



Fair Work Australia

Mr Michael Williamson
Branch Secretary
Health Services Union
New South Wales Branch
Level 2, 109 Pitt Street
SYDNEY NSW 2000

By email: info@hsu.asn.au

Dear Mr Williamson,

Attention: Mr Barry Gibson,

Re: Financial Reports – Y/E 30 June 2008 - FR2008/226
Fair Work (Registered Organisations) Act 2009

I have received the Financial Report for the NSW Branch of the Health Services Union for year ended 30 June 2008. The documents were lodged on 3 February 2009 under s.268 of the RAO Schedule of the *Workplace Relations Act 1996* (now *Fair Work (Registered Organisations) Act 2009*) (the Act).

The signed Auditor's Report was lodged on 1 June 2009.

The documents have been filed.

The following comments may assist you when you next prepare financial reports. No further action is required regarding the lodged documents.

Operating Report – periods that persons held office

The Operating Report must provide (amongst other things):

- the name of each person who has been a member of the Committee of Management at any time during the financial year; and
- the period for which he or she held such a position during the financial year - see s.254 of the Act and Regulation 159(c).

In future years please ensure that this information is provided in the Operating Report.

Yours faithfully,

Andrew Schultz
Tribunal Service & Organisations

20 July 2009

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

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**Health Services Union
of Australia** (NSW Branch)

ABN 93 728 534 595

Level 2, 109 Pitt Street
Sydney NSW 2000
Tel: 1300 478 679
Fax: 1300 329 478
Email: info@hsu.asn.au

Hunter Region

Suite 3, Level 1,
68 Nelson Street
Wallsend NSW 2287
Tel: 1300 478 679
Fax: 1300 329 478

South Coast Region

1 Rawson Street
Wollongong NSW 2500
Tel: 1300 478 679
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South Eastern Region

PO Box 388
Fyshwick ACT 2609
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Greater Murray Region

125 Baylis Street
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Mid North Coast Region

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Far North Coast Region

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Western Sydney Region

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Parramatta NSW 2150
Tel: 1300 478 679
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Western NSW Region

PO Box 2542
Orange NSW 2800
Tel: 1300 478 679
Fax: 1300 329 478

The Registrar
Australian Industrial Registry
GPO Box 1994S
MELBOURNE VIC 3001

MW:GIB/A038342

January 28, 2009

Attention: Mr Peter Nicholson

Dear Sir,

**FINANCIAL STATEMENTS - HEALTH SERVICES UNION OF
AUSTRALIA (NSW BRANCH), YEAR ENDED 30TH JUNE 2008**

The audited Financial Report was available on the Union
Website, November 2008, Also enclosed new Section 268
Certificate.

Yours faithfully,

MICHAEL WILLIAMSON
GENERAL SECRETARY

Attachs.



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of Australia** (NSW Branch)

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SECTION 268 CERTIFICATE

In pursuance of the provisions of Section 268 of Schedule 1B – Registration and Accountability of Organisations of the Workplace Relations Act, I, **MICHAEL WILLIAMSON, GENERAL SECRETARY** of the **Health Services Union of Australia, New South Wales Branch**, certify that the documents attached represent a full report, as per Section 265 (a), of the accounts of **Health Services Union of Australia, New South Wales Branch**, for the ended June 2008, and were the reports presented to the members in accordance with the provisions of Section 265 (a) and in a meeting held in accordance with the provisions of Section 266 of the Act on : 28th November 2008

Signature of Secretary

Date

Hunter Region

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South Coast Region

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BRANCH COMMITTEE OF MANAGEMENT MEETING HELD ON FRIDAY 28TH NOVEMBER 2008, AT 1.00 PM.

ATTENDANCE:

MEMBERS OF BRANCH COMMITTEE OF MANAGEMENT: : D Vealey, I Knight, S Joseph, L Russell, S O'Connor, K Goodlock, D Campton, P O'Neill, L Guymer, J Fitzroy, P Beaton, W Boon, V Anthony, B Gray, S McCullough, M Sterrey, K Caldwell, C Smith, R Cosgrove, K Thompson, L Martin, A Llewellyn, T Hinge, B Wilson

Officers: M Williamson, P Mylan

Chairperson: S Pollard (President)

APOLOGIES: M Hanlon, D Neumann

Moved L Russell/S Joseph that the apologies be accepted.

Motion put and carried.

ITEM 1: FINANCIAL STATEMENT 1/7/2007 – 30/6/2008

The Branch Secretary reported that he had received from the auditors BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd formerly known as A J Williams & Co, the Financial Statements of the Branch for the year ended 30 June 2008. Following adoption of the Branch Committee of Management's statement and it being signed plus the operating report and the Auditors report, the financial report will be posted on web site. Then the Financial Statements and the various attachments must be brought back to the Committee of Management for final adoption. Mr Williamson tabled the documents.

RESOLUTION

Moved S O'Connor/D Vealey that the financial statements for the year ended 30th June 2008 be received, adopted that S Pollard and M Williamson be authorised to sign the Operating Report and Mr Williamson be authorised to sign Branch Committee of Management's Statement on behalf of the Committee and that:

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 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 2008;
- (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 2008 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 2008 the branch did not participate in any recovery of wages activity.

Motion put and carried.

ITEM 2

TERMS OF ENGAGEMENT

Correspondence has been received from BDO Kendalls which sets out the scope of the audit engagement and any other non audit services and the respective responsibilities of the Secretary, Branch Council and BDO Kendalls.

The correspondence requests that the HSU confirm the acceptance of the Terms of BDO Kendalls engagement by signing and returning the correspondence together with a signed copy of AJ Williams Terms of Trade.

RESOLUTION

Moved L Guymer/A Llewellyn that the correspondence be received, noted and Union Executive/Council accepts the

Terms of Engagement and authorises the General Secretary to sign the correspondence in addition to the Terms of Trade.

Motion put and carried.

GENERAL BUSINESS

There being no general business the meeting closed at 1.10 p.m.

Chairperson

**HEALTH SERVICES UNION OF AUSTRALIA
NEW SOUTH WALES BRANCH**

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008**

HEALTH SERVICES UNION OF AUSTRALIA - NEW SOUTH WALES BRANCH

OPERATING REPORT

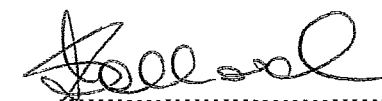
The Committee of Management presents its operating report of the Health Services Union of Australia, New South Wales Branch for the financial year ended 30 June 2008.

1. The principal activities of the Branch during the financial year were:
 - a) Use the facilities of the AIRC, for the purpose of determining industrial issues under the Workplace Relations Act 1996;
 - b) The Branch also utilises the AIRC services in the ACT, over which this Branch has jurisdictional coverage; and
 - c) No significant change in the nature of these activities occurred during the year.
2. The surplus of the Branch for the financial year amounted to \$6,281. There were no significant changes to the Branch's financial affairs during the year.
3. Members retain the right to resign from the Health Services Union of Australia in accordance with Rule 13 of the Federal Rules and Section 174 of Schedule 1B of the Workplace Relations Act 1996. In accordance with 174(1) of the Workplace Relations Act 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.
4. Mr Michael Williamson is a director of First State Super, a position he holds in his capacity as General Secretary of the state registered Health Services Union.
5. The number of members of the Branch at the end of the financial year was 35,923.
6. The Branch has no appointed employees. All work performed on behalf of the Branch is undertaken by persons who are employees of the state registered Health Services Union or who are elected officers of the Branch.
7. The names of each person who were members of the Committee of Management, at any time, during the financial year are as follows:

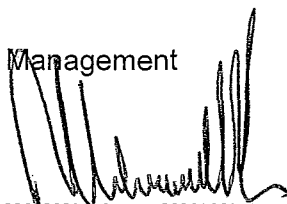
1 July 2007 to 30 June 2008

Stephen Pollard	Iris Knight	Michael Coffey	Edward Hinge
Sean O'Connor	Lynne Russell	Kim Goodlock	David Vealey
Anthony Llewellyn	Deborah Neumann	Sharon Joseph	Kevin Caldwell
Robyne White	Mark Hanlon	Kerrie Thompson	Lynette Guymer
Warren Boon	Barbara Gray	Michael Williamson	Robert Wilson
Dixie Campton	Vickie Anthony	John Fitzroy	Clarence Smith
Pauline O'Neill	Sharon McCullough	Linden Martin	Mark Sterry

Signed in accordance with a resolution of the Committee of Management


.....
S POLLARD

28 November 2008


.....
M A WILLIAMSON

HEALTH SERVICES UNION OF AUSTRALIA - NEW SOUTH WALES BRANCH

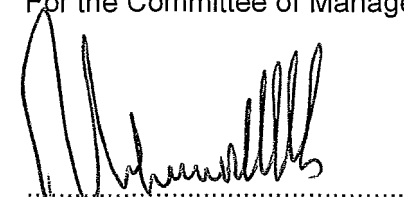
COMMITTEE OF MANAGEMENT'S STATEMENT

On 28 November 2008 the Committee of Management of the Health Services Union of Australia, New South Wales Branch, passed the following resolution in relation to the general purpose financial report (GPFR) of the Branch for the year ended 30 June 2008.

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 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 2008;
- (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 2008 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 2008 the branch did not participate in any recovery of wages activity.

For the Committee of Management:



M.A. WILLIAMSON

28 November 2008

HEALTH SERVICES UNION OF AUSTRALIA - NEW SOUTH WALES BRANCH

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$	2007 \$
INCOME		
Capitation Fees	696,559	689,412
Contributions	208,177	190,549
Dividend	75	75
Interest	6,879	4,049
TOTAL INCOME	<u>911,690</u>	<u>884,085</u>
LESS EXPENDITURE		
Depreciation		
	<u>339</u>	<u>91</u>
Employee Benefits Expense		
Fringe Benefits Tax	<u>1,955</u>	<u>6,137</u>
Other Expenses		
Affiliation Fees – Other	3,847	4,281
Audit Fees	6,500	6,955
Campaigns	-	60,876
Capitation Fees - National Office	705,508	704,738
Car Expenses	315	307
Commission Paid to Employers	30	25
Delegates' Expenses	43,302	33,076
General Expenses/Bank Charges	8,096	2,675
National Executive and National Council Expenses	-	6,909
Organising and Travel	28,144	36,026
Printing & Stationery	4,546	-
Rent - ACT Office	9,012	10,596
Service Fee	92,986	-
Telephone Expenses	829	1,577
	<u>903,115</u>	<u>868,041</u>
TOTAL EXPENDITURE	<u>905,409</u>	<u>874,269</u>
SURPLUS FOR THE YEAR	<u>6,281</u>	<u>9,816</u>

[The attached notes form part of these financial statements]

HEALTH SERVICES UNION OF AUSTRALIA - NEW SOUTH WALES BRANCH

BALANCE SHEET AS AT 30 JUNE 2008

	Note	2008 \$	2007 \$
CURRENT ASSETS			
Cash and cash equivalents		86,667	87,550
Debtor – Health Services Union		12,882	1,356
GST Receivable		-	2,683
Investments	5	66,892	62,154
TOTAL CURRENT ASSETS		<u>166,441</u>	<u>153,743</u>
NON CURRENT ASSETS			
Office Furniture and Equipment	4	-	339
TOTAL ASSETS		<u>166,441</u>	<u>154,082</u>
LESS CURRENT LIABILITIES			
Payables			
GST Payable		5,075	-
Sundry Creditors		20,387	19,384
TOTAL LIABILITIES		<u>25,462</u>	<u>19,384</u>
NET ASSETS		<u>140,979</u>	<u>134,698</u>
ACCUMULATED FUNDS		<u>140,979</u>	<u>134,698</u>

[The attached notes form part of these financial statements]

HEALTH SERVICES UNION OF AUSTRALIA - NEW SOUTH WALES BRANCH

**STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 30 JUNE 2008**

	Accumulated Funds
	\$
Balance at 1 July 2006	124,882
Net Surplus for the Year	9,816
Balance at 30 June 2007	134,698
Net Surplus for the Year	6,281
Balance at 30 June 2008	140,979

[The attached notes form part of these financial statements]

HEALTH SERVICES UNION OF AUSTRALIA - NEW SOUTH WALES BRANCH

**CASH FLOW STATEMENT FOR THE
YEAR ENDED 30 JUNE 2008**

	Note	2008 \$	2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Contributions		243,154	176,421
Capitation Fees		696,559	689,412
Other Income		6,954	4,124
Payments to Suppliers		(237,304)	(111,613)
Payment to National Office for Capitation Fees		(705,508)	(704,738)
NET CASH PROVIDED BY OPERATING ACTIVITIES	6b	<u>3,855</u>	<u>53,606</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments		(4,738)	(1,987)
NET CASH USED IN INVESTING ACTIVITIES		<u>(4,738)</u>	<u>(1,987)</u>
NET INCREASE (DECREASE) IN CASH HELD		(883)	51,619
CASH AT 1 JULY 2007		87,550	35,931
CASH AT 30 JUNE 2008	6a	<u>86,667</u>	<u>87,550</u>

(The attached notes form part of these financial statements)

HEALTH SERVICES UNION OF AUSTRALIA - NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

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 Australian Workplace Relations Act 1996.

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 New South Wales Branch of the Health Services Union of Australia, and in accordance with the Australian Workplace Relations Act, 1996 the Branch is a reporting unit. The Health Services Union of Australia is an organisation registered under the Australian Workplace Relations Act, 1996. The New South Wales 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 New South Wales 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

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

Interest is accounted for on an accrual basis.

(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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008 [Cont'd]

1. SIGNIFICANT 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:

Office Furniture and Equipment	7.5%
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The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet 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 income statement in the year that the item is derecognised.

(d) Impairment

The carrying amounts of property, plant and equipment 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 income statement 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.

(e) 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.

(f) 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.

HEALTH SERVICES UNION OF AUSTRALIA - NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 [Cont'd]

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) 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 balance sheet are shown inclusive of GST.

(h) 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.

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 amount of asset 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 amount of the assets and liabilities.

3. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirements of the Workplace Relations Act, 1996, the attention of members is drawn to the provisions of Sub-Sections [1], [2] and [3] of Section 272 of Schedule 1B which read as follows:-

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

HEALTH SERVICES UNION OF AUSTRALIA - NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008 [Cont'd]

	2008	2007
	\$	\$
4. OFFICE FURNITURE AND EQUIPMENT		
At Cost	-	5,024
Less Accumulated Depreciation	-	4,685
	<u>-</u>	<u>339</u>
5. INVESTMENTS		
Term Deposit (Credit Union)	66,181	61,443
Shares in listed company	711	711
	<u>66,892</u>	<u>62,154</u>
6. CASH FLOW INFORMATION		
a] Reconciliation of cash		
For the purposes of the Cash Flow Statement, cash includes cash at Bank. Cash at the end of the year as shown in the Statement is reconciled to the related items in the balance sheet as follows:		
Cash at Bank	<u>86,667</u>	<u>87,550</u>
b] Reconciliation of cash flows from operations with operating surplus		
Net Surplus for the Year	6,281	9,816
Non Cash Flows in Operating Surplus		
Depreciation	339	91
Changes in Assets and liabilities		
Increase in Debtor – Health Services Union (Decrease 2007)	(11,526)	36,526
Decrease in GST Receivable (Increase 2007)	2,683	(2,683)
Increase in GST Payable (Decrease 2007)	5,075	(490)
Increase in Sundry Creditors	1,003	10,346
Cash Flows from Operations	<u>3,855</u>	<u>53,606</u>

HEALTH SERVICES UNION OF AUSTRALIA - NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 [Cont'd]

7. RELATED PARTY TRANSACTIONS

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

Transactions with the Health Services Union of Australia – National Office:

Capitation Fees - National Office paid are disclosed as an expense in the Income Statement and as a payment in the Cash Flow Statement.

8. FINANCIAL RISK MANAGEMENT

Financial Instruments

	2008	2007
	\$	\$
Financial Assets		
Cash and cash equivalents	86,667	87,550
Debtor – Health Services Union	12,882	1,356
Investment - Term Deposit (Credit Union)	66,181	61,443
Investment – Shares in listed company	711	711
Total Financial Assets	<u>166,441</u>	<u>151,060</u>
Financial Liabilities		
Sundry Creditors	<u>18,022</u>	<u>17,678</u>
Total Financial Liabilities	<u>18,022</u>	<u>17,678</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.

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 and credit risk and market risk.

The Committee of Management have 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.

HEALTH SERVICES UNION OF AUSTRALIA - NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 [Cont'd]

8. FINANCIAL RISK MANAGEMENT (cont'd)

(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's major debtor is the Health Services Union being contributions received by that entity on behalf of the Branch. There is no history of default by the debtor to the Branch.

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

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:

	2008	2007
	\$	\$
Cash at Bank	86,667	87,550
Investment - Term Deposit (Credit Union)	66,181	61,443
Debtor – Health Services Union	12,882	1,356
	<u>165,730</u>	<u>150,349</u>

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

Cash was only deposited with one bank and one credit union at 30 June 2008 (2007: one bank and one credit union).

(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 not significantly exposed to this risk, as it has \$86,667 (\$87,550 - 2007) of cash and cash equivalents and a credit union term deposit investment of \$66,181 (\$61,443 - 2007) to meet these obligations as they fall due. Financial liabilities at 30 June 2008 totalled \$18,022 (\$17,678 - 2007)

(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 a fixed short term deposit to mitigate interest rate fluctuation risks. The Branch monitors and manages its interest rate risk by reviewing market trends. Upon maturity, the term deposit 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 OF AUSTRALIA - NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008 [Cont'd]

8. FINANCIAL RISK MANAGEMENT (cont'd)

(i) Interest Rate Risk (cont'd)

	Floating interest rate \$	Fixed interest rate \$	Non- interest Bearing \$	Total \$
30 June 2008				
Financial Assets				
Cash at Bank	86,667	-	-	86,667
Receivables	-	-	12,882	12,882
Investment	-	66,181	711	66,892
	<u>86,667</u>	<u>66,181</u>	<u>13,593</u>	<u>166,441</u>
Weighted average Interest rate	2.75%	8%		
Financial Liabilities				
Payables	-	-	18,022	18,022
Net financial assets (liabilities)	<u>86,667</u>	<u>66,181</u>	<u>(4,429)</u>	<u>148,419</u>
30 June 2007				
Financial Assets				
Cash at Bank	87,550	-	-	87,550
Receivables	-	-	1,356	1,356
Investments	-	61,443	711	62,154
	<u>87,550</u>	<u>61,443</u>	<u>2,067</u>	<u>151,060</u>
Weighted average Interest rate	2.60%	6.25%		
Financial Liabilities				
Payables	-	-	17,678	17,678
Net financial assets (liabilities)	<u>87,550</u>	<u>61,443</u>	<u>(15,611)</u>	<u>133,382</u>

HEALTH SERVICES UNION OF AUSTRALIA - NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 [Cont'd]

8. 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).

2008	Carrying Amount	+1% Profit	-1.5% Loss
	\$	\$	\$
Cash at Bank	86,667	867	(1,301)
Investment -Term Deposit (Credit Union)	66,181	662	(993)
		<u>1,529</u>	<u>(2,294)</u>
2007	Carrying Amount	+1% Profit	-0.25% Loss
	\$	\$	\$
Cash at Bank	87,550	876	(219)
Investment -Term Deposit (Credit Union)	61,443	614	(153)
		<u>1,490</u>	<u>(372)</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.

9. REGISTERED OFFICE

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

Level 2,
109 Pitt Street
Sydney NSW 2000

HEALTH SERVICES UNION OF AUSTRALIA - NEW SOUTH WALES BRANCH

INDEPENDENT AUDITOR'S REPORT

To the members of the Health Services Union of Australia, New South Wales Branch

We have audited the accompanying financial report of the Health Services Union of Australia, New South Wales Branch, which comprises the balance sheet as at 30 June 2008 income statement, statement of changes in accumulated funds and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the 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 of Australia, New South Wales Branch are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Workplace Relations Act 1996. 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 Workplace Relations Act 1996.

HEALTH SERVICES UNION OF AUSTRALIA - NEW SOUTH WALES BRANCH

INDEPENDENT AUDIT REPORT

Auditor's Opinion

In our opinion the general purpose financial report of the Health Services Union of Australia, New South Wales Branch is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the RAO Schedule of the Workplace Relations Act 1996.

BDO Kendalls Audit and Assurance (NSW-VIC) Pty Ltd

David McLean

Director

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

28 November 2008

**HEALTH SERVICES UNION OF AUSTRALIA
NEW SOUTH WALES BRANCH**

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008**

HEALTH SERVICES UNION OF AUSTRALIA - NEW SOUTH WALES BRANCH

OPERATING REPORT

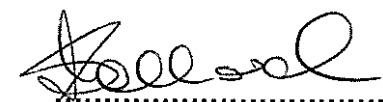
The Committee of Management presents its operating report of the Health Services Union of Australia, New South Wales Branch for the financial year ended 30 June 2008.

1. The principal activities of the Branch during the financial year were:
 - a) Use the facilities of the AIRC, for the purpose of determining industrial issues under the Workplace Relations Act 1996;
 - b) The Branch also utilises the AIRC services in the ACT, over which this Branch has jurisdictional coverage; and
 - c) No significant change in the nature of these activities occurred during the year.
2. The surplus of the Branch for the financial year amounted to \$6,281. There were no significant changes to the Branch's financial affairs during the year.
3. Members retain the right to resign from the Health Services Union of Australia in accordance with Rule 13 of the Federal Rules and Section 174 of Schedule 1B of the Workplace Relations Act 1996. In accordance with 174(1) of the Workplace Relations Act 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.
4. Mr Michael Williamson is a director of First State Super, a position he holds in his capacity as General Secretary of the state registered Health Services Union.
5. The number of members of the Branch at the end of the financial year was 35,923.
6. The Branch has no appointed employees. All work performed on behalf of the Branch is undertaken by persons who are employees of the state registered Health Services Union or who are elected officers of the Branch.
7. The names of each person who were members of the Committee of Management, at any time, during the financial year are as follows:

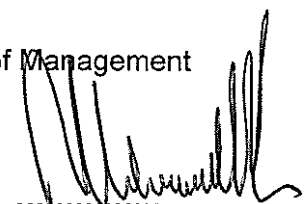
1 July 2007 to 30 June 2008

Stephen Pollard	Iris Knight	Michael Coffey	Edward Hinge
Sean O'Connor	Lynne Russell	Kim Goodlock	David Vealey
Anthony Llewellyn	Deborah Neumann	Sharon Joseph	Kevin Caldwell
Robyne White	Mark Hanlon	Kerrie Thompson	Lynette Guymer
Warren Boon	Barbara Gray	Michael Williamson	Robert Wilson
Dixie Campton	Vickie Anthony	John Fitzroy	Clarence Smith
Pauline O'Neill	Sharon McCullough	Linden Martin	Mark Sterry

Signed in accordance with a resolution of the Committee of Management


.....
S POLLARD

28 November 2008


.....
M A WILLIAMSON

HEALTH SERVICES UNION OF AUSTRALIA - NEW SOUTH WALES BRANCH

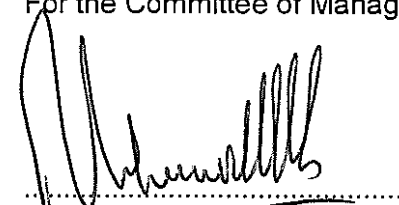
COMMITTEE OF MANAGEMENT'S STATEMENT

On 28 November 2008 the Committee of Management of the Health Services Union of Australia, New South Wales Branch, passed the following resolution in relation to the general purpose financial report (GPFR) of the Branch for the year ended 30 June 2008.

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 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 2008;
- (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 2008 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 2008 the branch did not participate in any recovery of wages activity.

For the Committee of Management:



MJA WILLIAMSON

28 November 2008

HEALTH SERVICES UNION OF AUSTRALIA - NEW SOUTH WALES BRANCH

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	\$	\$
INCOME		
Capitation Fees	696,559	689,412
Contributions	208,177	190,549
Dividend	75	75
Interest	6,879	4,049
TOTAL INCOME	<u>911,690</u>	<u>884,085</u>
LESS EXPENDITURE		
Depreciation	<u>339</u>	<u>91</u>
Employee Benefits Expense		
Fringe Benefits Tax	<u>1,955</u>	<u>6,137</u>
Other Expenses		
Affiliation Fees – Other	3,847	4,281
Audit Fees	6,500	6,955
Campaigns	-	60,876
Capitation Fees - National Office	705,508	704,738
Car Expenses	315	307
Commission Paid to Employers	30	25
Delegates' Expenses	43,302	33,076
General Expenses/Bank Charges	8,096	2,675
National Executive and National Council Expenses	-	6,909
Organising and Travel	28,144	36,026
Printing & Stationery	4,546	-
Rent - ACT Office	9,012	10,596
Service Fee	92,986	-
Telephone Expenses	829	1,577
	<u>903,115</u>	<u>868,041</u>
TOTAL EXPENDITURE	<u>905,409</u>	<u>874,269</u>
SURPLUS FOR THE YEAR	<u>6,281</u>	<u>9,816</u>

[The attached notes form part of these financial statements]

HEALTH SERVICES UNION OF AUSTRALIA - NEW SOUTH WALES BRANCH

BALANCE SHEET AS AT 30 JUNE 2008

	Note	2008 \$	2007 \$
CURRENT ASSETS			
Cash and cash equivalents		86,667	87,550
Debtor – Health Services Union		12,882	1,356
GST Receivable		-	2,683
Investments	5	<u>66,892</u>	<u>62,154</u>
TOTAL CURRENT ASSETS		<u>166,441</u>	<u>153,743</u>
NON CURRENT ASSETS			
Office Furniture and Equipment	4	<u>-</u>	<u>339</u>
TOTAL ASSETS		<u>166,441</u>	<u>154,082</u>
LESS CURRENT LIABILITIES			
Payables			
GST Payable		5,075	-
Sundry Creditors		<u>20,387</u>	<u>19,384</u>
TOTAL LIABILITIES		<u>25,462</u>	<u>19,384</u>
NET ASSETS		<u>140,979</u>	<u>134,698</u>
ACCUMULATED FUNDS		<u>140,979</u>	<u>134,698</u>

[The attached notes form part of these financial statements]

HEALTH SERVICES UNION OF AUSTRALIA - NEW SOUTH WALES BRANCH

**STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 30 JUNE 2008**

	Accumulated Funds
	\$
Balance at 1 July 2006	124,882
Net Surplus for the Year	<u>9,816</u>
Balance at 30 June 2007	134,698
Net Surplus for the Year	<u>6,281</u>
Balance at 30 June 2008	<u>140,979</u>

[The attached notes form part of these financial statements]

HEALTH SERVICES UNION OF AUSTRALIA - NEW SOUTH WALES BRANCH

**CASH FLOW STATEMENT FOR THE
YEAR ENDED 30 JUNE 2008**

	Note	2008 \$	2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Contributions		243,154	176,421
Capitation Fees		696,559	689,412
Other Income		6,954	4,124
Payments to Suppliers		(237,304)	(111,613)
Payment to National Office for Capitation Fees		(705,508)	(704,738)
NET CASH PROVIDED BY OPERATING ACTIVITIES	6b	<u>3,855</u>	<u>53,606</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments		(4,738)	(1,987)
NET CASH USED IN INVESTING ACTIVITIES		<u>(4,738)</u>	<u>(1,987)</u>
NET INCREASE (DECREASE) IN CASH HELD		(883)	51,619
CASH AT 1 JULY 2007		87,550	35,931
CASH AT 30 JUNE 2008	6a	<u>86,667</u>	<u>87,550</u>

(The attached notes form part of these financial statements)

HEALTH SERVICES UNION OF AUSTRALIA - NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

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 Australian Workplace Relations Act 1996.

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 New South Wales Branch of the Health Services Union of Australia, and in accordance with the Australian Workplace Relations Act, 1996 the Branch is a reporting unit. The Health Services Union of Australia is an organisation registered under the Australian Workplace Relations Act, 1996. The New South Wales 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 New South Wales 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

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

Interest is accounted for on an accrual basis.

(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 OF AUSTRALIA - NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 [Cont'd]

1. SIGNIFICANT 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:

Office Furniture and Equipment	7.5%
--------------------------------	------

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet 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 income statement in the year that the item is derecognised.

(d) Impairment

The carrying amounts of property, plant and equipment 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 income statement 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.

(e) 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.

(f) 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.

HEALTH SERVICES UNION OF AUSTRALIA - NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 [Cont'd]

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) 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 balance sheet are shown inclusive of GST.

(h) 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.

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 amount of asset 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 amount of the assets and liabilities.

3. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirements of the Workplace Relations Act, 1996, the attention of members is drawn to the provisions of Sub-Sections [1], [2] and [3] of Section 272 of Schedule 1B which read as follows:-

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

HEALTH SERVICES UNION OF AUSTRALIA - NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008 [Cont'd]

	2008	2007
	\$	\$
4. OFFICE FURNITURE AND EQUIPMENT		
At Cost	-	5,024
Less Accumulated Depreciation	-	4,685
	<u>-</u>	<u>339</u>
5. INVESTMENTS		
Term Deposit (Credit Union)	66,181	61,443
Shares in listed company	711	711
	<u>66,892</u>	<u>62,154</u>
6. CASH FLOW INFORMATION		
a] Reconciliation of cash		
For the purposes of the Cash Flow Statement, cash includes cash at Bank. Cash at the end of the year as shown in the Statement is reconciled to the related items in the balance sheet as follows:		
Cash at Bank	<u>86,667</u>	<u>87,550</u>
b] Reconciliation of cash flows from operations with operating surplus		
Net Surplus for the Year	6,281	9,816
Non Cash Flows in Operating Surplus		
Depreciation	339	91
Changes in Assets and liabilities		
Increase in Debtor – Health Services Union (Decrease 2007)	(11,526)	36,526
Decrease in GST Receivable (Increase 2007)	2,683	(2,683)
Increase in GST Payable (Decrease 2007)	5,075	(490)
Increase in Sundry Creditors	1,003	10,346
Cash Flows from Operations	<u>3,855</u>	<u>53,606</u>

HEALTH SERVICES UNION OF AUSTRALIA - NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 [Cont'd]

7. RELATED PARTY TRANSACTIONS

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

Transactions with the Health Services Union of Australia – National Office:

Capitation Fees - National Office paid are disclosed as an expense in the Income Statement and as a payment in the Cash Flow Statement.

8. FINANCIAL RISK MANAGEMENT

Financial Instruments

	2008	2007
	\$	\$
Financial Assets		
Cash and cash equivalents	86,667	87,550
Debtor – Health Services Union	12,882	1,356
Investment - Term Deposit (Credit Union)	66,181	61,443
Investment – Shares in listed company	711	711
Total Financial Assets	<u>166,441</u>	<u>151,060</u>
Financial Liabilities		
Sundry Creditors	<u>18,022</u>	<u>17,678</u>
Total Financial Liabilities	<u>18,022</u>	<u>17,678</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.

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 and credit risk and market risk.

The Committee of Management have 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.

HEALTH SERVICES UNION OF AUSTRALIA - NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 [Cont'd]

8. FINANCIAL RISK MANAGEMENT (cont'd)

(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's major debtor is the Health Services Union being contributions received by that entity on behalf of the Branch. There is no history of default by the debtor to the Branch.

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

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:

	2008	2007
	\$	\$
Cash at Bank	86,667	87,550
Investment - Term Deposit (Credit Union)	66,181	61,443
Debtor – Health Services Union	12,882	1,356
	<u>165,730</u>	<u>150,349</u>

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

Cash was only deposited with one bank and one credit union at 30 June 2008 (2007: one bank and one credit union).

(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 not significantly exposed to this risk, as it has \$86,667 (\$87,550 - 2007) of cash and cash equivalents and a credit union term deposit investment of \$66,181 (\$61,443 - 2007) to meet these obligations as they fall due. Financial liabilities at 30 June 2008 totalled \$18,022 (\$17,678 - 2007)

(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 a fixed short term deposit to mitigate interest rate fluctuation risks. The Branch monitors and manages its interest rate risk by reviewing market trends. Upon maturity, the term deposit 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 OF AUSTRALIA - NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008 [Cont'd]

8. FINANCIAL RISK MANAGEMENT (cont'd)

(i) Interest Rate Risk (cont'd)

	Floating interest rate \$	Fixed interest rate \$	Non- interest Bearing \$	Total \$
30 June 2008				
Financial Assets				
Cash at Bank	86,667	-	-	86,667
Receivables	-	-	12,882	12,882
Investment	-	66,181	711	66,892
	<u>86,667</u>	<u>66,181</u>	<u>13,593</u>	<u>166,441</u>
Weighted average Interest rate	2.75%	8%		
Financial Liabilities				
Payables	-	-	18,022	18,022
Net financial assets (liabilities)	<u>86,667</u>	<u>66,181</u>	<u>(4,429)</u>	<u>148,419</u>
30 June 2007				
Financial Assets				
Cash at Bank	87,550	-	-	87,550
Receivables	-	-	1,356	1,356
Investments	-	61,443	711	62,154
	<u>87,550</u>	<u>61,443</u>	<u>2,067</u>	<u>151,060</u>
Weighted average Interest rate	2.60%	6.25%		
Financial Liabilities				
Payables	-	-	17,678	17,678
Net financial assets (liabilities)	<u>87,550</u>	<u>61,443</u>	<u>(15,611)</u>	<u>133,382</u>

HEALTH SERVICES UNION OF AUSTRALIA - NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 [Cont'd]

8. 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).

2008	Carrying Amount \$	+1% Profit \$	-1.5% Loss \$
Cash at Bank	86,667	867	(1,301)
Investment -Term Deposit (Credit Union)	66,181	662	(993)
		<u>1,529</u>	<u>(2,294)</u>

2007	Carrying Amount \$	+1% Profit \$	-0.25% Loss \$
Cash at Bank	87,550	876	(219)
Investment -Term Deposit (Credit Union)	61,443	614	(153)
		<u>1,490</u>	<u>(372)</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.

9. REGISTERED OFFICE

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

Level 2,
109 Pitt Street
Sydney NSW 2000

HEALTH SERVICES UNION OF AUSTRALIA - NEW SOUTH WALES BRANCH

INDEPENDENT AUDITOR'S REPORT

To the members of the Health Services Union of Australia, New South Wales Branch

We have audited the accompanying financial report of the Health Services Union of Australia, New South Wales Branch, which comprises the balance sheet as at 30 June 2008 income statement, statement of changes in accumulated funds and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the 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 of Australia, New South Wales Branch are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Workplace Relations Act 1996. 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 Workplace Relations Act 1996.

HEALTH SERVICES UNION OF AUSTRALIA - NEW SOUTH WALES BRANCH

INDEPENDENT AUDIT REPORT

Auditor's Opinion

In our opinion the general purpose financial report of the Health Services Union of Australia, New South Wales Branch is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the RAO Schedule of the Workplace Relations Act 1996.



BDO Kendalls Audit and Assurance (NSW-VIC) Pty Ltd



David McLean

Director

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

28 November 2008