

RE2006/330



Health Services Union

26 September 2006

The Industrial Registrar
GPO Box 1994S
Melbourne VIC 3001

Dear Sir,

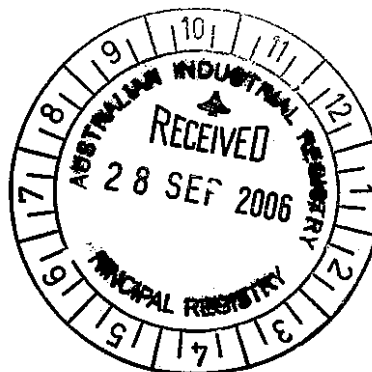
RE: Financial Return – Year Ending 30 June 2006

Please find attached the Designated Officers Certificate, in accordance with s268 of the Workplace Relations Act.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Craig Thomson', written over a thin, curved line that spans across the signature area.

Craig Thomson
National Secretary



National Office

Level 2, 106 Victoria Street, Carlton South 3053. Telephone: (03) 9341 3328 Facsimile: (03) 9341 3329
Email: hsu@hsu.net.au Website: www.hsu.net.au

**HEALTH SERVICES UNION OF AUSTRALIA
NATIONAL OFFICE
ABN 68 243 768 561
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

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**HEALTH SERVICES UNION OF AUSTRALIA
NATIONAL OFFICE
OPERATING REPORT FOR THE YEAR ENDED 30TH JUNE 2006**

In accordance with Sec 254 of the Workplace Relations Act 1996 ("the ACT"), your Committee of Management report as follows

Principal Activities

The principal activity of the organisation during the year was that of a registered trade union. No significant change occurred in the nature of those activities during the year

Operating Result

The operating result of the organisation for the year ended 30th June 2006 was a deficit of \$101,016.

Significant Changes

There was no significant change in the financial affairs of the organisation during the year.

Rights of Members

Subject to the rules of the organisation and Sec 174 of the Act, members have the rights to resign from membership of the organisation by written notice addressed to and delivered to the secretary of the organisation.

Superannuation Office Holders

The following officers and/or members of the organisation are directors of companies that are trustees of superannuation funds which require one or more of their directors to be a member of a registered organisation –

Officer/ Member	Trustee Company	Entity/Scheme	Position
Kathy Jackson	H.E.S.T. Australia Limited	HESTA Superfund	Director
Rob Elliot	H.E.S.T. Australia Limited	HESTA Superfund	Director
Erin Cresshull	Health Super Pty Ltd	Health Super	Director
David Langmead*	Health Super Pty Ltd	Health Super	Director

*nominated representative of Vic No 3 Branch

Other Prescribed Information

In accordance with Regulation 159 of the Workplace Relations (Registration of Accountability of Organisations) Regulations –

- (a) the number of persons that were at the end of the financial year recorded in the register of members for Sec 230 of the RAO Schedule and who are taken to be members of the registered organisation under Sec 240 of the RAO Schedule was 76,235.
- (b) the number of persons who were at the end of the financial year employees of the organisation including both full and part-time employees measured on a full-time equivalent basis was 6.0

**HEALTH SERVICES UNION OF AUSTRALIA
NATIONAL OFFICE
OPERATING REPORT FOR THE YEAR ENDED 30TH JUNE 2006**

- (c) the names of those who have been members of the Committee of Management of the organisation at any time during the financial year and the periods for which they held office were –

Name

Craig Thomson
Michael Williamson
Chris Brown
Kathy Jackson
David Stephens
Iris Knight
Peter Mylan
Tim Jacobson
Zita Mitchell
Dan Hill
Clem O'Shannessy
Chris Panizza
Jorge Navas
Jeff Jackson
Lloyd Williams
Terrie Seymour
Rosemary Kelly

Other Relevant Information

Nil

Signed for and on behalf of the Committee of Management

Date day of 2006

Craig Thomson,
National Secretary

**HEALTH SERVICES UNION OF AUSTRALIA
NATIONAL OFFICE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006 \$	2005 \$
INCOME			
Capitation Fees	3	1,346,517	1,318,677
Training		-	-
National Council Levy		540,061	199,001
Branch Employee Entitlement Funding		-	-
Interest received		1,198	1,233
Other income		160,817	29,851
TOTAL INCOME		2,048,593	1,548,762
LESS EXPENSES			
Advertising & Promotions		67,787	57,890
Affiliation Fees		176,468	88,978
ACTU Industrial Campaign Fund		436,240	253,593
Audit fees		2,500	2,500
Bank charges		2,361	1,358
Branch funding		10,184	18,660
Computer expenses		15,286	9,532
Consultancy fees		31,574	6,349
Depreciation		9,436	9,953
Donations		6,114	7,216
Holiday pay		38,299	17,720
Honorarium		10,000	20,000
Insurance & Workcover		10,392	10,367
Legal costs		175,248	12,174
Long service leave		18,112	36,595
Motor Vehicle Expenses		64,652	36,033
National Executive / Council expenses		136,195	83,864
Payroll Tax		31,779	23,614
Photocopier lease and charges		8,681	4,885
Printing, stationery & postage		58,754	28,695
Rent & occupancy expenses		114,475	82,000
Salaries, Wages & Allowances	11	512,549	474,794
Sponsorships		2,900	9,297
Staff training and welfare		14,811	6,522
Sundry expenses		4,847	3,722
Superannuation		41,864	53,741
Telephone		31,826	34,212
Travelling and accommodation		116,278	137,844
TOTAL EXPENSES		2,149,609	1,532,109
OPERATING SURPLUS		(101,016)	16,653

HEALTH SERVICES UNION OF AUSTRALIA
NATIONAL OFFICE
STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2006

	Note	2006 \$	2005 \$
CURRENT ASSETS			
Cash	4	155,927	214,377
Receivables	5	263,899	206,249
TOTAL CURRENT ASSETS		419,826	420,626
NON-CURRENT ASSETS			
Loans to Branches	6	98,601	180,601
Office Furniture and Equipment	7	24,341	24,901
TOTAL NON-CURRENT ASSETS		122,942	205,502
TOTAL ASSETS		542,768	626,128
CURRENT LIABILITIES			
Accounts payable	8	383,281	422,035
Provisions	9	295,007	238,596
TOTAL CURRENT LIABILITIES		678,287	660,631
TOTAL LIABILITIES		678,287	660,631
NET ASSETS		(135,519)	(34,503)
MEMBERS FUNDS			
Accumulated Surplus (Deficit) brought forward		(34,503)	(51,156)
Surplus / (Deficit) for Year		(101,016)	16,653
TOTAL MEMBERS FUNDS		(135,519)	(34,503)

The accompanying notes form part of these financial statements

**HEALTH SERVICES UNION OF AUSTRALIA
NATIONAL OFFICE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006 \$	2005 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Capitation Fees		1,346,517	1,318,677
National Council Levies		540,061	199,001
Payments to suppliers, branches and employees		(2,140,173)	(1,522,156)
Branch Employee Entitlement Reimbursement		-	-
Interest received		1,198	1,233
Other income		160,817	29,851
Net cash provided by/(used in) operating activities		<u>(91,580)</u>	<u>26,606</u>
 CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		<u>(8,876)</u>	<u>(8,096)</u>
Net cash used in investing activities		<u>(8,876)</u>	<u>(8,096)</u>
 CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of Loans to Branches		82,000	82,000
Increase/(decrease) current liabilities & provisions		17,656	103,085
(Increase) decrease in receivables		<u>(57,651)</u>	<u>(95,345)</u>
Net cash provided by financing activities		<u>42,006</u>	<u>89,740</u>
Net increase/(decrease) in cash held		(58,450)	108,250
Cash at beginning of year		<u>214,378</u>	<u>106,128</u>
Cash at end of year	4	<u>155,927</u>	<u>214,378</u>

The accompanying notes form part of these financial statements.

HEALTH SERVICES UNION OF AUSTRALIA - NATIONAL OFFICE

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2006**

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

These financial statements are a general purpose financial report that have been prepared in accordance with applicable Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views). The financial statements have also been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

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

(a) Leases

Leases of fixed assets, where substantially all risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(b) Employee Entitlements

Provision is made for the trust's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

(c) Cash

For the purposes of the statement of cash flows, cash included cash on hand and in at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months and net of bank overdrafts.

(d) Income Tax Expense

No provision for income tax expense has been brought to account as "Trade Unions" are exempt from income tax under Section 50 - 15 of the Income Tax Assessment Act 1997.

(e) Goods and Services Tax

Goods and Services Tax (GST) collected by the Branch is brought to account as a liability with input credits in respect of GST paid reducing that liability. Accordingly, all items of income and expenditure brought to account in the financial statement is after the deduction of any applicable GST.

HEALTH SERVICES UNION OF AUSTRALIA - NATIONAL OFFICE

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2006**

NOTE 2: INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirements of the Workplace Relations Act 1996, the attention of the members is drawn to the provisions of subsections (1), (2) and (3) of Section 274, which reads as follows:

- (1) A member of an Organisation, or Registrar, may apply to the Organisation for specified prescribed information in relation to the Organisation.
- (2) An Organisation shall, on application under subsection (1) by a member of the Organisation, or a Registrar, make the specified information available to the member or Registrar in such manner, and within such time as is prescribed.
- (3) A Registrar may only make an application under subsection (1) at the request of a member of the Organisation concerned, and the Registrar shall provide to a member information received because of an application made at the request of the member.

NOTE 3: CAPITATION FEES

	2006	2005
	\$	\$
New South Wales Branch	663,412	693,420
Tasmania No 1 Branch	138,640	135,745
Tasmania No 2 Branch	964	1,001
Victorian No 1 Branch	252,082	254,776
Victorian No 2 Branch	107,579	101,234
Victorian No 3 Branch	63,611	27,819
Victorian No 4 Branch	40,505	39,651
Victorian No 5 Branch	10,121	12,810
Western Australia No 3 Branch	69,604	52,221
Total Capitation Fees	<u>1,346,517</u>	<u>1,318,677</u>

NOTE 4: CASH

Cash at bank	96,836	164,377
Deposits at call	59,091	50,000
	<u>155,927</u>	<u>214,377</u>

NOTE 5: RECEIVABLES - CURRENT

Capitation & Affiliation Fees Receivable	263,899	206,249
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**HEALTH SERVICES UNION OF AUSTRALIA
NATIONAL OFFICE
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2006**

Note	2006 \$	2005 \$
NOTE 6: LOANS TO BRANCHES		
Loan - Victoria No 1 Branch	<u>98,601</u>	<u>180,601</u>
<p>Loan repayments have been made by the provision of serviced office facilities during the year.</p>		
NOTE 7: OFFICE FURNITURE AND EQUIPMENT		
At cost	92,263	83,387
Less accumulated depreciation	<u>(67,922)</u>	<u>(58,486)</u>
	<u>24,341</u>	<u>24,901</u>
Total Office Furniture & Equipment	<u>24,341</u>	<u>24,901</u>
NOTE 8: ACCOUNTS PAYABLE		
CURRENT		
Unsecured Liabilities		
Trade creditors	<u>383,281</u>	<u>422,035</u>
NOTE 9: PROVISIONS		
CURRENT		
Employee entitlements	295,007	238,596
NON-CURRENT		
Employee entitlements	<u>-</u>	<u>-</u>
(a) Aggregate employee entitlements liability	<u>295,007</u>	<u>238,596</u>

**HEALTH SERVICES UNION OF AUSTRALIA
NATIONAL OFFICE
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2006**

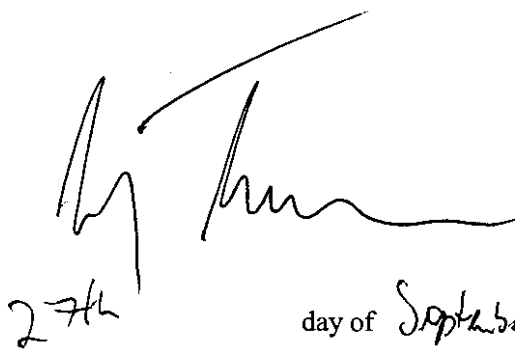
	Note	2006 \$	2005 \$
NOTE 10: CASH FLOW INFORMATION			
(a) Reconciliation of Cash			
Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the balance sheet as follows:			
Cash at bank		96,836	164,377
At call deposits with financial institutions		59,091	50,000
		155,927	214,377
 (b) Reconciliation of Cash Flow from Operations with Operating Profit after Income Tax			
Operating profit after Income Tax		(101,016)	16,653
Depreciation		9,436	9,953
Cash Flows from operations		(91,580)	26,606
 NOTE 11: SALARIES & WAGES			
Elected Officials		159,291	146,445
Staff & Other		353,258	292,543
Total Salaries & Wages		512,549	438,988

**HEALTH SERVICES UNION OF AUSTRALIA
NATIONAL OFFICE
DESIGNATED OFFICER'S CERTIFICATE**

I, Craig Thomson, being the National Secretary of the Health Services Union certify:

- (1) That the documents lodged herewith are copies of the full report, and the concise report, referred to in section 268 of the RAO Schedule; and
- (2) That the concise report, was provided to members on the 27th of September 2006; and
- (3) That the full report was presented to a meeting of the committee of management of the reporting unit on the 13 of September 2006; in accordance with s268 of the RAO Schedule.

Craig Thomson



Dated this

27th

day of September 2006

HEALTH SERVICES UNION OF AUSTRALIA - NATIONAL OFFICE

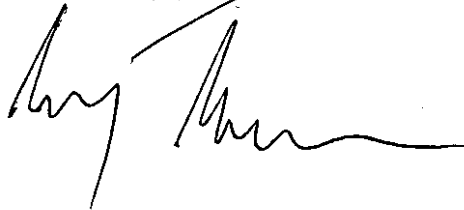
COMMITTEE OF MANAGEMENT'S CERTIFICATE

On the ^{13th} day of *September* 2006 the Committee of Management of the Health Services Union of Australia National Office passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 30th June 2006

The Committee of Management declares in relation to the GPFR that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Industrial registrar;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cashflow's of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GBFR relates and since the end of that year:
 - 1) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - 2) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - 3) the financial records of the reporting unit have been managed in accordance with the RAO Schedule and the RAO Regulations; and
 - 4) the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
 - 5) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been furnished to the member of the registrar; and
 - 6) there has been compliance with any order for the inspection of financial records made by the Commission under section 253 of the RAO Schedule

For Committee of Management:
Craig Thomson
National Secretary



Dated this

27th day of *September* 2006

HEALTH SERVICES UNION OF AUSTRALIA - NATIONAL OFFICE

**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF
HEALTH SERVICES UNION OF AUSTRALIA - NATIONAL OFFICE**

Scope

We have audited the financial statements of the Health Services Union of Australia - National Office for the year ended 30 June 2006. The Committee of Management is responsible for the preparation and presentation of the financial statements and the information contained therein. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the Health Services Union of Australia - National Office.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and the Workplace Relations Act 1996 so as to present a view of the Organisation which is consistent with our understanding of its financial position and the results of its operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.



Australian Government

Australian Industrial Registry

Level 8, Terrace Towers
80 William Street, East Sydney, NSW 2011
Telephone: (02) 8374 6666
Fax: (02) 9380 6990
Email: sydney@air.gov.au

Mr Craig Thomson
National Secretary
Health Services Union of Australia
106 Victoria Street
Carlton South Victoria 3053

Dear Mr Thomson

**Re: Schedule 1 of the Workplace Relations Act 1996 (the RAO Schedule)
Financial reports for year ended 30 June 2006 – FR2006/330**

I have received a copy of the financial reports for the National Office of the Health Services Union of Australia for the year ended 30 June 2006. The documents were lodged in the Australian Industrial Registry on 28 September 2006.

There are a number of matters that I need to raise with you. Some of these matters will require attention prior to the lodgement of your Union's next financial return to ensure filing of it is not delayed. However, some issues require remedial action now to enable the current documents to be filed.

The issues that have prevented the filing of the documents and require remedial action now are listed below:

1 Auditor's Report

There is no audit opinion as required by section 257 of the RAO Schedule attached to the Audit Report that was submitted. Similarly, it was not signed or dated and there was no mention as to who the auditor was. I suspect that a simple error took place in the despatch of the documents to the Registry resulting in the second page of the audit report being omitted.

As this is a critical part of the financial reporting requirements, please advise the undersigned in relation to this query and if a page was mistakenly not sent please forward it to me.

Please be aware that as you have indicated that a concise report was provided to members on 27 September 2006, paragraph 265(3)(c) of the RAO Schedule requires a specific statement by the auditor to be inserted into the concise report as well.

2 Concise Report

The Designated Officer's Certificate stated that the documents lodged are copies of the full and the concise reports and that members were provided with the concise report on 27 September 2006.

The 13 pages of documents and your accompanying letter did not include a concise report. Similarly, the "Table Of Contents" did not mention the existence of a concise report.

As the concise report is the chosen method of informing members about the Union's financial performance, it too is a critical document that needs to comply with legislative requirements and form part of the documents lodged in the Registry.

Action Required

Please provide me with a written response to the two above-listed issues of the Auditor's Report and the Concise Report by Friday 20 October 2006. Upon receipt of your response further consideration will be given to the filing of your documents.

Listed below are other matters that require no response or remedial action now but which need to be considered when preparing to lodge your next financial return.

3 Operating Report

In future please ensure that the operating Report is signed and dated.

RAO Regulation 159(c) requires that the period for which each person who has been a member of the committee of management has held such a position be shown. Your Operating Report states that it provides the names of the members of the committee of management and the periods for which they held office but then is silent as to what the periods were.

One is left to conclude that either all of the named persons held office throughout the full 12 months of the reporting period or that by an oversight this information was not provided. Even if all held office for the full period, the report should confirm this to be the case. Please clarify this matter re tenure in office in future Operating Reports.

4 Committee of Management Statement

In paragraph (e)(6) of the certificate reference is made to section 253 of the RAO Schedule whereas it should be section 273.

5 Notes To And Forming Part Of The Accounts

"Note 2: Information To Be Provided To Members Or Registrar" refers section 274 of the Workplace Relations Act 1996 whereas it should have referred to section 272 of Schedule 1 – Registration and Accountability of Organisations – of the Act.

The provisions of the 3 subsections listed in Note 2 is no longer correct. It should read as follows:

"(1) A member of a reporting unit, or a Registrar, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

(2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

(3) A reporting unit must comply with an application made under subsection (1)."

6 Donations

A matter being raised primarily as a courtesy reminder relates to the subject of donations made by the Union. The financial accounts reveals that donations totalling \$6114 were made in the last reporting period. Subsection 237(1) Of the RAO Schedule states that :

"An organisation must, within 90 days after the end of each financial year (or such longer period as the Registrar allows), lodge in the Industrial Registry a statement showing the relevant particulars in relation to

each loan, grant or donation of an amount exceeding \$1,000 made by the organisation during the financial year.”

Subsection 237(6) states that:

“ The relevant particulars, in relation to a grant or donation made by an organisation, are:

(a) the amount of the grant or donation; and

(b) the purpose for which the grant or donation was made; and

(c) except where the grant or donation was made to relieve a member of the organisation, or a dependant of a member of the organisation, from severe financial hardship - the name and address of the person to whom the grant or donation was made.”

As no subsection 237(1) statement has been lodged we assume that no single donation exceeded \$1,000. Should this not be the case, please immediately advise the Registry of the details and ensure that there is compliance with the reporting requirements of section 237 other than with respect to the required timeframe.

Presentation of documents to a meeting

Inserted below is an extract from the letter Mr Andrew Schultz wrote to you dated 9 June 2006 re the financial documents lodged for the year ended 30 June 2005. It applies equally to these most recent documents for the year ended 30 June 2006.

“The financial reports were presented to the Committee of Management, rather than to a General Meeting of members.

RAO s266(3) provides for presentation to the Committee of Management only if:

the rules of the reporting unit provide for a specified percentage (not exceeding 5%) of members to be able to call a general meeting of the reporting unit for the purpose of considering the auditor’s report, the general purpose financial report and the operating report.

While the Branch Rule 63(b) of the HSUA Rules was amended on 30 March 2006 to address the requirements of s266(3) it appears that the Federal Rules do not address this requirement. This matter was brought to the attention of the National Office with respect to the previous financial year – *see attached*.

Accordingly, if the National Office wishes in year ending 30 June 2006 to present the financial reports to a Committee of Management meeting then the Federal Rules will need to be amended in accordance with s266.

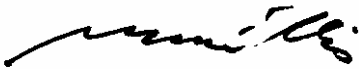
In the absence of any such rule change the National Office must present its financial documents for year ending 30 June 2006 (and later years) to a general meeting of the members.”

The “attached” correspondence referred to by Mr Schultz was a letter written by him to you dated 9 February 2006 in which Mr Schultz also pointed out the need to amend the rules of the federal body of the Union if it wished to present its financial reports to a Committee of Management rather than to a general meeting of members.

Please ensure that next year either the necessary amendment to the rules are made or otherwise have the financial documents for year ending June 2007 presented to a general meeting of the members.

Upon receipt of your written response to the issues raised at the start of this letter re the auditor's report and the concise report, the filing of your financial documents will be reconsidered.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'm.ellis', written in a cursive style.

Michael Ellis
Deputy Industrial Registrar

4 October 2006



Australian Government

Australian Industrial Registry

Level 8, Terrace Towers
80 William Street, East Sydney, NSW 2011
Telephone: (02) 8374 6666
Fax: (02) 9380 6990
Email: sydney@air.gov.au

Mr Craig Thomson
National Secretary
Health Services Union of Australia
106 Victoria Street
Carlton South Victoria 3053

Dear Mr Thomson

Financial reports for year ended 30 June 2006 - FR2006/330

I wrote to you on 4 October 2006 in response to the financial reports lodged in the Industrial Registry for the National Office of the Health Services Union of Australia for the year ended 30 June 2006.

I indicated that further consideration will be given to the filing of your documents upon receipt of a written response to the two matters that I raised. These related to the auditor's report and the concise report. A response was sought by 20 October 2006.

Could you please either provide me with a response within the next week or advise me of the reason(s) you are unable to do so and provide an indication of when you will be able to respond.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'm.ellis'.

Michael Ellis
Deputy Industrial Registrar

31 October 2006



Health Services Union

4 December 2006

The Industrial Registrar
Attention Michael Ellis
Deputy Industrial Registrar
Level 8, Terrace Towers
East Sydney NSW 2011

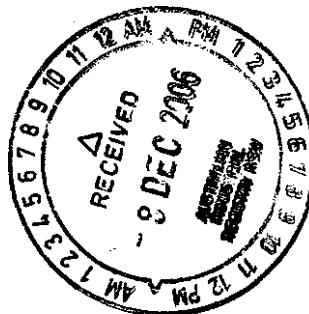
Dear Sir,

RE: Financial Return – Year Ending 30 June 2006

Please find attached:

1. Audit Opinion, signed and dated as required by section 257 of the RAO Schedule. The page was inadvertently omitted from rest of report at time of filing
2. Concise Report, which was inadvertently omitted from rest of documents at time of filing.

Yours sincerely



Craig Thomson
National Secretary

National Office

Level 2, 106 Victoria Street, Carlton South 3053. Telephone: (03) 9341 3328 Facsimile: (03) 9341 3329
Email: hsu@hsu.net.au Website: www.hsu.net.au

HEALTH SERVICES UNION OF AUSTRALIA - NATIONAL OFFICE

**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF
HEALTH SERVICES UNION OF AUSTRALIA - NATIONAL OFFICE**

Audit Opinion

In our opinion:

- (1) there were kept by the Organisation, in respect of the year, satisfactory accounting records detailing the sources and nature of the Income of the Organisation (including income from members) and the nature and purposes of expenditure; and
- (2) the accompanying accounts and statements being the Statement of Income and Expenditure, Balance Sheet, Statement of Cash flows, Notes to and Forming Part of the Accounts, Accounting Officer's Certificate and Committee of Management's Certificate have been prepared in accordance with Section 273 of the Workplace Relations Act 1996 and are properly drawn up so as to fairly present:
 - (a) the state of affairs of the Organisation as at 30 June 2006; and
 - (b) the income and expenditure, and any surplus, of the Organisation for the year ended on that date.
- (3) the accounts have been prepared in accordance with applicable Australian Accounting Standards.

Where necessary we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our Audit.

Dick & Smith (Elsternwick) Pty Ltd
Chartered Accountants



I G F Dick
Partner

Melbourne

Dated:

26/9/06

**HEALTH SERVICES UNION OF AUSTRALIA
NATIONAL OFFICE
ABN 68 243 768 561
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

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**HEALTH SERVICES UNION OF AUSTRALIA
NATIONAL OFFICE
OPERATING REPORT FOR THE YEAR ENDED 30TH JUNE 2006**

In accordance with Sec 254 of the Workplace Relations Act 1996 ("the ACT"), your Committee of Management report as follows

Principal Activities

The principal activity of the organisation during the year was that of a registered trade union. No significant change occurred in the nature of those activities during the year

Operating Result

The operating result of the organisation for the year ended 30th June 2006 was a deficit of \$101,016.

Significant Changes

There was no significant change in the financial affairs of the organisation during the year.

Rights of Members

Subject to the rules of the organisation and Sec 174 of the Act, members have the rights to resign from membership of the organisation by written notice addressed to and delivered to the secretary of the organisation.

Superannuation Office Holders

The following officers and/or members of the organisation are directors of companies that are trustees of superannuation funds which require one or more of their directors to be a member of a registered organisation –

Officer/ Member	Trustee Company	Entity/Scheme	Position
Kathy Jackson	H.E.S.T. Australia Limited	HESTA Superfund	Director
Rob Elliot	H.E.S.T. Australia Limited	HESTA Superfund	Director
Erin Cresshull	Health Super Pty Ltd	Health Super	Director
David Langmead*	Health Super Pty Ltd	Health Super	Director

*nominated representative of Vic No 3 Branch

Other Prescribed Information

In accordance with Regulation 159 of the Workplace Relations (Registration of Accountability of Organisations) Regulations –

- (a) the number of persons that were at the end of the financial year recorded in the register of members for Sec 230 of the RAO Schedule and who are taken to be members of the registered organisation under Sec 240 of the RAO Schedule was 76,235.
- (b) the number of persons who were at the end of the financial year employees of the organisation including both full and part-time employees measured on a full-time equivalent basis was 6.0

**HEALTH SERVICES UNION OF AUSTRALIA
NATIONAL OFFICE
OPERATING REPORT FOR THE YEAR ENDED 30TH JUNE 2006**

- (c) the names of those who have been members of the Committee of Management of the organisation at any time during the financial year and the periods for which they held office were –

Name

Craig Thomson
Michael Williamson
Chris Brown
Kathy Jackson
David Stephens
Iris Knight
Peter Mylan
Tim Jacobson
Zita Mitchell
Dan Hill
Clem O'Shannessy
Chris Panizza
Jorge Navas
Jeff Jackson
Lloyd Williams
Terrie Seymour
Rosemary Kelly

Other Relevant Information

Nil

Signed for and on behalf of the Committee of Management

Date *26th* day of *September* 2006

[Signature]
Craig Thomson,

National Secretary

**HEALTH SERVICES UNION OF AUSTRALIA
NATIONAL OFFICE**

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2006**

	2006	2005
	\$	\$
Revenues from ordinary activities	2,048,593	1,548,762
Expenses from ordinary activities		
ACTU Industrial Campaign	436,240	253,593
Affiliation Fees	176,468	88,978
Depreciation and amortisation expenses	9,436	9,953
Donations	6,114	7,216
Lease expenses	8,681	4,885
Legal Expenses	175,248	12,174
Salaries and related expenses	554,413	528,535
Other expenses from ordinary activities	783,010	626,775
	<u>2,149,609</u>	<u>1,532,109</u>
Surplus (Deficit) from ordinary activities	<u>(101,016)</u>	<u>16,653</u>
Net surplus (deficit)	<u>(101,016)</u>	<u>16,653</u>

The accompanying notes form part of these financial statements

**HEALTH SERVICES UNION OF AUSTRALIA
NATIONAL OFFICE**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2006**

	2006	2005
	\$	\$
CURRENT ASSETS		
Cash	155,927	214,377
Receivables	263,899	206,249
TOTAL CURRENT ASSETS	419,826	420,626
NON-CURRENT ASSETS		
Loans to Branches	98,601	180,601
Office Furniture and Equipment	24,341	24,901
TOTAL NON-CURRENT ASSETS	122,942	205,502
TOTAL ASSETS	542,768	626,128
CURRENT LIABILITIES		
Accounts payable	383,281	422,035
Provisions	295,007	238,596
TOTAL CURRENT LIABILITIES	678,287	660,631
TOTAL LIABILITIES	678,287	660,631
NET ASSETS	(135,519)	(34,503)
MEMBERS FUNDS		
Accumulated Surplus (Deficit) brought forward	(34,503)	(51,156)
Surplus / (Deficit) for Year	(101,016)	16,653
TOTAL MEMBERS FUNDS	(135,519)	(34,503)

The accompanying notes form part of these financial statements

**HEALTH SERVICES UNION OF AUSTRALIA
NATIONAL OFFICE**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2006**

	2006	2005
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Capitation Fees	1,346,517	1,318,677
National Council Levies	540,061	199,001
Payments to suppliers, branches and employees	(2,140,173)	(1,522,156)
Branch Employee Entitlement Reimbursement	-	-
Interest received	1,198	1,233
Other income	160,817	29,851
Net cash provided by/(used in) operating activities	<u>(91,580)</u>	<u>26,606</u>
 CASH FLOW FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	<u>(8,876)</u>	<u>(8,096)</u>
Net cash used in investing activities	<u>(8,876)</u>	<u>(8,096)</u>
 CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Loans to Branches	82,000	82,000
Increase/(decrease) current liabilities & provisions	17,656	103,085
(Increase) decrease in receivables	<u>(57,651)</u>	<u>(95,345)</u>
Net cash provided by financing activities	<u>42,006</u>	<u>89,740</u>
Net increase/(decrease) in cash held	(58,450)	108,250
Cash at beginning of year	<u>214,378</u>	<u>106,128</u>
Cash at end of year	<u>155,927</u>	<u>214,378</u>

The accompanying notes form part of these financial statements

**HEALTH SERVICES UNION OF AUSTRALIA
NATIONAL OFFICE**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2006**

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

The concise financial report has been prepared in accordance with Accounting Standard AASB 1039: Concise Financial Reports and the Workplace Relations ACT 1996.

The financial statements, specific disclosures and other information included in the concise financial report are derived from and are consistent with the full report. The concise financial report cannot be expected to provide as detailed an understanding of the financial performance, financial position, financing and investing activities as the full financial reports. Cost is based on the fair values of the consideration given in exchange for assets.

The accounting policies have been consistently applied, unless otherwise stated.

NOTE 2: INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirements of the Workplace Relations Act 1996, the attention of the members is drawn to the provisions of subsections (1), (2) and (3) of Section 274, which reads as follows:

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

**HEALTH SERVICES UNION OF AUSTRALIA
NATIONAL OFFICE
COMMITTEE OF MANAGEMENT'S CERTIFICATE**

I, Craig Thomson, being the designated officer of Health Services Union of Australia National Office, state that on behalf of the Committee of Management and in accordance with a resolution passed by it on the state that:

In the opinion of the Committee Management:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Industrial registrar;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GBFR relates and since the end of that year:
 - 1) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - 2) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - 3) the financial records of the reporting unit have been managed in accordance with the RAO Schedule and the RAO Regulations; and
 - 4) the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
 - 5) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been furnished to the member of the registrar; and
 - 6) there has been compliance with any order for the inspection of financial records made by the Commission under section 253 of the RAO Schedule
- (f) the necessary resolution to provide concise report to members has been passes in accordance with section 265(2) of the RAO Schedule

Craig Thomson



National Secretary

Dated this

26th September

day of

2006

**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF
HEALTH SERVICES UNION OF AUSTRALIA
NATIONAL OFFICE**

We have audited the concise financial report of the Health Services Union of Australia National Office for the financial year ended 30 June 2006 comprising of the Committee of Management Statement, Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and notes to the financial statements. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Health Services Union of Australia National Office

Our audit has been-conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the concise financial report is free of material misstatement. We have also performed an independent audit of the full financial report Health Services Union of Australia National Office for the year ended 30 June 2006.

Our audit report on the full financial report was signed on the 2006, and was not subject to any qualification.

Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is consistent with the full financial report. and examination, on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the full financial report.

These procedures have been undertaken to form an opinion whether, in all material respects. the concise financial report is presented fairly in accordance with Accounting Standards.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the concise financial report of Health Services Union of Australia National Office complies with Accounting Standard AASB 1039: Concise Financial Report.

Dick & Smith (Elsternwick) Pty Ltd
Chartered Accountants



I G F Dick
Partner

Melbourne

Dated: 26/9/06



Australian Government

Australian Industrial Registry

Level 8, Terrace Towers
80 William Street, East Sydney, NSW 2011
Telephone: (02) 8374 6666
Fax: (02) 9380 6990
Email: sydney@air.gov.au

Mr Craig Thomson
National Secretary
Health Services Union
106 Victoria Street
Carlton South VIC 2053

Dear Mr Thomson

Financial reports for year ended 30 June 2006

I received today your letter dated 4 December written in response to my letter to you dated 31 October 2006. Attached to it were a copy of the concise report and the second page of the audit report on the full report which contained the audit opinion.

The financial documents for the National Office of the Health Services Union for year ended 30 June 2006 have now been filed.

However, notwithstanding the filing of the documents on this occasion, I need to bring to your attention a number of additional concerns, this time relating to the documents received today.

Concise Report

Subsection 265(3) of the RAO Schedule and RAO regulation 161 list a number of requirements relating to concise reports. A number of these listed below have not been complied with.

The concise report needs to be clearly identified as such on the first page, otherwise people receiving it are likely to assume it is the full report. The only reference that I noticed that the document was a concise report was in the audit report and in Note 1 to the accounts.

There was no compliance with the requirement in paragraph 265(3)(e) of the RAO Schedule that the concise report contains a statement that it is a concise report and that a copy of the full report and auditor's report will be sent to a member free of charge upon request.

There also was no compliance with RAO regulation 161(1)(e) that there be a statement that the concise financial report has been derived from the full report and cannot be expected to provide as full an understanding of the financial performance, financial position and financial and investing activities of the reporting unit as the full report.

In Note 2 of the Notes To And Forming Part Of The Accounts in the concise report, reference is made to subsections (1), (2) and (3) of section 274 of the Act. Please note that the 3 subsections are of section 272 of the RAO Schedule.

Auditor's Report

Subsection 257(5) of the RAO Schedule details what an auditor needs to cover when expressing an opinion on a general purpose financial report. It states.. "An auditor must, in his or her report, state whether in the auditor's opinion the general purpose financial report is presented fairly in accordance with any of the following that apply in relation to the reporting unit:

- (a) the Australian Accounting Standards;
- (b) any other requirements imposed by this Part."

The opinion expressed in relation to the full report incorrectly refers to section 273 of the Act. Neither section 273 of the amended Act or of the RAO Schedule prescribes financial reporting

requirements. There also is no longer a requirement for an "Accounting Officer's Certificate" to be produced let alone audited and indeed no such certificate was incorporated in the documents lodged.

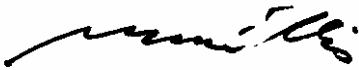
An alternative form of words that if appropriate to the circumstances could be used by an auditor in satisfaction of the requirements of subsection 257(5) is:

"In our opinion the general purpose financial report is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of Schedule 1 of the Workplace Relations Act 1996".

In the audit report for the concise report a blank space was left where the date on which the full report had been audited was to be inserted .

A copy of this letter has been forwarded to your auditor, Mr I G F Dick, for his information

Yours sincerely,



Michael Ellis
Deputy Industrial Registrar
8 December 2006

Cc Mr I G F Dick Partner
Dick & Smith (Elsternwick) Pty Ltd

Ms Belinda Ord
National Finance Officer
Health Services Union