

16th August 2011
MW:GIB:A040993

Fair Work Australia
GPO Box 1994
MELBOURNE VIC 3001

Attention: Ailsa Carruthers

Financial Report year ended 30/06/2010 HSU east Branch FR2010/2809

We refer your letter dated 25th July 2011 & report the following:

- A concise report was not provided.
- A new operating report is now attached
- Circulation of the full report & new operating report is now on the union's website
- A full report to a second meeting to the committee of management occurred on 9th August 2011
- Attached is the full report as requested

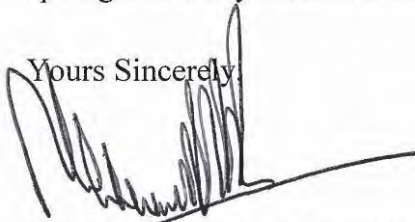
The Operating report is signed by Mr S Pollard Branch President and Mr Peter Mylan Acting General Secretary.

Branch Council resolved at a meeting held on 20th May 2011 that I be granted annual leave for the period 1/8/11 to 19/8/11 and that Mr Mylan was to act as the General Secretary in my stead for that period.

As I was not in attendance at the 9th August 2011 meeting I am therefore unable to sign the Operating Report.

If you require any further information please do not hesitate to contact me and I apologise for any inconvenience that may have occurred.

Yours Sincerely



MICHAEL WILLIAMSON
GENERAL SECRETARY



The Union for All
Health Workers

**Health Services Union
east Branch**

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Melbourne
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South Melbourne VIC 3205

**HEALTH SERVICES UNION
EAST BRANCH
(formerly HEALTH SERVICES UNION NEW SOUTH WALES BRANCH)**

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010**

HEALTH SERVICES UNION EAST BRANCH

OPERATING REPORT

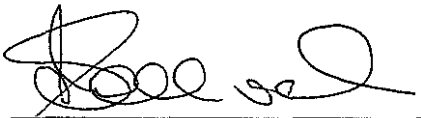
The Committee of Management presents its operating report of the Health Services Union East Branch for the reporting year ended 30 June 2010.

1. The principal activities of the Branch during the reporting period were:
 - a. That of a registered trade union;
 - b. Use the facilities of the AIRC, for the purpose of determining industrial issues under the Fair Work (Registered Organisation) Act 2009;
 - c. The Branch also utilises the AIRC services in the ACT, over which this Branch has jurisdictional coverage; and
 - d. On 24 May 2010 the union altered the rules of the Health Services Union. The alterations involved the merger of the Victoria No 1 and Victoria No 3 Branches with the New South Wales Branch. The Health Services Union New South Wales Branch was then renamed to HSU East Branch.
2. The surplus of the Branch for the reporting period 30 June 2010 amounted to \$2,869,564 (2009: surplus of \$36,952). As a result of the merger there has been a gain on the transfer of net assets from Victorian No 1 and Victorian No 3 branches of \$3,023,897. (Refer to Note 8 of the financial accounts.)
3. All members have a right to resign in accordance with rule 16.1 of the Union's Registered Rules and section 174(1) of the Fair Work (Registered Organisations) Act 2009. In accordance with section 174(1) of the Fair Work (Registered Organisations) Act 2009 a member of an organisation may resign from membership by written notice addressed and delivered to a person designated for the purpose in the rules of the organisation or a branch of the organisation. There was no change to this rule during the year.
4. Mr Michael Williamson is a director of First State Super. My Peter Mylan is a director of Health Super Pty Ltd, the trustee of the Health Superfund. He is nominated to that office by National Executive of the Health Services Union. Katherine Jackson is a director of H.E.S.T. Australia Ltd, the trustee of the HESTA Superfund.
5. The number of members of the Branch at the end of the reporting period was 51,599.
6. The Branch had 39 appointed employees as at the end of the reporting period, including full and part-time employees measured on a full-time equivalent basis.
7. The names of each person who were members of the Committee of Management, at any time, during the reporting period are as follows:

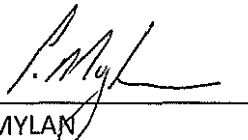
Name	Period	Name	Period	Name	Period	Name	Period
Stephen Pollard	1.7.09-30.6.10	Ted Hinge	1.7.09-30.6.10	Robert Matejin	24.5.10-30.6.10	Barbara Gray	24.5.10-30.6.10
Iris Knight	1.7.09-30.6.10	Sharon Joseph	1.7.09-30.6.10	Bryan Yeates	24.5.10-30.6.10	Stephen Sigismondi	24.5.10-30.6.10
Sean O'Connor	1.7.09-30.6.10	David Vealey	1.7.09-30.6.10	Jenny Dunlop	24.5.10-30.6.10	Lia Augoustakis	24.5.10-30.6.10
Lynne Russell	1.7.09-30.6.10	Michael Williamson	1.7.09-30.6.10	Shane Brasier	24.5.10-30.6.10	Patrick O'Brien	24.5.10-30.6.10
Anthony Llewellyn	1.7.09-30.6.10	Kevin Caldwell	1.7.09-30.6.10	Marco Bolano	24.5.10-30.6.10	Lyn Shepherd	24.5.10-30.6.10
Deborah Neumann	1.7.09-30.6.10	John Fitzroy	1.7.09-30.6.10	Phillip Kerr	24.5.10-30.6.10	Julie Graham	24.5.10-30.6.10
Warren Boon	1.7.09-30.6.10	Lynette Guymer	1.7.09-30.6.10	Stuart Bowles	24.5.10-30.6.10	Iva Wilken	24.5.10-30.6.10

Name	Period	Name	Period	Name	Period	Name	Period
Mark Hanlon	1.7.09-30.6.10	Linden Martin	1.7.09-30.6.10	Katherine Jackson	24.5.10-30.6.10	Kate Wilkinson	24.5.10-30.6.10
Dixie Campton	1.7.09-30.6.10	Clarence Smith	1.7.09-30.6.10	Reuben Dixon	24.5.10-30.6.10	Adriana Vespucci	24.5.10-30.6.10
Pauline O'Neill	1.7.09-30.6.10	Peter Beaton	1.7.09-30.6.10	Mark Hindson	24.5.10-30.6.10	Lisa Magnusson	24.5.10-30.6.10
Vickie Riley	1.7.09-30.6.10	Robyn Cosgrove	1.7.09-30.6.10	Carol Carmichael	24.5.10-30.6.10	Leonie Flynn	24.5.10-30.6.10
Mark Sterrey	1.7.09-30.6.10	Kim Goodlock	1.7.09-30.6.10	Jamie Martorana	24.5.10-30.6.10	Milica Nenadovic	24.5.10-30.6.10
Sharon McCullough	1.7.09-30.6.10			Joseph Grech	24.5.10-30.6.10	Terry Cox	24.5.10-30.6.10
				Loredana Scidone	24.5.10-30.6.10		

Signed in accordance with a resolution of the Committee of Management



 S POLLARD



 P J MYLAN

5 August 2011

HEALTH SERVICES UNION EAST BRANCH

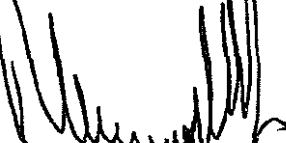
COMMITTEE OF MANAGEMENT'S STATEMENT

On 8 February 2011 the Committee of Management of the Health Services Union East Branch, passed the following resolution in relation to the general purpose financial report (GPFR) of the Branch for the year ended 30 June 2010.

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

- (a) the financial report and notes comply with the Australian Accounting Standards;
- (b) the financial report and notes comply with the reporting guidelines of the General Manager of Fair Work Australia;
- (c) the financial report and notes give a true and fair view of the financial performance, financial position and cash flows of the Branch for the year ended 30 June 2010.
- (d) there are reasonable grounds to believe that the Branch will be able to pay its debts as and when they become due and payable; and
- (e) during the reporting period ended 30 June 2010 and since the end of the period:
 - (i) meetings of the Committee of Management were held in accordance with the rules of the organisation and the rules of the Branch; and
 - (ii) the financial affairs of the Branch have been managed in accordance with the rules of the organisation and the rules of the Branch; and
 - (iii) the financial affairs of the Branch have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009; and
 - (iv) the financial records of the Branch have been kept, as far as practicable, in a consistent manner to each of the other branches and national office of the organisation; and
 - (v) no information has been sought in any request of a member of the Branch or the General Manager of Fair Work Australia under section 272 of the Fair Work (Registered Organisations) Act 2009; and
 - (vi) no orders have been made by the Industrial Registry under section 273 of the Fair Work (Registered Organisations) Act 2009.
- (f) during the year ended 30 June 2010 the branch did not participate in any recovery of wages activity.

For the Committee of Management:



M A WILLIAMSON

8 February 2011

HEALTH SERVICES UNION EAST BRANCH

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Year Ended 30 June 2010	Restated Year Ended 30 June 2009 (Refer to Note 1(j))
		\$	\$
INCOME			
Capitation Fees	1(j)	696,912	696,576
Contributions		946,401	183,418
Interest		8,148	7,132
Rent		3,401	-
Sponsorship		5,000	-
Advertising		10,571	-
Sundry		8,369	33
Gain on Transfer of Net Assets on Merging of Victorian Branches 1 & 3	8	<u>3,023,897</u>	<u>-</u>
TOTAL INCOME		<u>4,702,699</u>	<u>887,159</u>
LESS EXPENDITURE			
Depreciation			
Building		11,712	-
Motor Vehicles		2,615	-
Furniture and Fittings		3,385	-
Office Equipment		16,767	-
Computer Software		<u>261</u>	<u>-</u>
		<u>34,740</u>	<u>-</u>
Employee Benefits Expense			
Salaries and Allowances - Officials		53,418	-
- Other Staff		305,049	-
Accrued Annual Leave		62,355	-
Accrued Long Service Leave		38,352	-
Fringe Benefits Tax		20,872	5,099
Superannuation		<u>34,729</u>	<u>-</u>
		<u>514,775</u>	<u>5,099</u>

(The attached notes form part of these financial statements)

HEALTH SERVICES UNION EAST BRANCH

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

	Year Ended 30 June 2010	Restated Year Ended 30 June 2009 (Refer to Note 1(j))
	\$	\$
Other Expenses		
Affiliation Fees	1,339	3,792
Audit Fees	29,800	7,900
Bank Charges	7,673	1,552
Building Expenses	15,627	-
Campaigns	1,400	-
Capitation Fees - National Office	712,751	705,508
Computer Expenses	19,211	998
Conference & Meeting Allowances	-	-
Conference & Meeting Expenses	-	-
Delegates' Expenses	23,083	5,752
General Expenses	14,542	251
Honorarium	22,699	-
Insurance Expense	51,069	-
Loss on disposal of assets	1,094	-
Motor Vehicle Costs	28,642	-
National Health Development Aid	12,000	-
Organising and Travel	32,551	20,172
Payroll Tax	30,304	-
Printing & Stationery	10,677	1,645
Professional Fees	62,918	-
Rent	15,789	7,298
Service Fee - HSU East	158,619	89,858
Sponsorships	3,545	-
Staff Training/Development/Other	8,825	-
Telephone Expenses	19,462	382
	<u>1,283,620</u>	<u>845,108</u>
TOTAL EXPENDITURE	<u>1,833,135</u>	<u>850,207</u>
SURPLUS FOR THE YEAR	2,869,564	36,952
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>2,869,564</u>	<u>36,952</u>

(The attached notes form part of these financial statements)

HEALTH SERVICES UNION EAST BRANCH

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	30 June 2010	Restated 30 June 2009 (Refer to Note 1(j))
		\$	\$
CURRENT ASSETS			
Accrued Interest		19,546	238
Cash and cash equivalents	4	1,090,062	185,606
Debtor - HSU East		79,852	29,854
Debtor- HSUA National office		129,226	-
Investments		711	711
Prepayments		6,157	-
Trade Debtors		17,128	-
TOTAL CURRENT ASSETS		1,342,682	216,409
NON CURRENT ASSETS			
Property, Plant and Equipment	5	5,209,721	-
TOTAL NON CURRENT ASSETS		5,209,721	-
TOTAL ASSETS		6,552,403	216,409
LESS CURRENT LIABILITIES			
CURRENT LIABILITIES			
Creditor - HSUA National Office		682,510	-
GST Payable	1(j)	44,620	22,959
Lease Liability	10	10,394	-
Provision for Annual Leave		922,851	-
Provision for Long Service Leave		487,518	-
Sundry Creditors		173,841	15,519
Trade Creditors		1,028,250	-
TOTAL CURRENT LIABILITIES		3,349,984	38,478
NON CURRENT LIABILITIES			
Lease Liability	10	23,336	-
Provision for Long Service Leave		131,588	-
TOTAL NON CURRENT LIABILITIES		154,924	-
TOTAL LIABILITIES		3,504,908	38,478
NET ASSETS		3,047,495	177,931
ACCUMULATED FUNDS		3,047,495	177,931

(The attached notes form part of these financial statements)

HEALTH SERVICES UNION EAST BRANCH

STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Accumulated Funds
		\$
Balance at 30 June 2008		140,979
Total Comprehensive Income for the Year		54,368
Correction of Error	1(j)	<u>(17,416)</u>
Total Comprehensive Income after correction of Error		36,952
Balance at 30 June 2009		177,931
Total Comprehensive Income for the Year		<u>2,869,564</u>
Balance at 30 June 2010		<u>3,047,495</u>

(The attached notes form part of these financial statements)

HEALTH SERVICES UNION EAST BRANCH

STATEMENT OF CASH FLOWS FOR THE
YEAR ENDED 30 JUNE 2010

	Note	Year Ended 30 June 2010	Restated Year Ended 30 June 2009 (Refer to Note 1(j))
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Contributions		896,403	166,446
Capitation Fees		696,912	696,576
Interest Received		3,086	7,132
Other Income		27,341	33
Payments to Suppliers		(1,033,821)	(42,063)
Payment to National Office for Capitation Fees		(712,751)	(705,508)
Payment to HSU East for Service Fees		(158,619)	(89,858)
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES	6(b)	<u>(281,449)</u>	<u>32,758</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments		-	(5,981)
NET CASH USED IN INVESTING ACTIVITIES		<u>-</u>	<u>(5,981)</u>
NET (DECREASE) INCREASE IN CASH HELD		(281,449)	26,777
CASH AT 1 JULY 2009		185,606	158,829
Add Cash Acquired on Merger of Victorian Branches 1 & 3		1,185,905	-
CASH AT 30 JUNE 2010	6(a)	<u>1,090,062</u>	<u>185,606</u>

(The attached notes form part of these financial statements)

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. STATEMENT OF ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Fair Work (Registered Organisations) Act 2009.

Compliance with Australian equivalents to International Financial Reporting Standards ensures that the financial report comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS) except for:

- Segment reporting because AASB 114 "Segment Reporting" does not apply to not-for-profit organisations.
- Impairment of assets under AASB 136 "Impairment of assets"

BASIS OF PREPARATION

The financial report is for the East Branch of the Health Services Union, and in accordance with the Fair Work (Registered Organisations) Act 2009 the Branch is a reporting unit. The Health Services Union is an organisation registered under the Fair work (Registered Organisations) Act 2009. The East Branch is a branch of the registered organisation. In accordance with the Act the Union is a body corporate and has perpetual succession. By virtue of this method of incorporation, the Union and the East Branch are not subject to the Corporations Act 2001.

The financial report has been prepared on the basis of historical costs. 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 significant accounting policies adopted by the Branch in the preparation of the financial report.

(a) Revenue

Contributions are accounted for on a cash receipts basis. Otherwise, the concept of accrual accounting has been adopted in the preparation of the Accounts.

(b) Income tax

No provision for Income Tax is necessary as Industrial Trade Unions are exempt from Income Tax under Section 50-15 of the Income Tax Assessment Act 1997.

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

(c) Property, Plant and Equipment

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

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Branch commencing from the time the asset is ready for use.

The depreciation rates used for each class of asset are:

Building	2.5%
Computer Software	25%
Office Equipment	20% - 50%
Furniture & Fittings	10% - 20%
Motor Vehicles	25%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in the statement of comprehensive income in the year that the item is derecognised.

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the branch are classified as finance leases.

Finance Leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

(d) Impairment

The carrying amounts of non current assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised in the statement of comprehensive income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and value in use. For the purpose of assessing value in use, this represents depreciated current replacement cost, as the Union is a not-for-profit organisation.

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

(e) Employee Entitlements

Provision is made for the Branch's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on costs.

Other employee benefits payable later than one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. In the case of Long Service Leave this results in an amount not materially different to that achieved by discounting future cash flows.

Contributions are made by the Branch to employee superannuation funds and are charged as expenses when incurred.

(f) Receivables

Receivables are recognised at original invoice amounts. Collectability of receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off.

(g) Investments

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date, which is the date on which the entity commits to purchase, or sell the asset.

(h) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables on the statement of financial position are shown inclusive of GST.

(i) Accounting Standards Issued But Not Yet Effective

There have been no accounting standards issued which will impact the financial report in future periods and which are not yet effective.

(j) Restatement of Comparative and Correction of Error in Prior Year

GST on Capitation Fees

The 2009 accounts overstated capitation fees by \$17,416 and understated the GST liability by \$17,416. During the year ended 30 June 2010 the error was amended in the accounting records and the correct amount of GST paid to the ATO.

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Branch makes estimates and assumptions concerning the future. The resulting accounting estimates by definition seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

(b) Critical judgments in applying the Branch's accounting principles

There are no critical judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

3. INFORMATION TO BE PROVIDED TO MEMBERS OR GENERAL MANAGER OF FAIR WORK AUSTRALIA

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of Sub-Sections (1), (2) and (3) of Section 272 of the Fair Work (Registered Organisations) Act 2009 which read as follows:

- (1) A member of a reporting unit, or the General Manager of Fair Work Australia, 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).

	2010	2009
	\$	\$
4. CASH AND CASH EQUIVALENTS		
Cash on Hand	890	-
Cash at Bank	341,905	113,444
Term Deposits	747,267	72,162
	<u>1,090,062</u>	<u>185,606</u>

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

	2010 \$	2009 \$
5. PROPERTY, PLANT AND EQUIPMENT		
Land & Buildings at Deemed Cost	4,750,000	-
Less Accumulated Depreciation	(11,712)	-
	<u>4,738,288</u>	<u>-</u>
Motor Vehicles at Cost	260,895	-
Less Accumulated Depreciation	(78,899)	-
	<u>181,996</u>	<u>-</u>
Leased Motor Vehicles at Cost	46,236	-
Less Accumulated Depreciation	(16,214)	-
	<u>30,022</u>	<u>-</u>
Furniture and Fittings at Cost	440,641	-
Less Accumulated Depreciation	(232,171)	-
	<u>208,470</u>	<u>-</u>
Office Equipment at Cost	241,133	-
Less Accumulated Depreciation	(190,188)	-
	<u>50,945</u>	<u>-</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>5,209,721</u>	<u>-</u>

(a) MOVEMENTS IN CARRYING AMOUNTS

	Balance at 30 June 2009 \$	Additions on Merger of Victorian Branches \$	Disposals \$	Depreciation \$	Balance at 30 June 2010 \$
Land & Buildings at deemed cost	-	4,750,000	-	(11,712)	4,738,288
Motor Vehicles at cost	-	187,121	-	(5,125)	181,996
Motor Vehicles Leased	-	27,512	-	2,510	30,022
Furniture and Fittings at cost	-	211,855	-	(3,385)	208,470
Office Equipment at cost	-	67,712	-	(16,767)	50,945
Computer Software at cost	-	1,355	(1,094)	(261)	-
	<u>-</u>	<u>5,245,555</u>	<u>(1,094)</u>	<u>(34,740)</u>	<u>5,209,721</u>

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

	2010	2009
	\$	\$
6. CASH FLOW INFORMATION		
a) Reconciliation of cash		
For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at bank and term deposits. Cash at the end of the period as shown in the Statement is reconciled to the related items in the statement of financial position as follows:		
Cash on Hand	890	-
Cash at Bank	341,905	113,444
Term Deposits	747,267	72,162
	<u>1,090,062</u>	<u>185,606</u>
b) Reconciliation of cash flows from operations with operating surplus		
Net Surplus for the Year	1(j) 2,869,564	36,952
Non-Cash Flows in Net Surplus		
Depreciation	34,740	-
Gain on Transfer of Net Assets on Merging of Victorian Branches 1 & 3	(3,023,897)	-
Loss on disposal of assets	1,094	-
Changes in Assets and Liabilities net of the effects of the Merger		
Decrease in Prepayments	827	-
(Increase) in Debtors - HSU East	(49,998)	(16,972)
(Increase) in Interest Accrued	(5,062)	(238)
(Decrease) / Increase in Sundry Creditors and GST Payable	(209,424)	13,016
Increase in Provisions	100,707	-
Cash Flows from Operations	<u>(281,449)</u>	<u>32,758</u>

7. RELATED PARTY TRANSACTIONS

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

Transactions with the Health Services Union - National Office:

Capitation Fees - National Office capitation fees are disclosed as an expense in the Statement of Comprehensive Income and as a payment in the Statement of Cash Flows.

Transactions with HSU East:

Service Fees - HSU East service fees are disclosed as an expense in the Statement of Comprehensive Income and as a payment in the Statement of Cash Flows.

The amounts receivable from/payable to Health Services Union - National Office and the amount receivable from HSU East at balance date are disclosed in the statement of financial position as current assets/liabilities, as appropriate.

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

7. RELATED PARTY TRANSACTIONS (Cont'd)

The aggregate amount of remuneration paid to officials during the financial year is disclosed in the Statement of Comprehensive Income.

The aggregate amount paid during the financial year to a superannuation plan in respect of elected full time officers is \$7,532 (2009: \$NIL).

There have been no other transactions between the officials and the Union other than those relating to their membership of the Union and the 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.

8. MERGER OF VICTORIAN NO1 AND VICTORIAN NO 3 BRANCHES

On 24 May 2010 the union altered the rules of the Health Services Union. The alterations involved the merger of the Victoria No.1 and Victoria No.3 Branches into the New South Wales Branch. The Health Services Union New South Wales Branch was then renamed to Health Services Union East Branch.

Net Assets merged into the New South Wales Branch were as follows:

	Victoria No 1	Victoria No 3	Total
Net Assets per the signed accounts at 24 May 2010	3,144,462	970,007	4,114,469
Less fair value adjustment on merger (a)	(1,220,572)	-	(1,220,572)
Add creditor adjustment	130,000	-	130,000
	<u>2,053,890</u>	<u>970,007</u>	<u>3,023,897</u>

- (a) Land and Buildings of Victoria No 1 Branch were acquired on Merger with a net book value of \$5,970, 572 including Improvements. The Committee of Management have determined that the book value should be reduced to \$4,750,000 to reflect current market information on the land and buildings.

Committee of Management - Deemed Cost based on current market information	4,750,000
Net Book Value of Land and Buildings on Date of Merger	<u>5,970,572</u>
	<u>(1,220,572)</u>

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

9. FINANCIAL RISK MANAGEMENT

Financial Instruments

	2010	2009
	\$	\$
Financial Assets		
Cash and cash equivalents	1,090,062	185,606
Debtor - HSU East	79,852	29,854
Debtor - HSUA National Office	129,226	-
Investment - Shares in listed company	711	711
Trade Debtors	17,128	-
Total Financial Assets	<u>1,316,979</u>	<u>216,171</u>
Financial Liabilities		
Creditor - HSUA National Office	682,510	-
Lease Liability	33,730	-
Sundry Creditors	173,841	15,519
Trade Creditors	<u>1,028,250</u>	<u>-</u>
Total Financial Liabilities	<u>1,918,331</u>	<u>15,519</u>

(a) *General objectives, policies and processes*

The Branch is exposed to risks that arise from its use of financial instruments. This note describes the Branch's objectives, policies and processes for managing those risks and the methods used to measure them.

Other than as a consequence of the merger with Victoria No 1 and No 3 branches, there have been no substantive changes in the Branch's exposure to financial instrument risk its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Branch's financial instruments consist mainly of deposits with banks and other financial institutions, receivables and payables. The main risks the Branch is exposed to through its financial instruments are liquidity risk, credit risk and market risk.

The Committee of Management has overall responsibility for the determination of the Branch's risk management objectives and policies and whilst retaining ultimate responsibility for them, the Committee of Management makes investment decisions after considering appropriate advice.

(b) *Credit Risk*

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Branch incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Branch.

The Branch has two major debtors the Health Services Union East and the Health Services Union National Office. There is no history of default by the debtors to the Branch.

To mitigate the credit risk associated with cash at bank and term deposits, these are only deposited at reputable financial institutions.

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

9. FINANCIAL RISK MANAGEMENT (cont'd)

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provision for doubtful debts, as disclosed below:

	2010	2009
	\$	\$
Cash at Bank	341,905	113,444
Cash Investments - Term Deposits	747,267	72,162
Debtor - HSU East	79,852	29,854
Debtor - HSUA National Office	129,226	-
Trade Debtors	17,128	-
	1,315,378	215,460

There has been no history of default and all receivables are likely to be repaid within the expected terms.

(c) *Liquidity Risk*

The Branch manages liquidity risk by monitoring cash flows.

Liquidity risk is the risk that the Branch may encounter difficulties raising funds to meet commitments associated with financial instruments. The Branch is exposed to this risk, as it has \$1,090,062 (2009: \$185,606) in cash and cash equivalents to meet these obligations as they fall due. Financial liabilities at 30 June 2010 totalled \$1,918,331 (2009: \$15,519).

(d) *Market Risk*

Market risk arises from the use of interest bearing, tradable financial instruments. It is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or other market factors (other price risk).

(i) *Interest Rate Risk*

The Branch's exposure to interest rate risk is the risk that a financial instrument's value fluctuates as a result of changes in market interest rates. The Branch holds excess cash in fixed short term deposits to mitigate interest rate fluctuation risks. The Branch monitors and manages its interest rate risk by reviewing market trends. Upon maturity, term deposits will be reinvested into a new term deposit at the prevailing interest rate. The effective weighted average interest rates on those financial assets and liabilities are summarised below:

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

9. FINANCIAL RISK MANAGEMENT (cont'd)

(i) Interest Rate Risk (cont'd)

	Floating interest rate	Fixed interest rate	Non- interest Bearing	Total
	\$	\$	\$	\$
Year Ended 30 June 2010				
Financial Assets				
Cash and Cash Equivalents	341,905	747,267	890	1,090,062
Receivables	-	-	226,206	226,206
Investment	-	-	711	711
	<u>341,905</u>	<u>747,267</u>	<u>227,807</u>	<u>1,316,979</u>
Weighted average Interest rate	1.20%	5.56%		
Financial Liabilities				
Payables	-	33,730	1,884,601	1,918,331
Net financial assets (liabilities)	<u>341,905</u>	<u>713,537</u>	<u>(1,656,794)</u>	<u>(601,352)</u>
Year Ended 30 June 2009				
Financial Assets				
Cash and Cash Equivalents	113,444	72,162	-	185,606
Receivables	-	-	29,854	29,854
Investments	-	-	711	711
	<u>113,444</u>	<u>72,162</u>	<u>30,565</u>	<u>216,171</u>
Weighted average Interest rate	1.50%	3.65%		
Financial Liabilities				
Payables	-	-	15,519	15,519
Net financial assets	<u>113,444</u>	<u>72,162</u>	<u>15,046</u>	<u>200,652</u>

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

9. FINANCIAL RISK MANAGEMENT (cont'd)

(i) Interest Rate Risk (cont'd)

Sensitivity Analysis

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the branch's profit (through the impact on floating rate and short term deposit financial assets).

Year Ended 30 June 2010	Carrying Amount	+1% Profit	-1% Loss
Cash and Cash Equivalents	\$ 1,089,172	\$ 10,892	\$ (10,892)
		10,892	(10,892)
Year Ended 30 June 2009	Carrying Amount	+1% Profit	-1.5% Loss
Cash and Cash Equivalents	\$ 185,606	\$ 1,856	\$ (2,784)
		1,856	(2,784)

(ii) Other Price Risks

The Branch does not invest in derivatives therefore it does not expose itself to the fluctuations in price that are inherent in such a market. There is no sensitivity analysis for other price risk because although the Branch holds a small number of shares in a listed company their value as a percentage of investments, is considered immaterial.

(iii) Foreign Exchange Risk

The Branch is not exposed to foreign exchange rate risk.

10. CAPITAL AND LEASING COMMITMENTS

Operating Lease Commitments

Non- cancellable operating leases contracted for but not capitalised in the financial statements:

	2010	2009
	\$	\$
Payable - minimum lease payments:		
- Not later than 12 months	47,184	-
- Between 12 months and 5 years	115,698	-
	162,882	-

Operating lease commitments relates to the lease of four Konica Minolta photocopiers and office equipment.

HEALTH SERVICES UNION EAST BRANCH

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)**

10. CAPITAL AND LEASING COMMITMENTS (Cont'd)

	Notes	2010 \$	2009 \$
Finance Lease Commitments			
Payable			
- Not later than 12 months		12,180	-
- Between 12 Months and 5 Years		<u>24,403</u>	<u>-</u>
		36,583	-
Less future finance charges		<u>(2,853)</u>	<u>-</u>
Present Value of Minimum lease payments		<u>33,730</u>	<u>-</u>
Current Liability		10,394	-
Non Current Liability		<u>23,336</u>	<u>-</u>
		<u>33,730</u>	<u>-</u>

At 30 June 2010 the Branch had 3 motor vehicle finance lease commitments which all expire on 26 September 2011.

11. FLOOD DAMAGE - PROPERTY, PLANT & EQUIPMENT

In February 2010, a flood occurred at the Health Services Union offices in Park Street South Melbourne, Victoria. The interior of the office premises received extensive water damage and as a result, many assets were water damaged and required to be replaced. An insurance claim has been lodged in regards to this event. As at the time of the signing of the Financial Statements, the insurance claim is still in the process of being finalised and as a result, the final outstanding sum receivable is still to be determined. The written down values of the assets that were destroyed in the flood and the consideration received up until year end to replace these assets were determined to be immaterial, and not adjusted in the Financial Statements.

12. GOING CONCERN

As at 30 June 2010 the Branch had net assets of \$3,047,495 however its current liabilities of \$3,349,984 exceeded its current assets of \$1,342,682. The Branch is reliant on the financial support of a related Union, HSU East. HSU East has undertaken to provide financial support in order for the HSU East Branch to meet its debts as and when they fall due.

13. REGISTERED OFFICE

The registered office and principal place of business of the Branch is:

Level 2,
109 Pitt Street
Sydney NSW 2000

INDEPENDENT AUDITOR'S REPORT

To the members of the Health Services Union East Branch

We have audited the accompanying financial report of the Health Services Union East Branch, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in accumulated funds and statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the Branch Committee of Management's statement

Committee of Management's and Branch Secretary's Responsibility for the Financial Report

The committee of management and branch secretary of the Health Services Union East Branch are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee of management and branch secretary, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies and the Fair Work (Registered Organisations) Act 2009.



INDEPENDENT AUDIT REPORT (Cont'd)

Auditor's Opinion

In our opinion, the general purpose financial report of the Health Services Union East Branch is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.

A handwritten signature in black ink, appearing to be 'BDO'.

BDO Audit (NSW-VIC) Pty Ltd

A handwritten signature in black ink, appearing to be 'David McLean'.

David McLean
Director
Member of Institute of Chartered Accountants
And Holder of Current Public Practice Certificate
Registered Company Auditor
SYDNEY NSW 2000

8 February 2011



FAIR WORK
AUSTRALIA

25 July 2011

Mr Michael Williamson
General Secretary
HSU East Branch
Health Services Union
Level 2
109 Pitt Street
SYDNEY NSW 2000

Dear Mr Williamson,

**Financial report for the year ended 30 June 2010
HSU East Branch - FR2010/2809**

I refer to my letter to you dated 16 May 2011 in which I set out four matters which required a response from HSU East Branch (**the Branch**) regarding its financial report for the year ended 30 June 2010, namely:

- lodgment with FWA of the concise report that was circulated to members on 17 February 2011;
- lodgment of a new operating report with FWA, together with information about its circulation to members and presentation to a meeting;
- provision to FWA of minutes of meetings of the committee of management on 8 February 2011; and
- receipt by FWA of information from the auditor regarding the signing of the auditor's report between the two committee of management meetings that were held on 8 February 2011.

I received a letter in reply dated 23 May 2011 from the Branch's financial controller, Mr Barry Gibson, which failed to address any of the issues raised in my letter of 16 May 2011 with the exception of providing minutes of one meeting of the committee of management that was held on 8 February 2011.

Given the Branch's inadequate response to my letter of 16 May 2011, I wrote to the Branch's auditor, Mr David McLean of BDO, on 6 June 2011. I subsequently provided the Branch with a copy of my letter to Mr McLean under cover of letter dated 7 June 2011.

I have now received a reply from Mr McLean dated 6 July 2011, a copy of which is attached.

I note, in particular, that Mr McLean states the following:

- BDO have not audited a concise report of the Branch for the year ended 30 June 2010 and are of the opinion that reference to such a concise report was made in error;
- The auditor's report was signed after the 'first meeting' on 8 February 2011; and

- The Branch has advised BDO that the 'second meeting' is not scheduled to be held until 9 August 2011 (my emphasis).

As previously outlined at heading 1.3 of my letter dated 16 May 2011, the *Fair Work (Registered Organisations) Act 2009 (RO Act)* sets out a particular chronological order in which financial documents must be prepared, made available to members and presented to meetings. The process requires two separate meetings to be held. At the second of those two meetings, the RO Act requires the 'full report' (including the GPFR, signed auditor's report and operating report) to be presented to either a general meeting of members or (where the rules allow) a meeting of the committee of management. This must occur **within six months of the end of the financial year - that is, by 31 December of each year**. I note that this requirement is a civil penalty provision (see subsection 266(1) of the RO Act).

The fact that the Branch has lodged its financial report with FWA prior to the second meeting is evidence of the failure of the Branch to understand fundamental requirements of the financial reporting process. Further, the Branch's auditor has stated that the Branch does not intend to hold the 'second' meeting until 9 August 2011, being more than 8 months after the deadline of 31 December 2010 that is set out under subsection 266(1) of the RO Act.

In light of the response from Mr McLean and those requirements that I set out in my letter dated 16 May 2011 to which no response has been received, the Branch is now required to do the following:

1. Provide confirmation in writing regarding whether the Branch prepared a concise report for the year ended 30 June 2010;
2. Prepare a new operating report addressing the deficiencies raised in paragraphs 1.2.1 to 1.2.3 of my letter of 16 May 2011;
3. Circulate the 'full report' (including the GPFR, signed auditor's report and new operating report) to members;
4. Present the 'full report' to a 'second meeting' of either the committee of management (as provided for in rule 69(b) of the HSU Rules) or of members; and
5. Within 14 days of that 'second meeting', lodge the full report with FWA.

If you have any questions, I may be contacted on (03) 8661 7767 or at ailsa.carruthers@fwa.gov.au.

Yours sincerely,



Ailsa Carruthers
Deputy Director
Organisations

Ailsa Carruthers
Deputy Director
Organisations
Fair Work Australia
11 Exhibition Street
MELBOURNE VIC 3000

6 July 2011



Dear Ms Carruthers

**Health Services Union - HSU East Branch
Financial Report for the year ended 30 June 2010 - FR2010/2809**

We are writing in response to your letter dated 6 June 2011 in which you seek the following.

1. **Concise Report:** both section 268 certificates that have been signed by the General Secretary, Mr Michael Williamson, state that a concise report was provided to members. The RO Act sets out particular requirements regarding the circulation of concise reports, one of which is that the concise report must be separately audited (see paragraph 265(3)(c) of the RO Act). I therefore seek information from you regarding whether you have audited the concise report of the Branch for the year ended 30 June 2010 in addition to your audit of the full report.

Response

We have not audited a concise report of the Branch for the year ended 30 June 2010. Such a report was not prepared by the Branch and we therefore believe reference was made to a concise report in error.

2. **Documents tabled at the Branch Committee of management meeting on 8 February 2011:** you are requested to provide FWA with a copy of the documents that are referred to in the minutes as having been provided by BDO Kendall to the Branch and that were tabled by Mr Williamson at the meeting on 8 February 2011.

Response

We did not attend the meeting dated 8 February 2011. However we presume that the documents referred to comprised the unsigned full report for the year ended 30 June 2010.

3. **Signing of auditor's report between committee of management meetings:** as set out at paragraph 1.3 of my letter to the Branch dated 16 May 2011, the RO Act sets out a particular sequence of events that must occur in order for the Branch to meet the regulatory requirements that are set out in Part 3 of Chapter 8 of the Act, namely:
 - a. The Branch Committee of Management must hold a meeting at which it passes resolutions in accordance with paragraphs 24 to 26 of the Industrial Registrar's Reporting Guidelines regarding its governance of the reporting unit (**the first meeting**). These resolutions are set out in the Committee of Management statement that was signed by Mr Williamson on 8 February 2011;

- b. *It is only after the auditor has viewed the signed Committee of Management statement that he or she is able to sign the auditor's report (see, in particular, paragraph 54 of Australia Auditing Standard ASA 700 The auditor's report on a General Purpose Financial Report); and*
- c. *Upon receipt by the Branch of the signed auditor's report, the full report must be presented to another meeting of the Committee of Management (or a general meeting of members) in accordance with the requirements of section 266 of the RO Act (the second meeting).*

I therefore seek written confirmation from you that your auditor's report was signed after the first meeting but before the second meeting of the Branch Committee of Management on 8 February 2011.

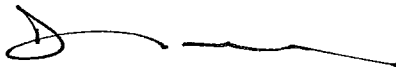
Response

The first meeting was held on 8 February 2011 at which the Committee of Management statement was signed. After we received the signed accounts we attached our signed auditor's report to them and returned the accounts to the HSU East Branch. We have been advised that the second meeting is not scheduled to be held until 9 August 2011.

We confirm that our auditor's report was signed after the first meeting but before the second meeting.

Should you have any further queries, please do not hesitate to contact us.

Yours sincerely
BDO Audit (NSW-VIC) Pty Ltd



David McLean
Director

Ailsa Carruthers
Deputy Director
Organisations
Fair Work Australia
11 Exhibition Street
MELBOURNE VIC 3000

6 July 2011



Dear Ms Carruthers

**Health Services Union - HSU East Branch
Financial Report for the year ended 30 June 2010 - FR2010/2809**

We are writing in response to your letter dated 6 June 2011 in which you seek the following.

1. **Concise Report:** both section 268 certificates that have been signed by the General Secretary, Mr Michael Williamson, state that a concise report was provided to members. The RO Act sets out particular requirements regarding the circulation of concise reports, one of which is that the concise report must be separately audited (see paragraph 265(3)(c) of the RO Act). I therefore seek information from you regarding whether you have audited the concise report of the Branch for the year ended 30 June 2010 in addition to your audit of the full report.

Response

We have not audited a concise report of the Branch for the year ended 30 June 2010. Such a report was not prepared by the Branch and we therefore believe reference was made to a concise report in error.

2. **Documents tabled at the Branch Committee of management meeting on 8 February 2011:** you are requested to provide FWA with a copy of the documents that are referred to in the minutes as having been provided by BDO Kendall to the Branch and that were tabled by Mr Williamson at the meeting on 8 February 2011.

Response

We did not attend the meeting dated 8 February 2011. However we presume that the documents referred to comprised the unsigned full report for the year ended 30 June 2010.

3. **Signing of auditor's report between committee of management meetings:** as set out at paragraph 1.3 of my letter to the Branch dated 16 May 2011, the RO Act sets out a particular sequence of events that must occur in order for the Branch to meet the regulatory requirements that are set out in Part 3 of Chapter 8 of the Act, namely:
 - a. The Branch Committee of Management must hold a meeting at which it passes resolutions in accordance with paragraphs 24 to 26 of the Industrial Registrar's Reporting Guidelines regarding its governance of the reporting unit (**the first meeting**). These resolutions are set out in the Committee of Management statement that was signed by Mr Williamson on 8 February 2011;

- b. *It is only after the auditor has viewed the signed Committee of Management statement that he or she is able to sign the auditor's report (see, in particular, paragraph 54 of Australia Auditing Standard ASA 700 The auditor's report on a General Purpose Financial Report); and*
- c. *Upon receipt by the Branch of the signed auditor's report, the full report must be presented to another meeting of the Committee of Management (or a general meeting of members) in accordance with the requirements of section 266 of the RO Act (the second meeting).*

I therefore seek written confirmation from you that your auditor's report was signed after the first meeting but before the second meeting of the Branch Committee of Management on 8 February 2011.

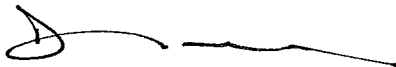
Response

The first meeting was held on 8 February 2011 at which the Committee of Management statement was signed. After we received the signed accounts we attached our signed auditor's report to them and returned the accounts to the HSU East Branch. We have been advised that the second meeting is not scheduled to be held until 9 August 2011.

We confirm that our auditor's report was signed after the first meeting but before the second meeting.

Should you have any further queries, please do not hesitate to contact us.

Yours sincerely
BDO Audit (NSW-VIC) Pty Ltd



David McLean
Director



FAIR WORK
AUSTRALIA

7 June 2011

Mr Michael Williamson
General Secretary
HSU East Branch
Health Services Union
Level 2
109 Pitt Street
SYDNEY NSW 2000

Attention: Mr Barry Gibson

Dear Mr Williamson,

**Financial report for the year ended 30th June 2010
HSU East Branch - FR2010/2809**

I attach, for your information, a copy of correspondence sent to the auditor of the HSU East Branch for the financial year ended 30 June 2010, Mr David McLean of BDO Kendalls.

If you have any questions, please contact me on (03) 8661 7767 or at ailsa.carruthers@fwa.gov.au.

Yours sincerely,

Ailsa Carruthers
Deputy Director
Organisations



FAIR WORK
AUSTRALIA

6 June 2011

Mr David McLean
BDO Kendall
GPO Box 2551
SYDNEY NSW 2001

Dear Mr McLean,

**Health Services Union - HSU East Branch
Financial Report for year ended 30 June 2010 - FR2010/2809**

I am writing to you as the auditor of the HSU East Branch (**the Branch**) for the year ended 30 June 2010. A copy of your audit report dated 8 February 2010 was lodged by the Branch with Fair Work Australia (**FWA**) on 21 February 2011 as part of the Branch's full financial report. A copy of the Branch's financial report is enclosed.

I wrote to the Branch on 16 May 2011 regarding a number of issues concerning its compliance with the requirements of the *Fair Work (Registered Organisations) Act 2009 (RO Act)*. A copy of that letter is also enclosed.

In my letter of 16 May 2011 I sought further advice or action from the Branch regarding four matters in particular, namely:

1. Lodgement by the Branch of the concise report that is referred to in the section 268 certificate signed by Mr Williamson on 17 February 2011;
2. Lodgement of a new operating report;
3. Provision to FWA of minutes of the Branch Committee of Management meetings held on 8 February 2011; and
4. Information from you (as auditor) regarding your signing of the auditor's report between the 'first' and 'second' meetings of the Branch Committee of Management.

I received a reply from the Branch on 26 May 2011, a copy of which is enclosed. The letter in reply enclosed:

- a freshly executed section 268 certificate (dated 24 May 2011) that, once again, refers to circulation of a concise report to members (although the date of circulation is said in the second certificate to be 11 February 2011 rather than 17 February 2011);
- what appear to be exactly the same set of accounts as were lodged on 21 February 2011 (including the same operating report); and
- two pages which appear to have been extracted from minutes of the Branch Committee of Management meeting that was held on 8 February 2011.

The letter in reply did not contain a copy of the concise report that is said to have been circulated to members on either 11 or 17 February 2011 nor did it address whether a concise report was, in fact, circulated (or whether, for instance, reference was made to a concise report in error).

In addition, the letter in reply did not enclose the information that I had requested that the Branch obtain from you, as auditor, regarding the sequence of events surrounding your signing of the auditor's report on 8 February 2011.

Minutes of the committee of management meeting on 8 February 2011 that were supplied show that a resolution was passed as required by the Industrial Registrar's reporting guidelines. The minutes also state that:

The General Secretary reported that he had received from the Auditors, BDO Kendall's the Union's Financial Statement for the year ended 30th June 2010. The General Secretary advised that the Financial Statement was also tabled at the Branch Audit and Compliance committee meeting. Mr Williamson tabled the documents.

A copy of the documents that were tabled at that meeting has not been provided to FWA.

I am now seeking the following from you:

1. **Concise Report:** both section 268 certificates that have been signed by the General Secretary, Mr Michael Williamson, state that a concise report was provided to members. The RO Act sets out particular requirements regarding the circulation of concise reports, one of which is that the concise report must be separately audited (see paragraph 265(3)(c) of the RO Act).

I therefore seek information from you regarding whether you have audited a concise report of the Branch for the year ended 30 June 2010 in addition to your audit of the full report.

2. **Documents tabled at the Branch Committee of management meeting on 8 February 2011:** you are requested to provide FWA with a copy of the documents that are referred to in the minutes as having been provided by BDO Kendall to the Branch and that were tabled by Mr Williamson at the meeting on 8 February 2011.
3. **Signing of auditor's report between committee of management meetings:** as set out at paragraph 1.3 of my letter to the Branch dated 16 May 2011, the RO Act sets out a particular sequence of events that must occur in order for the Branch to meet the regulatory requirements that are set out in Part 3 of Chapter 8 of that Act, namely:
 - a. the Branch Committee of Management must hold a meeting at which it passes resolutions in accordance with paragraphs 24 to 26 of the Industrial Registrar's Reporting Guidelines regarding its governance of the reporting unit (**the first meeting**). These resolutions are set out in the Committee of Management statement that was signed by Mr Williamson on 8 February 2011;
 - b. it is only after the auditor has viewed the signed Committee of Management statement that he or she is able to sign the auditor's report (see, in particular, paragraph 54 of Australian Auditing Standard ASA 700 *The Auditor's Report on a General Purpose Financial Report*); and
 - c. upon receipt by the Branch of the signed auditor's report, the 'full report' must be presented to another meeting of the Committee of Management (or to a general meeting of members) in accordance with the requirements of section 266 of the RO Act (**the second meeting**).

I therefore seek written confirmation from you that your auditor's report was signed after the 'first meeting' but before the 'second meeting' of the Branch Committee of Management on 8 February 2011.

Please contact me on (03) 8661 7767 or at ailsa.carruthers@fwa.gov.au if you have any questions.

Yours sincerely,



Ailsa Carruthers
Deputy Director
Organisations

18 February 2011



The General Manager
Fair Work Australia
GPO Box 1994
MELBOURNE VIC 3001



HSU east
ABN 93 728 534 595

Sydney
Level 2, 109 Pitt Street
Sydney NSW 2000
Email: info@hsueast.com

Melbourne
208 - 212 Park Street
South Melbourne Vic 3205
Email: info@hsueast.com

Tel: 1300 478 679
Fax: 1300 329 478
Web: www.hsueast.com
E-mail: info@hsueast.com

Dear Sir/Madam

Lodgement of Financial Accounts for Health Services Union East Branch

Please find enclosed the financial statements for Health Services Union East Branch for the period ended 30 June 2010.

If you require any further information please contact me on (02) 9229 4909.

Yours faithfully
Health Services Union East Branch

A handwritten signature in black ink, appearing to read "Michael Williamson".

Michael Williamson
General Secretary

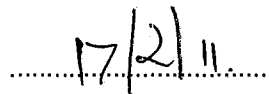
SECTION 268 CERTIFICATE

I, Michael Williamson, General Secretary of the Health Services Union East Branch certify:

- That the documents lodged herewith for the period ended 30 June 2010 are copies of the full report, referred to in s268 of the Fair Work (Registered Organisations) Act 2009; and
- That the concise report was provided to members on 17 February 2011; and
- That the full report was presented to a meeting of the Committee of Management of the reporting unit on 8 February 2011, in accordance with s266 of the Fair Work (Registered Organisations) Act 2009.



General Secretary – Michael Williamson



Date

**HEALTH SERVICES UNION
EAST BRANCH
(formerly HEALTH SERVICES UNION NEW SOUTH WALES BRANCH)**

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010**

HEALTH SERVICES UNION EAST BRANCH

OPERATING REPORT

The Committee of Management presents its operating report of the Health Services Union East Branch for the reporting year ended 30 June 2010.

1. The principal activities of the Branch during the reporting period were:
 - b) That of a registered trade union;
 - c) Use the facilities of the AIRC, for the purpose of determining industrial issues under the Fair Work (Registered Organisations) Act 2009;
 - d) The Branch also utilises the AIRC services in the ACT, over which this Branch has jurisdictional coverage; and
 - e) No significant change in the nature of these activities occurred during the period.
2. The surplus of the Branch for the reporting period 30 June 2010 amounted to 2,869,564 (2009: surplus of \$36,952). As a result of the merger there has been a gain on the transfer of net assets from Victorian No 1 and Victorian No 3 branches of \$3,023,897. (refer to Note 8 of the financial accounts).
3. All members have a right to resign in accordance with rule 16.1 of the Union's Registered Rules and section 174(1) of the Fair Work (Registered Organisations) Act 2009. In accordance with section 174(1) of the Fair Work (Registered Organisations) Act 2009 a member of an organisation may resign from membership by written notice addressed and delivered to a person designated for the purpose in the rules of the organisation or a branch of the organisation. There was no change to this rule during the year.
4. Mr Michael Williamson is a director of First State Super. Mr Peter Mylan is a director of Health Super Pty Ltd, the trustee of the Health Superfund. He is nominated to that office by the National Executive of the Health Services Union. Katherine Jackson is a director of H.E.S.T. Australia Ltd, the trustee of the HESTA Superfund.
5. The number of members of the Branch at the end of the reporting period was 18,956.
6. The Branch had 39 appointed employees as at the end of the reporting period, including full and part-time employees measured on a full-time equivalent basis.
7. The names of each person who were members of the Committee of Management, at any time, during the reporting period are as follows:

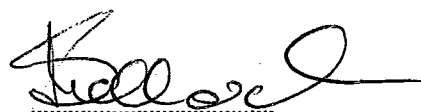
1 July 2009 to 30 June 2010

Stephen Pollard	Iris Knight	Kim Goodlock	Ted Hinge
Sean O'Connor	Lynne Russell	Sharon Joseph	David Vealey
Anthony Llewellyn	Deborah Neumann	Michael Williamson	Kevin Caldwell
Warren Boon	Mark Hanlon	John Fitzroy	Lynette Guymer
Dixie Campton	Barbara Gray	Linden Martin	Clarence Smith
Pauline O'Neill	Vickie Riley	Peter Beaton	Katherine Jackson
Mark Sterrey	Sharon McCullough	Robyne Cosgrove	Kate Wilkinson
Robert Matejin	Bryan Yeates	Reuben Dixon	Adriana Vespucci
Stephen Sigismondi	Jenny Dunlop	Mark Hindson	Lisa Magnusson
Lia Augoustakis	Shane Brasier	Carol Carmichael	Leonie Flynn
Patrick O'Brien	Marco Bolano	Jamie Martorana	Milicia Nenadovic
Lyn Shepherd	Phillip Kerr	Joseph Grech	Brett Davidson
Julie Graham	Stuart Bowles	Loredana Scidone	Terry Cox
Iva Wilken			

HEALTH SERVICES UNION EAST BRANCH

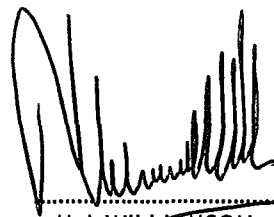
OPERATING REPORT (Cont'd)

Signed in accordance with a resolution of the Committee of Management



S POLLARD

8 February 2011



M A WILLIAMSON

HEALTH SERVICES UNION EAST BRANCH

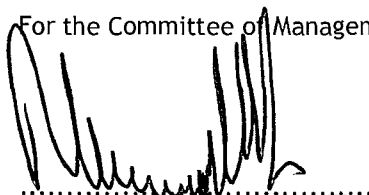
COMMITTEE OF MANAGEMENT'S STATEMENT

On 8 February 2011 the Committee of Management of the Health Services Union East Branch, passed the following resolution in relation to the general purpose financial report (GPFR) of the Branch for the year ended 30 June 2010.

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

- (a) the financial report and notes comply with the Australian Accounting Standards;
- (b) the financial report and notes comply with the reporting guidelines of the General Manager of Fair Work Australia;
- (c) the financial report and notes give a true and fair view of the financial performance, financial position and cash flows of the Branch for the year ended 30 June 2010.
- (d) there are reasonable grounds to believe that the Branch will be able to pay its debts as and when they become due and payable; and
- (e) during the reporting period ended 30 June 2010 and since the end of the period:
 - (i) meetings of the Committee of Management were held in accordance with the rules of the organisation and the rules of the Branch; and
 - (ii) the financial affairs of the Branch have been managed in accordance with the rules of the organisation and the rules of the Branch; and
 - (iii) the financial affairs of the Branch have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009; and
 - (iv) the financial records of the Branch have been kept, as far as practicable, in a consistent manner to each of the other branches and national office of the organisation; and
 - (v) no information has been sought in any request of a member of the Branch or the General Manager of Fair Work Australia under section 272 of the Fair Work (Registered Organisations) Act 2009; and
 - (vi) no orders have been made by the Industrial Registry under section 273 of the Fair Work (Registered Organisations) Act 2009.
- (f) during the year ended 30 June 2010 the branch did not participate in any recovery of wages activity.

For the Committee of Management:



M A WILLIAMSON

8 February 2011

HEALTH SERVICES UNION EAST BRANCH

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Year Ended 30 June 2010	Restated Year Ended 30 June 2009 (Refer to Note 1(j))
		\$	\$
INCOME			
Capitation Fees	1(j)	696,912	696,576
Contributions		946,401	183,418
Interest		8,148	7,132
Rent		3,401	-
Sponsorship		5,000	-
Advertising		10,571	-
Sundry		8,369	33
Gain on Transfer of Net Assets on Merging of Victorian Branches 1 & 3	8	<u>3,023,897</u>	<u>-</u>
TOTAL INCOME		<u>4,702,699</u>	<u>887,159</u>
LESS EXPENDITURE			
Depreciation			
Building		11,712	-
Motor Vehicles		2,615	-
Furniture and Fittings		3,385	-
Office Equipment		16,767	-
Computer Software		<u>261</u>	<u>-</u>
		<u>34,740</u>	<u>-</u>
Employee Benefits Expense			
Salaries and Allowances - Officials		53,418	-
- Other Staff		305,049	-
Accrued Annual Leave		62,355	-
Accrued Long Service Leave		38,352	-
Fringe Benefits Tax		20,872	5,099
Superannuation		<u>34,729</u>	<u>-</u>
		<u>514,775</u>	<u>5,099</u>

(The attached notes form part of these financial statements)

HEALTH SERVICES UNION EAST BRANCH

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

	Year Ended 30 June 2010	Restated Year Ended 30 June 2009 (Refer to Note 1(j))
	\$	\$
Other Expenses		
Affiliation Fees	1,339	3,792
Audit Fees	29,800	7,900
Bank Charges	7,673	1,552
Building Expenses	15,627	-
Campaigns	1,400	-
Capitation Fees - National Office	712,751	705,508
Computer Expenses	19,211	998
Conference & Meeting Allowances	-	-
Conference & Meeting Expenses	-	-
Delegates' Expenses	23,083	5,752
General Expenses	14,542	251
Honorarium	22,699	-
Insurance Expense	51,069	-
Loss on disposal of assets	1,094	-
Motor Vehicle Costs	28,642	-
National Health Development Aid	12,000	-
Organising and Travel	32,551	20,172
Payroll Tax	30,304	-
Printing & Stationery	10,677	1,645
Professional Fees	62,918	-
Rent	15,789	7,298
Service Fee - HSU East	158,619	89,858
Sponsorships	3,545	-
Staff Training/Development/Other	8,825	-
Telephone Expenses	19,462	382
	<hr/>	<hr/>
	1,283,620	845,108
	<hr/>	<hr/>
TOTAL EXPENDITURE	1,833,135	850,207
	<hr/>	<hr/>
SURPLUS FOR THE YEAR	2,869,564	36,952
OTHER COMPREHENSIVE INCOME	-	-
	<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	2,869,564	36,952
	<hr/>	<hr/>

(The attached notes form part of these financial statements)

HEALTH SERVICES UNION EAST BRANCH

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	30 June 2010	Restated 30 June 2009 (Refer to Note 1(j))
		\$	\$
CURRENT ASSETS			
Accrued Interest		19,546	238
Cash and cash equivalents	4	1,090,062	185,606
Debtor - HSU East		79,852	29,854
Debtor- HSUA National office		129,226	-
Investments		711	711
Prepayments		6,157	-
Trade Debtors		17,128	-
TOTAL CURRENT ASSETS		1,342,682	216,409
NON CURRENT ASSETS			
Property, Plant and Equipment	5	5,209,721	-
TOTAL NON CURRENT ASSETS		5,209,721	-
TOTAL ASSETS		6,552,403	216,409
LESS CURRENT LIABILITIES			
CURRENT LIABILITIES			
Creditor - HSUA National Office		682,510	-
GST Payable	1(j)	44,620	22,959
Lease Liability	10	10,394	-
Provision for Annual Leave		922,851	-
Provision for Long Service Leave		487,518	-
Sundry Creditors		173,841	15,519
Trade Creditors		1,028,250	-
TOTAL CURRENT LIABILITIES		3,349,984	38,478
NON CURRENT LIABILITIES			
Lease Liability	10	23,336	-
Provision for Long Service Leave		131,588	-
TOTAL NON CURRENT LIABILITIES		154,924	-
TOTAL LIABILITIES		3,504,908	38,478
NET ASSETS		3,047,495	177,931
ACCUMULATED FUNDS		3,047,495	177,931

(The attached notes form part of these financial statements)

HEALTH SERVICES UNION EAST BRANCH

STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Accumulated Funds \$
Balance at 30 June 2008		140,979
Total Comprehensive Income for the Year		54,368
Correction of Error	1(j)	<u>(17,416)</u>
Total Comprehensive Income after correction of Error		36,952
Balance at 30 June 2009		177,931
Total Comprehensive Income for the Year		<u>2,869,564</u>
Balance at 30 June 2010		<u>3,047,495</u>

(The attached notes form part of these financial statements)

HEALTH SERVICES UNION EAST BRANCH

STATEMENT OF CASH FLOWS FOR THE
YEAR ENDED 30 JUNE 2010

	Note	Year Ended 30 June 2010 \$	Restated Year Ended 30 June 2009 (Refer to Note 1(j)) \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Contributions		896,403	166,446
Capitation Fees		696,912	696,576
Interest Received		3,086	7,132
Other Income		27,341	33
Payments to Suppliers		(1,033,821)	(42,063)
Payment to National Office for Capitation Fees		(712,751)	(705,508)
Payment to HSU East for Service Fees		(158,619)	(89,858)
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES	6(b)	<u>(281,449)</u>	<u>32,758</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments		-	(5,981)
NET CASH USED IN INVESTING ACTIVITIES		<u>-</u>	<u>(5,981)</u>
NET (DECREASE) INCREASE IN CASH HELD		(281,449)	26,777
CASH AT 1 JULY 2009		185,606	158,829
Add Cash Acquired on Merger of Victorian Branches 1 & 3		1,185,905	-
CASH AT 30 JUNE 2010	6(a)	<u>1,090,062</u>	<u>185,606</u>

(The attached notes form part of these financial statements)

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. STATEMENT OF ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Fair Work (Registered Organisations) Act 2009.

Compliance with Australian equivalents to International Financial Reporting Standards ensures that the financial report comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS) except for:

- Segment reporting because AASB 114 "Segment Reporting" does not apply to not-for-profit organisations.
- Impairment of assets under AASB 136 "Impairment of assets"

BASIS OF PREPARATION

The financial report is for the East Branch of the Health Services Union, and in accordance with the Fair Work (Registered Organisations) Act 2009 the Branch is a reporting unit. The Health Services Union is an organisation registered under the Fair work (Registered Organisations) Act 2009. The East Branch is a branch of the registered organisation. In accordance with the Act the Union is a body corporate and has perpetual succession. By virtue of this method of incorporation, the Union and the East Branch are not subject to the Corporations Act 2001.

The financial report has been prepared on the basis of historical costs. 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 significant accounting policies adopted by the Branch in the preparation of the financial report.

(a) Revenue

Contributions are accounted for on a cash receipts basis. Otherwise, the concept of accrual accounting has been adopted in the preparation of the Accounts.

(b) Income tax

No provision for Income Tax is necessary as Industrial Trade Unions are exempt from Income Tax under Section 50-15 of the Income Tax Assessment Act 1997.

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

(c) Property, Plant and Equipment

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

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Branch commencing from the time the asset is ready for use.

The depreciation rates used for each class of asset are:

Building	2.5%
Computer Software	25%
Office Equipment	20% - 50%
Furniture & Fittings	10% - 20%
Motor Vehicles	25%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in the statement of comprehensive income in the year that the item is derecognised.

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the branch are classified as finance leases.

Finance Leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

(d) Impairment

The carrying amounts of non current assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised in the statement of comprehensive income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and value in use. For the purpose of assessing value in use, this represents depreciated current replacement cost, as the Union is a not-for-profit organisation.

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

(e) Employee Entitlements

Provision is made for the Branch's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on costs.

Other employee benefits payable later than one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. In the case of Long Service Leave this results in an amount not materially different to that achieved by discounting future cash flows.

Contributions are made by the Branch to employee superannuation funds and are charged as expenses when incurred.

(f) Receivables

Receivables are recognised at original invoice amounts. Collectability of receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off.

(g) Investments

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date, which is the date on which the entity commits to purchase, or sell the asset.

(h) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables on the statement of financial position are shown inclusive of GST.

(i) Accounting Standards Issued But Not Yet Effective

There have been no accounting standards issued which will impact the financial report in future periods and which are not yet effective.

(j) Restatement of Comparative and Correction of Error in Prior Year

GST on Capitation Fees

The 2009 accounts overstated capitation fees by \$17,416 and understated the GST liability by \$17,416. During the year ended 30 June 2010 the error was amended in the accounting records and the correct amount of GST paid to the ATO.

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) **Critical accounting estimates and assumptions**

The Branch makes estimates and assumptions concerning the future. The resulting accounting estimates by definition seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

(b) **Critical judgments in applying the Branch's accounting principles**

There are no critical judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

3. INFORMATION TO BE PROVIDED TO MEMBERS OR GENERAL MANAGER OF FAIR WORK AUSTRALIA

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of Sub-Sections (1), (2) and (3) of Section 272 of the Fair Work (Registered Organisations) Act 2009 which read as follows:

- (1) A member of a reporting unit, or the General Manager of Fair Work Australia, 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).

	2010	2009
	\$	\$
4. CASH AND CASH EQUIVALENTS		
Cash on Hand	890	-
Cash at Bank	341,905	113,444
Term Deposits	747,267	72,162
	<u>1,090,062</u>	<u>185,606</u>

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

	2010 \$	2009 \$
5. PROPERTY, PLANT AND EQUIPMENT		
Land & Buildings at Deemed Cost	4,750,000	-
Less Accumulated Depreciation	(11,712)	-
	<u>4,738,288</u>	<u>-</u>
Motor Vehicles at Cost	260,895	-
Less Accumulated Depreciation	(78,899)	-
	<u>181,996</u>	<u>-</u>
Leased Motor Vehicles at Cost	46,236	-
Less Accumulated Depreciation	(16,214)	-
	<u>30,022</u>	<u>-</u>
Furniture and Fittings at Cost	440,641	-
Less Accumulated Depreciation	(232,171)	-
	<u>208,470</u>	<u>-</u>
Office Equipment at Cost	241,133	-
Less Accumulated Depreciation	(190,188)	-
	<u>50,945</u>	<u>-</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>5,209,721</u>	<u>-</u>

(a) MOVEMENTS IN CARRYING AMOUNTS

	Balance at 30 June 2009 \$	Additions on Merger of Victorian Branches \$	Disposals \$	Depreciation \$	Balance at 30 June 2010 \$
Land & Buildings at deemed cost	-	4,750,000	-	(11,712)	4,738,288
Motor Vehicles at cost	-	187,121	-	(5,125)	181,996
Motor Vehicles Leased	-	27,512	-	2,510	30,022
Furniture and Fittings at cost	-	211,855	-	(3,385)	208,470
Office Equipment at cost	-	67,712	-	(16,767)	50,945
Computer Software at cost	-	1,355	(1,094)	(261)	-
	<u>-</u>	<u>5,245,555</u>	<u>(1,094)</u>	<u>(34,740)</u>	<u>5,209,721</u>

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

	2010	2009
	\$	\$
6. CASH FLOW INFORMATION		
a) Reconciliation of cash		
For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at bank and term deposits. Cash at the end of the period as shown in the Statement is reconciled to the related items in the statement of financial position as follows:		
Cash on Hand	890	-
Cash at Bank	341,905	113,444
Term Deposits	747,267	72,162
	<u>1,090,062</u>	<u>185,606</u>
b) Reconciliation of cash flows from operations with operating surplus		
Net Surplus for the Year	1(j) 2,869,564	36,952
Non-Cash Flows in Net Surplus		
Depreciation	34,740	-
Gain on Transfer of Net Assets on Merging of Victorian Branches 1 & 3	(3,023,897)	-
Loss on disposal of assets	1,094	-
Changes in Assets and Liabilities net of the effects of the Merger		
Decrease in Prepayments	827	-
(Increase) in Debtors - HSU East	(49,998)	(16,972)
(Increase) in Interest Accrued	(5,062)	(238)
(Decrease) / Increase in Sundry Creditors and GST Payable	(209,424)	13,016
Increase in Provisions	100,707	-
Cash Flows from Operations	<u>(281,449)</u>	<u>32,758</u>

7. RELATED PARTY TRANSACTIONS

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

Transactions with the Health Services Union - National Office:

Capitation Fees - National Office capitation fees are disclosed as an expense in the Statement of Comprehensive Income and as a payment in the Statement of Cash Flows.

Transactions with HSU East:

Service Fees - HSU East service fees are disclosed as an expense in the Statement of Comprehensive Income and as a payment in the Statement of Cash Flows.

The amounts receivable from/payable to Health Services Union - National Office and the amount receivable from HSU East at balance date are disclosed in the statement of financial position as current assets/liabilities, as appropriate.

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

7. RELATED PARTY TRANSACTIONS (Cont'd)

The aggregate amount of remuneration paid to officials during the financial year is disclosed in the Statement of Comprehensive Income.

The aggregate amount paid during the financial year to a superannuation plan in respect of elected full time officers is \$7,532 (2009: \$NIL).

There have been no other transactions between the officials and the Union other than those relating to their membership of the Union and the 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.

8. MERGER OF VICTORIAN NO1 AND VICTORIAN NO 3 BRANCHES

On 24 May 2010 the union altered the rules of the Health Services Union. The alterations involved the merger of the Victoria No.1 and Victoria No.3 Branches into the New South Wales Branch. The Health Services Union New South Wales Branch was then renamed to Health Services Union East Branch.

Net Assets merged into the New South Wales Branch were as follows:

	Victoria No 1	Victoria No 3	Total
Net Assets per the signed accounts at 24 May 2010	3,144,462	970,007	4,114,469
Less fair value adjustment on merger (a)	(1,220,572)	-	(1,220,572)
Add creditor adjustment	130,000	-	130,000
	<u>2,053,890</u>	<u>970,007</u>	<u>3,023,897</u>

- (a) Land and Buildings of Victoria No 1 Branch were acquired on Merger with a net book value of \$5,970, 572 including Improvements. The Committee of Management have determined that the book value should be reduced to \$4,750,000 to reflect current market information on the land and buildings.

Committee of Management - Deemed Cost based on current market information	4,750,000
Net Book Value of Land and Buildings on Date of Merger	<u>5,970,572</u>
	<u>(1,220,572)</u>

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

9. FINANCIAL RISK MANAGEMENT

Financial Instruments

	2010 \$	2009 \$
Financial Assets		
Cash and cash equivalents	1,090,062	185,606
Debtor - HSU East	79,852	29,854
Debtor - HSUA National Office	129,226	-
Investment - Shares in listed company	711	711
Trade Debtors	17,128	-
Total Financial Assets	<u>1,316,979</u>	<u>216,171</u>
Financial Liabilities		
Creditor - HSUA National Office	682,510	-
Lease Liability	33,730	-
Sundry Creditors	173,841	15,519
Trade Creditors	<u>1,028,250</u>	<u>-</u>
Total Financial Liabilities	<u>1,918,331</u>	<u>15,519</u>

(a) *General objectives, policies and processes*

The Branch is exposed to risks that arise from its use of financial instruments. This note describes the Branch's objectives, policies and processes for managing those risks and the methods used to measure them.

Other than as a consequence of the merger with Victoria No 1 and No 3 branches, there have been no substantive changes in the Branch's exposure to financial instrument risk its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Branch's financial instruments consist mainly of deposits with banks and other financial institutions, receivables and payables. The main risks the Branch is exposed to through its financial instruments are liquidity risk, credit risk and market risk.

The Committee of Management has overall responsibility for the determination of the Branch's risk management objectives and policies and whilst retaining ultimate responsibility for them, the Committee of Management makes investment decisions after considering appropriate advice.

(b) *Credit Risk*

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Branch incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Branch.

The Branch has two major debtors the Health Services Union East and the Health Services Union National Office. There is no history of default by the debtors to the Branch.

To mitigate the credit risk associated with cash at bank and term deposits, these are only deposited at reputable financial institutions.

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

9. FINANCIAL RISK MANAGEMENT (cont'd)

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provision for doubtful debts, as disclosed below:

	2010	2009
	\$	\$
Cash at Bank	341,905	113,444
Cash Investments - Term Deposits	747,267	72,162
Debtor - HSU East	79,852	29,854
Debtor - HSUA National Office	129,226	-
Trade Debtors	17,128	-
	<u>1,315,378</u>	<u>215,460</u>

There has been no history of default and all receivables are likely to be repaid within the expected terms.

(c) *Liquidity Risk*

The Branch manages liquidity risk by monitoring cash flows.

Liquidity risk is the risk that the Branch may encounter difficulties raising funds to meet commitments associated with financial instruments. The Branch is exposed to this risk, as it has \$1,090,062 (2009: \$185,606) in cash and cash equivalents to meet these obligations as they fall due. Financial liabilities at 30 June 2010 totalled \$1,918,331 (2009: \$15,519).

(d) *Market Risk*

Market risk arises from the use of interest bearing, tradable financial instruments. It is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or other market factors (other price risk).

(i) *Interest Rate Risk*

The Branch's exposure to interest rate risk is the risk that a financial instrument's value fluctuates as a result of changes in market interest rates. The Branch holds excess cash in fixed short term deposits to mitigate interest rate fluctuation risks. The Branch monitors and manages its interest rate risk by reviewing market trends. Upon maturity, term deposits will be reinvested into a new term deposit at the prevailing interest rate. The effective weighted average interest rates on those financial assets and liabilities are summarised below:

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

9. FINANCIAL RISK MANAGEMENT (cont'd)

(i) Interest Rate Risk (cont'd)

	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
	\$	\$	\$	\$
Year Ended 30 June 2010				
Financial Assets				
Cash and Cash Equivalents	341,905	747,267	890	1,090,062
Receivables	-	-	226,206	226,206
Investment	-	-	711	711
	<u>341,905</u>	<u>747,267</u>	<u>227,807</u>	<u>1,316,979</u>
Weighted average Interest rate	1.20%	5.56%		
Financial Liabilities				
Payables	-	33,730	1,884,601	1,918,331
Net financial assets (liabilities)	<u>341,905</u>	<u>713,537</u>	<u>(1,656,794)</u>	<u>(601,352)</u>
Year Ended 30 June 2009				
Financial Assets				
Cash and Cash Equivalents	113,444	72,162	-	185,606
Receivables	-	-	29,854	29,854
Investments	-	-	711	711
	<u>113,444</u>	<u>72,162</u>	<u>30,565</u>	<u>216,171</u>
Weighted average Interest rate	1.50%	3.65%		
Financial Liabilities				
Payables	-	-	15,519	15,519
Net financial assets	<u>113,444</u>	<u>72,162</u>	<u>15,046</u>	<u>200,652</u>

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

9. FINANCIAL RISK MANAGEMENT (cont'd)

(i) Interest Rate Risk (cont'd)

Sensitivity Analysis

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the branch's profit (through the impact on floating rate and short term deposit financial assets).

Year Ended 30 June 2010	Carrying Amount	+1% Profit	-1% Loss
	\$	\$	\$
Cash and Cash Equivalents	1,089,172	10,892	(10,892)
		<u>10,892</u>	<u>(10,892)</u>
Year Ended 30 June 2009	Carrying Amount	+1% Profit	-1.5% Loss
	\$	\$	\$
Cash and Cash Equivalents	185,606	1,856	(2,784)
		<u>1,856</u>	<u>(2,784)</u>

(ii) Other Price Risks

The Branch does not invest in derivatives therefore it does not expose itself to the fluctuations in price that are inherent in such a market. There is no sensitivity analysis for other price risk because although the Branch holds a small number of shares in a listed company their value as a percentage of investments, is considered immaterial.

(iii) Foreign Exchange Risk

The Branch is not exposed to foreign exchange rate risk.

10. CAPITAL AND LEASING COMMITMENTS

Operating Lease Commitments

Non- cancellable operating leases contracted for but not capitalised in the financial statements:

	2010	2009
	\$	\$
Payable - minimum lease payments:		
- Not later than 12 months	47,184	-
- Between 12 months and 5 years	115,698	-
	<u>162,882</u>	<u>-</u>

Operating lease commitments relates to the lease of four Konica Minolta photocopiers and office equipment.

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

10. CAPITAL AND LEASING COMMITMENTS (Cont'd)

	Notes	2010 \$	2009 \$
Finance Lease Commitments			
Payable			
- Not later than 12 months		12,180	-
- Between 12 Months and 5 Years		<u>24,403</u>	<u>-</u>
		36,583	-
Less future finance charges		<u>(2,853)</u>	<u>-</u>
Present Value of Minimum lease payments		<u>33,730</u>	<u>-</u>
Current Liability		10,394	-
Non Current Liability		<u>23,336</u>	<u>-</u>
		<u>33,730</u>	<u>-</u>

At 30 June 2010 the Branch had 3 motor vehicle finance lease commitments which all expire on 26 September 2011.

11. FLOOD DAMAGE - PROPERTY, PLANT & EQUIPMENT

In February 2010, a flood occurred at the Health Services Union offices in Park Street South Melbourne, Victoria. The interior of the office premises received extensive water damage and as a result, many assets were water damaged and required to be replaced. An insurance claim has been lodged in regards to this event. As at the time of the signing of the Financial Statements, the insurance claim is still in the process of being finalised and as a result, the final outstanding sum receivable is still to be determined. The written down values of the assets that were destroyed in the flood and the consideration received up until year end to replace these assets were determined to be immaterial, and not adjusted in the Financial Statements.

12. GOING CONCERN

As at 30 June 2010 the Branch had net assets of \$3,047,495 however its current liabilities of \$3,349,984 exceeded its current assets of \$1,342,682. The Branch is reliant on the financial support of a related Union, HSU East. HSU East has undertaken to provide financial support in order for the HSU East Branch to meet its debts as and when they fall due.

13. REGISTERED OFFICE

The registered office and principal place of business of the Branch is:

Level 2,
109 Pitt Street
Sydney NSW 2000

INDEPENDENT AUDITOR'S REPORT

To the members of the Health Services Union East Branch

We have audited the accompanying financial report of the Health Services Union East Branch, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in accumulated funds and statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the Branch Committee of Management's statement

Committee of Management's and Branch Secretary's Responsibility for the Financial Report

The committee of management and branch secretary of the Health Services Union East Branch are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee of management and branch secretary, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies and the Fair Work (Registered Organisations) Act 2009.



INDEPENDENT AUDIT REPORT (Cont'd)

Auditor's Opinion

In our opinion, the general purpose financial report of the Health Services Union East Branch is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.

A handwritten signature in black ink that reads 'BDO'.

BDO Audit (NSW-VIC) Pty Ltd

A handwritten signature in black ink, appearing to be 'David McLean'.

David McLean
Director
Member of Institute of Chartered Accountants
And Holder of Current Public Practice Certificate
Registered Company Auditor
SYDNEY NSW 2000

8 February 2011



FAIR WORK
AUSTRALIA

16 May 2011

Mr Michael Williamson
General Secretary
HSU East Branch
Health Services Union
Level 2
109 Pitt Street
SYDNEY NSW 2000

Dear Mr Williamson,

**Financial report for the year ended 30th June 2010
HSU East Branch - FR2010/2809**

Receipt is acknowledged on 21 February 2011 of financial documents for the year ended 30 June 2010 for the HSU East Branch (**the Branch**) of the Health Services Union (**HSU**). For the period from 1 July 2009 to 23 May 2010 the reporting unit to which the financial documents relate was the New South Wales Branch of the HSU. On 24 May 2010 an alteration to the HSU Rules was certified under section 159 of the *Fair Work (Registered Organisations) Act 2009* (**RO Act**) under which the Victoria No.1 Branch and the Victoria No.3 Branch merged with the New South Wales Branch to create the HSU East Branch. The financial documents account for the merger of assets of the Victoria No.1 Branch and the Victoria No.3 Branch into the New South Wales Branch.

I note that, on 29 November 2010, the General Manager of FWA granted to HSU East Branch an extension of time until 31 December 2010 in which to circulate its financial report to members under subsection 265(5) of the RO Act. In a letter dated 20 December 2010, HSU East Branch sought a further extension of time until 31 January 2011 in which to circulate its financial report 'due to delays continuing to be experienced by the Branch's management as a consequence of the complexities of properly integrating the transactions and balances of Vic No.1 and No.3 Branches into the HSU East Branch's financial records'. HSU East Branch was advised by Fair Work Australia (**FWA**) in a letter dated 21 January 2011 that the legislation does not allow for a further extension of time, meaning that it was not possible to accommodate the further request.

The financial report has not been filed pending:

- lodgement with FWA of the concise report that was circulated to members on 17 February 2011;
- lodgement of a new operating report with FWA, together with information about its circulation to members and presentation to a meeting;
- provision to FWA of minutes of meetings of the committee of management on 8 February 2011; and

11 Exhibition Street
Melbourne VIC 3000
GPO Box 1994
Melbourne VIC 3001

Telephone: (03) 8661 7767
International: (613) 8661 7777
Facsimile: (03) 9655 0401
Email: ailsa.carruthers@fwa.gov.au

- receipt by FWA of information from the auditor regarding the signing of the auditor's report between the two committee of management meetings that were held on 8 February 2011.

1. MATTERS THAT REQUIRE IMMEDIATE ATTENTION

1.1 Provision of concise report to members

The second bulleted paragraph of the section 268 certificate that was signed by you on 17 February 2011 states that 'the concise report was provided to members on 17 February 2011'. This is the only reference to a concise report in the documents that have been lodged and no concise report has been lodged with FWA.

Section 268 of the RO Act requires a reporting unit that has circulated a concise report to its members to lodge a copy of that concise report, together with a copy of the full report, with FWA.

You are now required to lodge with FWA a copy of the concise report that is referred to in the section 268 certificate.

I draw your attention to the requirements regarding concise reports that are contained in subsection 265(3) of the RO Act and in regulation 161 of the *Fair Work (Registered Organisations) Regulations 2009 (RO Regulations)*. I note, in particular, the requirement that the concise report must be audited by the Branch's auditor (in addition to his audit of the full report - see paragraph 265(3)(c) of the RO Act). Further, the concise report must contain both discussion and analysis of the principal factors affecting the financial performance, financial position and financial and investing activities of the reporting unit and a statement that the concise 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 (see paragraphs (c) and (e) of regulation 161(1)).

1.2 Operating Report

There are a number of deficiencies in the operating report that has been lodged.

You are required to prepare another operating report that addresses the deficiencies set out below and then to provide it to members (such as by posting it on your website), present it to another meeting of the committee of management and lodge it with FWA together with advice about its provision to members and presentation to a meeting.

1.2.1 Number of members

Paragraph 5 of the operating report states that the number of members of the Branch at the end of the reporting period was 18,956.

This number is surprisingly low, given that the operating report for the New South Wales Branch alone for the financial year ended 30 June 2009 gave a membership figure of 35,982. Further, the Victoria No.1 and No.3 Branches gave membership figures of 15,424 and 4,363 respectively for the same period. The combined membership numbers of those three branches as at 30 June 2009 exceeded 55,000.

The annual return of the HSU East Branch that was lodged with FWA under section 233 of the RO Act on 5 April 2011 states in paragraph 8 that the 'total number of members of the Branch as at 31 December 2010 was 56359'.

As a result, it seems highly unlikely that the figure given in the operating report is correct.

1.2.2 Review of reporting unit's principal activities

Paragraph 254(2)(a) of the RO Act requires the operating report to contain a 'review of the reporting unit's principal activities during the year, the results of those activities and any significant changes in the nature of those activities during the year' (my emphasis).

As discussed immediately above, it appears that the merger of the three branches on 24 May 2010 to create the HSU East Branch has resulted in the former New South Wales Branch increasing its membership numbers by approximately 20,000 (which constitutes an increase in membership of more than 50%). Those 20,000 new members are located in Victoria, being a jurisdiction in which the New South Wales Branch did not have members.

Paragraph 1(e) of the operating report states that there has been no significant change in the nature of activities that occurred in the Branch during the financial year. There is no information of any kind regarding either the substantial increase in membership or the new jurisdiction in which the Branch is operating and the effect of these two matters upon the activities of the Branch. Given the magnitude of these changes, it seems unlikely that there have not been any significant changes in the Branch's activities since the merger.

It is necessary for further information to be provided in paragraph 1 of the operating report regarding changes in the nature of activities of the Branch during the reporting period.

1.2.3 Committee of management members

Paragraph 7 of the operating report sets out the name of each person who was a member of the committee of management 'at any time' during the reporting period.

Paragraph (c) of regulation 159 of the RO Regulations requires the operating report to disclose 'the period for which' each committee of management member held his or her position (my emphasis).

Under paragraph (c) of rule 48B of the HSU Rules, all of the offices of the New South Wales Branch were abolished on 24 May 2010. A transitional union council is established by paragraph (d), the members of which hold office in the Branch until declaration of the results of fresh elections which are to be held during the transitional period. It is clear that the structure and membership of the committee of management has changed substantially during the reporting period due to the merger of three branches. In such a situation it is particularly important that information about the holders of office from time to time in the Branch be given in accordance with the requirements of the RO Regulations.

Given the substantial changes that have occurred in the constitution of the committee of management since 24 May 2011, I suggest that the easiest way to present the information that is required by regulation 159 would be in a table at paragraph 7 setting out the positions and names of office holders prior to the merger and the positions and names of office holders after the merger.

1.3 Financial reporting timeframes

Financial reporting obligations that are set out in Part 3 of Chapter 8 of the RO Act set out a particular chronological order in which financial documents must be prepared, made available to members and presented to a meeting. That process requires two, separate meetings to be held:

- a) as soon as practicable after the end of the financial year, the committee of management must hold a meeting in order to pass the resolutions as set out in paragraphs 24 to 26 of the reporting guidelines (**the first meeting**).

This is because the committee must cause a general purpose financial report (**GPFR**) to be prepared (see section 253) and the documents that fall within the definition of a 'GPFR' include the committee of management statement (see subsection 253(2));

- b) after preparation of the GPFR and signing of the committee of management statement, the auditor must audit the GPFR in accordance with the requirements of section 257 and the reporting guidelines;
- c) an operating report must be prepared in accordance with the requirements of section 254 and regulation 159 of the RO Regulations;
- d) financial documents must be provided to members as set out in section 265. Where they are to be presented to a meeting of the committee of management, documents must be circulated to members within 5 months of the end of the financial year (that is, by 30 November - see paragraph 265(5)(b) of the RO Act);
- e) the full report must be presented to a second meeting (**the second meeting**) within 6 months of the end of the financial year (that is, by 31 December - see section 266 of the RO Act). This can either be a general meeting of members or, where the reporting unit's rules so allow, a meeting of the committee of management. I note that rule 69(b) of the HSU Rules allows presentation of financial documents to a meeting of the committee of management.

Section 266 requires the 'full report' to be presented to the second meeting. The 'full report' is defined in subsection 265(1) as consisting of the auditor's report, the GPFR and the operating report.

- f) within 14 days of the second meeting, the financial report must be lodged with FWA together with a certificate under section 268 of the RO Act.

For your assistance, I have attached a 'Financial Reporting Timeline' which sets out a diagram showing the sequence of steps.

1.3.1 Committee of management meetings and signing of auditor's report

The committee of management statement, operating report and auditor's report are all dated 8 February 2011. The committee of management statement states that the resolution was passed by the committee on 8 February 2011. The section 268 certificate states that the full report was also presented to a committee of management meeting on 8 February 2011.

Many of the key events in the reporting timeframe occurred on 8 February 2011. For those events to have occurred in the correct order (as summarised at paragraph 1.3 above), it would have been necessary for the following sequence of events to have taken place on 8 February 2011:

- 1) a 'first meeting' at which the committee of management passed resolutions in accordance with paragraph 25 of the reporting guidelines;
- 2) having viewed the signed committee of management resolution, the auditor signed his auditor's report; and
- 3) a 'second meeting' of the committee of management at which the 'full report' (including the signed auditor's report) was presented.

In other words, it would have been necessary for there to be two meetings of the committee of management and for the auditor to have signed his auditor's report in between the holding of the first and second committee of management meetings.

It is necessary for the auditor to view a signed committee of management statement before signing his auditor's report because an auditor is required to obtain sufficient appropriate audit evidence on which to base his opinion on the financial report before he is able to sign his auditor's report (see subsection 257(8) of the RO Act and by paragraph 54 of Australian Auditing Standard ASA 700 *The Auditor's Report on a General Purpose Financial Report*). 'Sufficient appropriate audit evidence' is stated in paragraph 54 of ASA 700 as being 'evidence that the entity's financial report has been prepared and that those charged with governance have asserted that they have taken responsibility for it' (my emphasis). In signing the committee of management statement, 'those charged with governance' are making the 'declaration' that they have 'taken responsibility' as referred to in paragraph 54.

As a result, it is not until the committee of management has passed a resolution in the terms set out in paragraph 25 of the reporting guidelines at the 'first meeting' and has then prepared a committee of management statement that the auditor is able to sign his auditor's report.

Given the occurrence of so many key events in the reporting timeframe on 8 February 2011 and given that the order in which those events occurred is central to determining whether the legislative requirements of the RO Act have been met, it is necessary for FWA to be satisfied that two meetings of the committee of management took place on 8 February 2011. You are therefore required to lodge with FWA copies of minutes of those two meetings.

It is also necessary for FWA to be satisfied that the auditor's report was signed after the resolution was passed at the first meeting but before the second meeting. You are therefore required to obtain from the auditor a letter which states that he viewed a signed committee of management statement before he signed his auditor's report. It would also be relevant if the auditor is able to state that he subsequently attended a (second) committee of management meeting at which his auditor's report was presented as part of the full report.

2. COMMENTS RELEVANT TO PREPARATION OF FINANCIAL DOCUMENTS IN THE FUTURE

The information below is provided to assist the Branch in preparing financial documents in the future. No further action is required regarding these matters for the financial documents that have already been lodged.

2.1 Timing of circulation of documents to members

In the absence of an extension of time, financial documents that are to be presented to a meeting of the committee of management must be circulated to members within 5 months of the end of the financial year (that is, by 30 November - see paragraph 265(5)(b) of the RO Act). As noted earlier, on 29 November 2010 the General Manager of FWA granted an extension of time for circulation of the documents until 31 December 2010. A further extension until 31 January 2010 was sought by the Branch but was not able to be provided as the legislation does not make provision for such a further extension.

The section 268 certificate states that documents were provided to members on 17 February 2011, that is some 1½ months after the date to which an extension had been granted.

You are requested, in future, to ensure that timeframes set out in Part 3 of Chapter 8 of the RO Act are met.

2.2 Timing of presentation of full report to committee of management meeting

The full report must be presented to a 'second' meeting within six months of the end of the financial year (that is, by 31 December 2010 - see section 266 of the RO Act). The section 268

certificate states that the full report was presented to a committee of management meeting on 8 February 2011, some 1½ months later than is required by section 266 of the RO Act.

Once again, you are requested in future to ensure that timeframes set out in Part 3 of Chapter 8 of the RO Act are met.

2.3 Related party transactions - note 7

Subsection 253(1) of the RO Act requires a reporting unit to prepare its GPFR 'in accordance with the Australian Accounting Standards'.

Australian Accounting Standard AASB 124 *Related Party Disclosures* requires a financial entity to disclose transactions and outstanding balances pertaining to related parties of the reporting unit. In particular, paragraph 16 of AASB 124 requires an entity to disclose key management personnel compensation in total and for short-term, post-employment and other long-term benefits.

'Key management personnel' are defined in paragraph 9 as 'those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity'.

Paragraph Aus25.2(b) of AASB 124, however, also sets out the following mandatory requirement:

Aus25.2 The following details about each key management person shall be disclosed:

(a) the name of the person;

(b) the position held; and

(c) where the period of responsibility is less than the reporting period, the date or dates identifying the period of responsibility.

Note 7 to the accounts sets out the aggregate paid to officials and the aggregate paid to a superannuation plan in respect of elected full time officers. None of the information required by paragraphs (a) and (b) of paragraph Aus25.2, however, has been given in note 7. Further, given the abolition of the New South Wales Branch offices and creation of the transitional union council on 24 May 2010 under rule 48B, it seems quite likely that it was also necessary to disclose the date(s) identifying the period(s) of responsibility in order to comply with paragraph (c) of Aus25.2 of AASB 124.

2.4 Disclosure of legal fees

The statement of comprehensive income discloses an expense of \$62,918 for professional fees but not does make a separate disclosure for legal fees.

Paragraph 11(j) of the Industrial Registrar's Reporting Guidelines requires the accounts to include balances on the face of, or in the notes to, the financial statement for 'legal costs and other expenses related to litigation and other legal matters'.

Should the figure for professional fees include legal fees, you are required in the future to ensure that legal costs and expenses are separately disclosed.

2.5 Committee of management statement

Paragraph (e)(iii) of the committee of management statement incorrectly states that the 'financial affairs of the branch have been kept and maintained...' The correct wording is that the 'financial records of the branch have been kept and maintained...'

The statement also incorrectly refers to the 'Industrial Registry' in paragraph (e)(vi). This should be a reference to Fair Work Australia.

2.6 Operating report

References to the 'AIRC' in paragraphs 1(c) and (d) of the operating report should be references to Fair Work Australia.

If you have any queries, please contact me on (03) 8661 7767 or at ailsa.carruthers@fwa.gov.au.

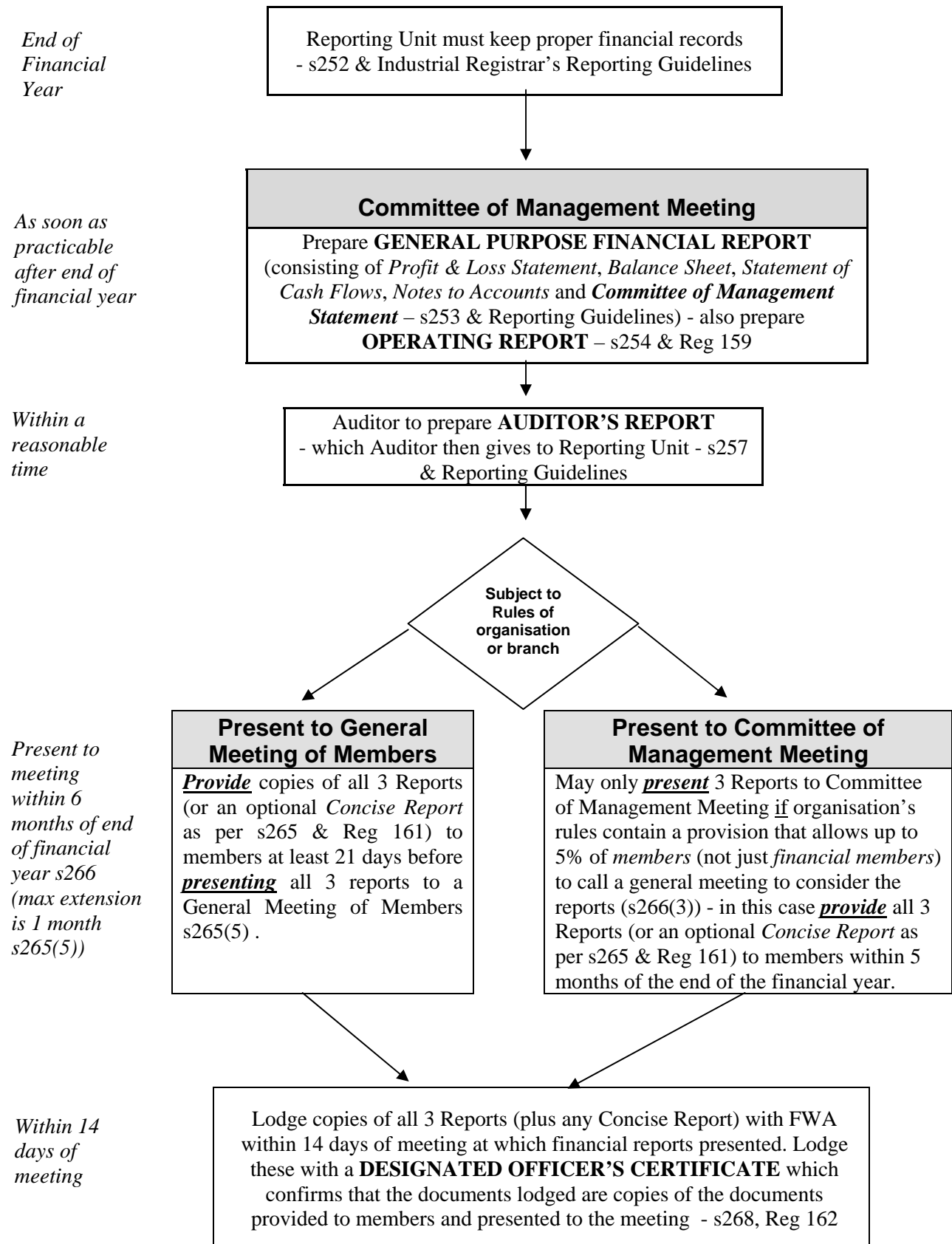
Yours sincerely,

A handwritten signature in black ink that reads "Ailsa Carruthers". The signature is written in a cursive style with a long horizontal stroke at the end.

Ailsa Carruthers
Deputy Director
Organisations

Financial Reporting Timeline (RO Act)

Lodge financial reports within 6½ months of end of financial year by completing the following steps:





23rd May 2011
MW:GIB A040843

Ailsa Carruthers
Team Manager
Tribunal Services and Organisations
Fair Work Australia
GPO Box 1994
MELBOURNE VIC 3001

Dear Ailsa,

**Financial Reports for the period ended 30th June 2010 – FR2010/2809,
FR2010/2719**

Following on from your correspondence dated 16th May 2011 please find enclosed the documentation detailed below:

- Section 268 Certificates for the New South Wales Branch, East Branch .
- Committee of Management Statements
- Operating Reports

Please feel free to contact me on (02) 9229 4909 if you require any further information.

Yours Sincerely
Health Services Union East Branch

MICHAEL WILLIAMSON
GENERAL SECRETARY



The Union for All
Health Workers

Health Services Union
east Branch

ABN 93 728 534 595

Tel: 1300 478 679

Fax: 1300 329 478

Web: hsueast.com

E-mail: info@hsueast.com

Sydney (Registered Office)

Level 2, 109 Pitt Street
Sydney NSW 2000

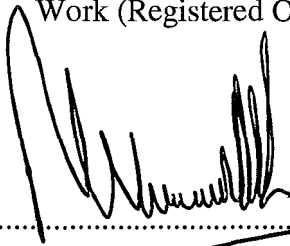
Melbourne

208 - 212 Park Street
South Melbourne VIC 3205

SECTION 268 CERTIFICATE

I, Michael Williamson, General Secretary of the Health Services Union East Branch, certify that in respect of the Health Services Union East Branch:

- That the documents lodged herewith for the period ended 30th June 2010 are copies of the full report, referred to in s268 of the Fair Work (Registered Organisations) Act 2009; and
- That the concise report was provided to members on 11th February 2011; and
- That the full report was presented to a meeting of the Committee of Management of the reporting unit on 8th February 2011, in accordance with Section 266 of the Fair Work (Registered Organisations) Act 2009.



.....
General Secretary – Michael Williamson



.....
Date

RESOLUTION

Moved K Wilkinson/S McCullough that this item is for information purposes only

Motion put and carried.

ITEM 2 – FINANCIAL REPORT YEAR ENDING 30/6/2010

The General Secretary reported that he had received from the Auditors, BDO Kendall's the Union's Financial Statement for the year ended 30th June 2010. The General Secretary advised that the Financial Statement was also tabled at the Branch Audit and Compliance committee meeting. Mr Williamson tabled the documents.

RESOLUTION

Moved P Beaton/B Rowling that the financial statements for the year ended 30th June 2010 be received, adopted and that S Pollard and M Williamson be authorised to sign the Operating Report and Mr Williamson be authorised to sign Union Council Statement on behalf of the Union Council and that:

The Union Council declares in relation to the GPFR that in its opinion:

- (a) The financial report and notes comply with the Australian Accounting Standards;
- (b) The financial report and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) The financial report and notes give a true and fair view of the financial performance, financial position and cash flows of the Branch for the financial year ended 30 June 2010;
- (d) There are reasonable grounds to believe that the Branch will be able to pay its debts as and when they become due and payable; and
- (e) During the financial year ended 30 June 2010 and since the end of the financial year:
 - (i) Meetings of the Committee of Management were held in accordance with the rules of the organisation and the rules of the Branch; and
 - (ii) The financial affairs of the Branch have been managed in accordance with the rules of the organisation and the rules of the Branch; and
 - (iii) The financial records of the Branch have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations; and
 - (iv) The financial records of the Branch have been kept, as far as practicable, in a consistent manner to each of the other Branches and National Office of the organisation; and
 - (v) No information has been sought in any request of a member of the Branch or a Registrar under section 272 of the RAO Regulations; and

- (vi) No orders have been made by the Industrial Registry under section 273 of the RAO Regulations.
- (f) During the financial year ended 30 June 2010 the Branch did not participate in any recovery of wages activity.

Motion put and carried.

ITEM 3 – EBA NEGOTIATIONS VICTORIA AND DELEGATES MEETING 10/5/11

The General Secretary advised that in light of EBA negotiations commencing in Victoria that it would be an appropriate time to hold a delegates meeting to discuss this important matter.

Executive President Kathy Jackson outlined the proposed timetable in relation to EBA negotiations including that a survey would shortly be issued seeking member input into the negotiation process. She advised that a draft claim would be available for Union Council for discussion at its 10/5/11 meeting. She proposed subject to endorsement by Union Council that the Draft Claim be provided to delegates who in turn could then hold discussions with member at their respective workplaces. Obviously a number of meetings will have to occur in relation to this important matter, the delegates meeting of 10/5/11 being the initial one.

The General Secretary advised that he would confirm with Councillors the location of the delegates meeting however, it is anticipated that the delegates meeting will commence at approximately 1.30pm on 10/5/11.

RESOLUTION

Moved K Wilkinson/P Kerr this item is for information purposes and a more detailed report will be provided to Council.

Motion put and carried.

ITEM 4 – ADMINISTRATIVE AGREEMENT

Council at its October 2010 meeting resolved that the General Secretary was to enter into an agreement with the General Secretary of the HSU east regarding administrative arrangements.

Item 8 of the October meeting recommended that the Branch would pay to HSU east a monthly figure for administrative expenses. However, this was not able to be accurately calculated. However, due to the completion of the Financial Statements it has now been calculated by the Auditors that the administrative service fee up till the 30/9/2010 is \$619,235.00.

RESOLUTION

Moved J Pappas/K Goodlock that in accordance with the previously carried resolution the Health Services Union East Branch approves of a service fee payment of \$619,235.00 for administrative arrangements to HSU east.

Motion put and carried.

**HEALTH SERVICES UNION
EAST BRANCH
(formerly HEALTH SERVICES UNION NEW SOUTH WALES BRANCH)**

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010**

HEALTH SERVICES UNION EAST BRANCH

OPERATING REPORT

The Committee of Management presents its operating report of the Health Services Union East Branch for the reporting year ended 30 June 2010.

1. The principal activities of the Branch during the reporting period were:
 - b) That of a registered trade union;
 - c) Use the facilities of the AIRC, for the purpose of determining industrial issues under the Fair Work (Registered Organisations) Act 2009;
 - d) The Branch also utilises the AIRC services in the ACT, over which this Branch has jurisdictional coverage; and
 - e) No significant change in the nature of these activities occurred during the period.
2. The surplus of the Branch for the reporting period 30 June 2010 amounted to 2,869,564 (2009: surplus of \$36,952). As a result of the merger there has been a gain on the transfer of net assets from Victorian No 1 and Victorian No 3 branches of \$3,023,897. (refer to Note 8 of the financial accounts).
3. All members have a right to resign in accordance with rule 16.1 of the Union's Registered Rules and section 174(1) of the Fair Work (Registered Organisations) Act 2009. In accordance with section 174(1) of the Fair Work (Registered Organisations) Act 2009 a member of an organisation may resign from membership by written notice addressed and delivered to a person designated for the purpose in the rules of the organisation or a branch of the organisation. There was no change to this rule during the year.
4. Mr Michael Williamson is a director of First State Super. Mr Peter Mylan is a director of Health Super Pty Ltd, the trustee of the Health Superfund. He is nominated to that office by the National Executive of the Health Services Union. Katherine Jackson is a director of H.E.S.T. Australia Ltd, the trustee of the HESTA Superfund.
5. The number of members of the Branch at the end of the reporting period was 18,956.
6. The Branch had 39 appointed employees as at the end of the reporting period, including full and part-time employees measured on a full-time equivalent basis.
7. The names of each person who were members of the Committee of Management, at any time, during the reporting period are as follows:

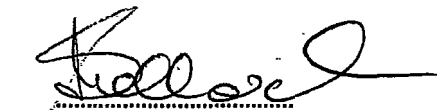
1 July 2009 to 30 June 2010

Stephen Pollard	Iris Knight	Kim Goodlock	Ted Hinge
Sean O'Connor	Lynne Russell	Sharon Joseph	David Vealey
Anthony Llewellyn	Deborah Neumann	Michael Williamson	Kevin Caldwell
Warren Boon	Mark Hanton	John Fitzroy	Lynette Guymer
Dixie Campton	Barbara Gray	Linden Martin	Clarence Smith
Pauline O'Neill	Vickie Riley	Peter Beaton	Katherine Jackson
Mark Sterrey	Sharon McCullough	Robyne Cosgrove	Kate Wilkinson
Robert Matejin	Bryan Yeates	Reuben Dixon	Adriana Vespucci
Stephen Sigismondi	Jenny Dunlop	Mark Hindson	Lisa Magnusson
Lia Augoustakis	Shane Brasier	Carol Carmichael	Leonie Flynn
Patrick O'Brien	Marco Bolano	Jamie Martorana	Milicia Nenadovic
Lyn Shepherd	Phillip Kerr	Joseph Grech	Brett Davidson
Julie Graham	Stuart Bowles	Loredana Scidone	Terry Cox
Iva Wilken			

HEALTH SERVICES UNION EAST BRANCH

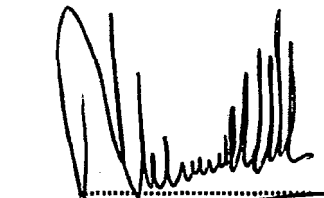
OPERATING REPORT (Cont'd)

Signed in accordance with a resolution of the Committee of Management



S POLLARD

8 February 2011



M A WILLIAMSON

HEALTH SERVICES UNION EAST BRANCH

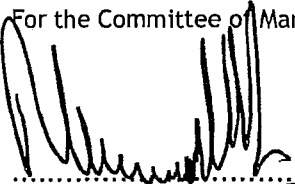
COMMITTEE OF MANAGEMENT'S STATEMENT

On 8 February 2011 the Committee of Management of the Health Services Union East Branch, passed the following resolution in relation to the general purpose financial report (GPFR) of the Branch for the year ended 30 June 2010.

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

- (a) the financial report and notes comply with the Australian Accounting Standards;
- (b) the financial report and notes comply with the reporting guidelines of the General Manager of Fair Work Australia;
- (c) the financial report and notes give a true and fair view of the financial performance, financial position and cash flows of the Branch for the year ended 30 June 2010.
- (d) there are reasonable grounds to believe that the Branch will be able to pay its debts as and when they become due and payable; and
- (e) during the reporting period ended 30 June 2010 and since the end of the period:
 - (i) meetings of the Committee of Management were held in accordance with the rules of the organisation and the rules of the Branch; and
 - (ii) the financial affairs of the Branch have been managed in accordance with the rules of the organisation and the rules of the Branch; and
 - (iii) the financial affairs of the Branch have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009; and
 - (iv) the financial records of the Branch have been kept, as far as practicable, in a consistent manner to each of the other branches and national office of the organisation; and
 - (v) no information has been sought in any request of a member of the Branch or the General Manager of Fair Work Australia under section 272 of the Fair Work (Registered Organisations) Act 2009; and
 - (vi) no orders have been made by the Industrial Registry under section 273 of the Fair Work (Registered Organisations) Act 2009.
- (f) during the year ended 30 June 2010 the branch did not participate in any recovery of wages activity.

For the Committee of Management:



M A WILLIAMSON

8 February 2011

HEALTH SERVICES UNION EAST BRANCH

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Year Ended 30 June 2010	Restated Year Ended 30 June 2009 (Refer to Note 1(j))
		\$	\$
INCOME			
Capitation Fees	1(j)	696,912	696,576
Contributions		946,401	183,418
Interest		8,148	7,132
Rent		3,401	-
Sponsorship		5,000	-
Advertising		10,571	-
Sundry		8,369	33
Gain on Transfer of Net Assets on Merging of Victorian Branches 1 & 3	8	<u>3,023,897</u>	<u>-</u>
TOTAL INCOME		<u>4,702,699</u>	<u>887,159</u>
LESS EXPENDITURE			
Depreciation			
Building		11,712	-
Motor Vehicles		2,615	-
Furniture and Fittings		3,385	-
Office Equipment		16,767	-
Computer Software		<u>261</u>	<u>-</u>
		<u>34,740</u>	<u>-</u>
Employee Benefits Expense			
Salaries and Allowances - Officials		53,418	-
- Other Staff		305,049	-
Accrued Annual Leave		62,355	-
Accrued Long Service Leave		38,352	-
Fringe Benefits Tax		20,872	5,099
Superannuation		<u>34,729</u>	<u>-</u>
		<u>514,775</u>	<u>5,099</u>

(The attached notes form part of these financial statements)

HEALTH SERVICES UNION EAST BRANCH

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

	Year Ended 30 June 2010	Restated Year Ended 30 June 2009 (Refer to Note 1(j))
	\$	\$
Other Expenses		
Affiliation Fees	1,339	3,792
Audit Fees	29,800	7,900
Bank Charges	7,673	1,552
Building Expenses	15,627	-
Campaigns	1,400	-
Capitation Fees - National Office	712,751	705,508
Computer Expenses	19,211	998
Conference & Meeting Allowances	-	-
Conference & Meeting Expenses	-	-
Delegates' Expenses	23,083	5,752
General Expenses	14,542	251
Honorarium	22,699	-
Insurance Expense	51,069	-
Loss on disposal of assets	1,094	-
Motor Vehicle Costs	28,642	-
National Health Development Aid	12,000	-
Organising and Travel	32,551	20,172
Payroll Tax	30,304	-
Printing & Stationery	10,677	1,645
Professional Fees	62,918	-
Rent	15,789	7,298
Service Fee - HSU East	158,619	89,858
Sponsorships	3,545	-
Staff Training/Development/Other	8,825	-
Telephone Expenses	19,462	382
	<u>1,283,620</u>	<u>845,108</u>
TOTAL EXPENDITURE	<u>1,833,135</u>	<u>850,207</u>
SURPLUS FOR THE YEAR	2,869,564	36,952
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>2,869,564</u>	<u>36,952</u>

(The attached notes form part of these financial statements)

HEALTH SERVICES UNION EAST BRANCH

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	30 June 2010	Restated 30 June 2009 (Refer to Note 1(j))
		\$	\$
CURRENT ASSETS			
Accrued Interest		19,546	238
Cash and cash equivalents	4	1,090,062	185,606
Debtor - HSU East		79,852	29,854
Debtor- HSUA National office		129,226	-
Investments		711	711
Prepayments		6,157	-
Trade Debtors		17,128	-
TOTAL CURRENT ASSETS		1,342,682	216,409
NON CURRENT ASSETS			
Property, Plant and Equipment	5	5,209,721	-
TOTAL NON CURRENT ASSETS		5,209,721	-
TOTAL ASSETS		6,552,403	216,409
LESS CURRENT LIABILITIES			
CURRENT LIABILITIES			
Creditor - HSUA National Office		682,510	-
GST Payable	1(j)	44,620	22,959
Lease Liability	10	10,394	-
Provision for Annual Leave		922,851	-
Provision for Long Service Leave		487,518	-
Sundry Creditors		173,841	15,519
Trade Creditors		1,028,250	-
TOTAL CURRENT LIABILITIES		3,349,984	38,478
NON CURRENT LIABILITIES			
Lease Liability	10	23,336	-
Provision for Long Service Leave		131,588	-
TOTAL NON CURRENT LIABILITIES		154,924	-
TOTAL LIABILITIES		3,504,908	38,478
NET ASSETS		3,047,495	177,931
ACCUMULATED FUNDS		3,047,495	177,931

(The attached notes form part of these financial statements)

HEALTH SERVICES UNION EAST BRANCH

**STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Accumulated Funds
		\$
Balance at 30 June 2008		140,979
Total Comprehensive Income for the Year		54,368
Correction of Error	1(j)	<u>(17,416)</u>
Total Comprehensive Income after correction of Error		36,952
Balance at 30 June 2009		177,931
Total Comprehensive Income for the Year		<u>2,869,564</u>
Balance at 30 June 2010		<u>3,047,495</u>

(The attached notes form part of these financial statements)

HEALTH SERVICES UNION EAST BRANCH

**STATEMENT OF CASH FLOWS FOR THE
YEAR ENDED 30 JUNE 2010**

	Note	Year Ended 30 June 2010	Restated Year Ended 30 June 2009 (Refer to Note 1(j))
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Contributions		896,403	166,446
Capitation Fees		696,912	696,576
Interest Received		3,086	7,132
Other Income		27,341	33
Payments to Suppliers		(1,033,821)	(42,063)
Payment to National Office for Capitation Fees		(712,751)	(705,508)
Payment to HSU East for Service Fees		(158,619)	(89,858)
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES	6(b)	<u>(281,449)</u>	<u>32,758</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments		-	(5,981)
NET CASH USED IN INVESTING ACTIVITIES		<u>-</u>	<u>(5,981)</u>
NET (DECREASE) INCREASE IN CASH HELD		(281,449)	26,777
CASH AT 1 JULY 2009		185,606	158,829
Add Cash Acquired on Merger of Victorian Branches 1 & 3		1,185,905	-
CASH AT 30 JUNE 2010	6(a)	<u>1,090,062</u>	<u>185,606</u>

(The attached notes form part of these financial statements)

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. STATEMENT OF ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Fair Work (Registered Organisations) Act 2009.

Compliance with Australian equivalents to International Financial Reporting Standards ensures that the financial report comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS) except for:

- Segment reporting because AASB 114 "Segment Reporting" does not apply to not-for-profit organisations.
- Impairment of assets under AASB 136 "Impairment of assets"

BASIS OF PREPARATION

The financial report is for the East Branch of the Health Services Union, and in accordance with the Fair Work (Registered Organisations) Act 2009 the Branch is a reporting unit. The Health Services Union is an organisation registered under the Fair work (Registered Organisations) Act 2009. The East Branch is a branch of the registered organisation. In accordance with the Act the Union is a body corporate and has perpetual succession. By virtue of this method of incorporation, the Union and the East Branch are not subject to the Corporations Act 2001.

The financial report has been prepared on the basis of historical costs. 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 significant accounting policies adopted by the Branch in the preparation of the financial report.

(a) Revenue

Contributions are accounted for on a cash receipts basis. Otherwise, the concept of accrual accounting has been adopted in the preparation of the Accounts.

(b) Income tax

No provision for Income Tax is necessary as Industrial Trade Unions are exempt from Income Tax under Section 50-15 of the Income Tax Assessment Act 1997.

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

(c) Property, Plant and Equipment

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

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Branch commencing from the time the asset is ready for use.

The depreciation rates used for each class of asset are:

Building	2.5%
Computer Software	25%
Office Equipment	20% - 50%
Furniture & Fittings	10% - 20%
Motor Vehicles	25%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in the statement of comprehensive income in the year that the item is derecognised.

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the branch are classified as finance leases.

Finance Leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

(d) Impairment

The carrying amounts of non current assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised in the statement of comprehensive income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and value in use. For the purpose of assessing value in use, this represents depreciated current replacement cost, as the Union is a not-for-profit organisation.

HEALTH SERVICES UNION EAST BRANCH

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)**

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

(e) Employee Entitlements

Provision is made for the Branch's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on costs.

Other employee benefits payable later than one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. In the case of Long Service Leave this results in an amount not materially different to that achieved by discounting future cash flows.

Contributions are made by the Branch to employee superannuation funds and are charged as expenses when incurred.

(f) Receivables

Receivables are recognised at original invoice amounts. Collectability of receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off.

(g) Investments

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date, which is the date on which the entity commits to purchase, or sell the asset.

(h) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables on the statement of financial position are shown inclusive of GST.

(i) Accounting Standards Issued But Not Yet Effective

There have been no accounting standards issued which will impact the financial report in future periods and which are not yet effective.

(j) Restatement of Comparative and Correction of Error in Prior Year

GST on Capitation Fees

The 2009 accounts overstated capitation fees by \$17,416 and understated the GST liability by \$17,416. During the year ended 30 June 2010 the error was amended in the accounting records and the correct amount of GST paid to the ATO.

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Branch makes estimates and assumptions concerning the future. The resulting accounting estimates by definition seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

(b) Critical judgments in applying the Branch's accounting principles

There are no critical judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

3. INFORMATION TO BE PROVIDED TO MEMBERS OR GENERAL MANAGER OF FAIR WORK AUSTRALIA

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of Sub-Sections (1), (2) and (3) of Section 272 of the Fair Work (Registered Organisations) Act 2009 which read as follows:

- (1) A member of a reporting unit, or the General Manager of Fair Work Australia, 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).

	2010	2009
	\$	\$
4. CASH AND CASH EQUIVALENTS		
Cash on Hand	890	-
Cash at Bank	341,905	113,444
Term Deposits	747,267	72,162
	<u>1,090,062</u>	<u>185,606</u>

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

	2010 \$	2009 \$
5. PROPERTY, PLANT AND EQUIPMENT		
Land & Buildings at Deemed Cost	4,750,000	-
Less Accumulated Depreciation	(11,712)	-
	<u>4,738,288</u>	<u>-</u>
Motor Vehicles at Cost	260,895	-
Less Accumulated Depreciation	(78,899)	-
	<u>181,996</u>	<u>-</u>
Leased Motor Vehicles at Cost	46,236	-
Less Accumulated Depreciation	(16,214)	-
	<u>30,022</u>	<u>-</u>
Furniture and Fittings at Cost	440,641	-
Less Accumulated Depreciation	(232,171)	-
	<u>208,470</u>	<u>-</u>
Office Equipment at Cost	241,133	-
Less Accumulated Depreciation	(190,188)	-
	<u>50,945</u>	<u>-</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>5,209,721</u>	<u>-</u>

(a) MOVEMENTS IN CARRYING AMOUNTS

	Balance at 30 June 2009 \$	Additions on Merger of Victorian Branches \$	Disposals \$	Depreciation \$	Balance at 30 June 2010 \$
Land & Buildings at deemed cost	-	4,750,000	-	(11,712)	4,738,288
Motor Vehicles at cost	-	187,121	-	(5,125)	181,996
Motor Vehicles Leased	-	27,512	-	2,510	30,022
Furniture and Fittings at cost	-	211,855	-	(3,385)	208,470
Office Equipment at cost	-	67,712	-	(16,767)	50,945
Computer Software at cost	-	1,355	(1,094)	(261)	-
	<u>-</u>	<u>5,245,555</u>	<u>(1,094)</u>	<u>(34,740)</u>	<u>5,209,721</u>

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

	2010	2009
	\$	\$
6. CASH FLOW INFORMATION		
a) Reconciliation of cash		
For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at bank and term deposits. Cash at the end of the period as shown in the Statement is reconciled to the related items in the statement of financial position as follows:		
Cash on Hand	890	-
Cash at Bank	341,905	113,444
Term Deposits	747,267	72,162
	<u>1,090,062</u>	<u>185,606</u>
b) Reconciliation of cash flows from operations with operating surplus		
Net Surplus for the Year	1(j) 2,869,564	36,952
Non-Cash Flows in Net Surplus		
Depreciation	34,740	-
Gain on Transfer of Net Assets on Merging of Victorian Branches 1 & 3	(3,023,897)	-
Loss on disposal of assets	1,094	-
Changes in Assets and Liabilities net of the effects of the Merger		
Decrease in Prepayments	827	-
(Increase) in Debtors - HSU East	(49,998)	(16,972)
(Increase) in Interest Accrued	(5,062)	(238)
(Decrease) / Increase in Sundry Creditors and GST Payable	(209,424)	13,016
Increase in Provisions	100,707	-
Cash Flows from Operations	<u>(281,449)</u>	<u>32,758</u>

7. RELATED PARTY TRANSACTIONS

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

Transactions with the Health Services Union - National Office:

Capitation Fees - National Office capitation fees are disclosed as an expense in the Statement of Comprehensive Income and as a payment in the Statement of Cash Flows.

Transactions with HSU East:

Service Fees - HSU East service fees are disclosed as an expense in the Statement of Comprehensive Income and as a payment in the Statement of Cash Flows.

The amounts receivable from/payable to Health Services Union - National Office and the amount receivable from HSU East at balance date are disclosed in the statement of financial position as current assets/liabilities, as appropriate.

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

7. RELATED PARTY TRANSACTIONS (Cont'd)

The aggregate amount of remuneration paid to officials during the financial year is disclosed in the Statement of Comprehensive Income.

The aggregate amount paid during the financial year to a superannuation plan in respect of elected full time officers is \$7,532 (2009: \$NIL).

There have been no other transactions between the officials and the Union other than those relating to their membership of the Union and the 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.

8. MERGER OF VICTORIAN NO1 AND VICTORIAN NO 3 BRANCHES

On 24 May 2010 the union altered the rules of the Health Services Union. The alterations involved the merger of the Victoria No.1 and Victoria No.3 Branches into the New South Wales Branch. The Health Services Union New South Wales Branch was then renamed to Health Services Union East Branch.

Net Assets merged into the New South Wales Branch were as follows:

	Victoria No 1	Victoria No 3	Total
Net Assets per the signed accounts at 24 May 2010	3,144,462	970,007	4,114,469
Less fair value adjustment on merger (a)	(1,220,572)	-	(1,220,572)
Add creditor adjustment	130,000	-	130,000
	<u>2,053,890</u>	<u>970,007</u>	<u>3,023,897</u>

- (a) Land and Buildings of Victoria No 1 Branch were acquired on Merger with a net book value of \$5,970, 572 including Improvements. The Committee of Management have determined that the book value should be reduced to \$4,750,000 to reflect current market information on the land and buildings.

Committee of Management - Deemed Cost based on current market information	4,750,000
Net Book Value of Land and Buildings on Date of Merger	<u>5,970,572</u>
	<u>(1,220,572)</u>

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

9. FINANCIAL RISK MANAGEMENT

Financial Instruments

	2010	2009
	\$	\$
Financial Assets		
Cash and cash equivalents	1,090,062	185,606
Debtor - HSU East	79,852	29,854
Debtor - HSUA National Office	129,226	-
Investment - Shares in listed company	711	711
Trade Debtors	17,128	-
Total Financial Assets	<u>1,316,979</u>	<u>216,171</u>
Financial Liabilities		
Creditor - HSUA National Office	682,510	-
Lease Liability	33,730	-
Sundry Creditors	173,841	15,519
Trade Creditors	<u>1,028,250</u>	<u>-</u>
Total Financial Liabilities	<u>1,918,331</u>	<u>15,519</u>

(a) *General objectives, policies and processes*

The Branch is exposed to risks that arise from its use of financial instruments. This note describes the Branch's objectives, policies and processes for managing those risks and the methods used to measure them.

Other than as a consequence of the merger with Victoria No 1 and No 3 branches, there have been no substantive changes in the Branch's exposure to financial instrument risk its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Branch's financial instruments consist mainly of deposits with banks and other financial institutions, receivables and payables. The main risks the Branch is exposed to through its financial instruments are liquidity risk, credit risk and market risk.

The Committee of Management has overall responsibility for the determination of the Branch's risk management objectives and policies and whilst retaining ultimate responsibility for them, the Committee of Management makes investment decisions after considering appropriate advice.

(b) *Credit Risk*

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Branch incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Branch.

The Branch has two major debtors the Health Services Union East and the Health Services Union National Office. There is no history of default by the debtors to the Branch.

To mitigate the credit risk associated with cash at bank and term deposits, these are only deposited at reputable financial institutions.

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

9. FINANCIAL RISK MANAGEMENT (cont'd)

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provision for doubtful debts, as disclosed below:

	2010	2009
	\$	\$
Cash at Bank	341,905	113,444
Cash Investments - Term Deposits	747,267	72,162
Debtor - HSU East	79,852	29,854
Debtor - HSUA National Office	129,226	-
Trade Debtors	17,128	-
	<u>1,315,378</u>	<u>215,460</u>

There has been no history of default and all receivables are likely to be repaid within the expected terms.

(c) *Liquidity Risk*

The Branch manages liquidity risk by monitoring cash flows.

Liquidity risk is the risk that the Branch may encounter difficulties raising funds to meet commitments associated with financial instruments. The Branch is exposed to this risk, as it has \$1,090,062 (2009: \$185,606) in cash and cash equivalents to meet these obligations as they fall due. Financial liabilities at 30 June 2010 totalled \$1,918,331 (2009: \$15,519).

(d) *Market Risk*

Market risk arises from the use of interest bearing, tradable financial instruments. It is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or other market factors (other price risk).

(i) *Interest Rate Risk*

The Branch's exposure to interest rate risk is the risk that a financial instrument's value fluctuates as a result of changes in market interest rates. The Branch holds excess cash in fixed short term deposits to mitigate interest rate fluctuation risks. The Branch monitors and manages its interest rate risk by reviewing market trends. Upon maturity, term deposits will be reinvested into a new term deposit at the prevailing interest rate. The effective weighted average interest rates on those financial assets and liabilities are summarised below:

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

9. FINANCIAL RISK MANAGEMENT (cont'd)

(1) Interest Rate Risk (cont'd)

	Floating interest rate \$	Fixed interest rate \$	Non- interest bearing \$	Total \$
Year Ended 30 June 2010				
Financial Assets				
Cash and Cash Equivalents	341,905	747,267	890	1,090,062
Receivables	-	-	226,206	226,206
Investment	-	-	711	711
	<u>341,905</u>	<u>747,267</u>	<u>227,807</u>	<u>1,316,979</u>
Weighted average Interest rate	1.20%	5.56%		
Financial Liabilities				
Payables	-	33,730	1,884,601	1,918,331
Net financial assets (liabilities)	<u>341,905</u>	<u>713,537</u>	<u>(1,656,794)</u>	<u>(601,352)</u>
Year Ended 30 June 2009				
Financial Assets				
Cash and Cash Equivalents	113,444	72,162	-	185,606
Receivables	-	-	29,854	29,854
Investments	-	-	711	711
	<u>113,444</u>	<u>72,162</u>	<u>30,565</u>	<u>216,171</u>
Weighted average Interest rate	1.50%	3.65%		
Financial Liabilities				
Payables	-	-	15,519	15,519
Net financial assets	<u>113,444</u>	<u>72,162</u>	<u>15,046</u>	<u>200,652</u>

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

9. FINANCIAL RISK MANAGEMENT (cont'd)

(i) Interest Rate Risk (cont'd)

Sensitivity Analysis

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the branch's profit (through the impact on floating rate and short term deposit financial assets).

Year Ended 30 June 2010	Carrying Amount	+1% Profit	-1% Loss
	\$	\$	\$
Cash and Cash Equivalents	1,089,172	10,892	(10,892)
		<u>10,892</u>	<u>(10,892)</u>
Year Ended 30 June 2009	Carrying Amount	+1% Profit	-1.5% Loss
	\$	\$	\$
Cash and Cash Equivalents	185,606	1,856	(2,784)
		<u>1,856</u>	<u>(2,784)</u>

(ii) Other Price Risks

The Branch does not invest in derivatives therefore it does not expose itself to the fluctuations in price that are inherent in such a market. There is no sensitivity analysis for other price risk because although the Branch holds a small number of shares in a listed company their value as a percentage of investments, is considered immaterial.

(iii) Foreign Exchange Risk

The Branch is not exposed to foreign exchange rate risk.

10. CAPITAL AND LEASING COMMITMENTS

Operating Lease Commitments

Non- cancellable operating leases contracted for but not capitalised in the financial statements:

	2010	2009
	\$	\$
Payable - minimum lease payments:		
- Not later than 12 months	47,184	-
- Between 12 months and 5 years	115,698	-
	<u>162,882</u>	<u>-</u>

Operating lease commitments relates to the lease of four Konica Minolta photocopiers and office equipment.

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

10. CAPITAL AND LEASING COMMITMENTS (Cont'd)

	Notes	2010 \$	2009 \$
Finance Lease Commitments			
Payable			
- Not later than 12 months		12,180	-
- Between 12 Months and 5 Years		<u>24,403</u>	<u>-</u>
		36,583	-
Less future finance charges		<u>(2,853)</u>	<u>-</u>
Present Value of Minimum lease payments		<u>33,730</u>	<u>-</u>
Current Liability		10,394	-
Non Current Liability		<u>23,336</u>	<u>-</u>
		<u>33,730</u>	<u>-</u>

At 30 June 2010 the Branch had 3 motor vehicle finance lease commitments which all expire on 26 September 2011.

11. FLOOD DAMAGE - PROPERTY, PLANT & EQUIPMENT

In February 2010, a flood occurred at the Health Services Union offices in Park Street South Melbourne, Victoria. The interior of the office premises received extensive water damage and as a result, many assets were water damaged and required to be replaced. An insurance claim has been lodged in regards to this event. As at the time of the signing of the Financial Statements, the insurance claim is still in the process of being finalised and as a result, the final outstanding sum receivable is still to be determined. The written down values of the assets that were destroyed in the flood and the consideration received up until year end to replace these assets were determined to be immaterial, and not adjusted in the Financial Statements.

12. GOING CONCERN

As at 30 June 2010 the Branch had net assets of \$3,047,495 however its current liabilities of \$3,349,984 exceeded its current assets of \$1,342,682. The Branch is reliant on the financial support of a related Union, HSU East. HSU East has undertaken to provide financial support in order for the HSU East Branch to meet its debts as and when they fall due.

13. REGISTERED OFFICE

The registered office and principal place of business of the Branch is:

Level 2,
109 Pitt Street
Sydney NSW 2000

INDEPENDENT AUDITOR'S REPORT

To the members of the Health Services Union East Branch

We have audited the accompanying financial report of the Health Services Union East Branch, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in accumulated funds and statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the Branch Committee of Management's statement

Committee of Management's and Branch Secretary's Responsibility for the Financial Report

The committee of management and branch secretary of the Health Services Union East Branch are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee of management and branch secretary, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies and the Fair Work (Registered Organisations) Act 2009.



INDEPENDENT AUDIT REPORT (Cont'd)

Auditor's Opinion

In our opinion, the general purpose financial report of the Health Services Union East Branch is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.

A handwritten signature in black ink, appearing to be the stylized letters 'BDO'.

BDO Audit (NSW-VIC) Pty Ltd

A handwritten signature in black ink, appearing to be 'David McLean'.

David McLean
Director
Member of Institute of Chartered Accountants
And Holder of Current Public Practice Certificate
Registered Company Auditor
SYDNEY NSW 2000

8 February 2011



23rd May 2011
MW:GIB A040843

Ailsa Carruthers
Team Manager
Tribunal Services and Organisations
Fair Work Australia
GPO Box 1994
MELBOURNE VIC 3001

Dear Ailsa,

**Financial Reports for the period ended 30th June 2010 – FR2010/2809,
FR2010/2719**

Following on from your correspondence dated 16th May 2011 please find enclosed the documentation detailed below:

- Section 268 Certificates for the New South Wales Branch, East Branch .
- Committee of Management Statements
- Operating Reports

Please feel free to contact me on (02) 9229 4909 if you require any further information.

Yours Sincerely
Health Services Union East Branch

MICHAEL WILLIAMSON
GENERAL SECRETARY



The Union for All
Health Workers

Health Services Union
east Branch

ABN 93 728 534 595

Tel: 1300 478 679

Fax: 1300 329 478

Web: hsueast.com

E-mail: info@hsueast.com

Sydney (Registered Office)

Level 2, 109 Pitt Street
Sydney NSW 2000

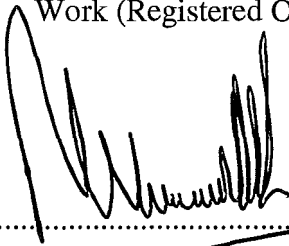
Melbourne

208 - 212 Park Street
South Melbourne VIC 3205

SECTION 268 CERTIFICATE

I, Michael Williamson, General Secretary of the Health Services Union East Branch, certify that in respect of the Health Services Union East Branch:

- That the documents lodged herewith for the period ended 30th June 2010 are copies of the full report, referred to in s268 of the Fair Work (Registered Organisations) Act 2009; and
- That the concise report was provided to members on 11th February 2011; and
- That the full report was presented to a meeting of the Committee of Management of the reporting unit on 8th February 2011, in accordance with Section 266 of the Fair Work (Registered Organisations) Act 2009.



.....
General Secretary – Michael Williamson



.....
Date

RESOLUTION

Moved K Wilkinson/S McCullough that this item is for information purposes only

Motion put and carried.

ITEM 2 – FINANCIAL REPORT YEAR ENDING 30/6/2010

The General Secretary reported that he had received from the Auditors, BDO Kendall's the Union's Financial Statement for the year ended 30th June 2010. The General Secretary advised that the Financial Statement was also tabled at the Branch Audit and Compliance committee meeting. Mr Williamson tabled the documents.

RESOLUTION

Moved P Beaton/B Rowling that the financial statements for the year ended 30th June 2010 be received, adopted and that S Pollard and M Williamson be authorised to sign the Operating Report and Mr Williamson be authorised to sign Union Council Statement on behalf of the Union Council and that:

The Union Council declares in relation to the GPFR that in its opinion:

- (a) The financial report and notes comply with the Australian Accounting Standards;
- (b) The financial report and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) The financial report and notes give a true and fair view of the financial performance, financial position and cash flows of the Branch for the financial year ended 30 June 2010;
- (d) There are reasonable grounds to believe that the Branch will be able to pay its debts as and when they become due and payable; and
- (e) During the financial year ended 30 June 2010 and since the end of the financial year:
 - (i) Meetings of the Committee of Management were held in accordance with the rules of the organisation and the rules of the Branch; and
 - (ii) The financial affairs of the Branch have been managed in accordance with the rules of the organisation and the rules of the Branch; and
 - (iii) The financial records of the Branch have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations; and
 - (iv) The financial records of the Branch have been kept, as far as practicable, in a consistent manner to each of the other Branches and National Office of the organisation; and
 - (v) No information has been sought in any request of a member of the Branch or a Registrar under section 272 of the RAO Regulations; and

- (vi) No orders have been made by the Industrial Registry under section 273 of the RAO Regulations.
- (f) During the financial year ended 30 June 2010 the Branch did not participate in any recovery of wages activity.

Motion put and carried.

ITEM 3 – EBA NEGOTIATIONS VICTORIA AND DELEGATES MEETING 10/5/11

The General Secretary advised that in light of EBA negotiations commencing in Victoria that it would be an appropriate time to hold a delegates meeting to discuss this important matter.

Executive President Kathy Jackson outlined the proposed timetable in relation to EBA negotiations including that a survey would shortly be issued seeking member input into the negotiation process. She advised that a draft claim would be available for Union Council for discussion at its 10/5/11 meeting. She proposed subject to endorsement by Union Council that the Draft Claim be provided to delegates who in turn could then hold discussions with member at their respective workplaces. Obviously a number of meetings will have to occur in relation to this important matter, the delegates meeting of 10/5/11 being the initial one.

The General Secretary advised that he would confirm with Councillors the location of the delegates meeting however, it is anticipated that the delegates meeting will commence at approximately 1.30pm on 10/5/11.

RESOLUTION

Moved K Wilkinson/P Kerr this item is for information purposes and a more detailed report will be provided to Council.

Motion put and carried.

ITEM 4 – ADMINISTRATIVE AGREEMENT

Council at its October 2010 meeting resolved that the General Secretary was to enter into an agreement with the General Secretary of the HSU east regarding administrative arrangements.

Item 8 of the October meeting recommended that the Branch would pay to HSU east a monthly figure for administrative expenses. However, this was not able to be accurately calculated. However, due to the completion of the Financial Statements it has now been calculated by the Auditors that the administrative service fee up till the 30/9/2010 is \$619,235.00.

RESOLUTION

Moved J Pappas/K Goodlock that in accordance with the previously carried resolution the Health Services Union East Branch approves of a service fee payment of \$619,235.00 for administrative arrangements to HSU east.

Motion put and carried.

**HEALTH SERVICES UNION
EAST BRANCH
(formerly HEALTH SERVICES UNION NEW SOUTH WALES BRANCH)**

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010**

HEALTH SERVICES UNION EAST BRANCH

OPERATING REPORT

The Committee of Management presents its operating report of the Health Services Union East Branch for the reporting year ended 30 June 2010.

1. The principal activities of the Branch during the reporting period were:
 - b) That of a registered trade union;
 - c) Use the facilities of the AIRC, for the purpose of determining industrial issues under the Fair Work (Registered Organisations) Act 2009;
 - d) The Branch also utilises the AIRC services in the ACT, over which this Branch has jurisdictional coverage; and
 - e) No significant change in the nature of these activities occurred during the period.
2. The surplus of the Branch for the reporting period 30 June 2010 amounted to 2,869,564 (2009: surplus of \$36,952). As a result of the merger there has been a gain on the transfer of net assets from Victorian No 1 and Victorian No 3 branches of \$3,023,897. (refer to Note 8 of the financial accounts).
3. All members have a right to resign in accordance with rule 16.1 of the Union's Registered Rules and section 174(1) of the Fair Work (Registered Organisations) Act 2009. In accordance with section 174(1) of the Fair Work (Registered Organisations) Act 2009 a member of an organisation may resign from membership by written notice addressed and delivered to a person designated for the purpose in the rules of the organisation or a branch of the organisation. There was no change to this rule during the year.
4. Mr Michael Williamson is a director of First State Super. Mr Peter Mylan is a director of Health Super Pty Ltd, the trustee of the Health Superfund. He is nominated to that office by the National Executive of the Health Services Union. Katherine Jackson is a director of H.E.S.T. Australia Ltd, the trustee of the HESTA Superfund.
5. The number of members of the Branch at the end of the reporting period was 18,956.
6. The Branch had 39 appointed employees as at the end of the reporting period, including full and part-time employees measured on a full-time equivalent basis.
7. The names of each person who were members of the Committee of Management, at any time, during the reporting period are as follows:

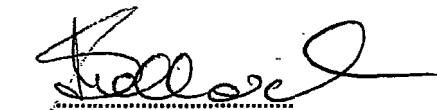
1 July 2009 to 30 June 2010

Stephen Pollard	Iris Knight	Kim Goodlock	Ted Hinge
Sean O'Connor	Lynne Russell	Sharon Joseph	David Vealey
Anthony Llewellyn	Deborah Neumann	Michael Williamson	Kevin Caldwell
Warren Boon	Mark Hanton	John Fitzroy	Lynette Guymer
Dixie Campton	Barbara Gray	Linden Martin	Clarence Smith
Pauline O'Neill	Vickie Riley	Peter Beaton	Katherine Jackson
Mark Sterrey	Sharon McCullough	Robyne Cosgrove	Kate Wilkinson
Robert Matejin	Bryan Yeates	Reuben Dixon	Adriana Vespucci
Stephen Sigismondi	Jenny Dunlop	Mark Hindson	Lisa Magnusson
Lia Augoustakis	Shane Brasier	Carol Carmichael	Leonie Flynn
Patrick O'Brien	Marco Bolano	Jamie Martorana	Milicia Nenadovic
Lyn Shepherd	Phillip Kerr	Joseph Grech	Brett Davidson
Julie Graham	Stuart Bowles	Loredana Scidone	Terry Cox
Iva Wilken			

HEALTH SERVICES UNION EAST BRANCH

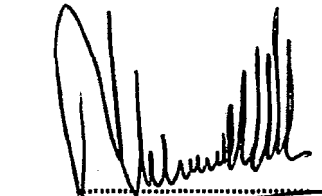
OPERATING REPORT (Cont'd)

Signed in accordance with a resolution of the Committee of Management



S POLLARD

8 February 2011



M A WILLIAMSON

HEALTH SERVICES UNION EAST BRANCH

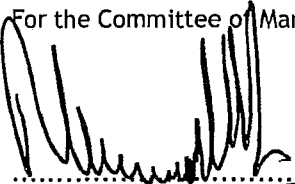
COMMITTEE OF MANAGEMENT'S STATEMENT

On 8 February 2011 the Committee of Management of the Health Services Union East Branch, passed the following resolution in relation to the general purpose financial report (GPFR) of the Branch for the year ended 30 June 2010.

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

- (a) the financial report and notes comply with the Australian Accounting Standards;
- (b) the financial report and notes comply with the reporting guidelines of the General Manager of Fair Work Australia;
- (c) the financial report and notes give a true and fair view of the financial performance, financial position and cash flows of the Branch for the year ended 30 June 2010.
- (d) there are reasonable grounds to believe that the Branch will be able to pay its debts as and when they become due and payable; and
- (e) during the reporting period ended 30 June 2010 and since the end of the period:
 - (i) meetings of the Committee of Management were held in accordance with the rules of the organisation and the rules of the Branch; and
 - (ii) the financial affairs of the Branch have been managed in accordance with the rules of the organisation and the rules of the Branch; and
 - (iii) the financial affairs of the Branch have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009; and
 - (iv) the financial records of the Branch have been kept, as far as practicable, in a consistent manner to each of the other branches and national office of the organisation; and
 - (v) no information has been sought in any request of a member of the Branch or the General Manager of Fair Work Australia under section 272 of the Fair Work (Registered Organisations) Act 2009; and
 - (vi) no orders have been made by the Industrial Registry under section 273 of the Fair Work (Registered Organisations) Act 2009.
- (f) during the year ended 30 June 2010 the branch did not participate in any recovery of wages activity.

For the Committee of Management:



M A WILLIAMSON

8 February 2011

HEALTH SERVICES UNION EAST BRANCH

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Year Ended 30 June 2010	Restated Year Ended 30 June 2009 (Refer to Note 1(j))
		\$	\$
INCOME			
Capitation Fees	1(j)	696,912	696,576
Contributions		946,401	183,418
Interest		8,148	7,132
Rent		3,401	-
Sponsorship		5,000	-
Advertising		10,571	-
Sundry		8,369	33
Gain on Transfer of Net Assets on Merging of Victorian Branches 1 & 3	8	<u>3,023,897</u>	<u>-</u>
TOTAL INCOME		<u>4,702,699</u>	<u>887,159</u>
LESS EXPENDITURE			
Depreciation			
Building		11,712	-
Motor Vehicles		2,615	-
Furniture and Fittings		3,385	-
Office Equipment		16,767	-
Computer Software		<u>261</u>	<u>-</u>
		<u>34,740</u>	<u>-</u>
Employee Benefits Expense			
Salaries and Allowances - Officials		53,418	-
- Other Staff		305,049	-
Accrued Annual Leave		62,355	-
Accrued Long Service Leave		38,352	-
Fringe Benefits Tax		20,872	5,099
Superannuation		<u>34,729</u>	<u>-</u>
		<u>514,775</u>	<u>5,099</u>

(The attached notes form part of these financial statements)

HEALTH SERVICES UNION EAST BRANCH

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

	Year Ended 30 June 2010	Restated Year Ended 30 June 2009 (Refer to Note 1(j))
	\$	\$
Other Expenses		
Affiliation Fees	1,339	3,792
Audit Fees	29,800	7,900
Bank Charges	7,673	1,552
Building Expenses	15,627	-
Campaigns	1,400	-
Capitation Fees - National Office	712,751	705,508
Computer Expenses	19,211	998
Conference & Meeting Allowances	-	-
Conference & Meeting Expenses	-	-
Delegates' Expenses	23,083	5,752
General Expenses	14,542	251
Honorarium	22,699	-
Insurance Expense	51,069	-
Loss on disposal of assets	1,094	-
Motor Vehicle Costs	28,642	-
National Health Development Aid	12,000	-
Organising and Travel	32,551	20,172
Payroll Tax	30,304	-
Printing & Stationery	10,677	1,645
Professional Fees	62,918	-
Rent	15,789	7,298
Service Fee - HSU East	158,619	89,858
Sponsorships	3,545	-
Staff Training/Development/Other	8,825	-
Telephone Expenses	19,462	382
	<u>1,283,620</u>	<u>845,108</u>
TOTAL EXPENDITURE	<u>1,833,135</u>	<u>850,207</u>
SURPLUS FOR THE YEAR	2,869,564	36,952
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>2,869,564</u>	<u>36,952</u>

(The attached notes form part of these financial statements)

HEALTH SERVICES UNION EAST BRANCH

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	30 June 2010	Restated 30 June 2009 (Refer to Note 1(j))
		\$	\$
CURRENT ASSETS			
Accrued Interest		19,546	238
Cash and cash equivalents	4	1,090,062	185,606
Debtor - HSU East		79,852	29,854
Debtor- HSUA National office		129,226	-
Investments		711	711
Prepayments		6,157	-
Trade Debtors		17,128	-
TOTAL CURRENT ASSETS		1,342,682	216,409
NON CURRENT ASSETS			
Property, Plant and Equipment	5	5,209,721	-
TOTAL NON CURRENT ASSETS		5,209,721	-
TOTAL ASSETS		6,552,403	216,409
LESS CURRENT LIABILITIES			
CURRENT LIABILITIES			
Creditor - HSUA National Office		682,510	-
GST Payable	1(j)	44,620	22,959
Lease Liability	10	10,394	-
Provision for Annual Leave		922,851	-
Provision for Long Service Leave		487,518	-
Sundry Creditors		173,841	15,519
Trade Creditors		1,028,250	-
TOTAL CURRENT LIABILITIES		3,349,984	38,478
NON CURRENT LIABILITIES			
Lease Liability	10	23,336	-
Provision for Long Service Leave		131,588	-
TOTAL NON CURRENT LIABILITIES		154,924	-
TOTAL LIABILITIES		3,504,908	38,478
NET ASSETS		3,047,495	177,931
ACCUMULATED FUNDS		3,047,495	177,931

(The attached notes form part of these financial statements)

HEALTH SERVICES UNION EAST BRANCH

**STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Accumulated Funds
		\$
Balance at 30 June 2008		140,979
Total Comprehensive Income for the Year		54,368
Correction of Error	1(j)	<u>(17,416)</u>
Total Comprehensive Income after correction of Error		36,952
Balance at 30 June 2009		177,931
Total Comprehensive Income for the Year		<u>2,869,564</u>
Balance at 30 June 2010		<u>3,047,495</u>

(The attached notes form part of these financial statements)

HEALTH SERVICES UNION EAST BRANCH

**STATEMENT OF CASH FLOWS FOR THE
YEAR ENDED 30 JUNE 2010**

	Note	Year Ended 30 June 2010	Restated Year Ended 30 June 2009 (Refer to Note 1(j))
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Contributions		896,403	166,446
Capitation Fees		696,912	696,576
Interest Received		3,086	7,132
Other Income		27,341	33
Payments to Suppliers		(1,033,821)	(42,063)
Payment to National Office for Capitation Fees		(712,751)	(705,508)
Payment to HSU East for Service Fees		(158,619)	(89,858)
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES	6(b)	<u>(281,449)</u>	<u>32,758</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments		-	(5,981)
NET CASH USED IN INVESTING ACTIVITIES		<u>-</u>	<u>(5,981)</u>
NET (DECREASE) INCREASE IN CASH HELD		(281,449)	26,777
CASH AT 1 JULY 2009		185,606	158,829
Add Cash Acquired on Merger of Victorian Branches 1 & 3		1,185,905	-
CASH AT 30 JUNE 2010	6(a)	<u>1,090,062</u>	<u>185,606</u>

(The attached notes form part of these financial statements)

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. STATEMENT OF ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Fair Work (Registered Organisations) Act 2009.

Compliance with Australian equivalents to International Financial Reporting Standards ensures that the financial report comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS) except for:

- Segment reporting because AASB 114 "Segment Reporting" does not apply to not-for-profit organisations.
- Impairment of assets under AASB 136 "Impairment of assets"

BASIS OF PREPARATION

The financial report is for the East Branch of the Health Services Union, and in accordance with the Fair Work (Registered Organisations) Act 2009 the Branch is a reporting unit. The Health Services Union is an organisation registered under the Fair work (Registered Organisations) Act 2009. The East Branch is a branch of the registered organisation. In accordance with the Act the Union is a body corporate and has perpetual succession. By virtue of this method of incorporation, the Union and the East Branch are not subject to the Corporations Act 2001.

The financial report has been prepared on the basis of historical costs. 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 significant accounting policies adopted by the Branch in the preparation of the financial report.

(a) Revenue

Contributions are accounted for on a cash receipts basis. Otherwise, the concept of accrual accounting has been adopted in the preparation of the Accounts.

(b) Income tax

No provision for Income Tax is necessary as Industrial Trade Unions are exempt from Income Tax under Section 50-15 of the Income Tax Assessment Act 1997.

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

(c) Property, Plant and Equipment

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

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Branch commencing from the time the asset is ready for use.

The depreciation rates used for each class of asset are:

Building	2.5%
Computer Software	25%
Office Equipment	20% - 50%
Furniture & Fittings	10% - 20%
Motor Vehicles	25%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in the statement of comprehensive income in the year that the item is derecognised.

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the branch are classified as finance leases.

Finance Leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

(d) Impairment

The carrying amounts of non current assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised in the statement of comprehensive income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and value in use. For the purpose of assessing value in use, this represents depreciated current replacement cost, as the Union is a not-for-profit organisation.

HEALTH SERVICES UNION EAST BRANCH

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)**

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

(e) Employee Entitlements

Provision is made for the Branch's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on costs.

Other employee benefits payable later than one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. In the case of Long Service Leave this results in an amount not materially different to that achieved by discounting future cash flows.

Contributions are made by the Branch to employee superannuation funds and are charged as expenses when incurred.

(f) Receivables

Receivables are recognised at original invoice amounts. Collectability of receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off.

(g) Investments

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date, which is the date on which the entity commits to purchase, or sell the asset.

(h) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables on the statement of financial position are shown inclusive of GST.

(i) Accounting Standards Issued But Not Yet Effective

There have been no accounting standards issued which will impact the financial report in future periods and which are not yet effective.

(j) Restatement of Comparative and Correction of Error in Prior Year

GST on Capitation Fees

The 2009 accounts overstated capitation fees by \$17,416 and understated the GST liability by \$17,416. During the year ended 30 June 2010 the error was amended in the accounting records and the correct amount of GST paid to the ATO.

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Branch makes estimates and assumptions concerning the future. The resulting accounting estimates by definition seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

(b) Critical judgments in applying the Branch's accounting principles

There are no critical judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

3. INFORMATION TO BE PROVIDED TO MEMBERS OR GENERAL MANAGER OF FAIR WORK AUSTRALIA

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of Sub-Sections (1), (2) and (3) of Section 272 of the Fair Work (Registered Organisations) Act 2009 which read as follows:

- (1) A member of a reporting unit, or the General Manager of Fair Work Australia, 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).

	2010	2009
	\$	\$
4. CASH AND CASH EQUIVALENTS		
Cash on Hand	890	-
Cash at Bank	341,905	113,444
Term Deposits	747,267	72,162
	<u>1,090,062</u>	<u>185,606</u>

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

	2010 \$	2009 \$
5. PROPERTY, PLANT AND EQUIPMENT		
Land & Buildings at Deemed Cost	4,750,000	-
Less Accumulated Depreciation	(11,712)	-
	<u>4,738,288</u>	<u>-</u>
Motor Vehicles at Cost	260,895	-
Less Accumulated Depreciation	(78,899)	-
	<u>181,996</u>	<u>-</u>
Leased Motor Vehicles at Cost	46,236	-
Less Accumulated Depreciation	(16,214)	-
	<u>30,022</u>	<u>-</u>
Furniture and Fittings at Cost	440,641	-
Less Accumulated Depreciation	(232,171)	-
	<u>208,470</u>	<u>-</u>
Office Equipment at Cost	241,133	-
Less Accumulated Depreciation	(190,188)	-
	<u>50,945</u>	<u>-</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>5,209,721</u>	<u>-</u>

(a) MOVEMENTS IN CARRYING AMOUNTS

	Balance at 30 June 2009 \$	Additions on Merger of Victorian Branches \$	Disposals \$	Depreciation \$	Balance at 30 June 2010 \$
Land & Buildings at deemed cost	-	4,750,000	-	(11,712)	4,738,288
Motor Vehicles at cost	-	187,121	-	(5,125)	181,996
Motor Vehicles Leased	-	27,512	-	2,510	30,022
Furniture and Fittings at cost	-	211,855	-	(3,385)	208,470
Office Equipment at cost	-	67,712	-	(16,767)	50,945
Computer Software at cost	-	1,355	(1,094)	(261)	-
	<u>-</u>	<u>5,245,555</u>	<u>(1,094)</u>	<u>(34,740)</u>	<u>5,209,721</u>

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

	2010	2009
	\$	\$
6. CASH FLOW INFORMATION		
a) Reconciliation of cash		
For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at bank and term deposits. Cash at the end of the period as shown in the Statement is reconciled to the related items in the statement of financial position as follows:		
Cash on Hand	890	-
Cash at Bank	341,905	113,444
Term Deposits	747,267	72,162
	<u>1,090,062</u>	<u>185,606</u>
b) Reconciliation of cash flows from operations with operating surplus		
Net Surplus for the Year	1(j) 2,869,564	36,952
Non-Cash Flows in Net Surplus		
Depreciation	34,740	-
Gain on Transfer of Net Assets on Merging of Victorian Branches 1 & 3	(3,023,897)	-
Loss on disposal of assets	1,094	-
Changes in Assets and Liabilities net of the effects of the Merger		
Decrease in Prepayments	827	-
(Increase) in Debtors - HSU East	(49,998)	(16,972)
(Increase) in Interest Accrued	(5,062)	(238)
(Decrease) / Increase in Sundry Creditors and GST Payable	(209,424)	13,016
Increase in Provisions	100,707	-
Cash Flows from Operations	<u>(281,449)</u>	<u>32,758</u>

7. RELATED PARTY TRANSACTIONS

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

Transactions with the Health Services Union - National Office:

Capitation Fees - National Office capitation fees are disclosed as an expense in the Statement of Comprehensive Income and as a payment in the Statement of Cash Flows.

Transactions with HSU East:

Service Fees - HSU East service fees are disclosed as an expense in the Statement of Comprehensive Income and as a payment in the Statement of Cash Flows.

The amounts receivable from/payable to Health Services Union - National Office and the amount receivable from HSU East at balance date are disclosed in the statement of financial position as current assets/liabilities, as appropriate.

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

7. RELATED PARTY TRANSACTIONS (Cont'd)

The aggregate amount of remuneration paid to officials during the financial year is disclosed in the Statement of Comprehensive Income.

The aggregate amount paid during the financial year to a superannuation plan in respect of elected full time officers is \$7,532 (2009: \$NIL).

There have been no other transactions between the officials and the Union other than those relating to their membership of the Union and the 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.

8. MERGER OF VICTORIAN NO1 AND VICTORIAN NO 3 BRANCHES

On 24 May 2010 the union altered the rules of the Health Services Union. The alterations involved the merger of the Victoria No.1 and Victoria No.3 Branches into the New South Wales Branch. The Health Services Union New South Wales Branch was then renamed to Health Services Union East Branch.

Net Assets merged into the New South Wales Branch were as follows:

	Victoria No 1	Victoria No 3	Total
Net Assets per the signed accounts at 24 May 2010	3,144,462	970,007	4,114,469
Less fair value adjustment on merger (a)	(1,220,572)	-	(1,220,572)
Add creditor adjustment	130,000	-	130,000
	<u>2,053,890</u>	<u>970,007</u>	<u>3,023,897</u>

- (a) Land and Buildings of Victoria No 1 Branch were acquired on Merger with a net book value of \$5,970, 572 including Improvements. The Committee of Management have determined that the book value should be reduced to \$4,750,000 to reflect current market information on the land and buildings.

Committee of Management - Deemed Cost based on current market information	4,750,000
Net Book Value of Land and Buildings on Date of Merger	<u>5,970,572</u>
	<u>(1,220,572)</u>

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

9. FINANCIAL RISK MANAGEMENT

Financial Instruments

	2010 \$	2009 \$
Financial Assets		
Cash and cash equivalents	1,090,062	185,606
Debtor - HSU East	79,852	29,854
Debtor - HSUA National Office	129,226	-
Investment - Shares in listed company	711	711
Trade Debtors	17,128	-
Total Financial Assets	<u>1,316,979</u>	<u>216,171</u>
Financial Liabilities		
Creditor - HSUA National Office	682,510	-
Lease Liability	33,730	-
Sundry Creditors	173,841	15,519
Trade Creditors	<u>1,028,250</u>	<u>-</u>
Total Financial Liabilities	<u>1,918,331</u>	<u>15,519</u>

(a) *General objectives, policies and processes*

The Branch is exposed to risks that arise from its use of financial instruments. This note describes the Branch's objectives, policies and processes for managing those risks and the methods used to measure them.

Other than as a consequence of the merger with Victoria No 1 and No 3 branches, there have been no substantive changes in the Branch's exposure to financial instrument risk its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Branch's financial instruments consist mainly of deposits with banks and other financial institutions, receivables and payables. The main risks the Branch is exposed to through its financial instruments are liquidity risk, credit risk and market risk.

The Committee of Management has overall responsibility for the determination of the Branch's risk management objectives and policies and whilst retaining ultimate responsibility for them, the Committee of Management makes investment decisions after considering appropriate advice.

(b) *Credit Risk*

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Branch incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Branch.

The Branch has two major debtors the Health Services Union East and the Health Services Union National Office. There is no history of default by the debtors to the Branch.

To mitigate the credit risk associated with cash at bank and term deposits, these are only deposited at reputable financial institutions.

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

9. FINANCIAL RISK MANAGEMENT (cont'd)

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provision for doubtful debts, as disclosed below:

	2010	2009
	\$	\$
Cash at Bank	341,905	113,444
Cash Investments - Term Deposits	747,267	72,162
Debtor - HSU East	79,852	29,854
Debtor - HSUA National Office	129,226	-
Trade Debtors	17,128	-
	<u>1,315,378</u>	<u>215,460</u>

There has been no history of default and all receivables are likely to be repaid within the expected terms.

(c) *Liquidity Risk*

The Branch manages liquidity risk by monitoring cash flows.

Liquidity risk is the risk that the Branch may encounter difficulties raising funds to meet commitments associated with financial instruments. The Branch is exposed to this risk, as it has \$1,090,062 (2009: \$185,606) in cash and cash equivalents to meet these obligations as they fall due. Financial liabilities at 30 June 2010 totalled \$1,918,331 (2009: \$15,519).

(d) *Market Risk*

Market risk arises from the use of interest bearing, tradable financial instruments. It is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or other market factors (other price risk).

(i) *Interest Rate Risk*

The Branch's exposure to interest rate risk is the risk that a financial instrument's value fluctuates as a result of changes in market interest rates. The Branch holds excess cash in fixed short term deposits to mitigate interest rate fluctuation risks. The Branch monitors and manages its interest rate risk by reviewing market trends. Upon maturity, term deposits will be reinvested into a new term deposit at the prevailing interest rate. The effective weighted average interest rates on those financial assets and liabilities are summarised below:

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

9. FINANCIAL RISK MANAGEMENT (cont'd)

(1) Interest Rate Risk (cont'd)

	Floating interest rate \$	Fixed interest rate \$	Non- interest bearing \$	Total \$
Year Ended 30 June 2010				
Financial Assets				
Cash and Cash Equivalents	341,905	747,267	890	1,090,062
Receivables	-	-	226,206	226,206
Investment	-	-	711	711
	<u>341,905</u>	<u>747,267</u>	<u>227,807</u>	<u>1,316,979</u>
Weighted average Interest rate	1.20%	5.56%		
Financial Liabilities				
Payables	-	33,730	1,884,601	1,918,331
Net financial assets (liabilities)	<u>341,905</u>	<u>713,537</u>	<u>(1,656,794)</u>	<u>(601,352)</u>
Year Ended 30 June 2009				
Financial Assets				
Cash and Cash Equivalents	113,444	72,162	-	185,606
Receivables	-	-	29,854	29,854
Investments	-	-	711	711
	<u>113,444</u>	<u>72,162</u>	<u>30,565</u>	<u>216,171</u>
Weighted average Interest rate	1.50%	3.65%		
Financial Liabilities				
Payables	-	-	15,519	15,519
Net financial assets	<u>113,444</u>	<u>72,162</u>	<u>15,046</u>	<u>200,652</u>

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

9. FINANCIAL RISK MANAGEMENT (cont'd)

(i) Interest Rate Risk (cont'd)

Sensitivity Analysis

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the branch's profit (through the impact on floating rate and short term deposit financial assets).

Year Ended 30 June 2010	Carrying Amount	+1% Profit	-1% Loss
	\$	\$	\$
Cash and Cash Equivalents	1,089,172	10,892	(10,892)
		<u>10,892</u>	<u>(10,892)</u>
Year Ended 30 June 2009	Carrying Amount	+1% Profit	-1.5% Loss
	\$	\$	\$
Cash and Cash Equivalents	185,606	1,856	(2,784)
		<u>1,856</u>	<u>(2,784)</u>

(ii) Other Price Risks

The Branch does not invest in derivatives therefore it does not expose itself to the fluctuations in price that are inherent in such a market. There is no sensitivity analysis for other price risk because although the Branch holds a small number of shares in a listed company their value as a percentage of investments, is considered immaterial.

(iii) Foreign Exchange Risk

The Branch is not exposed to foreign exchange rate risk.

10. CAPITAL AND LEASING COMMITMENTS

Operating Lease Commitments

Non- cancellable operating leases contracted for but not capitalised in the financial statements:

	2010	2009
	\$	\$
Payable - minimum lease payments:		
- Not later than 12 months	47,184	-
- Between 12 months and 5 years	115,698	-
	<u>162,882</u>	<u>-</u>

Operating lease commitments relates to the lease of four Konica Minolta photocopiers and office equipment.

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

10. CAPITAL AND LEASING COMMITMENTS (Cont'd)

	Notes	2010 \$	2009 \$
Finance Lease Commitments			
Payable			
- Not later than 12 months		12,180	-
- Between 12 Months and 5 Years		<u>24,403</u>	<u>-</u>
		36,583	-
Less future finance charges		<u>(2,853)</u>	<u>-</u>
Present Value of Minimum lease payments		<u>33,730</u>	<u>-</u>
Current Liability		10,394	-
Non Current Liability		<u>23,336</u>	<u>-</u>
		<u>33,730</u>	<u>-</u>

At 30 June 2010 the Branch had 3 motor vehicle finance lease commitments which all expire on 26 September 2011.

11. FLOOD DAMAGE - PROPERTY, PLANT & EQUIPMENT

In February 2010, a flood occurred at the Health Services Union offices in Park Street South Melbourne, Victoria. The interior of the office premises received extensive water damage and as a result, many assets were water damaged and required to be replaced. An insurance claim has been lodged in regards to this event. As at the time of the signing of the Financial Statements, the insurance claim is still in the process of being finalised and as a result, the final outstanding sum receivable is still to be determined. The written down values of the assets that were destroyed in the flood and the consideration received up until year end to replace these assets were determined to be immaterial, and not adjusted in the Financial Statements.

12. GOING CONCERN

As at 30 June 2010 the Branch had net assets of \$3,047,495 however its current liabilities of \$3,349,984 exceeded its current assets of \$1,342,682. The Branch is reliant on the financial support of a related Union, HSU East. HSU East has undertaken to provide financial support in order for the HSU East Branch to meet its debts as and when they fall due.

13. REGISTERED OFFICE

The registered office and principal place of business of the Branch is:

Level 2,
109 Pitt Street
Sydney NSW 2000

INDEPENDENT AUDITOR'S REPORT

To the members of the Health Services Union East Branch

We have audited the accompanying financial report of the Health Services Union East Branch, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in accumulated funds and statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the Branch Committee of Management's statement

Committee of Management's and Branch Secretary's Responsibility for the Financial Report

The committee of management and branch secretary of the Health Services Union East Branch are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee of management and branch secretary, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies and the Fair Work (Registered Organisations) Act 2009.



INDEPENDENT AUDIT REPORT (Cont'd)

Auditor's Opinion

In our opinion, the general purpose financial report of the Health Services Union East Branch is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.

A handwritten signature in black ink, appearing to be the stylized letters 'BDO'.

BDO Audit (NSW-VIC) Pty Ltd

A handwritten signature in black ink, appearing to be 'David McLean'.

David McLean
Director
Member of Institute of Chartered Accountants
And Holder of Current Public Practice Certificate
Registered Company Auditor
SYDNEY NSW 2000

8 February 2011



FAIR WORK
AUSTRALIA

16 May 2011

Mr Michael Williamson
General Secretary
HSU East Branch
Health Services Union
Level 2
109 Pitt Street
SYDNEY NSW 2000

Dear Mr Williamson,

**Financial report for the year ended 30th June 2010
HSU East Branch - FR2010/2809**

Receipt is acknowledged on 21 February 2011 of financial documents for the year ended 30 June 2010 for the HSU East Branch (**the Branch**) of the Health Services Union (**HSU**). For the period from 1 July 2009 to 23 May 2010 the reporting unit to which the financial documents relate was the New South Wales Branch of the HSU. On 24 May 2010 an alteration to the HSU Rules was certified under section 159 of the *Fair Work (Registered Organisations) Act 2009* (**RO Act**) under which the Victoria No.1 Branch and the Victoria No.3 Branch merged with the New South Wales Branch to create the HSU East Branch. The financial documents account for the merger of assets of the Victoria No.1 Branch and the Victoria No.3 Branch into the New South Wales Branch.

I note that, on 29 November 2010, the General Manager of FWA granted to HSU East Branch an extension of time until 31 December 2010 in which to circulate its financial report to members under subsection 265(5) of the RO Act. In a letter dated 20 December 2010, HSU East Branch sought a further extension of time until 31 January 2011 in which to circulate its financial report 'due to delays continuing to be experienced by the Branch's management as a consequence of the complexities of properly integrating the transactions and balances of Vic No.1 and No.3 Branches into the HSU East Branch's financial records'. HSU East Branch was advised by Fair Work Australia (**FWA**) in a letter dated 21 January 2011 that the legislation does not allow for a further extension of time, meaning that it was not possible to accommodate the further request.

The financial report has not been filed pending:

- lodgement with FWA of the concise report that was circulated to members on 17 February 2011;
- lodgement of a new operating report with FWA, together with information about its circulation to members and presentation to a meeting;
- provision to FWA of minutes of meetings of the committee of management on 8 February 2011; and

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GPO Box 1994
Melbourne VIC 3001

Telephone: (03) 8661 7767
International: (613) 8661 7777
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Email: ailsa.carruthers@fwa.gov.au

- receipt by FWA of information from the auditor regarding the signing of the auditor's report between the two committee of management meetings that were held on 8 February 2011.

1. MATTERS THAT REQUIRE IMMEDIATE ATTENTION

1.1 Provision of concise report to members

The second bulleted paragraph of the section 268 certificate that was signed by you on 17 February 2011 states that 'the concise report was provided to members on 17 February 2011'. This is the only reference to a concise report in the documents that have been lodged and no concise report has been lodged with FWA.

Section 268 of the RO Act requires a reporting unit that has circulated a concise report to its members to lodge a copy of that concise report, together with a copy of the full report, with FWA.

You are now required to lodge with FWA a copy of the concise report that is referred to in the section 268 certificate.

I draw your attention to the requirements regarding concise reports that are contained in subsection 265(3) of the RO Act and in regulation 161 of the *Fair Work (Registered Organisations) Regulations 2009 (RO Regulations)*. I note, in particular, the requirement that the concise report must be audited by the Branch's auditor (in addition to his audit of the full report - see paragraph 265(3)(c) of the RO Act). Further, the concise report must contain both discussion and analysis of the principal factors affecting the financial performance, financial position and financial and investing activities of the reporting unit and a statement that the concise 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 (see paragraphs (c) and (e) of regulation 161(1)).

1.2 Operating Report

There are a number of deficiencies in the operating report that has been lodged.

You are required to prepare another operating report that addresses the deficiencies set out below and then to provide it to members (such as by posting it on your website), present it to another meeting of the committee of management and lodge it with FWA together with advice about its provision to members and presentation to a meeting.

1.2.1 Number of members

Paragraph 5 of the operating report states that the number of members of the Branch at the end of the reporting period was 18,956.

This number is surprisingly low, given that the operating report for the New South Wales Branch alone for the financial year ended 30 June 2009 gave a membership figure of 35,982. Further, the Victoria No.1 and No.3 Branches gave membership figures of 15,424 and 4,363 respectively for the same period. The combined membership numbers of those three branches as at 30 June 2009 exceeded 55,000.

The annual return of the HSU East Branch that was lodged with FWA under section 233 of the RO Act on 5 April 2011 states in paragraph 8 that the 'total number of members of the Branch as at 31 December 2010 was 56359'.

As a result, it seems highly unlikely that the figure given in the operating report is correct.

1.2.2 Review of reporting unit's principal activities

Paragraph 254(2)(a) of the RO Act requires the operating report to contain a 'review of the reporting unit's principal activities during the year, the results of those activities and any significant changes in the nature of those activities during the year' (my emphasis).

As discussed immediately above, it appears that the merger of the three branches on 24 May 2010 to create the HSU East Branch has resulted in the former New South Wales Branch increasing its membership numbers by approximately 20,000 (which constitutes an increase in membership of more than 50%). Those 20,000 new members are located in Victoria, being a jurisdiction in which the New South Wales Branch did not have members.

Paragraph 1(e) of the operating report states that there has been no significant change in the nature of activities that occurred in the Branch during the financial year. There is no information of any kind regarding either the substantial increase in membership or the new jurisdiction in which the Branch is operating and the effect of these two matters upon the activities of the Branch. Given the magnitude of these changes, it seems unlikely that there have not been any significant changes in the Branch's activities since the merger.

It is necessary for further information to be provided in paragraph 1 of the operating report regarding changes in the nature of activities of the Branch during the reporting period.

1.2.3 Committee of management members

Paragraph 7 of the operating report sets out the name of each person who was a member of the committee of management 'at any time' during the reporting period.

Paragraph (c) of regulation 159 of the RO Regulations requires the operating report to disclose 'the period for which' each committee of management member held his or her position (my emphasis).

Under paragraph (c) of rule 48B of the HSU Rules, all of the offices of the New South Wales Branch were abolished on 24 May 2010. A transitional union council is established by paragraph (d), the members of which hold office in the Branch until declaration of the results of fresh elections which are to be held during the transitional period. It is clear that the structure and membership of the committee of management has changed substantially during the reporting period due to the merger of three branches. In such a situation it is particularly important that information about the holders of office from time to time in the Branch be given in accordance with the requirements of the RO Regulations.

Given the substantial changes that have occurred in the constitution of the committee of management since 24 May 2011, I suggest that the easiest way to present the information that is required by regulation 159 would be in a table at paragraph 7 setting out the positions and names of office holders prior to the merger and the positions and names of office holders after the merger.

1.3 Financial reporting timeframes

Financial reporting obligations that are set out in Part 3 of Chapter 8 of the RO Act set out a particular chronological order in which financial documents must be prepared, made available to members and presented to a meeting. That process requires two, separate meetings to be held:

- a) as soon as practicable after the end of the financial year, the committee of management must hold a meeting in order to pass the resolutions as set out in paragraphs 24 to 26 of the reporting guidelines (**the first meeting**).

This is because the committee must cause a general purpose financial report (**GPFR**) to be prepared (see section 253) and the documents that fall within the definition of a 'GPFR' include the committee of management statement (see subsection 253(2));

- b) after preparation of the GPFR and signing of the committee of management statement, the auditor must audit the GPFR in accordance with the requirements of section 257 and the reporting guidelines;
- c) an operating report must be prepared in accordance with the requirements of section 254 and regulation 159 of the RO Regulations;
- d) financial documents must be provided to members as set out in section 265. Where they are to be presented to a meeting of the committee of management, documents must be circulated to members within 5 months of the end of the financial year (that is, by 30 November - see paragraph 265(5)(b) of the RO Act);
- e) the full report must be presented to a second meeting (**the second meeting**) within 6 months of the end of the financial year (that is, by 31 December - see section 266 of the RO Act). This can either be a general meeting of members or, where the reporting unit's rules so allow, a meeting of the committee of management. I note that rule 69(b) of the HSU Rules allows presentation of financial documents to a meeting of the committee of management.

Section 266 requires the 'full report' to be presented to the second meeting. The 'full report' is defined in subsection 265(1) as consisting of the auditor's report, the GPFR and the operating report.

- f) within 14 days of the second meeting, the financial report must be lodged with FWA together with a certificate under section 268 of the RO Act.

For your assistance, I have attached a 'Financial Reporting Timeline' which sets out a diagram showing the sequence of steps.

1.3.1 Committee of management meetings and signing of auditor's report

The committee of management statement, operating report and auditor's report are all dated 8 February 2011. The committee of management statement states that the resolution was passed by the committee on 8 February 2011. The section 268 certificate states that the full report was also presented to a committee of management meeting on 8 February 2011.

Many of the key events in the reporting timeframe occurred on 8 February 2011. For those events to have occurred in the correct order (as summarised at paragraph 1.3 above), it would have been necessary for the following sequence of events to have taken place on 8 February 2011:

- 1) a 'first meeting' at which the committee of management passed resolutions in accordance with paragraph 25 of the reporting guidelines;
- 2) having viewed the signed committee of management resolution, the auditor signed his auditor's report; and
- 3) a 'second meeting' of the committee of management at which the 'full report' (including the signed auditor's report) was presented.

In other words, it would have been necessary for there to be two meetings of the committee of management and for the auditor to have signed his auditor's report in between the holding of the first and second committee of management meetings.

It is necessary for the auditor to view a signed committee of management statement before signing his auditor's report because an auditor is required to obtain sufficient appropriate audit evidence on which to base his opinion on the financial report before he is able to sign his auditor's report (see subsection 257(8) of the RO Act and by paragraph 54 of Australian Auditing Standard ASA 700 *The Auditor's Report on a General Purpose Financial Report*). 'Sufficient appropriate audit evidence' is stated in paragraph 54 of ASA 700 as being 'evidence that the entity's financial report has been prepared and that those charged with governance have asserted that they have taken responsibility for it' (my emphasis). In signing the committee of management statement, 'those charged with governance' are making the 'declaration' that they have 'taken responsibility' as referred to in paragraph 54.

As a result, it is not until the committee of management has passed a resolution in the terms set out in paragraph 25 of the reporting guidelines at the 'first meeting' and has then prepared a committee of management statement that the auditor is able to sign his auditor's report.

Given the occurrence of so many key events in the reporting timeframe on 8 February 2011 and given that the order in which those events occurred is central to determining whether the legislative requirements of the RO Act have been met, it is necessary for FWA to be satisfied that two meetings of the committee of management took place on 8 February 2011. You are therefore required to lodge with FWA copies of minutes of those two meetings.

It is also necessary for FWA to be satisfied that the auditor's report was signed after the resolution was passed at the first meeting but before the second meeting. You are therefore required to obtain from the auditor a letter which states that he viewed a signed committee of management statement before he signed his auditor's report. It would also be relevant if the auditor is able to state that he subsequently attended a (second) committee of management meeting at which his auditor's report was presented as part of the full report.

2. COMMENTS RELEVANT TO PREPARATION OF FINANCIAL DOCUMENTS IN THE FUTURE

The information below is provided to assist the Branch in preparing financial documents in the future. No further action is required regarding these matters for the financial documents that have already been lodged.

2.1 Timing of circulation of documents to members

In the absence of an extension of time, financial documents that are to be presented to a meeting of the committee of management must be circulated to members within 5 months of the end of the financial year (that is, by 30 November - see paragraph 265(5)(b) of the RO Act). As noted earlier, on 29 November 2010 the General Manager of FWA granted an extension of time for circulation of the documents until 31 December 2010. A further extension until 31 January 2010 was sought by the Branch but was not able to be provided as the legislation does not make provision for such a further extension.

The section 268 certificate states that documents were provided to members on 17 February 2011, that is some 1½ months after the date to which an extension had been granted.

You are requested, in future, to ensure that timeframes set out in Part 3 of Chapter 8 of the RO Act are met.

2.2 Timing of presentation of full report to committee of management meeting

The full report must be presented to a 'second' meeting within six months of the end of the financial year (that is, by 31 December 2010 - see section 266 of the RO Act). The section 268

certificate states that the full report was presented to a committee of management meeting on 8 February 2011, some 1½ months later than is required by section 266 of the RO Act.

Once again, you are requested in future to ensure that timeframes set out in Part 3 of Chapter 8 of the RO Act are met.

2.3 Related party transactions - note 7

Subsection 253(1) of the RO Act requires a reporting unit to prepare its GPFR 'in accordance with the Australian Accounting Standards'.

Australian Accounting Standard AASB 124 *Related Party Disclosures* requires a financial entity to disclose transactions and outstanding balances pertaining to related parties of the reporting unit. In particular, paragraph 16 of AASB 124 requires an entity to disclose key management personnel compensation in total and for short-term, post-employment and other long-term benefits.

'Key management personnel' are defined in paragraph 9 as 'those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity'.

Paragraph Aus25.2(b) of AASB 124, however, also sets out the following mandatory requirement:

Aus25.2 The following details about each key management person shall be disclosed:

(a) the name of the person;

(b) the position held; and

(c) where the period of responsibility is less than the reporting period, the date or dates identifying the period of responsibility.

Note 7 to the accounts sets out the aggregate paid to officials and the aggregate paid to a superannuation plan in respect of elected full time officers. None of the information required by paragraphs (a) and (b) of paragraph Aus25.2, however, has been given in note 7. Further, given the abolition of the New South Wales Branch offices and creation of the transitional union council on 24 May 2010 under rule 48B, it seems quite likely that it was also necessary to disclose the date(s) identifying the period(s) of responsibility in order to comply with paragraph (c) of Aus25.2 of AASB 124.

2.4 Disclosure of legal fees

The statement of comprehensive income discloses an expense of \$62,918 for professional fees but not does make a separate disclosure for legal fees.

Paragraph 11(j) of the Industrial Registrar's Reporting Guidelines requires the accounts to include balances on the face of, or in the notes to, the financial statement for 'legal costs and other expenses related to litigation and other legal matters'.

Should the figure for professional fees include legal fees, you are required in the future to ensure that legal costs and expenses are separately disclosed.

2.5 Committee of management statement

Paragraph (e)(iii) of the committee of management statement incorrectly states that the 'financial affairs of the branch have been kept and maintained...' The correct wording is that the 'financial records of the branch have been kept and maintained...'

The statement also incorrectly refers to the 'Industrial Registry' in paragraph (e)(vi). This should be a reference to Fair Work Australia.

2.6 Operating report

References to the 'AIRC' in paragraphs 1(c) and (d) of the operating report should be references to Fair Work Australia.

If you have any queries, please contact me on (03) 8661 7767 or at ailsa.carruthers@fwa.gov.au.

Yours sincerely,

A handwritten signature in black ink that reads "Ailsa Carruthers". The signature is written in a cursive style with a long horizontal flourish at the end.

Ailsa Carruthers
Deputy Director
Organisations

18 February 2011



The General Manager
Fair Work Australia
GPO Box 1994
MELBOURNE VIC 3001

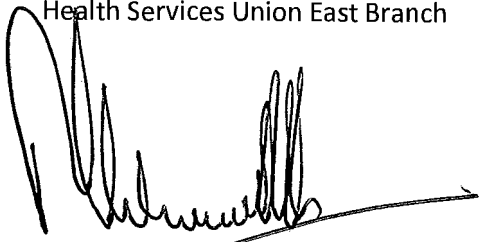
Dear Sir/Madam

Lodgement of Financial Accounts for Health Services Union East Branch

Please find enclosed the financial statements for Health Services Union East Branch for the period ended 30 June 2010.

If you require any further information please contact me on (02) 9229 4909.

Yours faithfully
Health Services Union East Branch



Michael Williamson
General Secretary



HSU east
ABN 93 728 534 595

Sydney
Level 2, 109 Pitt Street
Sydney NSW 2000
Email: info@hsueast.com

Melbourne
208 - 212 Park Street
South Melbourne Vic 3205
Email: info@hsueast.com

Tel: 1300 478 679
Fax: 1300 329 478
Web: www.hsueast.com
E-mail: info@hsueast.com

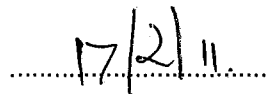
SECTION 268 CERTIFICATE

I, Michael Williamson, General Secretary of the Health Services Union East Branch certify:

- That the documents lodged herewith for the period ended 30 June 2010 are copies of the full report, referred to in s268 of the Fair Work (Registered Organisations) Act 2009; and
- That the concise report was provided to members on 17 February 2011; and
- That the full report was presented to a meeting of the Committee of Management of the reporting unit on 8 February 2011, in accordance with s266 of the Fair Work (Registered Organisations) Act 2009.



General Secretary – Michael Williamson



Date

**HEALTH SERVICES UNION
EAST BRANCH
(formerly HEALTH SERVICES UNION NEW SOUTH WALES BRANCH)**

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010**

HEALTH SERVICES UNION EAST BRANCH

OPERATING REPORT

The Committee of Management presents its operating report of the Health Services Union East Branch for the reporting year ended 30 June 2010.

1. The principal activities of the Branch during the reporting period were:
 - b) That of a registered trade union;
 - c) Use the facilities of the AIRC, for the purpose of determining industrial issues under the Fair Work (Registered Organisations) Act 2009;
 - d) The Branch also utilises the AIRC services in the ACT, over which this Branch has jurisdictional coverage; and
 - e) No significant change in the nature of these activities occurred during the period.
2. The surplus of the Branch for the reporting period 30 June 2010 amounted to 2,869,564 (2009: surplus of \$36,952). As a result of the merger there has been a gain on the transfer of net assets from Victorian No 1 and Victorian No 3 branches of \$3,023,897. (refer to Note 8 of the financial accounts).
3. All members have a right to resign in accordance with rule 16.1 of the Union's Registered Rules and section 174(1) of the Fair Work (Registered Organisations) Act 2009. In accordance with section 174(1) of the Fair Work (Registered Organisations) Act 2009 a member of an organisation may resign from membership by written notice addressed and delivered to a person designated for the purpose in the rules of the organisation or a branch of the organisation. There was no change to this rule during the year.
4. Mr Michael Williamson is a director of First State Super. Mr Peter Mylan is a director of Health Super Pty Ltd, the trustee of the Health Superfund. He is nominated to that office by the National Executive of the Health Services Union. Katherine Jackson is a director of H.E.S.T. Australia Ltd, the trustee of the HESTA Superfund.
5. The number of members of the Branch at the end of the reporting period was 18,956.
6. The Branch had 39 appointed employees as at the end of the reporting period, including full and part-time employees measured on a full-time equivalent basis.
7. The names of each person who were members of the Committee of Management, at any time, during the reporting period are as follows:

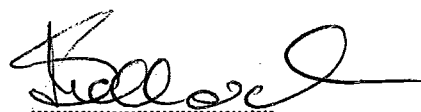
1 July 2009 to 30 June 2010

Stephen Pollard	Iris Knight	Kim Goodlock	Ted Hinge
Sean O'Connor	Lynne Russell	Sharon Joseph	David Vealey
Anthony Llewellyn	Deborah Neumann	Michael Williamson	Kevin Caldwell
Warren Boon	Mark Hanlon	John Fitzroy	Lynette Guymer
Dixie Campton	Barbara Gray	Linden Martin	Clarence Smith
Pauline O'Neill	Vickie Riley	Peter Beaton	Katherine Jackson
Mark Sterrey	Sharon McCullough	Robyne Cosgrove	Kate Wilkinson
Robert Matejin	Bryan Yeates	Reuben Dixon	Adriana Vespucci
Stephen Sigismondi	Jenny Dunlop	Mark Hindson	Lisa Magnusson
Lia Augoustakis	Shane Brasier	Carol Carmichael	Leonie Flynn
Patrick O'Brien	Marco Bolano	Jamie Martorana	Milicia Nenadovic
Lyn Shepherd	Phillip Kerr	Joseph Grech	Brett Davidson
Julie Graham	Stuart Bowles	Loredana Scidone	Terry Cox
Iva Wilken			

HEALTH SERVICES UNION EAST BRANCH


OPERATING REPORT (Cont'd)

Signed in accordance with a resolution of the Committee of Management



S POLLARD

8 February 2011



M A WILLIAMSON

HEALTH SERVICES UNION EAST BRANCH

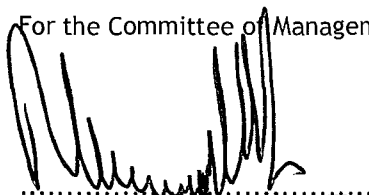
COMMITTEE OF MANAGEMENT'S STATEMENT

On 8 February 2011 the Committee of Management of the Health Services Union East Branch, passed the following resolution in relation to the general purpose financial report (GPFR) of the Branch for the year ended 30 June 2010.

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

- (a) the financial report and notes comply with the Australian Accounting Standards;
- (b) the financial report and notes comply with the reporting guidelines of the General Manager of Fair Work Australia;
- (c) the financial report and notes give a true and fair view of the financial performance, financial position and cash flows of the Branch for the year ended 30 June 2010.
- (d) there are reasonable grounds to believe that the Branch will be able to pay its debts as and when they become due and payable; and
- (e) during the reporting period ended 30 June 2010 and since the end of the period:
 - (i) meetings of the Committee of Management were held in accordance with the rules of the organisation and the rules of the Branch; and
 - (ii) the financial affairs of the Branch have been managed in accordance with the rules of the organisation and the rules of the Branch; and
 - (iii) the financial affairs of the Branch have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009; and
 - (iv) the financial records of the Branch have been kept, as far as practicable, in a consistent manner to each of the other branches and national office of the organisation; and
 - (v) no information has been sought in any request of a member of the Branch or the General Manager of Fair Work Australia under section 272 of the Fair Work (Registered Organisations) Act 2009; and
 - (vi) no orders have been made by the Industrial Registry under section 273 of the Fair Work (Registered Organisations) Act 2009.
- (f) during the year ended 30 June 2010 the branch did not participate in any recovery of wages activity.

For the Committee of Management:



.....
M A WILLIAMSON

8 February 2011

HEALTH SERVICES UNION EAST BRANCH

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Year Ended 30 June 2010	Restated Year Ended 30 June 2009 (Refer to Note 1(j))
		\$	\$
INCOME			
Capitation Fees	1(j)	696,912	696,576
Contributions		946,401	183,418
Interest		8,148	7,132
Rent		3,401	-
Sponsorship		5,000	-
Advertising		10,571	-
Sundry		8,369	33
Gain on Transfer of Net Assets on Merging of Victorian Branches 1 & 3	8	<u>3,023,897</u>	<u>-</u>
TOTAL INCOME		<u>4,702,699</u>	<u>887,159</u>
LESS EXPENDITURE			
Depreciation			
Building		11,712	-
Motor Vehicles		2,615	-
Furniture and Fittings		3,385	-
Office Equipment		16,767	-
Computer Software		<u>261</u>	<u>-</u>
		<u>34,740</u>	<u>-</u>
Employee Benefits Expense			
Salaries and Allowances - Officials		53,418	-
- Other Staff		305,049	-
Accrued Annual Leave		62,355	-
Accrued Long Service Leave		38,352	-
Fringe Benefits Tax		20,872	5,099
Superannuation		<u>34,729</u>	<u>-</u>
		<u>514,775</u>	<u>5,099</u>

(The attached notes form part of these financial statements)

HEALTH SERVICES UNION EAST BRANCH

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

	Year Ended 30 June 2010	Restated Year Ended 30 June 2009 (Refer to Note 1(j))
	\$	\$
Other Expenses		
Affiliation Fees	1,339	3,792
Audit Fees	29,800	7,900
Bank Charges	7,673	1,552
Building Expenses	15,627	-
Campaigns	1,400	-
Capitation Fees - National Office	712,751	705,508
Computer Expenses	19,211	998
Conference & Meeting Allowances	-	-
Conference & Meeting Expenses	-	-
Delegates' Expenses	23,083	5,752
General Expenses	14,542	251
Honorarium	22,699	-
Insurance Expense	51,069	-
Loss on disposal of assets	1,094	-
Motor Vehicle Costs	28,642	-
National Health Development Aid	12,000	-
Organising and Travel	32,551	20,172
Payroll Tax	30,304	-
Printing & Stationery	10,677	1,645
Professional Fees	62,918	-
Rent	15,789	7,298
Service Fee - HSU East	158,619	89,858
Sponsorships	3,545	-
Staff Training/Development/Other	8,825	-
Telephone Expenses	19,462	382
	<hr/>	<hr/>
	1,283,620	845,108
	<hr/>	<hr/>
TOTAL EXPENDITURE	1,833,135	850,207
	<hr/>	<hr/>
SURPLUS FOR THE YEAR	2,869,564	36,952
OTHER COMPREHENSIVE INCOME	-	-
	<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	2,869,564	36,952
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(The attached notes form part of these financial statements)

HEALTH SERVICES UNION EAST BRANCH

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	30 June 2010	Restated 30 June 2009 (Refer to Note 1(j))
		\$	\$
CURRENT ASSETS			
Accrued Interest		19,546	238
Cash and cash equivalents	4	1,090,062	185,606
Debtor - HSU East		79,852	29,854
Debtor- HSUA National office		129,226	-
Investments		711	711
Prepayments		6,157	-
Trade Debtors		17,128	-
TOTAL CURRENT ASSETS		1,342,682	216,409
NON CURRENT ASSETS			
Property, Plant and Equipment	5	5,209,721	-
TOTAL NON CURRENT ASSETS		5,209,721	-
TOTAL ASSETS		6,552,403	216,409
LESS CURRENT LIABILITIES			
CURRENT LIABILITIES			
Creditor - HSUA National Office		682,510	-
GST Payable	1(j)	44,620	22,959
Lease Liability	10	10,394	-
Provision for Annual Leave		922,851	-
Provision for Long Service Leave		487,518	-
Sundry Creditors		173,841	15,519
Trade Creditors		1,028,250	-
TOTAL CURRENT LIABILITIES		3,349,984	38,478
NON CURRENT LIABILITIES			
Lease Liability	10	23,336	-
Provision for Long Service Leave		131,588	-
TOTAL NON CURRENT LIABILITIES		154,924	-
TOTAL LIABILITIES		3,504,908	38,478
NET ASSETS		3,047,495	177,931
ACCUMULATED FUNDS		3,047,495	177,931

(The attached notes form part of these financial statements)

HEALTH SERVICES UNION EAST BRANCH

STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Accumulated Funds \$
Balance at 30 June 2008		140,979
Total Comprehensive Income for the Year		54,368
Correction of Error	1(j)	<u>(17,416)</u>
Total Comprehensive Income after correction of Error		36,952
Balance at 30 June 2009		177,931
Total Comprehensive Income for the Year		<u>2,869,564</u>
Balance at 30 June 2010		<u>3,047,495</u>

(The attached notes form part of these financial statements)

HEALTH SERVICES UNION EAST BRANCH

STATEMENT OF CASH FLOWS FOR THE
YEAR ENDED 30 JUNE 2010

	Note	Year Ended 30 June 2010 \$	Restated Year Ended 30 June 2009 (Refer to Note 1(j)) \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Contributions		896,403	166,446
Capitation Fees		696,912	696,576
Interest Received		3,086	7,132
Other Income		27,341	33
Payments to Suppliers		(1,033,821)	(42,063)
Payment to National Office for Capitation Fees		(712,751)	(705,508)
Payment to HSU East for Service Fees		(158,619)	(89,858)
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES	6(b)	<u>(281,449)</u>	<u>32,758</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments		-	(5,981)
NET CASH USED IN INVESTING ACTIVITIES		<u>-</u>	<u>(5,981)</u>
NET (DECREASE) INCREASE IN CASH HELD		(281,449)	26,777
CASH AT 1 JULY 2009		185,606	158,829
Add Cash Acquired on Merger of Victorian Branches 1 & 3		1,185,905	-
CASH AT 30 JUNE 2010	6(a)	<u>1,090,062</u>	<u>185,606</u>

(The attached notes form part of these financial statements)

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. STATEMENT OF ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Fair Work (Registered Organisations) Act 2009.

Compliance with Australian equivalents to International Financial Reporting Standards ensures that the financial report comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS) except for:

- Segment reporting because AASB 114 "Segment Reporting" does not apply to not-for-profit organisations.
- Impairment of assets under AASB 136 "Impairment of assets"

BASIS OF PREPARATION

The financial report is for the East Branch of the Health Services Union, and in accordance with the Fair Work (Registered Organisations) Act 2009 the Branch is a reporting unit. The Health Services Union is an organisation registered under the Fair work (Registered Organisations) Act 2009. The East Branch is a branch of the registered organisation. In accordance with the Act the Union is a body corporate and has perpetual succession. By virtue of this method of incorporation, the Union and the East Branch are not subject to the Corporations Act 2001.

The financial report has been prepared on the basis of historical costs. 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 significant accounting policies adopted by the Branch in the preparation of the financial report.

(a) Revenue

Contributions are accounted for on a cash receipts basis. Otherwise, the concept of accrual accounting has been adopted in the preparation of the Accounts.

(b) Income tax

No provision for Income Tax is necessary as Industrial Trade Unions are exempt from Income Tax under Section 50-15 of the Income Tax Assessment Act 1997.

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

(c) Property, Plant and Equipment

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

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Branch commencing from the time the asset is ready for use.

The depreciation rates used for each class of asset are:

Building	2.5%
Computer Software	25%
Office Equipment	20% - 50%
Furniture & Fittings	10% - 20%
Motor Vehicles	25%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in the statement of comprehensive income in the year that the item is derecognised.

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the branch are classified as finance leases.

Finance Leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

(d) Impairment

The carrying amounts of non current assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised in the statement of comprehensive income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and value in use. For the purpose of assessing value in use, this represents depreciated current replacement cost, as the Union is a not-for-profit organisation.

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

(e) Employee Entitlements

Provision is made for the Branch's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on costs.

Other employee benefits payable later than one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. In the case of Long Service Leave this results in an amount not materially different to that achieved by discounting future cash flows.

Contributions are made by the Branch to employee superannuation funds and are charged as expenses when incurred.

(f) Receivables

Receivables are recognised at original invoice amounts. Collectability of receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off.

(g) Investments

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date, which is the date on which the entity commits to purchase, or sell the asset.

(h) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables on the statement of financial position are shown inclusive of GST.

(i) Accounting Standards Issued But Not Yet Effective

There have been no accounting standards issued which will impact the financial report in future periods and which are not yet effective.

(j) Restatement of Comparative and Correction of Error in Prior Year

GST on Capitation Fees

The 2009 accounts overstated capitation fees by \$17,416 and understated the GST liability by \$17,416. During the year ended 30 June 2010 the error was amended in the accounting records and the correct amount of GST paid to the ATO.

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) **Critical accounting estimates and assumptions**

The Branch makes estimates and assumptions concerning the future. The resulting accounting estimates by definition seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

(b) **Critical judgments in applying the Branch's accounting principles**

There are no critical judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

3. INFORMATION TO BE PROVIDED TO MEMBERS OR GENERAL MANAGER OF FAIR WORK AUSTRALIA

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of Sub-Sections (1), (2) and (3) of Section 272 of the Fair Work (Registered Organisations) Act 2009 which read as follows:

- (1) A member of a reporting unit, or the General Manager of Fair Work Australia, 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).

	2010	2009
	\$	\$
4. CASH AND CASH EQUIVALENTS		
Cash on Hand	890	-
Cash at Bank	341,905	113,444
Term Deposits	747,267	72,162
	<u>1,090,062</u>	<u>185,606</u>

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

	2010 \$	2009 \$
5. PROPERTY, PLANT AND EQUIPMENT		
Land & Buildings at Deemed Cost	4,750,000	-
Less Accumulated Depreciation	(11,712)	-
	<u>4,738,288</u>	<u>-</u>
Motor Vehicles at Cost	260,895	-
Less Accumulated Depreciation	(78,899)	-
	<u>181,996</u>	<u>-</u>
Leased Motor Vehicles at Cost	46,236	-
Less Accumulated Depreciation	(16,214)	-
	<u>30,022</u>	<u>-</u>
Furniture and Fittings at Cost	440,641	-
Less Accumulated Depreciation	(232,171)	-
	<u>208,470</u>	<u>-</u>
Office Equipment at Cost	241,133	-
Less Accumulated Depreciation	(190,188)	-
	<u>50,945</u>	<u>-</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>5,209,721</u>	<u>-</u>

(a) MOVEMENTS IN CARRYING AMOUNTS

	Balance at 30 June 2009 \$	Additions on Merger of Victorian Branches \$	Disposals \$	Depreciation \$	Balance at 30 June 2010 \$
Land & Buildings at deemed cost	-	4,750,000	-	(11,712)	4,738,288
Motor Vehicles at cost	-	187,121	-	(5,125)	181,996
Motor Vehicles Leased	-	27,512	-	2,510	30,022
Furniture and Fittings at cost	-	211,855	-	(3,385)	208,470
Office Equipment at cost	-	67,712	-	(16,767)	50,945
Computer Software at cost	-	1,355	(1,094)	(261)	-
	<u>-</u>	<u>5,245,555</u>	<u>(1,094)</u>	<u>(34,740)</u>	<u>5,209,721</u>

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

	2010	2009
	\$	\$
6. CASH FLOW INFORMATION		
a) Reconciliation of cash		
For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at bank and term deposits. Cash at the end of the period as shown in the Statement is reconciled to the related items in the statement of financial position as follows:		
Cash on Hand	890	-
Cash at Bank	341,905	113,444
Term Deposits	747,267	72,162
	<u>1,090,062</u>	<u>185,606</u>
b) Reconciliation of cash flows from operations with operating surplus		
Net Surplus for the Year	1(j) 2,869,564	36,952
Non-Cash Flows in Net Surplus		
Depreciation	34,740	-
Gain on Transfer of Net Assets on Merging of Victorian Branches 1 & 3	(3,023,897)	-
Loss on disposal of assets	1,094	-
Changes in Assets and Liabilities net of the effects of the Merger		
Decrease in Prepayments	827	-
(Increase) in Debtors - HSU East	(49,998)	(16,972)
(Increase) in Interest Accrued	(5,062)	(238)
(Decrease) / Increase in Sundry Creditors and GST Payable	(209,424)	13,016
Increase in Provisions	100,707	-
Cash Flows from Operations	<u>(281,449)</u>	<u>32,758</u>

7. RELATED PARTY TRANSACTIONS

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

Transactions with the Health Services Union - National Office:

Capitation Fees - National Office capitation fees are disclosed as an expense in the Statement of Comprehensive Income and as a payment in the Statement of Cash Flows.

Transactions with HSU East:

Service Fees - HSU East service fees are disclosed as an expense in the Statement of Comprehensive Income and as a payment in the Statement of Cash Flows.

The amounts receivable from/payable to Health Services Union - National Office and the amount receivable from HSU East at balance date are disclosed in the statement of financial position as current assets/liabilities, as appropriate.

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

7. RELATED PARTY TRANSACTIONS (Cont'd)

The aggregate amount of remuneration paid to officials during the financial year is disclosed in the Statement of Comprehensive Income.

The aggregate amount paid during the financial year to a superannuation plan in respect of elected full time officers is \$7,532 (2009: \$NIL).

There have been no other transactions between the officials and the Union other than those relating to their membership of the Union and the 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.

8. MERGER OF VICTORIAN NO1 AND VICTORIAN NO 3 BRANCHES

On 24 May 2010 the union altered the rules of the Health Services Union. The alterations involved the merger of the Victoria No.1 and Victoria No.3 Branches into the New South Wales Branch. The Health Services Union New South Wales Branch was then renamed to Health Services Union East Branch.

Net Assets merged into the New South Wales Branch were as follows:

	Victoria No 1	Victoria No 3	Total
Net Assets per the signed accounts at 24 May 2010	3,144,462	970,007	4,114,469
Less fair value adjustment on merger (a)	(1,220,572)	-	(1,220,572)
Add creditor adjustment	130,000	-	130,000
	<u>2,053,890</u>	<u>970,007</u>	<u>3,023,897</u>

- (a) Land and Buildings of Victoria No 1 Branch were acquired on Merger with a net book value of \$5,970, 572 including Improvements. The Committee of Management have determined that the book value should be reduced to \$4,750,000 to reflect current market information on the land and buildings.

Committee of Management - Deemed Cost based on current market information	4,750,000
Net Book Value of Land and Buildings on Date of Merger	<u>5,970,572</u>
	<u>(1,220,572)</u>

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

9. FINANCIAL RISK MANAGEMENT

Financial Instruments

	2010	2009
	\$	\$
Financial Assets		
Cash and cash equivalents	1,090,062	185,606
Debtor - HSU East	79,852	29,854
Debtor - HSUA National Office	129,226	-
Investment - Shares in listed company	711	711
Trade Debtors	17,128	-
Total Financial Assets	<u>1,316,979</u>	<u>216,171</u>
Financial Liabilities		
Creditor - HSUA National Office	682,510	-
Lease Liability	33,730	-
Sundry Creditors	173,841	15,519
Trade Creditors	<u>1,028,250</u>	<u>-</u>
Total Financial Liabilities	<u>1,918,331</u>	<u>15,519</u>

(a) *General objectives, policies and processes*

The Branch is exposed to risks that arise from its use of financial instruments. This note describes the Branch's objectives, policies and processes for managing those risks and the methods used to measure them.

Other than as a consequence of the merger with Victoria No 1 and No 3 branches, there have been no substantive changes in the Branch's exposure to financial instrument risk its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Branch's financial instruments consist mainly of deposits with banks and other financial institutions, receivables and payables. The main risks the Branch is exposed to through its financial instruments are liquidity risk, credit risk and market risk.

The Committee of Management has overall responsibility for the determination of the Branch's risk management objectives and policies and whilst retaining ultimate responsibility for them, the Committee of Management makes investment decisions after considering appropriate advice.

(b) *Credit Risk*

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Branch incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Branch.

The Branch has two major debtors the Health Services Union East and the Health Services Union National Office. There is no history of default by the debtors to the Branch.

To mitigate the credit risk associated with cash at bank and term deposits, these are only deposited at reputable financial institutions.

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

9. FINANCIAL RISK MANAGEMENT (cont'd)

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provision for doubtful debts, as disclosed below:

	2010	2009
	\$	\$
Cash at Bank	341,905	113,444
Cash Investments - Term Deposits	747,267	72,162
Debtor - HSU East	79,852	29,854
Debtor - HSUA National Office	129,226	-
Trade Debtors	17,128	-
	<u>1,315,378</u>	<u>215,460</u>

There has been no history of default and all receivables are likely to be repaid within the expected terms.

(c) *Liquidity Risk*

The Branch manages liquidity risk by monitoring cash flows.

Liquidity risk is the risk that the Branch may encounter difficulties raising funds to meet commitments associated with financial instruments. The Branch is exposed to this risk, as it has \$1,090,062 (2009: \$185,606) in cash and cash equivalents to meet these obligations as they fall due. Financial liabilities at 30 June 2010 totalled \$1,918,331 (2009: \$15,519).

(d) *Market Risk*

Market risk arises from the use of interest bearing, tradable financial instruments. It is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or other market factors (other price risk).

(i) *Interest Rate Risk*

The Branch's exposure to interest rate risk is the risk that a financial instrument's value fluctuates as a result of changes in market interest rates. The Branch holds excess cash in fixed short term deposits to mitigate interest rate fluctuation risks. The Branch monitors and manages its interest rate risk by reviewing market trends. Upon maturity, term deposits will be reinvested into a new term deposit at the prevailing interest rate. The effective weighted average interest rates on those financial assets and liabilities are summarised below:

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

9. FINANCIAL RISK MANAGEMENT (cont'd)

(i) Interest Rate Risk (cont'd)

	Floating interest rate \$	Fixed interest rate \$	Non- interest bearing \$	Total \$
Year Ended 30 June 2010				
Financial Assets				
Cash and Cash Equivalents	341,905	747,267	890	1,090,062
Receivables	-	-	226,206	226,206
Investment	-	-	711	711
	<u>341,905</u>	<u>747,267</u>	<u>227,807</u>	<u>1,316,979</u>
Weighted average Interest rate	1.20%	5.56%		
Financial Liabilities				
Payables	-	33,730	1,884,601	1,918,331
Net financial assets (liabilities)	<u>341,905</u>	<u>713,537</u>	<u>(1,656,794)</u>	<u>(601,352)</u>
Year Ended 30 June 2009				
Financial Assets				
Cash and Cash Equivalents	113,444	72,162	-	185,606
Receivables	-	-	29,854	29,854
Investments	-	-	711	711
	<u>113,444</u>	<u>72,162</u>	<u>30,565</u>	<u>216,171</u>
Weighted average Interest rate	1.50%	3.65%		
Financial Liabilities				
Payables	-	-	15,519	15,519
Net financial assets	<u>113,444</u>	<u>72,162</u>	<u>15,046</u>	<u>200,652</u>

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

9. FINANCIAL RISK MANAGEMENT (cont'd)

(i) Interest Rate Risk (cont'd)

Sensitivity Analysis

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the branch's profit (through the impact on floating rate and short term deposit financial assets).

Year Ended 30 June 2010	Carrying Amount	+1% Profit	-1% Loss
	\$	\$	\$
Cash and Cash Equivalents	1,089,172	10,892	(10,892)
		<u>10,892</u>	<u>(10,892)</u>
Year Ended 30 June 2009	Carrying Amount	+1% Profit	-1.5% Loss
	\$	\$	\$
Cash and Cash Equivalents	185,606	1,856	(2,784)
		<u>1,856</u>	<u>(2,784)</u>

(ii) Other Price Risks

The Branch does not invest in derivatives therefore it does not expose itself to the fluctuations in price that are inherent in such a market. There is no sensitivity analysis for other price risk because although the Branch holds a small number of shares in a listed company their value as a percentage of investments, is considered immaterial.

(iii) Foreign Exchange Risk

The Branch is not exposed to foreign exchange rate risk.

10. CAPITAL AND LEASING COMMITMENTS

Operating Lease Commitments

Non- cancellable operating leases contracted for but not capitalised in the financial statements:

	2010	2009
	\$	\$
Payable - minimum lease payments:		
- Not later than 12 months	47,184	-
- Between 12 months and 5 years	115,698	-
	<u>162,882</u>	<u>-</u>

Operating lease commitments relates to the lease of four Konica Minolta photocopiers and office equipment.

HEALTH SERVICES UNION EAST BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Cont'd)

10. CAPITAL AND LEASING COMMITMENTS (Cont'd)

	Notes	2010 \$	2009 \$
Finance Lease Commitments			
Payable			
- Not later than 12 months		12,180	-
- Between 12 Months and 5 Years		<u>24,403</u>	<u>-</u>
		36,583	-
Less future finance charges		<u>(2,853)</u>	<u>-</u>
Present Value of Minimum lease payments		<u>33,730</u>	<u>-</u>
Current Liability		10,394	-
Non Current Liability		<u>23,336</u>	<u>-</u>
		<u>33,730</u>	<u>-</u>

At 30 June 2010 the Branch had 3 motor vehicle finance lease commitments which all expire on 26 September 2011.

11. FLOOD DAMAGE - PROPERTY, PLANT & EQUIPMENT

In February 2010, a flood occurred at the Health Services Union offices in Park Street South Melbourne, Victoria. The interior of the office premises received extensive water damage and as a result, many assets were water damaged and required to be replaced. An insurance claim has been lodged in regards to this event. As at the time of the signing of the Financial Statements, the insurance claim is still in the process of being finalised and as a result, the final outstanding sum receivable is still to be determined. The written down values of the assets that were destroyed in the flood and the consideration received up until year end to replace these assets were determined to be immaterial, and not adjusted in the Financial Statements.

12. GOING CONCERN

As at 30 June 2010 the Branch had net assets of \$3,047,495 however its current liabilities of \$3,349,984 exceeded its current assets of \$1,342,682. The Branch is reliant on the financial support of a related Union, HSU East. HSU East has undertaken to provide financial support in order for the HSU East Branch to meet its debts as and when they fall due.

13. REGISTERED OFFICE

The registered office and principal place of business of the Branch is:

Level 2,
109 Pitt Street
Sydney NSW 2000

INDEPENDENT AUDITOR'S REPORT

To the members of the Health Services Union East Branch

We have audited the accompanying financial report of the Health Services Union East Branch, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in accumulated funds and statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the Branch Committee of Management's statement

Committee of Management's and Branch Secretary's Responsibility for the Financial Report

The committee of management and branch secretary of the Health Services Union East Branch are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee of management and branch secretary, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies and the Fair Work (Registered Organisations) Act 2009.



INDEPENDENT AUDIT REPORT (Cont'd)

Auditor's Opinion

In our opinion, the general purpose financial report of the Health Services Union East Branch is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.

A handwritten signature in black ink that reads 'BDO'.

BDO Audit (NSW-VIC) Pty Ltd

A handwritten signature in black ink, appearing to read 'David McLean'.

David McLean
Director
Member of Institute of Chartered Accountants
And Holder of Current Public Practice Certificate
Registered Company Auditor
SYDNEY NSW 2000

8 February 2011



FAIR WORK
AUSTRALIA

21 January 2011

Mr. Michael Williamson
Secretary
Health Services Union
East Branch
Level 2, 109 Pitt Street
SYDNEY NSW 2000

Dear Mr. Williamson,

**Re: Extension of Time Request - *Fair Work (Registered Organisations) Act 2009*
Provision of Financial Reports to Members (FR2010/2809)**

I refer to your letter dated 22 December 2010 seeking a further extension of time in relation to the above.

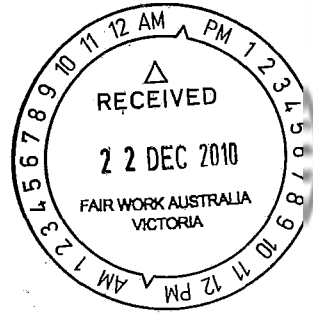
As you would be aware, the General Manager granted your organisation a one month extension of time under s265(5) of the above Act on 29 November 2010 for the provision of copies of its 2010 financial report to its members. The legislation does not allow for any further extension of time. Therefore it is not possible to accommodate your further request.

Yours faithfully,

MaryAnne Guina
Tribunal Services and Organisations

FAIR WORK AUSTRALIA

20 December 2010



The General Manager
Fair Work Australia
Level 4
11 Exhibition Street
MELBOURNE VIC 3000

Fax: (03) 9655 0401

Dear Sir/Madam,

RE: Lodgement of financial statements

268?

We enclose a copy of a letter from our auditors, BDO Audit (NSW-VIC) Pty Ltd, and seek a further extension of time in respect of the lodgement of financial statements

Please contact me on (02) 9229 4909 if you wish to discuss this request for a further extension.

Yours faithfully
HSU East Branch

Michael Williamson
General Secretary



Level 2, 333 Pitt Street
Sydney NSW 2000
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BDO
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Level 19, Market St
Sydney NSW 2000
GPO Box 2561 Sydney NSW 2000
Australia

Mr Michael Williamson
Branch Secretary
HSU East Branch
Level 2, 109 Pitt Street
Sydney NSW 2000

FR 2010/2009

17 December 2010

Dear Michael

Re: HSU East Branch
Application for Further Extension of time in respect of Financial Reporting Requirements
for the year ended 30 June 2010

We ask that you consider applying for a further extension of time in respect of your branch's financial reporting requirements for the year ended of 30 June 2010 financial statements.

We believe that this is necessary as we do not believe that the Branch's audited financial statements will be available in time to meet the 31 December extended deadline for providing them to members that was approved by the General Manager, Fair Work Australia. *265(5)*

This is due to delays continuing to be experienced by the Branch's management as a consequence of the complexities of properly integrating the transactions and balances of VIC No 1 and No 3 Branches into the HSU East Branch's financial records.

Despite these delays, considerable progress has now been made in the conduct of our audit, and we believe that the audited Annual Statements will be able to be provided to members by 31 January 2011 and subsequently to a Committee of Management meeting to enable them to be lodged with Fair Work Australia by 28 February 2011.

If you would like to discuss this matter please call me.

Yours faithfully
BDO Audit (NSW-VIC) Pty Ltd

David McLean
Director



FAIR WORK
AUSTRALIA

29 November 2010

Mr Michael Williamson
Secretary
Health Services Union
East Branch
Level 2, 100 Pitt Street
SYDNEY NSW 2000

Dear Mr Williamson,

FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009

Extension of time for providing financial report to members
(FR 2010/2809)

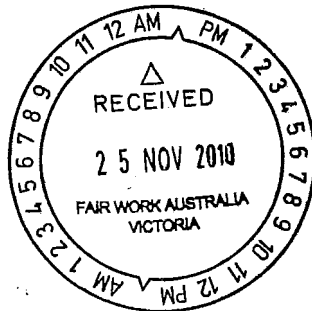
I refer to your letter of 24 November 2010, in relation to a request for an extension of time to provide a copy of the financial report of the East Branch of the Health Services Union to its members.

I hereby grant to the reporting unit under subsection 265(5) of the Act an extension of time until 31 December 2010 to provide to the members of the reporting unit a copy of the financial report prepared for the year ended 30 June 2010.

Yours sincerely,

Tim Lee
General Manager
Fair Work Australia

24 November 2010



The General Manager
 Fair Work Australia
 Level 4
 11 Exhibition Street
 MELBOURNE VIC 3000

Fax: (03) 9655 0401

Dear Sir/Madam,

We enclose a copy of a letter from our auditors, BDO, and seek an extension of time in respect of the lodgement of financial statements.

Please contact me on (02) 9229 4909 if you wish to discuss this request.

Yours faithfully
 HSU East Branch

Michael Williamson
 General Secretary



Health Services Union East
 Level 2, 100 Pitt Street
 Sydney NSW 2000
 Email: info@hsu.org.au
 Melbourne
 20th Floor, 212 Park Street
 South Melbourne VIC 3207
 Email: info@hsu.org.au



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Mr Michael Williamson
Branch Secretary
HSU East Branch
Level 2, 109 Pitt Street
Sydney NSW 2000

12 November 2010

Dear Michael

Re: HSU East Branch
Application for Extension of time in respect of Financial Reporting Requirements
for the year ended 30 June 2010

We ask that you consider applying for an extension of time in respect of your branch's financial reporting requirements for the year ended 30 June 2010 financial statements.

We believe that this would be prudent as we feel it is unlikely that the Branch's audited financial statements will be available in time to meet the 30 November deadline for providing them to members.

This is due to delays being experienced by the Branch's management as a consequence of the complexities of properly integrating the transactions and balances of VIC No 1 and No 3 Branches into the HSU East Branch's financial records.

We believe that the audited Annual Statements will be able to be provided to members by 31 December 2010 and subsequently to a Committee of Management meeting to enable them to be lodged with Fair Work Australia by 31 January 2011.

If you would like to discuss this matter please call me.

Yours faithfully
BDO Audit (NSW-VIC) Pty Ltd

David McLean
Director