



13 March 2019

Ms Nadine Flood
National Secretary
CPSU, the Community and Public Sector Union – PSU Group
6th Floor, 191-199 Thomas Street
HAYMARKET NSW 2000

By email: Nadine.Flood@cpsu.org.au

CC: pran.rathod@hayesknight.com.au

Dear Ms Flood,

**CPSU, the Community and Public Sector Union – PSU Group
Financial Report for the year ended 30 June 2018 - [FR2018/150]**

I acknowledge receipt of the financial report for the year ended 30 June 2018 for the CPSU, the Community and Public Sector Union – PSU Group (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 14 December 2018.

The financial report has now been filed.

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

Please note that the financial report for the year ending 30 June 2019 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged, however I make the following comments to assist you when you next prepare a financial report. The ROC will confirm these matters have been addressed prior to filing next year's report.

Previous issues

When filing last year's financial report, the ROC raised certain issues for the reporting unit to address in the preparation of future financial reports. I note the same issues have appeared in the current financial report, namely, (i) not all of the disclosures required by Australian Accounting Standard *AASB 7 Financial Instruments: Disclosures* have been made, and (ii) the details relating to the reporting disclosures required for assets and liabilities that are measured at fair value, Australian Accounting Standard *AASB 13 Fair Value Measurement*, have not been provided.

The ROC aims to assist reporting units in complying with their obligations under the RO Act and reporting guidelines by providing advice about any deficiencies identified in financial reports.

Please ensure the above issues are included in next year's financial report.

Audit scope to include officer's declaration statement

Where nil activity disclosures are contained in an officer's declaration statement, in accordance with reporting guideline 21, the officer's declaration statement also forms part of a general purpose financial report prepared under section 253 of the RO Act (see subsection 253(2)(c) of the RO Act.)

Please also note that an officer's declaration statement must, where one is prepared, be identified by title in the auditor's statement in accordance with paragraph 24(c) of Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report*.

An officer's declaration statement was included in the copy of the documents lodged with the ROC but the auditor did not refer to the statement in the auditor's report.

Officer's declaration statement – to include all nil activity disclosures not elsewhere disclosed

Item 21 of the reporting guidelines states that if any of the activities identified within items 10-20 of the reporting guidelines have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement. I note that the officer's declaration statement includes the following nil activity disclosures for which there was already an equivalent form of disclosure in the body of the notes:

- receive capitation fees from another reporting unit (reporting guideline 13(b)) is disclosed in both the officer's declaration statement and in Note 3A;
- receive revenue via compulsory levies (reporting guideline 13(c)) is disclosed in both the officer's declaration statement and in Note 3A;
- pay capitation fees to another reporting unit (reporting guideline 14(b)) is disclosed in both the officer's declaration statement and in Note 4;
- pay compulsory levies (reporting guideline 14(d)) is disclosed in both the officer's declaration statement and in Note 4;
- pay legal costs relating to litigation (reporting guideline 14(j)(i)) is disclosed in both the officer's declaration statement and in Note 4;
- pay a penalty imposed under the RO Act or the *Fair Work Act 2009* (reporting guideline 14(k)) is disclosed in both the officer's declaration statement and in Note 4;
- have a payable to employer as consideration for that employer making payroll deductions of membership subscriptions (reporting guideline 16(a)) is disclosed in both the officer's declaration statement and in Note 10;
- have a payable in respect of legal costs relating to litigation (reporting guideline 16(b)(i)) is disclosed in both the officer's declaration statement and in Note 10.

Please note that nil activities only need to be disclosed once.

Committee of management statement

Item 26(e)(iv) of the reporting guidelines requires that the committee of management statement includes a declaration which states '*where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a manner consistent with each of the other reporting units of the organisation*'. I note the above declaration was not included in the committee of management statement. Please ensure in future years this declaration is included in the committee of management statement.

Redaction of information from operating report

Officer-Related party remuneration and payment disclosures

In the operating report, certain information disclosed in '*Attachment A – Remuneration breakdown*', has been redacted from the copy of the 2018 financial report by the ROC before publishing it on its website.

Part 2A of Chapter 9 contains new provisions which supersede those former provisions of the RO Act which had required organisations and branches to have, and comply with, their own rules concerning similar disclosure in relation to officer remuneration.

Section 293J of Part 2A now requires a branch of an organisation to provide its members and lodge with the ROC a copy of an officer and related party disclosure statement in respect of certain remuneration¹ and payments² paid during the relevant financial year. This requirement applied to the financial year ending 30 June 2018. The statement is required to be lodged with the ROC within the period of 6 months starting at the end of the financial year, i.e. in this case, before or by no later than 31 December. I note that an officer and related party disclosure statement for the reporting unit was lodged with the ROC on 14 December 2018.

Please note that the officer and related party disclosure statement is separate from, and does not form part of, the general purpose financial report required under section 253 of Part 3 of Chapter 8.

Further information about officer and related party statements may be found on the ROC website at the following link: <http://www.roc.gov.au/running-a-registered-organisation/disclosure-obligations>.

The ROC takes its obligations relating to privacy seriously and endeavours to ensure compliance with the requirements under the *Privacy Act 1988* (**Privacy Act**). The redactions have been effected in accordance with the ROC privacy policy to protect the personal information of persons identified in the financial report. A copy of the ROC privacy policy can be found via [this link](#).

Reporting Requirements

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

If you have any queries regarding this letter, please contact me on (02) 8293 4654 or via email at david.vale@roc.gov.au.

Yours faithfully



David Vale
Registered Organisations Commission

¹ see section 293BC

² see section 293G



OPERATING REPORT 2017-18
COMMUNITY AND PUBLIC SECTOR UNION

Contents

| | |
|---|----------|
| Review of principal activities | 3 |
| CPSU Strategic Plan – Together We Can | 3 |
| Building our power by growing our union | 4 |
| Delegates leading a powerful union | 5 |
| Members who are organised, represented and confident in our union | 6 |
| Bargaining | 6 |
| Representing members | 6 |
| NATSIC | 7 |
| Communicating and engaging for growth and influence | 8 |
| Making a bold impact on our changing world | 9 |
| Change the rules: Secure jobs and fair pay - Join the movement for change | 9 |
| Submissions and advocacy | 10 |
| Governance and financial matters | 11 |
| Number of staff and members | 11 |
| Operating result | 11 |
| Governance | 11 |
| CPSU change projects | 11 |
| Where your dollar goes | 12 |
| Committee of Management members names and period positions held in the financial year | 12 |
| Remuneration and disclosures | 13 |
| Relevant remuneration of CPSU officials | 13 |
| Superannuation trustees | 13 |
| Right of members to resign | 13 |
| Attachment A - Remuneration breakdown | 14 |
| Attachment B - General Purpose Financial Report 30 June 2017 | 15 |

Review of principal activities

The Executive Committee (the union's Committee of Management) presents its operating report on the Reporting Unit for the year ended 30 June 2018.

CPSU Strategic Plan – Together We Can

In the face of major challenges and heavy external pressures, CPSU members achieved some important milestones in 2017-18.

In August 2017, we began the first of 17 delegates conferences around the country. Our members set out their bold vision for our union and our industry, and our way forward under the most trying of circumstances. Then, our rank and file leaders, our Governing Council, endorsed that CPSU Strategic Plan - Together We Can.

Together, we decided what our jobs, our industry and our communities look like with a strong independent public service delivering secure jobs and good services. We decided what our workplaces and our lives look like with strong rights and Changing the Rules, together with the union movement.

It is a big plan at a time our union faces constant pressure from an anti-worker government.

The Abbott-Turnbull-Morrison Coalition continued its ideological and intemperate attacks on the public sector workforce. The services that our community needs are being damaged daily by a Coalition Government determined to sell off our public institutions to the highest bidder. By imposing an arbitrary staffing cap (the ASL cap), the Coalition Government forces agencies to use labour hire, contracting and outsourcing to deliver the very basics of services our community expect. This approach costs more, lines the pockets of big business with taxpayer money, and makes for insecure jobs for our members.

Nevertheless, in the face of a relentless attack, CPSU members remained determined to protect our jobs, our rights and our communities. We have maintained our pressure on management and the Abbott-Turnbull-Morrison Coalition Government by:

- Continuing industrial action;
- Rejecting bad agreements in No vote campaigns;
- Making submissions to inquiries and highlighting the effect of cuts and the ASL cap on services;
- Ensuring our member's concerns are prominent in the media;
- Ensuring members of Parliament and candidates know how important our jobs are to the community, and moving them to advocate for us;
- Campaigning in our communities to raise the profile of our issues and bring the community to share our concerns;

- Using industrial levers effectively, including taking strategic and effective action in the Fair Work Commission; and
- Ensuring our members are equipped and energised for major public actions and campaigns in the lead up to the Federal election.

With growing inequality, wage suppression and job insecurity an increasing problem across the whole country, CPSU members continued to play a fundamental role in national debates on jobs, public services, industrial relations, and tax reform. We grew our network of community alliances, strengthened our increasingly sophisticated lobbying and political engagement, and contributed careful analysis and research to complex problems.

Ultimately, this work relied entirely on the engagement, skills and commitment of our delegates and members, who have taken on huge challenges in adverse circumstances and won some incredible victories. The CPSU Governing Council has provided leadership on addressing these issues, by forming policy and prosecuting plans throughout their agencies and workplaces.

Our members' advocacy has been effective and strategic. In 2017-18, we had a major breakthrough, with the Labor Opposition committing, if elected, to scrap the ASL cap.

Our members are winning some strong outcomes but we know there is much more to do.

Our CPSU Strategic Plan breaks down what we need to do as a union to be able to achieve the big goals into five areas. These are:

- 1. Building our power by growing our union**
- 2. Delegates leading a powerful union**
- 3. Members who are organised, represented and confident in our union**
- 4. Communicating and engaging for growth and influence**
- 5. Making a bold impact on our changing world**

BUILDING OUR POWER BY GROWING OUR UNION

Now more than ever, union membership is vitally important. Our members have felt very keenly the wage suppression, job insecurity, cutbacks and loss of rights and conditions that are becoming increasingly common across the country. Added to that, the Abbott-Turnbull-Morrison Coalition Government has continued its reckless and extremist approach to public sector management.

We have seen the Coalition move over 23,000 jobs to the private sector.

Our largest employer is actively working to reduce the public sector workforce and adopting aggressive anti-union strategies, and so the CPSU has not escaped a national union trend in declining membership. Although we recruited large numbers of members, we did not recruit enough to balance people leaving the sector. In 2017-18, we continued to adapt and change our recruiting and organising techniques. We:

- Recruited 4,821 members;
- Rolled out new messaging frameworks and implemented regular updates on what works and what is best practice for communicating with our members and potential members;
- Optimising our join page at www.cpsu.org.au/join;
- Increased our Facebook supporter community from 12,871 to 18,521;
- Trialled new technology for reaching members and non-member in and out of their workplaces; and
- Worked to highlight our important community and union-movement wide campaigns, such as Change the Rules.

We continued our 'Member Journey' project that works out what experience people joining our union have and builds that relationship while also providing valuable information in understanding why people join. This now includes phone contact and structured email follow up over the first two years of membership. Starting in January 2017, we have sent automated welcome emails to all new members within 48 hours of joining. We have also been calling new members to welcome them to the union within two weeks of joining. There are structured systematic communications that follow on a regular schedule over these two years.

We spoke to more than 2,000 new members in the 2017-18 financial year, this represents a contact rate of 41.5% of all new members who have joined in this period. New members also receive quarterly emails throughout the first year of membership which focus on some of the many membership benefits (such as Journey Cover). Feedback from new members on this engagement has been positive. Systematic email contact has also seen new members join our union.

CPSU members are working hard every day to make positive changes in our workplaces. Our delegates and workplace leaders play an incredibly important role and are fundamental to our ability to win fair and decent outcomes for members. This year our delegates have:

- Continued to ensure members have a collective voice on change in the workplace;
- Represented individual members' issues;
- Spoken to non-members about joining, including speaking to thousands of new starters at induction; and
- Taken up the big issues concerning members, including resisting job losses, outsourcing and privatisation.



DELEGATES LEADING A POWERFUL UNION

Our over 2,400 delegates are the face of the CPSU in the workplace and are often the first point of contact should there be any issues. Delegates are there for members not only in day-to-day representation but also just as importantly, they are someone on the ground to rely on. CPSU delegates receive support from organisers and formal in face training to assist them in this role, with some 135 attending training in the 2017-18 financial year. We have also developed an online training package and we are continuing to upgrade and update our delegate-specific webpage.

Workplaces can often be stressful environments due to increasing workloads and constant change - a delegate who is there to listen and support their colleagues can be a great relief.

Delegates continue to deal with issues from very large national disputes through to the small day-to-day issues that come up at work. They help ensure that members have a voice and are heard by their employers.

Delegates and members have been at the forefront of all our work. They have kept sustained pressure on the Coalition Government over bargaining, privatisation, decent jobs and good public services by participating in community campaigning, taking industrial action, leading No votes, running workplace meetings and holding thousands of conversations with their colleagues. CPSU members working together have been able to both support their colleagues and amplify members' campaigning efforts.



MEMBERS WHO ARE ORGANISED, REPRESENTED AND CONFIDENT IN OUR UNION

Our membership deserves to know their union meets high standards and delivers for them. It also needs to be confident their dues work as hard as they do to deliver for workers in workplaces.

We do this by:

- Bargaining and supporting our members and delegates through bargaining;
- Ensuring the Member Service Centre (MSC) functions to provide members with what they need when they need it;
- Works to represent specific groups of members, such as Aboriginal and Torres Strait Islander members;
- Meeting our governance obligations.

Bargaining

By late 2017 CPSU campaigning, including protected industrial action, extensive No votes, the pursuit of bargaining orders in a number of agencies, and assistance from the Fair Work Commission resulted in the majority of the Australian Public Service settling enterprise agreements after a protracted round of bargaining.

By December 2017, 97% of the APS workforce had endorsed a replacement enterprise agreement, or in the case of the Department of Home Affairs, was subject to the arbitration of a workplace determination by the Fair Work Commission. Final submissions were filed in the Department of Home Affairs arbitration in April 2018, and the Fair Work Commission signalled in a Statement issued on 8 June 2018 that it intends to make a determination paying 7% over the period of its operation, thereby breaking the Government's unfair pay cap.

Agencies that settled early in the last bargaining round commenced negotiations in 2018, with the CPSU achieving some important shifts, including the reinstatement of some enterprise agreement content, and, after significant CPSU campaigning on the issue, the inclusion of family and domestic violence leave clauses in enterprise agreements.

Representing members

In 2017-18 the CPSU pursued cases that resulted in:

- Back pay of shift penalties in DHS;
- The protection of part timers' rights in DHS;
- Adherence to correct stand down and rostering procedures in the Department of Home Affairs;
- The protection of flex time arrangements in the Department of Agriculture and Water Resources; and

- Significant back pay following a reclassification review in the Australian Pacific Airport Corporation.

In DHS, the CPSU filed a Fair Work Commission dispute which resulted in over 1000 casual workers in DHS obtaining permanent employment. The CPSU also has instituted a Workplace Health and Safety Officer role to ensure that workplaces are safe and that employers follow correct Work Health and Safety processes.

The CPSU Member Service Centre is an important port of call for members. Members who find themselves in need of advice and representation need to know they can reach help that is professional and supportive. In 2017-18, delegates, organisers and the Member Service Centre continued to work together to make a positive difference to the lives of members, every day.

During this period, the Member Service Centre:

- Received 10,767 calls from members;
- Handled 3,539 industrial matters for members;
- Represented members via telephone with management; and
- Provided advice and support to 1,201 delegates and activists.

This work makes a huge difference in the lives of members. For example a member was due to return to work following Maternity leave, but the childcare centre she had planned to send her children to was shut down at the last minute. The member submitted a request to extend her leave without pay but it was denied.

The MSC assisted the member with drafting a request to review the initial decision, on the basis of her personal circumstances and child care situation. Based on this request for a review of the initial decision, the member's leave was extended for a further 6 months.

Another member applied for three days of carers leave as her partner was having delicate surgery in hospital. DHS refused this application on the basis that he was being cared for by the hospital, and the member was only permitted to take carers leave to drop off/pick up.

An MSC Organiser provided advice to the member in relation to providing "care and support" as per the EA and advised the member to obtain a letter from the hospital. The MSC provided guidance around what further information she should include, such as the type of support – moral support, contacting family members, liaising with doctors, picking up clothing etc.

Based on the advice and assistance provided by the MSC the member had her leave approved.

NATSIC

This year the CPSU made further progress in organising and representing Aboriginal and Torres Strait Islander members, including providing cultural awareness training for 132 CPSU staff, participating in the ACTU campaign against the Community Development Program (CDP), which undermines the rights of 33,000 workers (of which more than 80% are Aboriginal and Torres Strait Islander workers) retaining provisions such as NAIDOC Leave and cultural/ ceremonial leave as enforceable conditions in enterprise agreements, and developing a CPSU position on Constitutional Recognition.

In developing a position on Constitutional Recognition, members who have identified as Aboriginal and Torres Strait Islander were consulted over a 9 month period with the final position being:

The Community and Public Sector Union:

- Supports the Statement from the Heart made at Uluru in May 2017;
- Supports a change to the constitution that recognises Aboriginal and Torres Strait Islander people;
- Supports Aboriginal and Torres Strait Islander peoples having a real voice to parliament;
- Seeks real progress towards treaty/makarrata including truth telling of our history.



COMMUNICATING AND ENGAGING FOR GROWTH AND INFLUENCE

We know that we cannot achieve all of our goals through workplace organising alone. Some battles are not won just in the workplace, but in the broader political arena. Sometimes decision-makers, whether management or politicians, respond more to public than workplace pressure.

This year, we ensured the community heard the effect the Coalitions' anti-worker agenda is having on our services, our safety at our borders, and on our treasured institutions. We grew our Proud to be Public mailing list and our ABC community campaigns and featured prominently in the media.

Our consistent work with media outlets and journalists has led them to pursue stories around the consequences of the ASL cap and push back against the narrative that all cuts are good. We have also received extensive coverage across print, online, TV and radio for sustained proactive work telling complex stories on national issues about our members, such as cuts to BOM. We have disrupted the Coalition Government's news plans and seen our members' organising supported.

The union featured prominently in coverage on a wide range of issues including:

- The APS Review and Joint Committee of Public Accounts and Audit inquiry, with both providing continuing opportunities in our campaign against the ASL cap, the efficiency dividend and the Government's costly overuse of consultants, contractors and labour hire.
- Visa privatisation and other dangerous examples of outsourcing of core Commonwealth functions such as DHS call centre work.
- The Coalition's attacks on the ABC, including serious allegations of political interference in the broadcaster's operations.
- Large-scale Telstra job cuts as executives continue to award themselves fat bonuses.

This year also saw the resignation of the APS Commissioner. Mr Lloyd had attacked and undermined the federal bureaucracy, used his time in office to promote ideological preoccupations, and stopped departments reaching fair deals with staff. He resigned in June after the Department of Prime Minister and Cabinet referred an allegation that he breached the Public Service Code of Conduct to the Merit Protection Commissioner.



MAKING A BOLD IMPACT ON OUR CHANGING WORLD

Good public services are the cornerstone of a fair society, one that is prosperous, stable and free. Australia is a nation with the natural and human resources to achieve this, but years of continuous budget cuts and outsourcing, combined with a lack of effective investment in future capabilities, have eroded Australia's public services.

These changes are occurring at every level of our society. The so-called 'gig economy' is expanding, and more people than ever are in insecure work. Education, housing and health are becoming more and more expensive. As neo-liberal governments try to shift us to be an economy run for the benefit of the few rather than a society that runs for the benefit of us all, our members and the services they provide are critical.

The Coalition's Smaller Government agenda including the imposition of the ASL cap is a significant factor in this.

Our offensive campaigns in 2017-18 as part of our industry plan for jobs were:

- Scrap the cap - getting rid of the ASL cap;
- Reducing the expenditure on consultant and contractors so these savings can be better invested in new APS jobs;
- Stopping the use of labour hire in the APS;
- The creation of thousands of new APS jobs in regional Australia to help solve the regional unemployment crisis and improve services.

The CPSU defensive campaigns about stopping specific privatisations in 2017-8 were:

- Say NO to visa privatisation;
- Keep private hands off public revenue;
- ATO Secure Jobs.

A key part of the plan for our industry requires political and community support for a better resourced public sector that directly employs staff and has a strong regional footprint and the funding to support this. Our engagement with the broader labour movement and civil society organisations are important avenues for advancing these interests. Through the ALP National Policy forum we have prosecuted the case for the key areas of interest for our members.

We have made progress in advancing these interests through the ALP National Policy Forum processes, the development of ACTU Congress policies and our ongoing work with organisations such as the Centre for Australian Progress, the Centre for Policy Development and Public Services Internationale.

This included CPSU advocacy on:

- Rebuilding public sector service delivery and policy development capability;
- The case for new public sector jobs in regional Australia;
- The adoption of a goal of full employment as an economic priority, with programs and policies to support that, which would see an unemployment rate of between 2-3%;
- Rebuilding APS ICT capacity as a priority to create access to digital services;
- Securing our revenue base through more progressive taxation policy;
- Improved messaging around economic equality and progressive social change;
- The Centre for Policy Development work on effective government and democratic renewal;
- The PSI Tax & Quality Public Services Project;
- The People's Inquiry into Privatisation.

Change the Rules: Secure jobs and fair pay - Join the movement for change

Australian workers are ruled by laws which have destroyed job security and left us struggling to pay the bills. The outcomes from the ACTU national survey of working people show that union members across the country are deeply concerned about growing insecurity, low wage growth, the state of our bargaining system and managing the forever growing cost of living. CPSU members know this first hand, having battled through years of workplace bargaining and continued wage suppression.



Submissions and advocacy

We focused on making a strong, effective and adequately funded public sector a key element of good economic and social policy in Australia. We campaigned to increase the size of the APS and for a more secure revenue base, ensuring the APS is fit for purpose for the challenges we face.

The CPSU 2018-19 Commonwealth Budget submission provides a useful snapshot of our key policy and campaigning objectives. The recommendations in that document are:

1. Increase overall public sector jobs, including the provision of new public sector jobs to improve the service standards, employment prospects and economic and social life of regional Australia.
2. The Commonwealth commits to a goal of full employment.
3. The Government dump its proposed \$65 billion corporate tax cut and focus on tackling corporate tax avoidance to increase revenue to meet our community's needs, including our public services.
4. Rebuild public sector service delivery and policy development capacity through:
 - a. Identifying public sector work that has been outsourced or contracted out and should now be brought back in house; and
 - b. Identifying savings in the use of consultants and contractors, and then reinvesting those savings into rebuilding public sector capacity.
5. Increase the number of secure permanent jobs in the public service, through eliminating the use of labour hire in the public service, and reducing the use of contractors, casual and non-ongoing positions, and increased funding.
6. The Commonwealth ends the staffing cap associated with its Smaller Government agenda, which is driving outsourcing and the use of labour hire.
7. The Commonwealth reconsider digital transformation as an opportunity to improve services, rather than an opportunity to cut costs, by:
 - investing in staff;
 - reducing its reliance on ICT contractors and consultants;
 - providing adequate funding in the Budget to invest in ICT systems and training that support digital government service delivery; and
 - involving and utilising staff and the wider community in the development and delivery of public services.
8. The Commonwealth abandons its restrictive wages policy and its move to abrogate responsibility for employees' wages through outsourcing and labour hire, instead using higher public sector wages as a macroeconomic lever to lift general demand and wage growth.

We were also involved in the work around opposing the proposed corporate tax cuts. This has included supporting cross-bench lobbying by both the ACTU and the Tax Justice Network and significant earned and social media campaigning.

We highlighted the growing use of contractors and consultants in the APS and our concerns about the nature of government digital services. On the back of that work two inquiries were established into these key aspects of APS work, with CPSU submissions and appearances to both. These are the:

- Joint Committee of Public Accounts and Audit - Australian Government Contract Reporting - Inquiry based on Auditor-General's report No. 19 (2017-18)
- Senate Inquiry into Digital delivery of government services.

These processes provided a valuable platform to highlight problems with the ASL cap, how it is driving expenditure on labour hire, contractors and consultants, and the negative impact on public service capability and evidence from agencies in Senate Estimates of the costs and problems caused by the cap. Of note where PM&C comments that "through removing ASL caps, agencies may have greater flexibility to recruit specialist staff at a reduced cost".

Due to our campaigning, there has also been:

- A Productivity Commission recommendation that the cap on staffing of the National Disability Insurance Agency be removed;
- Evidence from other agencies in Senate Estimates of the costs and problems caused by the cap; and
- At least 75 media stories using our frame on consulting and contracting in the APS / Commonwealth public service in 2017 and 2018, up from less than 10 in 2015.

CPSU campaign wins stopped privatisations of the Medicare payments system, the ASIC Registry and Australian Hearing under the current government.

The work we do through parliamentary inquiries, political lobbying and working with civil society organisations provide the policy leverage on these issues.

Governance and financial matters

Number of staff and members

The CPSU employed 212 staff as at 30 June 2018. As at 30 June 2018 the CPSU had 46,778 members. This figure includes members of the CSIRO Staff Association, which had 2135 members at 30 June 2018.

Operating result

It has been necessary for our union to run successive deficits to resource the fight against major attacks on member's jobs, rights and the role of the public sector. The ability to run these deficits has been sustainable by our strong financial position and substantial reserves built over the previous decade.

The union remains in a sound financial position. The budget set by the Executive for the 2018 financial year focused on maintaining capacity to drive membership recruitment and retention. The relentless agenda of aggressive outsourcing by the Coalition Government of public service work has meant that we have not been able to lift recruitment and retention enough to stabilise our membership.

We finished the financial year with a deficit of \$2.1M, which represents 7.1% of our revenue of \$29.2M. The CPSU remains in a sound financial position having built up cash reserves from running surpluses in previous years. The CPSU Executive Committee is also committed to taking the steps required to bring the budget in balance in the future while still maintaining the level of support, representation and advocacy that members are entitled to.

Our reserves as at 30 June 2018 stood at \$47.6M representing an increase of \$12M. Our cash reserves as at 30 June 2018 stood at \$9.3M representing a decrease of \$2.6M.

The significant change in our financial affairs was the increase in value of our Haymarket property of \$14.25M.

Governance

The CPSU has very high standards of governance and accountability and we always maintain and where possible improve these standards so that we can uphold our members' confidence in the union. All officials and staff are expected to maintain the utmost integrity and professionalism when representing or acting on behalf of the union. Our delegates, who are volunteers doing their union work alongside their normal jobs, are encouraged to do the same.

In 2017/18 we made continued to make progress in a range of areas of governance. The National Secretary and Director of Governance and Operations continue to ensure that our financial and governance processes are

adhered to and under continual review, including:

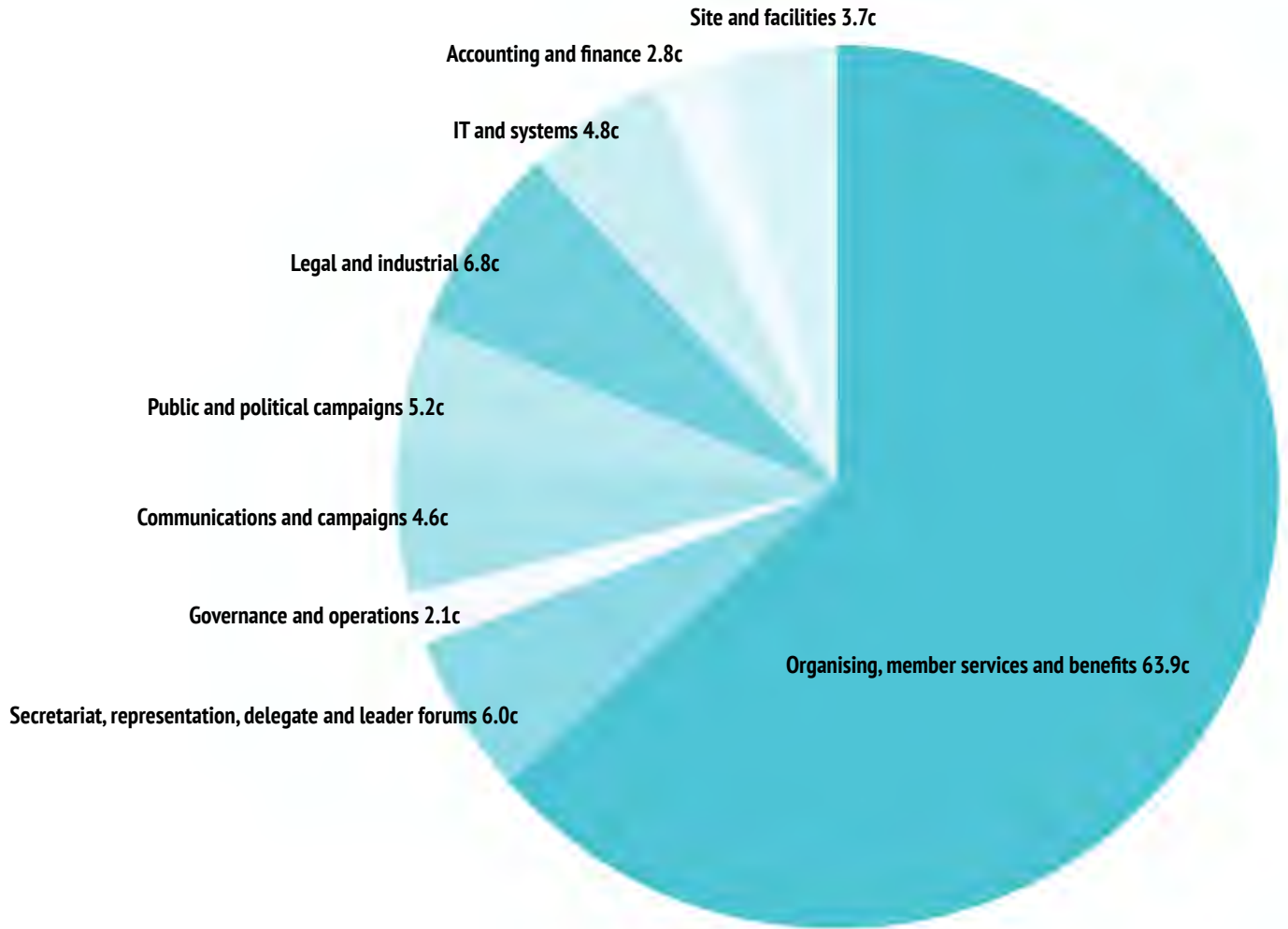
- meeting all formal financial, industrial and electoral reporting requirements under 9 regulatory regimes applying to the CPSU;
- working with the ACTU and other bodies to ensure high standards of union governance;
- adapting to the changes brought about by the establishment of the Registered Organisation Commission and changes to governance requirements;
- maintaining high levels of understanding of governance requirements and principles; and
- specific and updated training and information for CPSU officials, the CPSU Governing Council and senior staff, including tailored governance sessions.

CPSU change projects

In 2017-18 we progressed a range of internal change projects designed to improve our union's sustainability and effectiveness in three areas:

- What we do – we have undertaken a range of digital, data, communications and ICT projects, including automating previously manual processes and introducing new technology;
- Who does what – we have made changes to organising team structures, senior staff and officials' roles to free up staff time for new capacities we need with rapid changes to our work, a challenging environment and multiple issues faced by members; and
- How much we spend – we have focussed on tight contract management, systems and staffing changes so our union remains financially sustainable and we can free up budget for new initiatives.

Where your dollar goes



Committee of Management members names and period positions held in the financial year

| Name | Position | Dates |
|----------------------|------------------------------|---|
| Nadine Flood | National Secretary | 1 July 2017 – 30 June 2018 |
| Michael Tull | Assistant National Secretary | 1 July 2017 – 30 June 2018 |
| Alistair Waters | National President | 1 July 2017 – 30 June 2018 |
| Lisa Newman | Deputy National President | 1 July 2017 – 30 June 2018 |
| Rupert Evans | Deputy National President | 1 July 2017 – 30 June 2018 |
| Beth Vincent-Pietsch | Deputy Secretary | 1 July 2017 – 30 June 2018 |
| Melissa Donnelly | Deputy Secretary | 1 July 2017 – 30 June 2018 (Parental Leave from 14/10/2017 – 30 June 2018) |
| Brooke Muscat | Acting Deputy Secretary | 14 Oct 2017 – 30 June 2018 (Covering Parental Leave) |

Remuneration and disclosures

RELEVANT REMUNERATION OF CPSU OFFICIALS

Under section 293J of the Fair Work (Registered Organisations) Act 2009 and rule 4A.5 of the CPSU Rules, the CPSU is required to report on the remuneration of the CPSU's five highest paid officers for the reporting period. We report relevant remuneration information for all CPSU PSU Group elected officials. This information can be found at Attachment A.

Remuneration for elected officials is set by the CPSU Governing Council. Under the CPSU Rules, the Governing Council (comprising 64 elected workplace delegates and the full-time officers of the union) must vote to approve any variation in the CPSU Officials' Salaries and Conditions.

The remuneration of paid Officials was frozen by the Governing Council in 2015 at the request of the National Secretary, to show solidarity with APS members subject to a Government imposed wage freeze. No increase to official's remuneration has been made in 2015 to 2018.

SUPERANNUATION TRUSTEES

Nadine Flood, a CPSU officer, is currently a Director of the Commonwealth Superannuation Corporation; Michael Tull, a CPSU officer, is currently a Trustee Director Member Representative of the Australia Post Super Scheme; and Melissa Donnelly, a CPSU officer, is currently a Director of Telstra Super. Sunil Kemppi, a CPSU employee, is currently a Director of the Commonwealth Superannuation Corporation. They are:

- I. a trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- II. a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme. All superannuation fund directors' fees are paid to the CPSU, not to the individuals sitting on those boards, for any paid official or employee of the CPSU.

RIGHT OF MEMBERS TO RESIGN

As per reporting requirements we also note that members have the right to resign in accordance with s174 of the Fair Work (Registered Organisation) Act 2009 and in conjunction with CPSU rule 5.3 Resignation of Membership.

This report has been prepared in accordance with the requirements of the Fair Work (Registered Organisations) Act 2009.



Nadine Flood
National Secretary
30 November 2018

Attachment A - Remuneration breakdown

PSU Group and NOC Officers Disclosures Financial Year Ending 30/6/18

| Officer | Period in Office | Remuneration | | | | | Relevant non-cash benefits | | Total | |
|-----------------------|-------------------------|---|------------|-------|------------------|----------------|----------------------------|---------|--------|------------------------------------|
| | | "Salary Received Including Leave Taken and Higher Grade Duties Allowance" | Allowances | Fees* | Leave Cashed Out | Superannuation | Total Remuneration | Type | | "Total Relevant non-cash benefits" |
| Nadine Flood | 01/07/2017 - 30/06/2018 | ██████ | - | - | - | ██████ | ██████ | Vehicle | ██████ | ██████ |
| Michael Tull | 01/07/2017 - 30/06/2018 | ██████ | - | - | - | ██████ | ██████ | Vehicle | ██████ | ██████ |
| Alistair Waters | 01/07/2017 - 30/06/2018 | ██████ | - | - | - | ██████ | ██████ | NIL | - | ██████ |
| Lisa Newman | 01/07/2017 - 30/06/2018 | ██████ | - | - | - | ██████ | ██████ | NIL | - | ██████ |
| Rupert Evans | 01/07/2017 - 30/06/2018 | ██████ | - | - | ██████ | ██████ | ██████ | NIL | - | ██████ |
| Beth Vincent-Pietch ^ | 01/07/2017 - 30/06/2018 | ██████ | - | - | - | ██████ | ██████ | NIL | - | ██████ |
| Melissa Donnelly | 01/07/2017 - 30/06/2018 | ██████ | - | - | - | ██████ | ██████ | NIL | - | ██████ |
| Brooke Muscat ~ | 14/10/2017 - 30/06/2018 | ██████ | - | - | - | ██████ | ██████ | NIL | - | ██████ |
| Sinddy Ealy | 01/07/2017 - 30/06/2018 | ██████ | - | - | ██████ | ██████ | ██████ | NIL | - | ██████ |
| Total | | ██████ | - | - | ██████ | ██████ | ██████ | | ██████ | ██████ |

CSIRO Section Disclosure

| | | | | | | | | | | |
|--------------|------------------------|--------|---|---|---|--------|--------|-----|---|--------|
| Sam Popovski | 1/07/2017 - 30/06/2018 | ██████ | - | - | - | ██████ | ██████ | NIL | - | ██████ |
|--------------|------------------------|--------|---|---|---|--------|--------|-----|---|--------|

* Fees. All fees received as a result of an official sitting on a board are paid directly to the CPSU PSU Group and not to the individual. Where compulsory superannuation on board sitting fees apply these are paid to the individual.

^ Part Time for some or all of the period 01/07/2017 - 30/06/2018

~ Acting period in office to cover Melissa Donnelly parental leave

| Officer | Position | "Annual Salary (full time rate)" |
|---------------------|------------------------------|----------------------------------|
| Nadine Flood | National Secretary | ██████ |
| Michael Tull | Assistant National Secretary | ██████ |
| Alistair Waters | National President | ██████ |
| Lisa Newman | Deputy National President | ██████ |
| Rupert Evans | Deputy National President | ██████ |
| Beth Vincent-Pietch | Deputy Secretary | ██████ |
| Melissa Donnelly | Deputy Secretary | ██████ |
| Sinddy Ealy | ABC Section Secretary | ██████ |

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP

**Annual Financial Report For The Year Ended
30 June 2018**

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
30 JUNE 2018

| CONTENTS | Page |
|--|-------------|
| Independent Audit Report | 1 |
| Report Required Under Subsection 255(2A) | 3 |
| Committee of Management Statement | 4 |
| Statement of Comprehensive Income | 5 |
| Statement of Financial Position | 6 |
| Statement of Changes in Equity | 7 |
| Statement of Cash Flows | 8 |
| Notes to the Financial Statements | 9 |
| Officers Declaration Statement | 25 |



**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF
CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP**

Report on the Audit of the Financial Report

Opinion

I have audited the accompanying financial report of CPSU, The Community and Public Sector Union, PSU Group ("the Union"), which comprises the Statement of Financial Position at 30 June 2018, the subsection 255(2A) report, the Committee of Management Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and accompanying notes to the financial statements of the Union.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Union as at 30 June 2018, and its financial performance and its cash flows for the year ended on that date in accordance with:

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

I declare that the Executive Committee of the Union's use of the going concern basis in the preparation of the financial statements of the Union is appropriate.

Basis of Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Union 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Executive Committee's Responsibility for the Financial Report

The executive committee of the Union is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the RO Act and for such internal control as the executive committee is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Financial Report

My objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive committee.
- Conclude on the appropriateness of the executive committee 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 Union's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Union 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 Union to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Union audit. I remain solely responsible for my audit opinion.

I communicate with the executive committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of section 257(7) of the RO Act, I am required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act.

In my opinion, no such matters were noted.



Pran Rathod - Director Audit Services
Registered Company Auditor - Registration Number AA2017/15

Dated at Sydney, this 29th day of November 2018

**CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
REPORT REQUIRED UNDER SUBSECTION 255(2A)
FOR THE YEAR ENDED 30 JUNE 2018**

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Union for the year ended 30 June 2018.

| Categories of expenditures | 2018 | 2017 |
|--|-------------------|-------------|
| | \$ | \$ |
| Remuneration and other employment-related costs and expenses - employees (a) | 21,219,636 | 20,859,471 |
| Advertising | 10,200 | 104,490 |
| Operating costs | 8,982,184 | 9,753,297 |
| Donations to political parties | 115,789 | 48,259 |
| Legal costs | 291,096 | 228,191 |

(a) Salary costs associated with donations to political parties have been reported under donations to political parties rather than being reported as remuneration due to new reporting requirements.



Nadine Flood
National Secretary



Michael Tull
Assistant National Secretary

Dated this 29th day of November 2018

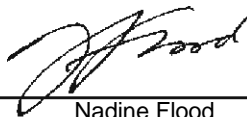
**CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018**

On 29/11/2018 the Committee of Management (Executive Committee) of the CPSU PSU Group passed the following resolution in relation to the general purpose financial report of the reporting unit for the financial year ended 30 June 2018:

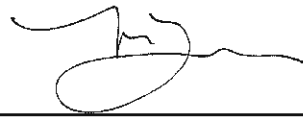
The Committee of Management declares that in its opinion:

- a) the financial statements and notes comply with Australian Accounting Standards;
- b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act);
- c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the 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; and
- e) during the financial year to which the general purpose financial report relates and since the end of that year:
 - i. meetings of the committee of management were held in accordance with the rules of the organisation 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 organisation including the rules of the branch concerned; and
 - iii. the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - iv. where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
 - v. where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

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



Nadine Flood
National Secretary



Michael Tull
Assistant National Secretary

Dated this 29th day of November 2018

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

| | Note | 2018 \$ | 2017 \$ |
|---|-----------|---------------------------|-------------------|
| Revenue | 3A | 29,198,480 | 31,004,234 |
| Other Income | | | |
| Grants and donations | 3B | 4,595 | 64,711 |
| Revenue from recovery of wages activity | | - | - |
| Total Income | | <u>29,203,075</u> | <u>31,068,945</u> |
| Depreciation and Amortisation | 4 | (665,226) | (705,501) |
| Employee Benefits Expense | 4 | (21,310,290) | (20,892,168) |
| Other expenses from ordinary activities | 4 | (9,308,615) | (10,101,540) |
| NET DEFICIT FOR THE YEAR | | <u>(2,081,056)</u> | <u>(630,264)</u> |
| Other comprehensive income | | - | - |
| Items that will not be subsequently reclassified to profit or loss: | | | |
| - Revaluation Increment on Land & Buildings | | 14,115,633 | - |
| Total comprehensive income for the year | | <u>12,034,577</u> | <u>(630,264)</u> |

The accompanying notes form part of these financial statements.

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

| | Note | 2018 \$ | 2017 \$ |
|--------------------------------------|------|-------------------|-------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 5 | 9,306,733 | 11,901,271 |
| Trade and other receivables | 6 | 603,830 | 458,377 |
| Other current assets | 7 | 263,691 | 499,510 |
| TOTAL CURRENT ASSETS | | 10,174,254 | 12,859,158 |
| NON-CURRENT ASSETS | | | |
| Financial assets | 8 | 140,000 | 140,000 |
| Property, plant and equipment | 9 | 42,774,511 | 28,743,532 |
| TOTAL NON-CURRENT ASSETS | | 42,914,511 | 28,883,532 |
| TOTAL ASSETS | | 53,088,765 | 41,742,690 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 10 | 1,221,571 | 1,650,706 |
| Provisions - employee benefits | 11 | 4,028,102 | 4,305,424 |
| TOTAL CURRENT LIABILITIES | | 5,249,673 | 5,956,130 |
| NON-CURRENT LIABILITIES | | | |
| Provisions - employee benefits | 11 | 225,470 | 207,515 |
| TOTAL NON-CURRENT LIABILITIES | | 225,470 | 207,515 |
| TOTAL LIABILITIES | | 5,475,143 | 6,163,645 |
| NET ASSETS | | 47,613,622 | 35,579,045 |
| EQUITY | | | |
| Reserves | 13 | 36,583,016 | 22,613,071 |
| General fund balance | | 11,030,606 | 12,965,974 |
| TOTAL EQUITY | | 47,613,622 | 35,579,045 |

The accompanying notes form part of these financial statements.

**CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

| | Capital Profits and Asset Revaluation Reserve | Death and Benevolent Fund | Campaign Fund | General Fund | Total |
|---|--|--|--------------------------|---------------------|-------------------|
| Balance at 1 July 2016 | 22,406,597 | 46,664 | 97,631 | 13,658,417 | 36,209,309 |
| Surplus on General Fund transferred (Note 22) | - | - | 62,179 | (62,179) | - |
| Net deficit for the year | - | - | - | (630,264) | (630,264) |
| Balance at 30 June 2017 | 22,406,597 | 46,664 | 159,810 | 12,965,974 | 35,579,045 |
| Surplus on General Fund transferred (Note 22) | - | - | 4,312 | (4,312) | - |
| Funds transferred | | | (150,000) | 150,000 | - |
| Net deficit for the year | - | - | - | (2,081,056) | (2,081,056) |
| Asset revaluation increment | 14,115,633 | - | - | - | 14,115,633 |
| Balance at 30 June 2018 | 36,522,230 | 46,664 | 14,122 | 11,030,606 | 47,613,622 |

The accompanying notes form part of these financial statements.

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

| | Note | 2018 \$ | 2017 \$ |
|---|--------------|--------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from members and others | | 30,460,480 | 32,432,235 |
| Receipts from other reporting units/controlled entities | 14(b) | 1,337,610 | 1,392,105 |
| Payments to suppliers | | (12,396,193) | (12,886,398) |
| Payments to other reporting units/controlled entities | 14(b) | (8,949) | (5,256) |
| Payments to employees | | (21,569,657) | (21,493,404) |
| Interest received | | 163,072 | 200,825 |
| Net cash (used in) operating activities | 14(a) | (2,013,638) | (359,893) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payment for property, plant and equipment | | (580,900) | (124,743) |
| Payments to other reporting units/controlled entities | 14(b) | - | - |
| Net cash (used in) investing activities | | (580,900) | (124,743) |
| Net (decrease) in cash held | | (2,594,538) | (484,636) |
| Cash at beginning of financial year | | 11,901,271 | 12,385,907 |
| Cash at end of financial year | 5 | 9,306,733 | 11,901,271 |

The accompanying notes form part of these financial statements.

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 1 Statement of Significant Accounting Policies

Basis of preparation

This 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 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 Union 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.

On 19 June 2001, the Deputy Industrial Registrar approved changes to certain rules pertaining to financial management. Those changes included, amongst others, preparation of a single set of accounts for the PSU group for the year ended 30 June 2002 and beyond. Resulting from the change, all funds, property and liabilities of the Sections, Branches and Professional Division as at 30 June 2001 were transferred to the National Council.

The following is a summary of the material policies adopted in the preparation of the financial statements.

(a) Comparative amounts

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

(b) New Accounting Standards and Interpretations not yet mandatory or early adopted

Adoption of New Australian Accounting Standard requirements

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Union for the annual reporting period ended 30 June 2018. The Union's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Union, are considered insignificant.

No accounting standards have been adopted earlier than the application date stated in the standards.

(c) 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 reporting unit 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.

Provision is made for separation and redundancy benefit payments. Reporting Unit recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

The Union recognises a liability for movements in the provision for long service leave in relation to CSIRO employees and recharges the same to CSIRO staff Association. (refer to Note 23)

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

(d) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(e) Revenue

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

Revenue is recognised to the extent that it is probable that the future economic benefits will flow to the entity and the revenue can be measured reliably.

Revenue from subscriptions is recognised in the period to which it relates.

Rental revenue from operating lease is recognised on a straight line basis over the term of the relevant lease.

Rental revenue for future period is deferred and included as Deferred Rental Income.

Interest revenue is recognised on a proportional basis taking into account the interest rate applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(f) Cash and cash equivalents

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

(g) Trade and other receivables

Trade and other receivables are recognised initially at fair value and generally due for settlement within 30 days.

The collectability of debts is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that the Union will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the income statement as an expense.

(h) Financial Instruments

Financial assets and financial liabilities are recognised when the Union 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.

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Financial Assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets 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. The Union's financial assets comprise only the loans (including seed funding) and receivables.

(i) Loan and Receivables

Trade receivables, loans and other receivables (including seed funding) 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 cost less impairment.

(ii) 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 Union 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.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets through the use of an allowance account. When a 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.

(iii) Derecognition of financial assets

The Union 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 for 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.

Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or 'other financial liabilities'. The Union has only other financial liabilities.

(i) Other financial liabilities

Other financial liabilities, including 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.

(ii) Derecognition of financial liabilities

The Union derecognises financial liabilities when, and only when, the Union's 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.

(i) 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.

**CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

(j) Land, Buildings, Plant and Equipment

Asset Recognition Threshold

Purchases of land, buildings, 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.

Land and Buildings

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

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.

The depreciation rates used for each class of asset are:

| CLASS OF FIXED ASSET | DEPRECIATION RATE | |
|-----------------------------|-------------------|-------------|
| | 2017 | 2016 |
| Land and Buildings | 2.0 - 2.5% | 2.0 - 2.5% |
| Leasehold Improvement | 10 - 20% | 10 - 20% |
| Freehold improvement | 10 - 20% | 10 - 20% |
| Computer System | 20% | 20% |
| Office Equipment | 5-40% | 5-40% |
| Telephone System | 20 - 33.33% | 20 - 33.33% |
| Information Systems Project | 20% | 20% |
| CRM Membership System | 25% | 25% |

All minor purchases of assets (under \$2,000) are considered by the committee as having a useful life relative only to the period of purchase and as such are written off during that period.

Derecognition

An item of land, buildings, 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.

(k) Impairment of non-financial Assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than 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 Union was deprived of the asset, its value in use is taken to be its depreciated replacement cost.

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

(l) Taxation

The Union 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 (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.

(m) Significant Management Judgement in Applying Accounting Policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Estimation Uncertainty and Judgements

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

(i) Long Service Leave

The liability for long service leave is recognised and measured at the present value of the estimated 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.

(ii) Impairment Review

As described in Note 1(k), management is required to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment testing is an area involving management judgement requiring assessment as to whether the asset can be supported by the net present value of future cashflows derived from the use of such assets.

(n) Fair Value Measurement

The Union measures non-financial assets such as land and buildings, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principle market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Union. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Union uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Union determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the reporting unit has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy.

(o) Other Matters in Respect of Fair Work (Registered Organisations) Act 2009

For the balance of the general fund see Statement of Changes in Equity.

The Union does not receive any financial support from another reporting unit to continue on a going concern basis.

(p) Going Concern

The Union is not reliant on the agreed financial support of another reporting unit to continue on a going concern basis.

Note 2 Section 272 Fair Work (Registered Organisations) Act 2009

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

Information to be provided to members or Commissioner:

- (i) A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (ii) 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.
- (iii) A reporting unit must comply with an application made under subsection (1).

**CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Note 3A Revenue

| | 2018 | 2017 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Income from: | | |
| - Subscriptions Received | 26,840,929 | 28,677,027 |
| - Interest Received - deposits with banks | 163,073 | 200,825 |
| - Rental Trading - CPSU Properties | 1,867,463 | 1,834,213 |
| - Directors fee (Note 15) | 215,638 | 206,182 |
| - Sundries | 1,946 | 2,509 |
| - Capitation fees | - | - |
| - Other revenue from another reporting unit | | |
| Management Fee - CSIRO Staff Association (Note 23) | 81,915 | 83,479 |
| - Levies | - | - |
| - Financial support from another reporting unit. | - | - |
| - Voluntary contributions - DHS Community Campaign (a) | 23,622 | - |
| - Voluntary contributions - ABC Community Campaign (b) | 3,894 | - |
| Total revenue | 29,198,480 | 31,004,234 |

Voluntary contributions are now reported separately due to new reporting requirement.

- (a) The fundraising campaign has been established for the purpose of financially supporting the community campaign to increase public awareness and understanding of the issues surrounding privatisation of public services, staffing cuts and budget cuts, specifically at workplaces covered by the Department of Human Services.
- (b) The fundraising campaign has been established for the purpose of financially supporting the community campaigning efforts to increase the public's awareness and understanding of the workplace, political and funding issues facing the ABC and ABC staff.

Note 3B Grants or Donations

| | 2018 | 2017 |
|--|--------------|---------------|
| | \$ | \$ |
| - Donations in relation to campaign fund | 4,595 | 64,711 |
| - Grants | - | - |
| | 4,595 | 64,711 |

Note 4 Deficit from Ordinary Activities

| | 2018 | 2017 |
|--|----------------|----------------|
| | \$ | \$ |
| Expenses | | |
| Administration Expenses | | |
| - Total paid to employers for payroll deductions of membership subscriptions | 1,852 | 2,222 |
| - Compulsory ACTU Campaign Industrial Levies | - | - |
| - Fees/allowance - Meeting and Conferences | - | - |
| - Conference and Meeting Expenses | 331,133 | 377,387 |
| - Penalties imposed on the organisation under the RO Act or RO Regulations | - | - |
| | 332,985 | 379,609 |
| Depreciation and amortisation | | |
| - Buildings | 332,118 | 332,118 |
| - Leasehold Improvements | 207,896 | 243,637 |
| - Freehold Improvements | 11,051 | 5,531 |
| - Plant and Equipment | 114,161 | 124,214 |
| Total Depreciation and Amortisation | 665,226 | 705,501 |
| Remuneration of Auditor | | |
| - Audit - Current Year | 41,000 | 41,000 |
| - Other Services | 29,080 | 20,650 |
| | 70,080 | 61,650 |

Other services include services in relation to the audit of the political membership returns, statement of outgoings for rental properties and assistance in the preparation of the general purpose financial report.

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

| Employee Expenses | 2018 | 2017 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Holders of Office: | | |
| - Salaries and Wages (a) | 1,101,639 | 1,025,071 |
| - Superannuation | 176,384 | 163,619 |
| - Leave and Other Entitlements (b) | 8,884 | 14,017 |
| - Separation and Redundancies | - | - |
| - Remote Locality Allowance | - | - |
| - Living Away From Home Allowance | - | - |
| - Other Employee Benefits | 809 | 738 |
| Subtotal Employee Expenses Holders of Office | 1,287,716 | 1,203,445 |
| Employees other than office holders: | | |
| - Salaries and Wages (a) | 16,549,494 | 16,639,020 |
| - Superannuation | 2,661,085 | 2,640,930 |
| - Leave and Other Entitlements (b) | 500,363 | 85,514 |
| - Separation and Redundancies | 207,844 | 231,657 |
| - Remote Locality Allowance | 57,419 | 46,420 |
| - Living Away From Home Allowance | 19,576 | 20,808 |
| - Other Employee Benefits | 26,793 | 24,375 |
| Subtotal Employee Expenses Employees Other Than Office Holders | 20,022,574 | 19,688,723 |
| Total Employee Expenses | 21,310,290 | 20,892,168 |

(a) Salaries and wages

This includes the normal salaries and wages paid and any annual leave paid during the year.

The Union believes this treatment allows a proper analysis of salaries and wages in terms of fluctuation caused by payments for salaries and wages and annual leave.

(b) Leave and other entitlements

This includes payments for long service leave, and recognises movements in the annual leave and long service leave liabilities during the year.

| | 2018 | 2017 |
|--|-------------|-------------|
| | \$ | \$ |
| Capitation fees and other expense to another reporting unit | | |
| - Capitation fees | - | - |
| - Other expense to another reporting unit | - | - |
| Total Capitation fees and other expense to another reporting unit | - | - |

| | 2018 | 2017 |
|-----------------------|-------------|-------------|
| | \$ | \$ |
| Legal Costs | | |
| - Litigation | - | - |
| - Litigation | - | - |
| - Other legal matters | 291,096 | 228,191 |

Write-down and impairment of assets

Asset write-downs and impairments of:

| | | |
|-----------------------|---|---|
| - Plant and equipment | - | - |
|-----------------------|---|---|

Operating Lease Rentals

| | | |
|--------------------------|-----------|-----------|
| - Minimum Lease Payments | 1,493,269 | 1,550,475 |
|--------------------------|-----------|-----------|

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

| | 2018 | 2017 |
|--|----------------|----------------|
| Affiliation Fees | \$ | \$ |
| - Australian Council of Trade Unions | 285,203 | 301,724 |
| - Unions NSW | 36,557 | 35,529 |
| - SA Unions | 16,908 | 18,179 |
| - Queensland Council of Unions | 50,783 | 45,573 |
| - Unions ACT | 56,393 | 39,487 |
| - Unions NT | 13,442 | 13,987 |
| - Unions Tasmania | 8,242 | 8,343 |
| - Trades Hall Council VIC | 60,596 | 58,832 |
| - Unions WA | 24,007 | 24,548 |
| - Geelong Trades Hall Council | 112 | 147 |
| - Gippsland Trades & Labour Council | 1,236 | 1,236 |
| - Bendigo Trades Hall Council | 500 | - |
| - South West Trades & Labour Council Inc. | 150 | - |
| - Newcastle Trades Hall Council | 1,629 | 1,604 |
| - Queensland Council of Unions Cairns | 110 | 110 |
| - Queensland Council of Unions Rockhampton | 100 | - |
| - Queensland Council of Unions Townsville | 100 | 100 |
| - Queensland Council Of Unions - Toowoomba | 110 | - |
| - SA May Day Collective | 182 | 318 |
| - ALP - VIC | 45,080 | 45,224 |
| - ALP - NSW | 50,306 | 49,775 |
| - ALP - QLD | 33,424 | 34,477 |
| - ALP - SA | 14,198 | 14,622 |
| - ALP - ACT | 28,625 | 30,625 |
| - ALP - NT | 8,483 | 8,893 |
| - ALP - WA | 18,272 | 19,464 |
| - ALP - TAS | 3,902 | 4,116 |
| - Public Services Internationale | 37,665 | 38,463 |
| - UNI Global Union | 9,698 | 10,040 |
| - Union Shopper Inc. | 17,623 | 38,978 |
| - Shop Rite Enterprises | 1,230 | 2,560 |
| - APHEDA | 2,546 | 2,252 |
| - Prison Officers Association of Australasia | 1,000 | - |
| - AFTINET | 240 | 264 |
| Total Affiliation Fees | 828,652 | 849,469 |
| Grants & Donations | 2018 | 2017 |
| | \$ | \$ |
| Grants: | | |
| Total paid that were \$1,000 or less in relation to CPSU Member Skills/Qualification Grant Program | 494 | 225 |
| Total paid that exceeded \$1,000 in relation to CPSU Member Skills/Qualification Grant Program | 14,434 | 23,972 |
| | 14,928 | 24,197 |
| Donations: | | |
| Total expensed that were \$1,000 or less | 4,521 | 2,439 |
| Total expensed that exceeded \$1,000 (a) | 213,633 | 59,000 |
| | 218,154 | 61,439 |
| | 233,082 | 85,636 |

(a) This item now includes salary costs as in-kind donations following advice issued by the ROC.

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 5 Cash and Cash Equivalents

| | 2018 | 2017 |
|--------------|------------------|-------------------|
| | \$ | \$ |
| Cash on Hand | 5,179 | 5,487 |
| Cash at Bank | 9,301,554 | 11,895,784 |
| | 9,306,733 | 11,901,271 |

Note 6 Trade and Other Receivables

| | 2018 | 2017 |
|---|----------------|----------------|
| | \$ | \$ |
| Current | | |
| Receivables from other reporting unit - CSIRO Staff Association (Note 23) | 420,553 | 212,970 |
| Provision for doubtful debts | - | - |
| Trade and other debtors | 44,983 | 69,782 |
| Owing by Shared Advantage Ltd | 138,294 | 175,626 |
| | 603,830 | 458,377 |

The amount owing by Shared Advantage Ltd, a controlled entity, is unsecured, interest free and repayable as and when Shared Advantage Ltd has funds to pay.

Note 7 Other Current Assets

| | 2018 | 2017 |
|-------------|----------------|----------------|
| | \$ | \$ |
| Prepayments | 263,691 | 499,510 |
| | 263,691 | 499,510 |

Note 8 Financial assets

| | 2018 | 2017 |
|--|----------------|----------------|
| | \$ | \$ |
| Non-current | | |
| Seed Funding to Shared Advantage Limited | | |
| - At cost | 225,000 | 225,000 |
| - Less Provision for Impairment Loss | (85,000) | (85,000) |
| | 140,000 | 140,000 |

The seed funding is unsecured, interest free and repayable as and when Shared Advantage Ltd has funds to pay.

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 9 Property, Plant and Equipment

| | 2018 | 2017 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Land and Buildings | | |
| Freehold land and buildings including freehold improvement at independent valuation | 41,570,000 | 28,160,158 |
| Less Accumulated Depreciation | - | (408,419) |
| Net Land and Buildings | 41,570,000 | 27,751,739 |
| Leasehold Improvements | | |
| At Cost | 2,132,032 | 2,123,501 |
| Less Accumulated Depreciation | (1,446,963) | (1,718,326) |
| Net Leasehold Improvements | 685,069 | 405,175 |
| Plant and Equipment | | |
| At Cost | 3,560,662 | 3,524,446 |
| Less Accumulated Depreciation | (3,048,673) | (2,948,279) |
| Net Plant and Equipment | 511,989 | 576,167 |
| Website | | |
| At Cost | 126,761 | 122,441 |
| Less Accumulated Depreciation | (119,308) | (111,990) |
| Net Website | 7,453 | 10,451 |
| Total Land, Buildings, Plant and Equipment | 42,774,511 | 28,743,532 |

Fair value of the properties was determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of revaluation, being 30 June 2018, the properties' fair values are based on valuations performed by Charter Keck Cramer and Herron Todd White, who are accredited independent valuers.

Movements in Carrying Amounts

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

| | Balance at beginning of year | Additions | Disposal | Depreciation/ Amortisation expense | Revaluation of land and building | Carrying amount at the end year |
|------------------------|------------------------------|----------------|--------------|------------------------------------|----------------------------------|---------------------------------|
| 2017 | | | | | | |
| Land and Buildings | 27,751,739 | 45,796 | - | (343,169) | 14,115,634 | 41,570,000 |
| Leasehold Improvements | 405,175 | 487,790 | - | (207,896) | - | 685,069 |
| Plant and Equipment | 576,167 | 42,994 | (329) | (106,843) | - | 511,989 |
| Website | 10,451 | 4,320 | - | (7,318) | - | 7,453 |
| Total | 28,743,532 | 580,900 | (329) | (665,226) | 14,115,634 | 42,774,511 |

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 10 Trade and Other Payables

| | 2018 | 2017 |
|--|------------------|------------------|
| | \$ | \$ |
| Current | | |
| Accounts Payable and Accruals | 1,008,118 | 1,128,756 |
| Deferred rental income | - | 134,938 |
| Payables to other reporting unit - CSIRO Staff Association (Note 23) | 2,175 | 2,036 |
| GST Payable | 208,064 | 289,108 |
| Payable to employers for making payroll deductions of membership subscriptions | - | - |
| Legal costs payable in relation to: | - | - |
| - Litigation | - | - |
| - Other legal matters | 3,214 | 95,867 |
| | 1,221,571 | 1,650,706 |

The settlement for trade and other payable is usually made within 30 days

Note 11 Provisions - Employee Benefits

| | 2018 | 2017 |
|---|------------------|------------------|
| | \$ | \$ |
| Current | | |
| Holders of Office: | | |
| Annual Leave | 155,448 | 172,565 |
| Long Service Leave | 298,277 | 273,504 |
| Separation and Redundancies | - | - |
| Other | - | - |
| | 453,725 | 446,069 |
| Employees other than office holders: | | |
| Annual Leave | 1,565,969 | 1,526,551 |
| Long Service Leave | 2,008,408 | 2,101,147 |
| Separation and Redundancies | - | 231,657 |
| Other | - | - |
| | 3,574,377 | 3,859,355 |
| Total Current Provisions - Employee benefits | 4,028,102 | 4,305,424 |

| | 2018 | 2017 |
|---|----------------|----------------|
| | \$ | \$ |
| Non-Current | | |
| Holders of Office: | | |
| Annual Leave | - | - |
| Long Service Leave | - | - |
| Separation and Redundancies | - | - |
| Other | - | - |
| | - | - |
| Employees other than office holders: | | |
| Annual Leave | - | - |
| Long Service Leave | 225,470 | 207,515 |
| Separation and Redundancies | - | - |
| Other | - | - |
| | 225,470 | 207,515 |
| Total Non-Current Provisions - Employee benefits | 225,470 | 207,515 |

Included in the provision is a liability for movements in the provision for long service leave in relation to CSIRO employees. Such amounts are recharged to CSIRO Staff Association, and included in amounts owing by CSIRO Staff Association (Note 23).

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 12 Commitments

(a) Operating Lease Commitments - as lessee

| | 2018 | 2017 |
|--|------|------|
| | \$ | \$ |

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

| | | |
|---|-----------|-----------|
| - not later than 1 year | 1,283,681 | 1,476,198 |
| - later than 1 year but not more than 5 years | 2,781,464 | 2,774,594 |
| Balance at the end of the year | 4,065,145 | 4,250,792 |

The property lease commitments are non-cancellable operating leases with remaining lease terms of between 5 months and 5 years. Increases in lease commitments may occur in line with CPI or market rent reviews in accordance with the agreements.

(b) Operating Lease Commitments - as lessor

| | 2018 | 2017 |
|--|------|------|
| | \$ | \$ |

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are as follows:

| | | |
|---|------------|-----------|
| - not later than 1 year | 2,494,352 | 1,546,640 |
| - later than 1 year but not more than 5 years | 7,961,364 | 955,349 |
| Balance at the end of the year | 10,455,716 | 2,501,989 |

The property lease commitments are non-cancellable operating leases with remaining lease terms of between 1 year and 5 years. Increases in lease commitments may occur in line with CPI or market rent reviews in accordance with the agreements including major tenancy leases.

(c) Capital Commitments

At 30 June 2018 the entity has no capital commitments (2017: NIL).

Note 13 Reserves

| | 2018 | 2017 |
|--|------|------|
| | \$ | \$ |

| | | |
|---|------------|------------|
| Capital Profits and Asset Revaluation Reserve (a) | 36,522,230 | 22,406,597 |
| Death and Benevolent Fund (b) | 46,664 | 46,664 |
| Campaign Fund (c) | 14,122 | 159,810 |
| Balance at the end of the year | 36,583,016 | 22,613,071 |

(a) Capital Profits and Asset Revaluation Reserve

| | | |
|-----------------------------|------------|------------|
| Balance bought forward | 22,406,597 | 9,546,597 |
| Asset revaluation increment | 14,115,633 | 12,860,000 |
| Balance carried forward | 36,522,230 | 22,406,597 |

(b) Death and Benevolent Fund

| | | |
|-------------------------|--------|--------|
| Balance bought forward | 46,664 | 46,664 |
| Fund used | - | - |
| Balance carried forward | 46,664 | 46,664 |

(c) Campaign Fund

| | | |
|--------------------------------------|-----------|---------|
| Balance bought forward | 159,810 | 97,631 |
| Transferred from / (to) general fund | (145,688) | 62,179 |
| Balance carried forward | 14,122 | 159,810 |

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 14 Cash Flow Information

| | 2018 | 2017 |
|---|--------------------|------------------|
| | \$ | \$ |
| (a) Cash Flow Reconciliation | | |
| Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement: | | |
| Cash and cash equivalents as per: | | |
| Statement of cash flows | 9,306,733 | 11,901,271 |
| Statement of financial position | 9,306,733 | 11,901,271 |
| Difference | <u>-</u> | <u>-</u> |
| Reconciliation of Cash Flow from Operations with Operating Deficit | | |
| Operating deficit | (2,081,056) | (630,264) |
| Non cash flow in operating deficit: | | |
| Depreciation and amortisation | 665,226 | 705,501 |
| loss on disposal of assets | 329 | - |
| (Increase)/Decrease in trade debtors | (145,453) | (124,138) |
| (Increase)/Decrease in prepayments | 235,819 | (416) |
| Increase/(Decrease) in provisions | (259,367) | (621,314) |
| Increase/(Decrease) in trade creditors and accruals | (429,136) | 310,738 |
| Net cash (used in) operating activities | <u>(2,013,638)</u> | <u>(359,893)</u> |
| (b) Cash Inflow Information | | |
| Cash inflows | | |
| Shared Advantage Limited | - | - |
| CSIRO Staff Association | 1,337,610 | 1,392,105 |
| Total cash inflows | <u>1,337,610</u> | <u>1,392,105</u> |
| Cash outflows | | |
| Shared Advantage Limited | - | - |
| CSIRO Staff Association | (8,949) | (5,256) |
| Total cash outflows | <u>(8,949)</u> | <u>(5,256)</u> |

Note 15 Related Party Information

The Union's related parties include the following:

(a) Key Management Personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Union, directly or indirectly, are considered key management personnel. For CPSU PSU Group this included Elected Officials, Regional Secretaries and Directors. For details of remuneration disclosures relating to key management personnel, refer to Note 16 Key Management Personnel Compensation.

(b) Controlled Entity

The Union has the power to participate in the financial and operating policy of the entity.

Shared Advantage Ltd (a company limited by guarantee) is the controlled entity. The controlled entity's net assets represent less than 1 % of the Union's net assets. The Union apportions the direct cost of the payroll to the entity at cost. For details of amounts due by the controlled entity, refer to Note 6 and 8.

(c) Board Representation

As discussed in the Operating Report, one or more nominees of the Union sit on certain Boards. No director's fee has been received personally by the officers of the Union with respect to these Boards. All such director's fees have been received by the Union and are disclosed in Note 3.

(d) Office Holders

There have been no other transactions between the office holders and their Union other than reimbursement by the Union in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which it is reasonable to expect would have been adopted by parties at arm's length.

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 16 Key Management Personnel Remuneration for the Reporting Period

| | 2018 | 2017 |
|---|------------------|------------------|
| | \$ | \$ |
| Short-term employee benefits | | |
| Salary (including annual leave taken) | 2,647,438 | 2,719,378 |
| Annual leave accrued | 208,066 | 210,608 |
| Remote Localities Allowance | 5,796 | 5,656 |
| Living Away from Home Allowance | 3,269 | - |
| Total short-term employee benefits | 2,864,569 | 2,935,641 |
| Post-employment benefits | | |
| Superannuation | 424,100 | 441,756 |
| Total post-employment benefits | 424,100 | 441,756 |
| Other long-term benefits | | |
| Long service leave | 39,963 | 163,874 |
| Total other long-term benefits | 39,963 | 163,874 |
| Termination Benefits | 334,003 | - |
| Total | 3,662,635 | 3,541,271 |

Note 17 Transactions with key management personnel and their family members

There were no transactions with key management personnel and their family members for the year ended 30 June 2018.

Note 18 Financial Instruments

(a) Interest Rate Risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The Union's exposure to interest rate risk as at 30 June 2018 is limited to cash and term deposits of \$9,307,733.

(b) Credit Risk

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, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

(c) Net Fair Values

For other assets and other liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and notes to and forming part of the financial statements.

Note 19 Contingent Liabilities

| | 2018 | 2017 |
|-----------------------|----------------|----------------|
| | \$ | \$ |
| (a) Guarantees | | |
| Bank Guarantees | 470,452 | 486,824 |
| | 470,452 | 486,824 |

**CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Note 20 Events After the Balance Sheet Date

There were no events that occurred after 30 June 2018, or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Union.

Note 21 Financial Support

The Union has agreed to provide financial support to its related entity, Shared Advantage Ltd (a company limited by guarantee) in order that it is able to meet its debts as and when they become due and payable. Such financial support includes initial funding and working capital needs. The amounts are unsecured, interest free and payable as and when the related party has funds to do so.

Note 22 Campaign Fund

The CPSU campaign fund was established to provide support to members, through current and future campaigns.

| | 2018 \$ | 2017 \$ |
|------------------------------|--------------|------------|
| Contribution by CPSU | - | 50,000 |
| Donations | 4,592 | 14,711 |
| | 4,592 | 64,711 |
| Deduct | | |
| - Members standdown payments | (160) | (2,662) |
| - Bank refund/(charges) | (120) | 130 |
| Surplus retained | 4,312 | 62,179 |

Note 23 Transactions with CSIRO Staff Association

The CSIRO Staff Association is a section of the Community and Public Sector Union (CSPU).

Amounts paid for by CSIRO Staff Association were recovered from the CPSU - PSU Group on receipt of invoices during the year.

The CPSU - PSU Group processes and administers the payroll function for the CSIRO Staff Association. The CSIRO Staff Association reimburses the CPSU - PSU Group for the Section's employees payroll cost, including superannuation, payroll tax and workcover, on a monthly basis. The CSIRO Staff Association also pays the Section's share of costs and other reimbursements to the CPSU - PSU Group including the Melbourne office rent, interstate office rents, insurance, telephone, photocopier charges, travel expenses, affiliation fees and movement in LSL provision (refer Note 1(c)).

The CSIRO Staff Association pays management fees to the CSPU - PSU Group, calculated at 7% of Membership Subscription revenue.

The CSIRO Staff Association is registered for GST on a consolidated basis with the CPSU - PSU Group. The net GST on the Section's income and expenses is paid at the end of each month to the CPSU - PSU Group.

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP OFFICER DECLARATION STATEMENT

I, Nadine Flood, being the National Secretary of PSU Group, declare that the following activities did not occur during the reporting period ending 30 June 2018.

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- receive capitation fees from another reporting unit
- receive revenue via compulsory levies
- receive revenue from undertaking recovery of wages activity
- pay capitation fees to another reporting unit
- pay compulsory levies
- pay legal costs relating to litigation
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a payable in respect of legal costs relating to litigation
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit



Nadine Flood, National Secretary

Dated: 29 November 2018

The Community and Public Sector Union PSU Group

s.268 *Fair Work (Registered Organisations) Act 2009*

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the year ended 30 June 2018

I, Nadine Flood, being the National Secretary of the Community and Public Sector Union PSU Group certify:

- that the documents lodged herewith are copies of the full report for the Community and Public Sector Union PSU Group for the period ended 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 30th November 2018; an amended Operating Report was provided on 14th of December 2018 and
- that the full report was presented to the committee of management of the reporting unit on 13th of December 2018 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*; an amended Operating Report was provided on 14th of December 2018.

Signature of prescribed designated officer:



.....

Name of prescribed designated officer: Nadine Flood

Title of prescribed designated officer: National Secretary

Dated: 14.12.18