(c) requires that the Operating Report disclose not only the name of each person who is a member of the Committee of management but also the "*period for which he or she held such a position*". Your Operating Report lists the names of those who have been members of the committee of management "at any time during the reporting period".

Strict compliance would require that the period be expressed as a period of duration. It will not have been strictly correct for me or any other FWA officer to have merely inferred in the past from the words "at any time" that each person listed held their position for the entire year even on the basis that in a previous year it was indicated where a person retired or was elected mid-term, as was the case in 2007 (see attached).

I note that in 2005 (see attached) your Operating Report indicated the period for each officer quite explicitly, and I would recommend that you follow that model in future years.

2. Income and Expenditure disclosures

(i) Membership subscriptions

Paragraph 10(a) of the Industrial Registrar's Reporting Guidelines (see attached) requires that a separate balance be disclosed for the "item" of membership subscriptions. I note that the 2012 report and the reports since 2007 have separated income into (a) "revenue from rendering of services" and (b) "other revenues from ordinary activities" or "other income". In the past I have taken "revenue from rendering of services" to represent subscriptions on the basis of the 2006 report which disclosed the same balance for "subscription income" (see attached). Whilst I have no reason to believe this inference was not correct, as a matter of strict compliance, on the face of the documents, it is not obvious to the reader that "revenue from rendering of services", a broad term, means "subscriptions", a narrower term. There seems no reason why the balance constituted by income from membership fees or subscriptions should not be described explicitly as such.

In the interests of removing any uncertainty for the ordinary member/reader, and to comply strictly with the Reporting Guidelines, I would ask that in future reports the subscription revenue balance be described as such.

(ii) Employee benefits

Paragraphs 11(g) and 11(h) of the Reporting Guidelines (see attached, highlighted) require that employee benefits balances for "holders of office" be distinctly disclosed from employee benefits balances for "employees (other than holders of offices)."

For the purposes of this distinction, I refer you to the meaning of "office" defined by section 9 of the Act (see extract attached). In common usage, the term "officer" and "official" are often interchangeable and the distinction is perhaps better reflected by the term "holder of an office" or "office-holder". The question whether any employee is an office-holder or not may be determined by the rules of the union. As a rule-of-thumb, an "official" who receives employee benefits will be an office-holder - in the sense intended by the Act - if the rules make the official a member of the Branch's deliberative committee of management. If not, then the official is not an office-holder in the sense intended by the Reporting Guidelines and their employee benefits will form part of the total employee benefits balance for "employees".

The report does not appear to have distinguished these. A single figure for "Employee benefits expense" of \$1,407,371 appears on the Statement of Comprehensive Income on page 5 but the only reference to employee benefits for either category is at note 13(iv) on page 24 where various "rates of pay" are listed against National and Branch officers.

It is not at all obvious that the figures listed represent the actual employee benefits paid to the holders of office in the Branch, and given that the Operating report indicates a full-time employee equivalent of 15 and that Note 13(i) indicates that ten (10) of the Executive Committee members are full-time officials, it appears to be the case that the total figure on the Statement of Comprehensive Income may be made up of benefits to both office-holders and non-officer employees.

It is important that FWA not rely on its own inferences or assumptions, given that the Reporting Guidelines set out specific balances for disclosure on the face of the report. Accordingly future reports must make clear whether the figure for employee benefits is for office-holders alone or, if not, must provide two separate balances, one for office-holders and one for employees who are not also office-holders.

I hope this clarifies the areas for modification in future reports. Please feel welcome to contact me at any time, on (02) 6723 7237 if you wish to discuss any aspect of the financial reporting requirements.

Yours respectfully,



Stephen Kellett

Senior Adviser, Regulatory Compliance Branch

TOGETHER

AMALGAMATED AWU (SA) STATE UNION
AWU SOUTH AUSTRALIAN BRANCH
GPO Box 2577, Adelaide
South Australia 5001
T: (08) 8360 1900 F: (08) 8360 1960
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WAYNE HANSON Branch Secretary



Monday 29 October, 2012.

Mr Stephen Kellett
Fair Work Australia
Statutory Services Branch



Dear Mr Kellett,

DESIGNATED OFFICERS' CERTIFICATE

RE: Lodgement of Financial Statements and Accounts for the year ended 30 June 2012- Fair Work (Registered Organisations) Act 2009 ("the FW(RO)Act") - The Australian Workers' Union South Australian Branch (FR2012/436)

Please find the attached financial statements and accounts for the above Branch of the Australian Workers' Union. The procedures as outlined below were followed to satisfy the requirements of the Workplace Relations Act 1996.

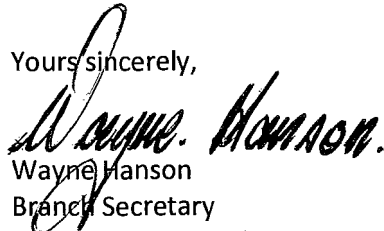
SOUTH AUSTRALIAN BRANCH

- In accordance with the union's rules the complete financial statements and accounts, including the auditor's report and the operating report were tabled and received by the Branch Executive on Friday 14 September, 2012. A copy of same was provided to all Executive members.
- The complete financial statements and accounts, including the auditor's report and the operating report was posted on the Australian Workers' Union, South Australian Branch's web site for broad membership perusal and information on Monday 24 September, 2012.
- A union meeting for the Australian Workers' Union, South Australian Branch was convened on Friday 26 October, 2012. An individual copy of the financial report was provided to all members present. Members were given the opportunity to ask any relevant questions/explanations regarding the statements and accounts and the report was formally adopted by the members who attended the meeting.

Enclosed for your perusal and information is a copy of the South Australian Branch Financial Statements and Accounts for 2011/2012.

I trust that this information is sufficient to satisfy the legislative requirements.

Yours sincerely,


Wayne Hanson
Branch Secretary

Australian Workers' Union
South Australian Branch.



**STRONGER
TOGETHER**

**AUSTRALIAN WORKERS' UNION
SOUTH AUSTRALIAN BRANCH**

2012



THE AUSTRALIAN WORKERS' UNION SOUTH AUSTRALIAN BRANCH
COMMITTEE OF MANAGEMENT OPERATING REPORT AND STATEMENT FOR THE
YEAR ENDED 30 JUNE 2012

Operating Report

In accordance with the Fair Work (Registered Organisations) Act 2009 ("the Act") the Committee of Management ("the Committee") presents its Operating Report on The Australian Workers' Union South Australian Branch ("Union") for the year ended 30 June 2012.

Principal Activities

The principal activity of the Union was to act on behalf of members in respect of:

- employment terms and conditions;
- to secure improved conditions of employment for the members;
- to assist members in dispute resolution;
- to assist members who may have become injured in the course of their employment;
- to assist dependants of members through financial benefits; and
- to assist members in unfair dismissal matters before relevant tribunals.

Operating Results

The surplus for the financial year amounted to \$130,630

Review of Operations

A review of the operations for the Union during the financial year found that there was no significant change in the nature or the results of the operations during the year.

Significant Changes in State of Affairs

No significant changes in the Union's state of affairs occurred during the financial year.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the operations of the Union, the results of those operations or the state of affairs of the Union in future financial years.

Members Right to Resign

The right of AWU members to resign from the Branch is set out in Rule 14 of The Australian Workers' Union Rules as registered under the Act.

Membership of Superannuation Scheme

Branch Assistant Secretary Frank Mateos, was a Director of Local Super for the period 1 July 2011 up to 31st March 2012. Local Super is a superannuation scheme for the benefit of Workers across the Local Government Industry throughout South Australian and the Northern Territory. Branch Secretary Wayne Hanson was a Director of Local Super for the above remaining period of the year ended 30 June 2012.

Number of Members

The number of persons that were, at the end of the financial year to which the report relates, recorded in the register of members is 7504 (2011: 7352).

Number of Employees

The number of persons who were, at the end of the financial year to which the report relates, employees of the Branch, where the number of employees includes both full-time employees, casuals and part time employees measured on a full time basis is 15.

Members of the Committee

The name of each person who has been a member of the committee of management of the Branch at any time during the reporting period:

Name	Position
Lance Degenhardt	President (Honorary)
Justin Hanson	Vice President
Joseph Kane	Vice President
Wayne Hanson	Secretary
Frank Mateos	Assistant Secretary
Martin Hilton	Committee Member
Colin Shooter	Committee Member
Peter Lamps	Committee Member
Marcus Hanson	Committee Member
Christopher Kimpton	Committee Member
Michael Hopgood	Committee Member
Gary Henderson	Committee Member
Susan Sonntag	Committee Member
Martin O'Connor	Committee Member
Mathew Eckert	Committee Member
Brian Stone	Committee Member
James Phelan	Committee Member
Ian Ashmore	Committee Member
Terry Bails	Committee Member
Scott Martin	Committee Member
Terry Langham	Committee Member

Other information

There is no other information that the Union considers relevant.

This report is made in accordance with a resolution of the Committee of Management and is signed for and on behalf of the Committee Members by:



Wayne Hanson
Branch Secretary
Australian Workers' Union

Dated this *24th* day of *Sept.*, 2012

AUSTRALIAN WORKERS' UNION SOUTH AUSTRALIAN BRANCH

COMMITTEE OF MANAGEMENT STATEMENT

On Friday 14 September the Committee of Management of Australian Workers' Union SA Branch passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 30th June 2012:

The Committee of Management declares in relation to the GPFR 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 Industrial Registrar;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (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 organization including the rules of the branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organization including the rules of a Branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations; and
 - (iv) where the organization consists of 2 or more reporting units, the financial records of the reporting unit have been kept, as far as practical, in a consistent manner to each of the other reporting units of the organization; and
 - (v) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been furnished to the member or Registrar; and
 - (vi) there has been compliance with any order for inspection of financial records made by the Commission under section 273 of the RAO Schedule.

For Committee of Management: Wayne Hanson

Title of Office Held: *Branch Secretary.*

Signature: *Wayne Hanson.*

Date: *24. 9. 2012.*

AUSTRALIAN WORKERS UNION SOUTH AUSTRALIAN BRANCH

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012	2011
		\$	\$
Revenue from rendering of services		2,533,684	2,443,257
Other income	3	350,523	311,254
Supplies and services	4	(708,891)	(757,348)
Employee benefits expense		(1,407,371)	(1,247,365)
Motor vehicle and travelling expenses		(271,783)	(246,952)
Depreciation expense		(4,165)	(51)
Administration services		(12,947)	(14,900)
AWU National Office sustentation fees		(348,420)	(335,617)
Surplus/(Deficit) from Ordinary Activities		130,630	152,278
		<hr/>	<hr/>
Total comprehensive income for the year		130,630	152,278
		<hr/>	<hr/>
Total comprehensive income attributable to the Australian Workers Union South Australian Branch		130,630	152,278

To be read in conjunction with the notes to the financial statements set out on pages 9 to 24.

AUSTRALIAN WORKERS' UNION SOUTH AUSTRALIAN BRANCH

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012**

	Note	2012 \$	2011 \$
CURRENT ASSETS			
Cash	11(i)	1,587,504	1,312,343
Receivables	5	176,953	250,951
Prepayments		88,614	71,386
TOTAL CURRENT ASSETS		1,853,071	1,634,680
NON-CURRENT ASSETS			
Property, Plant and Equipment	6	7,153	2,040
TOTAL NON-CURRENT ASSETS		7,153	2,040
TOTAL ASSETS		1,860,224	1,636,720
CURRENT LIABILITIES			
Payables	7	142,800	141,735
Short-term employee benefits	8	299,091	257,355
TOTAL CURRENT LIABILITIES		441,891	399,090
NON CURRENT LIABILITIES			
Long-term employee benefits	8	548,276	498,203
TOTAL NON CURRENT LIABILITIES		548,276	498,203
TOTAL LIABILITIES		990,167	897,293
NET ASSETS		870,057	739,427
EQUITY			
Members' Funds	9	870,057	739,427
TOTAL EQUITY		870,057	739,427

To be read in conjunction with the notes to the financial statements set out on pages 9 to 24.

AUSTRALIAN WORKERS' UNION SOUTH AUSTRALIAN BRANCH

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012**

	Retained Earnings	General Reserve	Revaluation Surplus	Total
	\$	\$	\$	\$
Balance at 30 June 2011	587,149	-	-	587,149
Profit attributable to the entity	152,278	-	-	152,278
Total other comprehensive income	-	-	-	-
Balance at 30 June 2012	739,427	-	-	739,427
Profit attributable to the entity	130,630			130,630
Total other comprehensive income				-
Balance at 30 June 2012	870,057			870,057

To be read in conjunction with the notes to the financial statements set out on pages 9 to 24.

AUSTRALIAN WORKERS' UNION SOUTH AUSTRALIAN BRANCH

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012	2011
Cash flows from operating activities			
Receipts from members and other users		3,118,508	3,039,321
Payments to suppliers and employees		(2,954,152)	(2,802,661)
Interest received (paid)		80,303	(24,931)
		<hr/>	<hr/>
Net cash provided by operating activities	11(ii)	244,659	211,729
Cash flows from investing activities			
Payment for property, plant and equipment		(9,277)	(2,040)
		<hr/>	<hr/>
Net cash used in investing activities		(9,277)	(2,040)
Cash flows from financing activities			
Amalgamated AWU (SA) State Union loan		39,782	27,399
		<hr/>	<hr/>
Net cash provided by financing activities		39,782	27,399
Net increase in cash held		275,164	237,088
Cash at the beginning of the financial year		<hr/>	<hr/>
Cash at the end of the financial year	11(i)	1,587,504	1,312,343
		<hr/>	<hr/>

To be read in conjunction with the notes to the financial statements set out on pages 9 to 24.

AUSTRALIAN WORKERS' UNION SOUTH AUSTRALIAN BRANCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of the Union has been prepared as a general purpose financial report in accordance with Accounting Standards, including Australian Accounting Interpretations, other pronouncements of the Australian Accounting Standards Board and the Fair Work (Registered Organisations) Act 2009.

Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted in the preparation of this report. The accounting policies have been consistently applied unless otherwise stated.

(a) Revenue Recognition

Membership Subscriptions

Membership subscriptions are accounted for on an accrual basis.

Any contributions that are received subsequent to balance date which relate to the year ended 30 June 2012 are included in contributions receivable.

Other Income

Other revenue is recognised in the period to which it relates.

(b) Income Tax

The Union is exempt from income tax under section 50-15 Item 3.2 of the Income Tax Assessment Act 1997.

(c) Property Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Depreciation is calculated on a straight-line and diminishing value basis on all plant and equipment as follows:

Plant and equipment – 10 – 40%
Motor vehicles – 22.5%

AUSTRALIAN WORKERS' UNION SOUTH AUSTRALIAN BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

(c) Property Plant and Equipment - *continued*

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in the income statement.

(d) Leased Plant and Equipment

Leases of plant and equipment under which the union assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments. Contingent rentals are written off as an expense of the accounting period in which they are incurred. Leased assets are depreciated on a diminishing value basis over their estimated useful lives or the term of the lease where it is likely that the Union will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Payments made under operating leases where substantially all the benefits and risks remain with the lessor are charged as an expense in the periods in which they are incurred.

AUSTRALIAN WORKERS' UNION SOUTH AUSTRALIAN BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

(e) Receivables

The collectibility of trade debtors is assessed at balance date and provision is made for any doubtful debts.

Any subscriptions which are received subsequent to balance date which related to the year ended 30 June 2012 are included in Subscriptions Receivable.

(f) Employee Entitlements

Wages, Salaries and Leave

The provision for employee entitlements for wages, salaries, annual leave and long service leave represents the amount which the Union has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated at nominal amounts based on current wage and salary rates and includes related on-costs. The carrying amount of the provisions approximate net fair value.

Superannuation

The Union contributes to an employee superannuation fund. Contributions are charged as an expense when incurred.

(g) Accounts Payable

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Union.

(h) Goods and service tax

Revenues, expenses and assets are recognised net of the amount of goods and service tax (GST), except where the amount of GST is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the assets or as part of an item in the expense.

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

(i) Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank including investments, net of any outstanding bank overdrafts.

AUSTRALIAN WORKERS' UNION SOUTH AUSTRALIAN BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)

(j) New Accounting Standards and Interpretations

New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the association. The association has decided not to early adopt any of the new and amended pronouncements. The association's assessment of the new and amended pronouncements that are relevant to the association but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The association has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

- AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

AUSTRALIAN WORKERS' UNION SOUTH AUSTRALIAN BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

Management believes that the association qualifies for the reduced disclosure requirements for Tier 2 entities. However, it is yet to decide whether to adopt the reduced disclosure requirements.

- AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard will affect certain disclosures only relating to financial instruments and is therefore not expected to significantly impact the association.

- AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121 into AASB 112.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments are not expected to significantly impact the association.

- AASB 1054: Australian Additional Disclosures and AASB 2011–1: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113] (applicable for annual reporting periods commencing on or after 1 July 2011).

AASB 1054 sets out the Australian-specific disclosures that are additional to IFRS disclosure requirements.

The disclosure requirements in AASB 1054 were previously located in other Australian Accounting Standards.

These Standards are not expected to significantly impact the association.

AUSTRALIAN WORKERS' UNION SOUTH AUSTRALIAN BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The association has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either “joint operations” (whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or “joint ventures” (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a “structured entity”, replacing the “special purpose entity” concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the association.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the association.

- AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the association.

- AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The association does not have any defined benefit plans and so is not impacted by the amendment.

AUSTRALIAN WORKERS' UNION SOUTH AUSTRALIAN BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)

AASB 119 (September 2011) also includes changes to the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

- (i) for an offer that may be withdrawn – when the employee accepts;
- (ii) for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and
- (iii) where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

The association has not yet been able to reasonably estimate the impact of these changes to AASB 119.

AUSTRALIAN WORKERS' UNION SOUTH AUSTRALIAN BRANCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009 the attention of members is drawn to the provisions of Section 272 which reads as follows:

- (1) A member of a reporting unit, or a Registrar, may apply to the reporting unit (The Union) 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 WORKERS' UNION SOUTH AUSTRALIAN BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

3. OTHER INCOME

	2012	2011
	\$	\$
Interest income	80,303	55,842
Management fee received from Amalgamated AWU (SA)	200,000	200,000
Sundry Income		503
Convention Dinner Sponsors		13,000
Other Revenue		455
Delegates Convention Income	70,220	41,454
	<hr/>	<hr/>
Total Other Income	350,523	311,254
	<hr/>	<hr/>

4. SUPPLIES AND SERVICES

Acts, awards and books	1,460	2,977
Advertising	1,628	13,800
Affiliation Fees – ALP, SA Unions	47,892	49,465
Auditors Remuneration – Audit	13,775	11,782
Bank charges and duty	8,733	8,581
Bereavement Fund	120	720
Computer maintenance	19,538	11,605
Cleaning	12,118	13,570
Delegates commission	540	540
Delegates Conventions		59,210
Delegates Dinner 2011 Expenses	58,521	5,273
Delegates Dinner 2012 Expenses	5,636	
Commission – For Employers for Payroll Deductions		594
Donations and grants	18,667	33,673
Electricity and gas	19,278	16,382
Executive Sitting Fee Federal	1,314	1,857
General expense	9,440	13,022
Internet Expenses	5,772	3,358
Legal expenses	24,206	30,229

AUSTRALIAN WORKERS' UNION SOUTH AUSTRALIAN BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

4. SUPPLIES AND SERVICES (continued)

	2012	2011
	\$	\$
Membership System Hosting	27,278	30,837
Office Assistance Pt Pirie	40,000	40,000
Postage and couriers	13,706	14,946
Printing and stationery	16,547	22,729
Rates	12,346	13,698
Rent	233,769	233,302
Repairs and maintenance – office	5,626	11,584
Rubbish Removal	1,475	1,588
Flowers / Gifts	111	281
SA Unions Campaign Levy	5,267	5,268
Security service	1,306	783
Staff amenities	7,897	8,517
Subscription and Memberships	10,641	8,891
SBS Server Leasing	9,333	9,333
Telephone	51,726	56,427
Training courses	2,817	4,182
Training Expenses	1,597	-
Uniform	1,063	226
Toshiba leasing	7,771	7,771
Terminal Server Upgrade Leasing	7,895	7,895
Arrow SQL Upgrade Leasing	2,082	2,452
Total Supplies and Services	708,891	757,348

5. RECEIVABLES

	2012	2011
	\$	\$
Current		
Subscriptions receivable	64,054	98,862
Loan Owing by Amalgamated AWU SA State Union	79,335	119,162
GST recoverable from ATO	33,564	32,927
	176,953	250,951

AUSTRALIAN WORKERS' UNION SOUTH AUSTRALIAN BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

6. PROPERTY, PLANT AND EQUIPMENT

	Laptop Computers		Total
	\$		\$
Year ended 30 June 2012			
At 1 July 2011, net of accumulated depreciation and impairment	2,040	2,040	2040
Additions	9,277		
Depreciation charge for the year	4,164		
At 30 June 2012, net of accumulated depreciation and impairment	7,153		
At 30 June 2012			
Cost or fair value			
Accumulated Depreciation	7,153		
Net Carrying Amount	7,153	2,040	2,040

AUSTRALIAN WORKERS' UNION SOUTH AUSTRALIAN BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

7. PAYABLES

	2012	2011
Current	\$	\$
Trade creditors	50,869	43,410
Other creditors & accruals	28,072	25,429
GST Payable to ATO	63,859	72,896
	142,800	141,735
	142,800	141,735

8. EMPLOYEE BENEFITS

Current

Annual Leave	299,091	257,355
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Non Current

Long Service Leave	548,276	498,203
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Total Employee benefits

	847,367	755,558
	847,367	755,558

Number of employees at year end:	17	14
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9. MEMBERS FUNDS

Members' funds at the beginning of the financial year	739,427	587,149
Surplus/(Deficit) from Ordinary Activities	130,630	152,278
	870,057	739,427
	870,057	739,427

Members' funds at the end of the financial year		
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10. LEASE COMMITMENTS

Operating lease commitments

Future non-cancellable operating lease of office equipment, payable:

Not later than one year	18814	6,707
Later than one year but not later than five years	7294	38,363

Total Operating Lease Commitments

	26,108	45,070
	26,108	45,070

Photocopier 17 months, SBS Server 17 months

AUSTRALIAN WORKERS UNION SOUTH AUSTRALIAN BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

11. NOTES TO THE STATEMENT OF CASH FLOWS

(i) Reconciliation of Cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash on hand	2,300	2,300
Cash at banks	1,585,204	1,310,043
	1,587,504	1,312,343
	1,587,504	1,312,343

(ii) Reconciliation of cash flow from operating activities with surplus operations

Surplus/(Deficit) from operations	130,630	152,278
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Add non-cash items:

Amalgamated AWU (SA) State Union Loan Movement	(39,782)	(27,399)
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Change in assets and liabilities during the year:

(Increase)/Decrease in receivables	74,000	16,379
(Increase)/Decrease in prepayments	(17,228)	(23,106)
(Decrease)/Increase in payables	1,065	(14,703)
(Decrease)/Increase in provisions	91,809	108,280
	240,447	211,729

Net cash provided by operating activities

	240,447	211,729
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AUSTRALIAN WORKERS' UNION SOUTH AUSTRALIAN BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

12. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The Union's exposure to interest rate risk is nil, but financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those finance assets and liabilities is as follows:

AS AT 30 JUNE 2012

	Weighted Average Interest Rate	Non-Interest Bearing	Floating Interest Rate	Fixed Interest Rate Maturing Within 1 Year	Fixed Interest Rate Maturing 1 – 5 Years	Total
Cash	5.18%	2,300	1,585,204			1,587,504
Receivables	0.00%	176,953				176,953
Total Financial Assets		179,253	1,585,204			1,764,457
Payables	0.00%	142,800				142,800
Total Financial Liabilities		142,800				142,800

AS AT 30 JUNE 2011

	Weighted Average Interest Rate	Non-Interest Bearing	Floating Interest Rate	Fixed Interest Rate Maturing Within 1 Year	Fixed Interest Rate Maturing 1 – 5 Years	Total
Cash	5.18%	2,300	1,310,043			1,312,343
Receivables	0.00%	250,951				250,951
Total Financial Assets		253,251	1,310,043			1,563,294
Payables	0.00%	141,735				141,735
Total Financial Liabilities		141,735				141,735

(b) Credit Risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Union recognises its receivables for contributions based on cash received subsequent to balance date.

(c) Net Fair Value of Financial Assets and Liabilities

The Union recognises all of its financial assets and liabilities at their net fair value.

AUSTRALIAN WORKERS' UNION SOUTH AUSTRALIAN BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

13. RELATED PARTIES

(i) Executive Committee Members

The names of the Executive Committee Members during the year are listed below. The persons listed held the position for the whole year unless otherwise stated.

President (Honorary)	Lance Degenhardt	
Vice President	Justin Hanson*	Joseph Kane*
Secretary	Wayne Hanson *	
Assistant Secretary	Frank Mateos *	
Committee Members	Martin Hilton Marcus Hanson* Ian Ashmore Peter Lamps * Christopher Kimpton Brian Stone Gary Henderson* James Phelan	Colin Shooter Terry Bails Martin O'Connor Susan Sonntag Scott Martin* Terry Langham* Mathew Eckert Michael Hopgood*

(ii) Committee Members' Remuneration

Payments totalling \$1314 (2011: \$1857) were made to rank and file committee members of the Executive as sitting fees for attending Executive meetings. No other amounts were paid to committee members during the year in their capacity as committee members.

The Committee Members as indicated * were full-time officials / officers of the Union during the year and received remuneration in that capacity, the total of which is disclosed in Note 13 (iv).

(iii) Transactions with the Amalgamated AWU (SA) State Union

During the year, the Australian Workers' Union South Australian Branch charged the Amalgamated AWU (SA) State Union a management fee of \$200,000 for services rendered during the year ended 30 June 2012 (2011: \$200,000).

The union has leased office space from Amalgamated AWU (SA) State Union at \$12,500 per month July 11 - June 12. A total of \$150,000 was paid during the year ended 30th June 2012 (2011: \$150,000).

AUSTRALIAN WORKERS' UNION SOUTH AUSTRALIAN BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

13. RELATED PARTIES (continued)

(iii) Transactions with the Amalgamated AWU (SA) State Union (continued)

Since July 2011, all motor vehicles are leased from Amalgamated AWU (SA) State Union at \$1100 per month per car. A total of \$158,400 was paid during the year (2011 \$158,400).

All dealings are in the ordinary course of business.

As at 30 June 2012, the Union is owed a balance of \$79,335 by the AWU (SA) State Union (30 June 2011: \$119,162 owing by AWU (SA) State Union). The management fee and various operating costs met by the AWU (SA) State Union during the year on behalf of the Union have been charged and credited to the loan balance respectively. The rental charge and motor vehicle lease charge are also offset against the loan.

(iv) Remuneration Disclosure in the National Office & Branch Officials

As of 1st July 2012 the following rates of pay apply to the full-time elected officials of the Union.

National Secretary	\$146,000
Assistant National Secretary	\$101,900
Branch Secretary	\$101,900
Assistant Branch Secretary	\$ 86,500
Branch President	\$ 86,500
Branch Organisers	\$ 77,100

The above rates of remuneration became effective 1st December 2011

** Remuneration does not include any payout of Long Service Leave due to retirement or resignation.

14. OTHER INFORMATION

Principle Place of Business: 22-24 Main Street
Mawson Lakes
SA 5095

AUSTRALIAN WORKERS' UNION SOUTH AUSTRALIAN BRANCH**INDEPENDENT AUDITOR'S REPORT**

To the members of the Australian Workers' Union South Australian Branch:

We have audited the accompanying general purpose financial report of the Australian Workers' Union South Australian Branch ("the union"), which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the committee of management statement.

The financial report and Committee of Management's responsibility

The committee of management is responsible for the preparation of the general purpose financial report that presents fairly in accordance with the Fair Work (Registered Organisations) Act 2009 and Australian Accounting Standards. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Auditor's Responsibility

Our responsibility is to express an opinion on the general purpose financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the union's preparation and fair presentation of the financial report 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 union's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the union executives, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by the Union Executives.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.


AUSTRALIAN WORKERS' UNION SOUTH AUSTRALIAN BRANCH

INDEPENDENT AUDITOR'S REPORT (CONT.)

Auditor's Opinion

In our opinion the general purpose financial report presents fairly, in all material respects the financial position of the Australian Workers' Union South Australian Branch as at 30 June 2012, and of its performance and its cash flows for the year then ended in accordance with the Fair Work (Registered Organisations) Act 2009 and Australian Accounting Standards.

HLB Mann Judd
HLB Mann Judd
Chartered Accountants


Corey McGowan
Partner

Dulwich
24 September 2012



FAIR WORK
AUSTRALIA

16 July 2012

Mr Wayne Hanson
Secretary, South Australian Branch
AWU
PO Box 2577
ADELAIDE SA 5001



Dear Mr Hanson

Lodgement of Financial Documents for year ended 30 June 2012 - Fair Work (Registered Organisations) Act 2009 ("the FW(RO) Act") - The Australian Worker's Union, South Australian Branch (FR2012/436)

The financial year of the South Australian Branch of The Australian Workers' Union (the "reporting unit") has recently ended. This is a courtesy letter to remind you of the obligation to prepare and process the reporting unit's financial documents. The full financial report must be lodged with Fair Work Australia within the prescribed time period of 6 months and 14 days of the end of the financial year.

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

In addition, financial reporting fact sheets and sample documents can be found on the Fair Work Australia website. The information can be viewed at [FWA Registered Organisations Fact Sheets](#). This site also contains the General Manager's Reporting Guidelines which set out mandatory financial disclosures.

I draw your particular attention to section 237 of the FW(RO) Act which provides that where the reporting unit makes individual loans, grants or donations exceeding \$1,000, a separate statement containing prescribed particulars must be lodged within 90 days of the end of the financial year, i.e. by 30 September.

If you need any further information or if you believe you will be unable to lodge the full financial report within the period mentioned above please contact me on (02) 6723 7097 or by email at stephen.kellett@fwa.gov.au

Yours sincerely,

Stephen Kellett
Organisations, Research & Advice
Fair Work Australia