

svc-adlib5

From: ROC - Registered Org Commission
Sent: Wednesday, 29 November 2017 3:03 PM
To: 'Leigh Svendsen'
Cc: Jorge Navas; 'Michael Mackenroth'
Subject: FR2017/163 Health Services Union - SA/NT Branch [SEC=UNCLASSIFIED]
Attachments: HSU_SA & NT Branch_FR2017_163_Filing letter_29112017.pdf

UNCLASSIFIED

Dear Mr Navas

Please see attached my letter in relation to the above financial report. I have also copied this email to Mr Mackenroth.

Yours faithfully

DAVID VALE

Principal Adviser
Financial Reporting

Registered Organisations Commission

Tel: (02) 8293 4654
david.vale@roc.gov.au

GPO Box 2983, MELBOURNE VIC 3001 | Street address: Level 13, 175 Liverpool Street Sydney NSW 2000

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Australian Government
Registered Organisations Commission

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From: Leigh Svendsen [mailto:leighs@hsu.net.au]
Sent: Friday, 24 November 2017 4:45 PM
To: ROC - Registered Org Commission <regorgs@roc.gov.au>
Cc: Jorge Navas <jorge@hsusant.org.au>
Subject: FR2017/163 Health Services Union - SA/NT Branch [SEC=UNCLASSIFIED]

Dear Ms Hibbard

I apologise profusely for the list of incorrect emails. Attachments which should have been included.

1. Letter
2. Designated Officer Certificate
3. The corrected 'General Purpose Finance Reports' containing the Auditor's statement

Thanks.../ Leigh

Leigh Svendsen | Senior National Industrial Officer | HSU National

Suite 46, Level 1, 255 Drummond Street, Carlton VIC, 3053

PO Box 98, Carlton South VIC 3053

ABN 68 243 768 561

p 8579 6328 m 0418 538 989

e leighs@hsu.net.au w www.hsu.net.au



HSU National acknowledges the Traditional Owners and Elders past, present and future across Australia. We respectfully acknowledge that our office stands on the lands of the traditional owners and continuing custodians of Melbourne, the Boon Wurrung and Woi Wurrung language groups of the greater Kulin Nation.

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From: Registered Organisations Commission <regorgs@roc.gov.au>

Date: Friday, 24 November 2017 at 16:39

To: Leigh Svendsen <leighs@hsu.net.au>

Subject: RE: PFR 2016-2017 Health Services Union - SA/NT Branch [SEC=UNCLASSIFIED]

Good afternoon,

I'm afraid that there doesn't seem to be an attachment to this email.

Kind regards,

Christine Hibberd

Administrator

Registered Organisations Commission

Tel: 1300 341 665

regorgs@roc.gov.au

GPO Box 2983, MELBOURNE VIC 3001 | 414 Latrobe Street, Melbourne Victoria 3000

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Australian Government

Registered Organisations Commission

From: Leigh Svendsen [<mailto:leighs@hsu.net.au>]
Sent: Friday, 24 November 2017 4:35 PM
To: ROC - Registered Org Commission
Cc: Jorge Navas
Subject: PFR 2016-2017 Health Services Union - SA/NT Branch

Dear Commissioner

Attached please find attached for the SA/NT Branch of the Health Services Union for the financial year 2016-2017 the following:

1. Letter
 2. Designated Officer Certificate
 3. The corrected 'General Purpose Finance Reports' containing the Auditor's statement

Please note this replaces the email sent earlier today. If you have any questions please contact Leigh Svendsen 0418 538 989 or leighs@hus.net.au

Regards.../ Leigh Svendsen

Leigh Svendsen | Senior National Industrial Officer | HSU National
Suite 46, Level 1, 255 Drummond Street, Carlton VIC, 3053
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29 November 2017

Mr Jorge Navas
Secretary
Health Services Union-South Australia/Northern Territory Branch
170 Greenhill Road
PARKSIDE SA 5063
By email: jorge@hsusant.org.au

CC: michael@lakeviewmanagement.com.au

Dear Mr Navas,

**Health Services Union-South Australia/Northern Territory Branch
Financial Report for the year ended 30 June 2017 - [FR2017/163]**

I acknowledge receipt of the financial report of the Health Services Union-South Australia/Northern Territory Branch. The documents were lodged with the Registered Organisations Commission (the ROC) on 24 November 2017.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

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

Please note that the financial report for the year ending 30 June 2018 may be subject to an advanced compliance review.

Reporting Requirements

New Reporting Guidelines will apply to organisations and branches with financial years commencing on or after 1 July 2017. Updates and information on the new guidelines will be provided through the ROC website and the [subscription service](#).

On the ROC website is a number of factsheets in relation to the financial reporting process and associated timelines. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The ROC recommends reporting units use this model as it will assist in ensuring compliance with the RO Act, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

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

Yours faithfully

A handwritten signature in blue ink that reads "David Vale". The signature is enclosed in a thin black rectangular border.

David Vale
Registered Organisations Commission

svc-adlib5

From: Leigh Svendsen <leighs@hsu.net.au>
Sent: Friday, 24 November 2017 4:45 PM
To: ROC - Registered Org Commission
Cc: Jorge Navas
Subject: FR2017/163 Health Services Union - SA/NT Branch [SEC=UNCLASSIFIED]
Attachments: 20171124 - ROC Letter - SANT 2017 GPFR.pdf; Designated Officers Certificate - HSU SANT 2017.pdf; 2016-17 Financial Statement.pdf

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Thanks.../ Leigh

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Kind regards,

Christine Hibberd
Administrator
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Tel: 1300 341 665
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1. Letter
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Regards.../ Leigh Svendsen

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170 Greenhill Road
Parkside SA 5063
Telephone (08) 8279 2255
Mobile 0419 036 615
Facsimile (08) 8279 2223
info@hsusant.org.au
www.hsusant.org.au

Commissioner
Registered Organisations Commission
GPO Box 2983
MELBOURNE VIC 3001

21 November 2017

Dear Commissioner

**Re: Designated Officers Certificate – s268 Fair Work (Registered Organisations) Act 2009
Health Services Union – South Australia/Northern Territory Branch
Financial Statements for Year Ending 30 June 2017**

Please find attached the Designated Officers Certificate and the Financial Statements for the Health Services Union South Australia/Northern Territory Branch for year ended 30 June 2017.

Yours sincerely

A handwritten signature in black ink, appearing to read "Jorge Navas".

Jorge Navas
SECRETARY, HSU SA/NT



170 Greenhill Road
Parkside SA 5063
Telephone (08) 8279 2255
Mobile 0419 036 615
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info@hsusant.org.au
www.hsusant.org.au

Health Services Union – South Australia /Northern Territory Branch

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

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the period ended 30 June 2017

I, Jorge Navas being the Secretary of the Health Services Union – South Australia/Northern Territory Branch certify:

- that the documents lodged herewith are copies of the full report for the Health Services Union – South Australia/Northern Territory Branch for the period ended 30 June 2017 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was presented to a meeting of the branch committee of management of the reporting unit on 13 November 2017 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*; and
- that in accordance with the direction of the branch committee of management the full report was published to the membership on 20 November 2017.

Signature of prescribed designated officer:

A handwritten signature in black ink, appearing to read 'Jorge Navas'.

Name of prescribed designate officer:

Jorge Navas

Title of prescribed designated officer:

Secretary HSU SA/NT

Dated: 21 November 2017

HSU SA/NT

FINANCIAL STATEMENTS 2016-17

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MICHAEL D. MACKENROTH

CHARTERED ACCOUNTANT

15 Lakeview Avenue
West Lakes SA 5021
Telephone: (08) 8240 5318
Facsimile: (08) 8240 4867
statenisland@adam.com.au

P.O. Box 7254
WEST LAKES SA 5021

Independent Audit Report to the Members of Health Services Union SA/NT

Audit of the Financial Report

Opinion

I have audited the financial report of the Health Services Union SA/NT ("the Union"), which comprises the Statement of Financial Position as at 30 June 2017, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended 30 June 2017, Notes to the Financial Statements including a Summary of Significant Accounting Policies and the Committee of Management Statement.

In my opinion the accompanying Financial Report presents fairly, in all material aspects, the financial position of the Union as at 30 June 2017 and its financial performance and cash flows for the year ended on that date in accordance with:

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

I believe that management's use of the going concern basis in the preparation of the Financial Report of the Union is appropriate.

Basis of Opinion

I have conducted my audit in accordance with Australian Auditing Standards. My responsibilities are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section below. I am independent of the Union in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to my audit of the Financial Report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

Information Other Than the Financial Report and my Report Thereon

The Committee of Management ("the Committee") is responsible for the other information contained in the Operating Report provided at the date of this report and accompanying and forming part of the Financial Report.

"Your Business is Our Business"

Liability limited by a scheme approved under Professional Standards Legislation

I have not audited the Operating Report and accordingly I do not express any assurance conclusion on the contents thereof.

As part of my audit of the Financial Report I am required to consider the other information and whether it contains information that is materially inconsistent or misstated and report accordingly. I have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

The Committee of the Union is responsible for the preparation of the Financial Report which gives a true and fair view in accordance with Australian Accounting Standards and the RO Act and for such internal control as the Committee of Management determine is necessary to facilitate the preparation of the Financial Report that meets this requirement and is free of material misstatement, whether due to fraud or error.

The Committee is also required to consider the Union's ability to continue as a going concern disclosing relevant matters unless the Committee intend to wind up the Union or cease operations or have no realistic alternative.

My Responsibilities for the Audit of the Financial Report

My objective is to obtain reasonable assurance about whether the Financial Report as a whole is free of material misstatement, whether due to fraud or error and to provide an auditor's report that includes my opinion. Reasonable assurance is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement where one exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users based on the Financial Report.

In conducting my audit, in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism. I also:

- Assess and identify the risk of material misstatement in the Financial Report, whether due to fraud or error and design and perform audit procedures in response to those risks and obtain sufficient and appropriate audit evidence to support my opinion. Non detection involving fraud presents a higher risk than error because fraud involves intentional concealment.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not to express an opinion on the effectiveness of the Union's internal control.
- Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and related disclosures made by the Committee.
- Draw a conclusion on the appropriateness of the Committee's use of the going concern basis of accounting and based on audit evidence obtained, assess whether material uncertainty exists that surrounds the Union's ability to continue as a going

concern. If I conclude that significant doubt exists, I am required to include this in my auditor's report and if such matters are inadequately disclosed, to modify my opinion. My conclusion applies to the date of my auditor's report however future events or conditions may cause the Union to cease to meet the going concern requirements.

- Evaluate the overall presentation and content of the Financial Report, including disclosures so that it represents the underlying transactions and events and achieves a fair presentation.
- Obtain sufficient audit evidence with respect to the financial information of the Union's activities to express an opinion on the Financial Report. I am solely responsible for all aspects of the Union's audit, including my audit opinion.

I communicate with the Responsible Officer regarding, among other things, the planned scope and timing of the audit and any significant audit findings, including deficiencies in internal control that I may identify during my audit.

I declare that I am an approved auditor, a member of the Institute of Chartered Accountants and hold a current Public Practice Certificate.



Michael D. Mackenroth
Registered Auditor Number 5371

13.11.2017

HEALTH SERVICES UNION SA BRANCH
ABN 35 898 865 510

OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

The operating report has been prepared by the designated officer, Jorge Navas.

Review of principal activities and any significant changes in the nature of those activities during the year.

The principal activities of the union during the year was that of a trade union to improve the rights of members, maintain reasonable working conditions including fair wages and industrial conditions for the members. There were no significant changes to the principal activities during the year.

Significant changes in financial affairs

Significant Changes

Nature of Change

Revenue from members subscriptions increased by 4%.

This was due to faster collections as reflected by the increase in subscriptions in advance.

A grant of \$50,000 was received.

This allowed an additional person to be employed. This was reflected by a 20% increase in employee expenses.

An additional motor vehicle was acquired.

This was as a result of the additional employee.

Capitation Fees, Affiliation Fees and Administrative Expenses increased by 26% overall.

General increase in costs.

Resignation Rules

- (1) A member may resign from the Branch by written notice addressed and delivered to the Branch Secretary or a Branch of the Union;
- (2) Such notice takes effect
 - (a) Where the member becomes ineligible to be a member of the Union
 - (i) On the day in which the notice is received by the organisation; or
 - (ii) On the day specified in the notice and not earlier than the day of ineligibility, whichever is later; or
 - (b) In any other case
 - (i) At the end of two weeks after the notice is received by the Union; or
 - (ii) The day specified in the notice whichever is the later.
- (3) Any member resigning shall be liable for payment of all subscriptions, fines and levies owing to the Union under the Rules at the date of leaving, and such monies may be sued for and recovered by the Union.
- (4) A notice delivered in person to the Branch Secretary is taken to have been received by the Union when it was delivered.
- (5) A notice of resignation is not invalid because it was not addressed and delivered in accordance with subsection (1).

- (6) A resignation is valid even if it is not affected in accordance with these provisions if the member is informed in writing by or on behalf of the organisation that the resignation has been accepted by the Union.

The number of members at the end of the financial year was 1,052 and there were 3 full time equivalent employees at that time.

Branch Committee of Management

The following members were on the Committee of Management during the year.

Anthony Newman	President	1 Jul 2016 to 30 Jun 2017
Bruno Sonza	Senior Vice President	1 Jul 2016 to 30 Jun 2017
Chi-Wing Sung	Junior Vice President	1 Jul 2016 to 11 July 2016
Polly Paerata	Junior Vice President	8 Aug 2016 to 30 Jun 2017
Jorge Navas	Secretary	1 Jul 2016 to 30 Jun 2017
Thomas DiSanto	Assistant Secretary	1 Jul 2016 to 30 Jun 2017
Mark Panes	Trustee	1 Jul 2016 to 30 Jun 2017
Riccardo Ianella	Trustee	1 Jul 2016 to 30 Jun 2017
Lida Sam	Ordinary Member of Branch Committee	1 Jul 2016 to 30 Jun 2017
Catherine Painter	Ordinary Member of Branch Committee	1 Jul 2016 to 30 Jun 2017
Karryn Sampson	Ordinary Member of Branch Committee	1 Jul 2016 to 30 Jun 2017
Lesley Dummin	Ordinary Member of Branch Committee	1 Jul 2016 to 30 Jun 2017
John Hristopolous	Ordinary Member of Branch Committee	1 Jul 2016 to 30 Jun 2017

Superannuation Trustees

No officer, employee, official of the reporting unit held has been a trustee or director of a corporate trustee of any superannuation entity where such position is dependent upon them being a member of the Union.



Branch Secretary

Health Services Union SA NT Branch

Date: 13 November 2017

HEALTH SERVICES UNION – SA/NT BRANCH
ABN 35 898 865 510

COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

On 13 November 2017 the Branch Committee of Management of the Health Services Union – South Australia (the Committee) passed the following resolution in relation to the general purpose financial report (GPFR), for the year ended 30 June 2017.

The Branch Committee declares that in its opinion:

- a) the GPFR complies with Australian Accounting Standards;
- b) the GPFR complies with the reporting guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);
- c) the GPFR gives a true and fair view of the financial [performance, financial position and cash flows of the Health Services Union – SA/NT Branch (HSUSANT) for the financial year;
- d) there are reasonable grounds to believe that HSUSANT will be able to pay its debts as and when they fall due for payment and;
- e) during the financial year and to the date of this resolution:
 - (i) committee meetings have been held in accordance with the rules of the organisation, including branch rules (the rules);
 - (ii) the financial affairs have been managed in accordance with the rules;
 - (iii) the financial records have been kept and maintained in accordance with the RO Act;
 - (iv) the financial records have been kept, as far as practicable, in a consistent manner with other reporting units;
 - (v) any request for information by a member or general manager under Section 272 of the RO Act has been provided to that person;
 - (vi) no order of inspection of the financial records made by the Commission under Section 273 of the RO Act has been complied with;
- (f) no revenue has been derived from undertaking recovery of wages activity during the year.

Made in accordance with a resolution of the Committee.

Designated Officer:



Name and Title of Designated Officer.

Jorge Navas, Secretary SA/NT Branch

Dated:

13 November 2017

Statement of Comprehensive Income for the Year Ended 30 June 2017

	Note	2017	2016
Revenue			
Capitation Fees	3A		
Levies			
Member Subscriptions		443,255	424,156
Interest Received	3C	4,277	4,195
Other Revenue	3D	541	
Total Revenue		<u>448,073</u>	<u>428,351</u>
Other Income			
Grants/Donations	3E	50,000	
Total other income		<u>50,000</u>	
Total Income		498,073	428,351
Expenses			
Employee Expenses	4A	(268,975)	(223,715)
Capitation Fees	4B	(27,221)	(22,733)
Affiliation Fees	4C	(17,643)	(2,351)
Administration Expenses	4D	(141,139)	(122,773)
Grants/Donations	4E		
Depreciation	4F	(13,883)	(10,325)
Legal Costs	4G		
Other Expenses	4H		
Loss on Sale of Non-Current Asset	4I		
		<u>(468,860)</u>	<u>(381,897)</u>
Surplus for the Year		<u>29,213</u>	<u>46,454</u>
Other comprehensive income			
Items that will not be subsequently reclassified to the income or expenditure			
GST and PAYG Adjustments		(6,676)	
		<u>\$ 22,537</u>	<u>\$ 46,454</u>

Health Services Union - SA Branch
ABN 35 898 865 510

Statement of Financial Position at 30 June 2017

	Note	2017	2016
ASSETS			
Current Assets			
Cash and Equivalents	SA	419,451	397,064
Receivables	SB		
Other Current Assets	SC	13,072	28,570
Total Current Assets		<u>432,523</u>	<u>425,634</u>
Non-Current Assets			
Plant And Equipment	6B	50,015	28,317
Total Non-Current Assets		<u>50,015</u>	<u>28,317</u>
Total Assets		482,538	453,951
LIABILITIES			
Less: Current Liabilities			
Trade Payables	7A	6,583	9,082
Other Payables	7B	76,957	58,284
Employee Provisions	SA	50,496	<u>72,419</u>
Total Current Liabilities		134,036	139,785
Non-Current Liabilities			
Employee Provisions	SA	<u>84,163</u>	<u>72,364</u>
Total Liabilities		<u>218,199</u>	<u>212,149</u>
Net Assets		<u>\$ 264,339</u>	<u>\$ 241,802</u>
EQUITY			
Accumulated Surplus		<u>\$ 264,339</u>	<u>\$ 241,802</u>

Health Services Union - SA Branch
ABN 35 898 865 510

Statement of Change in Equity as at 30 June 2017

	2017	2016
Balance at 1 July 2016 - Unadjusted	241,802	258,742
Superannuation not Accrued		(8,365)
Administration not Accrued		(2,716)
Audit and Accountancy not Accrued		(14,200)
Prepaid Subscriptions not Recorded	<u> </u>	<u>(38,113)</u>
Balance at 1 July 2016 - Adjusted	241,802	195,348
Surplus for the year	<u>22,537</u>	<u>46,454</u>
Balance at 30 June 2017	<u>\$ 264,339</u>	<u>\$ 241,802</u>

Health Services Union - SA Branch
ABN 35 898 865 510

Statement of Cash Flows for the Year Ended 30 June 2017

	2017	2016
Cash Flows from Operating Activities		
Recovery of Wages Activity		
Receipts from Members	458,096	402,741
Interest Received	4,277	4,195
Grant	50,000	
Sundry Income	541	
Receipts from Associated_ Entity		
- Health Services Union		
Payments to Employees	(242,461)	(208,276)
Payments to Suppliers	(179,247)	(168,649)
Payments to Associated Entities		
- Health Services Union	(27,221)	(22,733)
-ALP	(6,901)	(298)
- Unions SA	(3,571)	(2,053)
-ACTU	(7,171)	
Net Cash from Operations	<u>46,343</u>	<u>4,927</u>
Cash Flows from Investing Activities		
Acquisition of Plant & Equipment	(35,578)	(1,362)
Disposal of Plant & Equipment		
Net Cash from Investing	<u>(35,578)</u>	<u>(1,362)</u>
Increase in Cash	10,765	3,565
Cash at 1 July 2015	397,064	393,499
Cash at 30 June 2016	<u>\$ 407,829</u>	<u>\$ 397,064</u>

Reconciliation of surplus to net cash from Operating Activities

Operating Surplus	22,537	46,454
Non-Cash Items		
Depreciation	13,883	10,325
Employee Entitlements Provision	(10,124)	21,179
Changes in assets/liabilities		
Adjusted Accumulated Surplus		(63,394)
Decrease in Prepayments	15,494	(16,278)
Increase in Payables	<u>4,553</u>	<u>6,641</u>
	<u>\$ 46,343</u>	<u>\$ 4,927</u>

Notes to and Forming Part of the Financial Report for the Year Ended 30 June 2017

Note 1.1 Basis of Preparation

The financial report is a general purpose financial report prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisation) Act 2009*. The Health Services Union - SA Branch (HSUSA) is a not for profit entity.

The financial report has been prepared on an accrual basis in accordance with historical cost. Historical cost is generally based on the consideration except for certain assets and liabilities measured at fair value as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. Except where stated otherwise, no allowance is made for the effect of changing prices on the results or the financial position of the union. The currency is Australian dollars.

1.2 Comparatives Amounts

When required by Accounting assumptions or estimates have been adjusted to conform to changes in presentation for the current financial year.

1.3 Significant Accounting Judgements and Estimates

No accounting judgements or estimates have been identified that would risk causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period.

1.4 New Australian Accounting Standards

The policies are consistent with those of the previous financial year except for those that came into effect this year. The following standards came into effect in the 2017 financial AASB 2014-4 *Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation* clarifying AASB 116 *Property, Plant and Equipment* and AASB 138 *Intangible Assets*

AASB 2014-9 *Amendments to Australian Accounting Standards - Equity method in Separate Financial Statements* amends AASB 127 *Separate Financial Statements*

AASB 2015-1 *Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle* clarify certain requirements in AASB 5 *Non-current Assets and Discontinued Operations*, AASB 7 *Financial Instruments* disclosure servicing contracts AASB 119 *Employee Benefits - regional market issue* and AASB *Interim Financial Reporting - disclosure of information elsewhere*.

AASB 2015-2 *Amendments to Australian Accounting Standards Disclosure Initiative: Amendments to AASB 101 Presentation of Financial Statements*.

Notes to and Forming Part of the Financial Report for the Year Ended 30 June 2017

AASB 2015-5 Amendments to Australian Accounting Standards - Investments Entities: Applying the Consolidation Exception amends AASB 10 *Consolidated Financial Statements*, AASB 12 *Disclosure in Interests in Other Entities* and AASB 128 *Investments in Associates and Joint Ventures* clarify the consolidation exception.

These standards either did not apply to the financial report or had no impact on it

1.5 Stand Alone Entity

HSUSA is a stand alone entity with no investments in associates, joint arrangements, business combinations or amalgamations.

1.6 Revenue

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

Subscriptions are accounted for on an accrual basis and recognised in the period to which they relate. The vast majority of subscriptions are paid via payroll deduction or periodic payments by direct debit or credit card charge. Invoices are generally not issued and there is no obligation on the part of the member to renew their membership. Members who are not financial cannot vote or partake in the benefits of being a member.

Interest is recognised on an accrual basis.

1.7 Government Grants

The Union received a grant as compensation for additional wages incurred and this has been recognised through the Statement of Comprehensive Income as it was fully expended in the period that it was received.

1.8 Capitation Fees

Capitation fees are recognised on an accrual basis and recorded as an expense in the year to which it relates.

1.9 Employee Benefits

Employee benefits in respect of wages and salaries, annual leave, long service leave and termination of employment are accrued when it is probable that payment will be required and the amount can be measured reliably.

Short term benefits (as defined in AASB 119 *Employee Benefits*) that are expected to be settled within twelve months of the end of the reporting period are measured at their nominal amount, calculated using rates expected to be paid on settlement of the liability.

Long term employee benefits expected to be paid after twelve months apply present values in respect of entitlements up to the reporting date because the actual payment date is unknown and the liability is recorded at balance date.

Superannuation payments to defined benefit plans are recognised when the employee has rendered services entitling them to the contribution.

Payments to defined contribution benefit plans are recognised as an expense when employees have rendered service entitling them to have contributions made on their behalf.

Provision is made for separation and redundancy benefits. The Union recognises a provision for termination as part of a broader strategy when it has developed a detailed formal plan for the terminations and has informed affected employees that the terminations will occur. A provision for voluntary terminations recognised when the employee has accepted the offer of termination.

Notes to and Forming Part of the Financial Report for the Year Ended 30 June 2017

1.10 Cash

Cash is recognised at face value and includes cash on hand, at call bank deposits, other short term (90 day) highly liquid investments that are readily convertible to known cash values And are subject to insignificant changes in value..

1.11 Financial Liabilities

Trade and other payables are initially recognised at cash value when the Union becomes a party to the contractual provisions of the transaction. There are no long term financial liabilities other than Employee Benefits, which may be paid after twelve months and are referred to above.

1.12 Financial Assets

Financial assets are classified as financial assets at fair value through profit or loss, held to maturity investments, available for sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition. All regular purchases and sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. are recognised and derecognised on trade date.

The only financial assets held by the Union are Cash and Loans and Receivables.

Loans and Receivables

Trade, loans and other receivables that have fixed or detenninable payments that are not quoted in an active market are measured at amortised cost using the effective interest method less impairment. Interest is not applied to short term receivables as it is considered immaterial.

Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of the reporting period. Impairment is considered to have occurred when there is objective evidence that events that occurred after recognition of the financial asset have reduced the estimated future cash flow of the asset.

For certain assets such as Trade Receivables impairment is assessed on both an individual and collective basis. Objective evidence may include past experience such as an increase in overdue payments as well as changes in economic conditions that correlate with defaults in payment.

Impairment of receivables will be recognised through the use of an allowance account. If a receivable is considered uncollectable, it is written off against the allowance **account. Subsequent recoveries are written back against the allowance account, while** changes to the carrying amount are recognised in the Operating Statement.

1.14 Contingencies

The Committee of Management is not aware of any contingencies at balance date.

1.15 Plant and Equipment

Acquisitions are recognised initially at cost in the Statement of Financial Position. Where applicable an estimate of the cost of dismantling and removing the item and restoring the site will be included.

Notes to and Forming Part of the Financial Report for the Year Ended 30 June 2017

Depreciation

Depreciable assets are written off over their estimated useful life using the straight line method. Rates and residual values are reviewed at reporting date and adjusted where necessary in the relevant and future reporting periods. Current rates for plant and equipment are based on a useful life of 10 years.

Derecognition

Any gain or loss on disposal or scrapping of an item is determined as the difference between any sale proceeds and the carrying value of the asset and is recognised in the operating statement.

1.16 Impairment - Non Current Assets

HSUSA's non-current assets are not primarily dependent on their ability to generate future cash flows and they would be replaced if usage was no longer available. Under those circumstances, the value is taken to be equal to its depreciated cost.

1.17 Taxation

HSUSA is exempt from income tax under S50.1 of the Income Tax Assessment Act 1997 however still has obligations for FBT and GST.

Revenue and expenditure are recognised net of GST unless:
the GST is not recoverable from the Australian Taxation Office; and
the GST is included in the balance of receivables and payables.

Cash flows in the cash flow statement are gross of GST. GST arising from investing and financing activities which is recoverable from or payable to the ATO is classified within the statement.

The Secretary receives non-cash benefits that are below the reportable threshold for FBT established by the ATO. These benefits are disclosed separately in this financial report in the notes for Employee Benefits, but do not use the grossed up method used by the ATO, but are calculated on an estimated value basis.

1.18 Going Concern

HSUSA is not reliant on financial support of another reporting unit to continue as a going concern and has not agree to provide financial support to another reporting unit **to ensure they can continue as a going concern.**

Note2 Events After Balance Date

The Committee of Management are not aware of any events that occurred after 30 June 2017, and prior to the signing of the financial statements that would affect the ongoing structure and financial activities of HSUSA.

Note3	Income	2017	2016
Note3A	Capitation Fees		
Note3B	Levies		
Note3C	Interest		
	Bank	4,277	4,195
Note3E	Grants/Donations		
	Grant	50,000	

Health Services Union - SA Branch
ABN 35 898 865 510

Notes to and Forming Part of the Financial Report for the Year Ended 30 June 2017

Note4	Expenses	2,017	2,016
Note4A	Employee Expenses		
	Office holders		
	Wages and salaries	91,209	99,669
	Superannuation	9,116	10,622
	Leave and other entitlements	6,186	
	Separation & redundancies		
	Other		15,438
	Office holders employee expenses	<u>106,511</u>	<u>125,729</u>
	Non office holders		
	Wages and salaries	129,721	77,013
	Superannuation	17,398	9,469
	Leave and other entitlements	15,345	11,504
	Separation & redundancies		
	Other		
	Non office holders employee expenses	<u>162,464</u>	<u>97,986</u>
	Total employee expenses	<u>268,975</u>	<u>223,715</u>
Note4B	Capitation Fees		
	HSU	<u>27,221</u>	<u>22,733</u>
Note4C	Affiliation Fees		
	-ALP	6,901	298
	-ACTU	7,171	
	-SA Unions	3,571	2,053
	Total Affiliation Fees	<u>17,643</u>	<u>2,351</u>
Note4D	Administration Expenses		
	Allowances - meeting and conferences		
	Compulsory levies		
	Consideration for payroll deductions		
	Advertising	1,063	
	Audit fees	5,500	4,700
	Contract data processing	6,000	6,252
	Contracting related party	13,555	9,220
	Information communications technology	13,142	13,465
	Insurance	28,600	19,792
	Meetings expenses	2,859	1,676
	Motor vehicle expenses	19,671	14,242
	Office expenses	4,562	5,791
	Carried forward	<u>94,953</u>	<u>75,138</u>

Health Services Union - SA Branch
ABN 35 898 865 510

Notes to and Forming Part of the Financial Report for the Year Ended 30 June 2017

	2017	2016
Brought forward	94,953	75,138
Other	6,633	9,591
Postage, Printing & Stationery	3,657	5,791
Property expenses	21,953	18,907
Telephone	3,770	6,167
Travel	8,885	7,179
Workcover	1,287	
Total administration expenses	141,139	122,773
<hr/>		
Note 4E Grants /Donations		
<hr/>		
Note 4F Depreciation		
Depreciation plant and equipment	13,883	10,325
<hr/>		
Note 4H Legal Costs		
Other matters		
<hr/>		
Note 4I Loss on Sale of Asset		
Plant and equipment		
<hr/>		
Note 4J Other Expenses		
Penalties - RO Act or Regulations		
<hr/>		
Note 5 Current Assets		
<hr/>		
Note 5A Cash and Equivalents		
Cash at bank	417,449	395,062
Cash on hand		
Short term deposits	2,000	2,000
Other	2	2
Total cash and equivalents	419,451	397,064
<hr/>		
Note 5B Receivables		
Receivables from other reporting units		
Less provision for doubtful debts		
Receivables from other reporting units		
<hr/>		

Health Services Union - SA Branch
ABN 35 898 865 510

Notes to and Forming Part of the Financial Report for the Year Ended 30 June 2017

	2017	2016
Note SC Other Current Assets		
Prepayments		
Visa	843	2,173
Amex		1,929
Insurance	12,229	17,678
Affiliation Fees Health Services Union		5,397
Admin Expenses		1,393
Total Other Current Assets	13,072	28,570
 Note6 Non-Current Assets		
 Note 6B Plant and Equipment Reconciliation		
Book Value 1 July 2016	77,513	76,151
Accumulated Depreciation	<u>(49,196)</u>	<u>(38,871)</u>
Net book value 1 July 2016	28,317	37,280
Asset Purchases	35,578	1,363
Asset Sale		
Depreciation		<u>(10,326)</u>
Net book value 30 June 2017	63,895	28,317
represented by		
Book Value 30 June 2017	113,091	77,513
Accumulated Depreciation	<u>(63,076)</u>	<u>(49,196)</u>
Net book value 30 June 2017	50,015	28,317
 Note 7 Current Liabilities		
 Note 7 A Trade Payables		
Trade Creditors and Accruals	6,583	9,082
Payables to other reporting units		
HSU		
Total trade payables	6,583	9,082
 Note 7 B Other payables		
Superannuation	8,361	18,654
Payroll deductions		
Legal costs		
Amex	2,147	
GST	7,380	5,343
Unearned Subscriptions	45,540	16,698
Reimbursements	(520)	(521)
ABN Withholding	1,347	4,728
Wages and salaries - PAYG	10,910	13,382
Workcover	1,793	
Total Other Payables	76,957	58,284

Health Services Union - SA Branch
ABN 35 898 865 510

Notes to and Forming Part of the Financial Report for the Year Ended 30 June 2017

Notes	Provisions	2017	2016
Note SA	Employee Provisions		
	Office Holder		
	Annual leave includes loading	45,115	54,335
	Long service leave	72,936	72,364
	Separations and redundancies		
	Back pay		13,000
	Office holder's provisions	118,051	139,699
	Non office holder		
	Annual leave includes loading	5,381	5,084
	Long service leave	11,227	
	Separations and redundancies		
	Non office holder provisions	16,608	5,084
	Total employee provisions	134,659	144,783
	Current	50,496	72,419
	Non Current	84,163	72,364
	Total employee provisions	134,659	144,783
Note9	Equity		
Note9A	Other Specific Disclosures - Funds		
	Compulsory levy/voluntary		
	Balance at start of year		
	Balance at end of year		
Note 10	Cash Flow		
Note10A	Cash Flow Reconciliation		
	Reconciliation of Cash and Equivalents to Cash		
	Flow Statement		
	Cash Flow Statement	419,451	397,064
	Statement of Financial Position	419,451	397,064
	Difference		
Note 10B	Cash Flow Information		
	Cash inflows		
	HSU		
	Total inflows		
	Cash outflows		
	HSU	27,221	22,733
	Total Outflows	27,221	22,733

Notes to and Forming Part of the Financial Report for the Year Ended 30 June 2017

Note 11	Related Party Disclosures	2017	2016
Note 11A	Transactions for the Reporting Period		
	Revenue received from related party		
	Expenses paid to related parties		
	HSU - Capitation Fees	27,221	22,733
		<u>27,221</u>	<u>22,733</u>
	Amounts owed by related parties		
	Amounts owed to related parties		

There are no loans with related parties and no asset transfers took place during the reporting period.

Commercial basis of related party transactions

Transactions with related parties are on arm's length commercial terms. Unpaid amounts are unsecured and interest free until settled. No guarantees of payment have been provided. At 30 June 2017 HSUSA does not consider there is any impairment to receivables (2016 Nil) from related parties or declared persons or bodies.

Note 11B Key Management Personnel Remuneration for the Reporting Period

Short term benefits

Salary (including annual leave taken)	97,395	99,669
Annual leave accrued	6,683	9,766
Vehicle benefit- estimated value	3,557	3,185
Total short term benefits	<u>107,635</u>	<u>112,620</u>

Employer contribution to post employment benefits

Superannuation	9,116	10,622
Total Post Employment benefits	<u>9,116</u>	<u>10,622</u>

Other long term benefits

Long service leave entitlement	72,936	72,363
Total long term benefits	<u>82,052</u>	<u>82,985</u>

Termination benefits

Total	<u>198,802</u>	<u>206,227</u>
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Note 11C Transactions with close family member of key management personnel

Other transactions

Juanita Navas - daughter of the secretary		
Contract clerical and administrative work at an hourly rate.	13,555	9,220
	<u>13,555</u>	<u>9,220</u>

Notes to and Forming Part of the Financial Report for the Year Ended 30 June 2017

Note12	Remuneration of Auditors	2017	2016
	Services provided		
	Financial statement audit services	5,000	4,700
	Other services	500	
	Total remuneration	5,500	4,700

Note13 Financial Instruments

Credit Risk

Exposure to credit risk from financial assets comes from the potential non-performance by parties to contractual obligations that could lead to financial loss for the union.

Credit risk is managed through maintaining control over approval, granting, monitoring and removing credit limits using best endeavours to ensure sound credit worthiness of parties to transactions.

The maximum exposure to credit risk at the end of the reporting period is equivalent to the carrying amount as presented in the statement of financial position.

No collateral is held by the union securing amounts owed to the union.

The union has no significant concentrations of credit risk with any single or group of parties.

Liquidity Risk

Liquidity risk occurs when the union encounters difficulty in settling its debts or otherwise meeting financial obligations. The union manages this risk by only investing surplus cash with major financial institutions and minimising the level of accounts receivable.

Note 13A Categories of Financial Instruments

Financial Assets

Cash	419,451	397,064
Carrying amount of financial assets	419,451	397,064

Financial Liabilities

Payables	83,540	67,366
Total	83,540	67,366

Other financial liabilities

Employee entitlements	134,659	144,783
Total	134,659	144,783

Carrying amount of financial liabilities	218,199	212,149
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Note 13B Net income and expense from financial assets

Carrying amount and fair value		
Interest revenue	4,277	4,195
Total	4,277	4,195

Carrying amount and fair value

Interest expense

Total

Notes to and Forming Part of the Financial Report for the Year Ended 30 June 2017

Note 13C Credit Risk

The union's maximum exposure to credit risk at balance date is represented by the carrying amount of those assets as indicated in the statement of financial position.

The following table shows the gross exposure to credit risk of the union at balance date. There was no collateral held as security or credit enhancements relating to any financial assets at balance date.

	2017	2016
Financial Assets		
Cash	419,451	397,064
	419,451	397,064
Financial Liabilities		
Payables	83,540	67,366
Other financial liabilities	134,659	144,783
Total	218,199	212,149
 Credit quality of financial instruments current and unimpaired		
Cash current and unimpaired	419,451	397,064
Financial instruments overdue or impaired		
	419,451	397,064

Note 13E Liquidity Risk

The union operates under a policy of settling financial obligations within 30 days or in the case of a dispute within 30 days of resolution. The union's exposure to liquidity risk is deemed insignificant based on historical data and current assessment. Maximum exposure is the carrying amount of financial liabilities.

All financial liabilities have a maturity timeline of less than 1 year.

Total	218,199	212,149
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Note 13F Market Risk

The entity is exposed to interest rate risk, however with no borrowings and interest rates at historic lows and no sign of any significant change in the foreseeable future, any change in interest rates is unlikely to impact significantly on operations.

Note 14 Fair Value Measurement

Management has assessed that cash and equivalents, payables and other current liabilities equate to their carrying value because of the short term nature of these arrangements.

Note 15 Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009*, the attention of members is drawn to the provisions of subsections 91) to (3) of section 272, which says:

(i) A member or General Manager 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.

Notes to and Forming Part of the Financial Report for the Year Ended 30 June 2017

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

(iii) A reporting unit must comply with an application made under this section.

Note 16 Disclosures Required Under Rules 85-88

Remuneration and Non-Cash Benefits for Officers during the year ended 30 June

No remuneration was paid for an officer because of membership of, or a position on a board or committee or holding an office of the Union nor was any nominated, proposed, recommended or suggested for membership of, or position on the Board by the Union, Branch or a peak council or any related party of the Union, in connection with the performance of that person's duties as an officer.

Remuneration of Highest Paid Officer

Office	Officer	Type	Cash or Benefit	Amount
Branch Secretary	Jorge Navas	Wages	Cash	97,395
Member National Executive		Superannuation	Cash	9,116
National Councillor		Private Use of Motor Vehicle	Benefit	3,557

Material Personal Interests during the year ended 30 June 2017

Office	Officer	Details of Material Personal Interest
Branch Secretary	Jorge Navas	Mr Navas' daughter provides clerical support on an occasional and casual basis for the SA Branch when workload demands and is paid for her services on an hourly rate.
Member National Executive		
National Councillor		

Disclosure of Payments during the year ended 30 June 2017

No payments were made to a related party of the Union or branch of the Union or a declared person or party of the Union that has not been disclosed in the Financial Report.



8 August 2017

Mr Jorge Navas
Branch Secretary
South Australia/Northern Territory Branch
Health Services Union
By Email: jorge@hsusant.org.au

Dear Mr Navas,

**Re: Lodgement of Financial Report - [FR2017/163]
Fair Work (Registered Organisations) Act 2009 (the RO Act)**

The financial year of the Health Services Union-South Australia/Northern Territory Branch (the reporting unit) ended on 30 June 2017. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

Loans Grants and Donations Statement

The reporting unit is required to lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 of the RO act requires this statement to be lodged with Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, that is on or before 28 September 2017.

The attached fact sheet *Loans Grants and Donations* (FS 009) summarises the requirements of the Loans Grants and Donations Statement. A sample statement of loans, grants or donations is available on our [website](#).

It should be noted that s.237 is a civil penalty provision. If a loan, grant or donation over \$1000 has been made, failure to lodge a statement of loans, grants and donations (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

Financial report

The RO Act sets out a particular chronological order in which your financial report must be prepared, audited, provided to members, presented to a meeting and then lodged with the ROC. The attached document *Summary of Financial Reporting timelines* (FS 008) summarises these requirements.

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on your rules) no later than 31 December 2017 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

When assessing your financial report, we will continue to focus closely on timelines as well as how loans, grants and donations are reported. The financial report must break down the amounts of grants and donations and these figures will be compared to the loans, grants and donations statement (see attached *Loans Grants and Donations* fact sheet FS 009).

You can visit our website for more information regarding [financial reporting](#), and fact sheets regarding [financial reporting processes and requirements](#). A model set of financial statements developed by the

ROC is also available on our website. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards.

It should be noted that s.268 of the RO Act is a civil penalty provision. Failure to lodge the full financial report (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

Auditor's report

When assessing the financial report we will also focus on the structure and content of the auditor's report to ensure that it complies with the revisions made to the Auditing Standards which came into effect from 15 December 2016. Please find below a guidance note *Illustrative Auditor's Report* (GN 004) relating to these requirements (which can also be located on our website).

REMINDER

YOUR AUDITOR MUST BE REGISTERED (s.256)

You must ensure that your auditor is registered by the Registered Organisations Commissioner. A list of registered auditors is available on our [website](#).

Contact

Should you require any clarification in relation to the above, please email regorgs@roc.gov.au.

Yours faithfully,

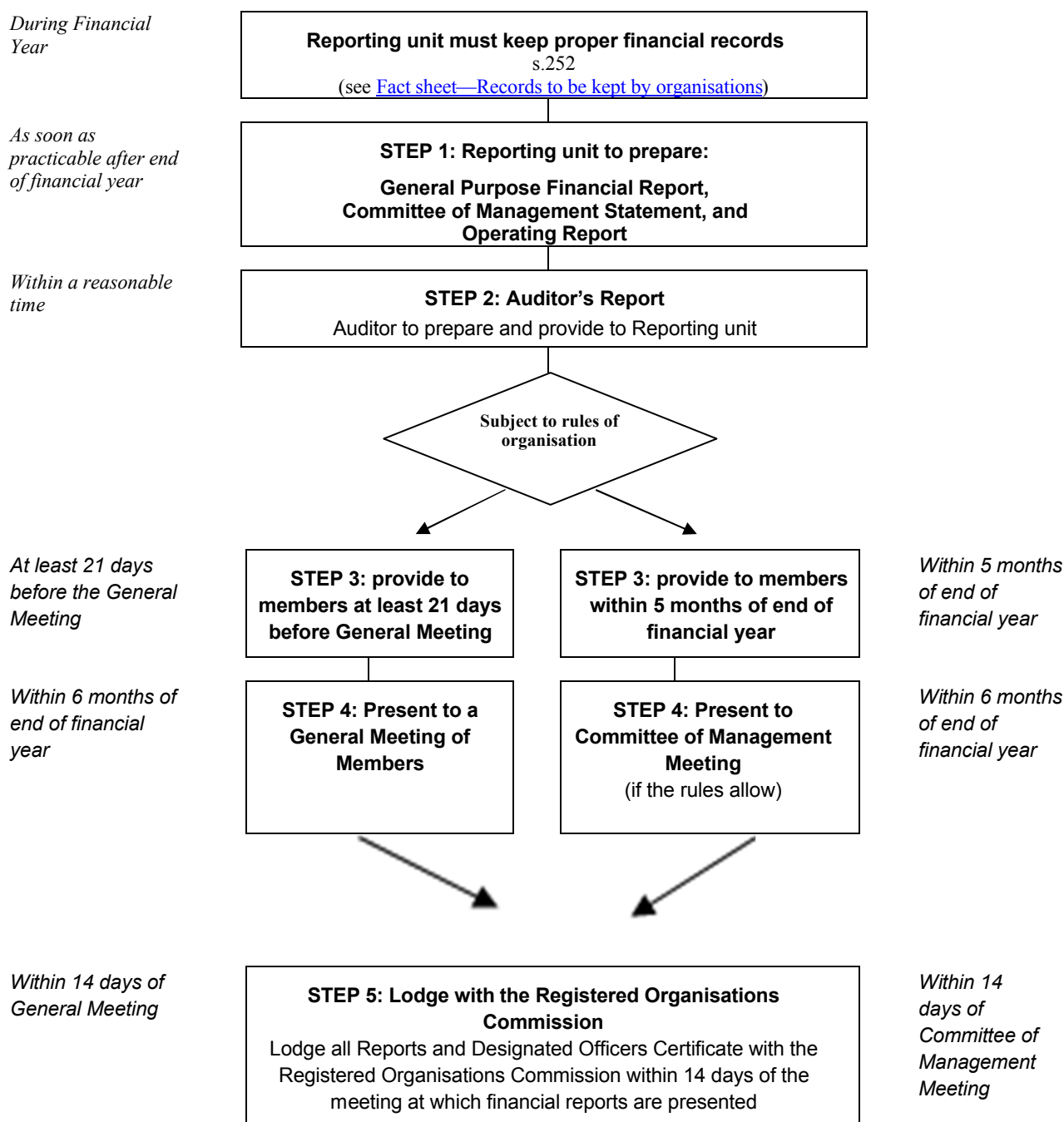
Carolyn Moloney
Registered Organisations Commission



Fact sheet

Summary of financial reporting timelines – s.253 financial reports

See Fact sheet—Financial reporting for an explanation of each of these steps.





Fact sheet

Loans, Grants & Donations

The Loans, Grants & Donations Requirements

The *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within **90 days** of the ending of the financial year.

Under the Commissioner's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.

The Loans, Grants & Donations Statement

Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceeds \$1000. The following information must be supplied to the Registered Organisations Commission (the ROC) for each relevant loan, grant or donation:





- the amount,
- the purpose,
- the security (if it is a loan),
- the name and address of the person to whom it was made,* and
- the arrangements for repaying the loan.*



*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.

The statement must be lodged within 90 days of the end of the financial year and the ROC has a [Template Loans, Grants and Donations Statement](#) on its website. The ROC encourages branches and organisations to lodge the statement even if all of the figures are NIL.

Common misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Statement. They include:

Misconception	Requirement
 Only reporting units must lodge the Statement.	 All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.
 Employees can sign the Statement.	 The statement must be signed by an elected officer of the relevant branch.

	Statements can be lodged with the financial report.		The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.
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Grants & Donations within the Financial Report

Item 16(e) of the Commissioner's Reporting Guidelines requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

As such, the note in the financial report relating to grants and donations will have four lines. In the [ROC's Model Statements](#) the note appears as follows:

Note 4E: Grants ~~OR~~ donations*

Grants:	[Current year]	[Previous year]
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Total grants or donations	-	-

The Commissioner's Reporting Guidelines requires that these line items appear in the financial report even if the figures are NIL.

Implications for filing the Financial Report

During their review of the financial report staff of the ROC may confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.

If a reporting unit did not fully comply with these requirements in their last financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

It is strongly recommended that all reporting units review their filing letters from the previous financial year to ensure any targeted concerns are addressed in their latest financial report. Failure to address these individual concerns may mean that a financial report cannot be filed.

Previous financial reports and filing letters are available from the website.

Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the ROC on regorgs@roc.gov.au



Guidance Note

Illustrative Auditor's Report under section 257 of the *Fair Work (Registered Organisations) Act 2009*

Prepared and issued by the Registered Organisations Commission

Version	Date published
1	4 August 2017

1. Introduction

The purpose of this guidance note is to provide Registered Organisations with guidance on the revised Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report* (ASA 700), as issued by the Auditing and Assurance Standards Board ('AUASB').

An 'Illustrative Auditor's Report' is included to assist Registered Organisations to understand the new auditing requirements.

2. Background to the revised Auditing Standard

From 15 December 2016, the structure of the Auditor's Report changed as a result of revisions made to the Australian Auditing Standards (ASAs). The changes impact all auditors' reports prepared in accordance with the ASAs.

The purpose of the change is to:

- enhance the communicative value of the Auditor's Report;
- give prominence to the most important matters by re-ordering the content;
- enhance reporting on going concern matters (if applicable), and provide enhanced descriptions of the respective responsibilities of management and the auditor, in relation to going concern;
- provide an affirmative statement on auditor's independence and fulfilment of relevant ethical responsibilities;
- provide more information to users on the auditor's responsibilities, and the key features of an audit and;
- provide details of other information the auditor has received at the date of the Auditor's Report, and is expected to receive after the date of the Auditor's Report¹.

3. Key changes included in the illustrative Auditor's Report

Description	Auditing standard ref.	Comments
Structure of the auditor's report	ASA 700.21-52	The form and structure of the audit report have been reorganised due to changes in the Australian Auditing Standards.
Basis for opinion	ASA 700.28c	Requires references in the audit report to the applicable ethical standards e.g. APES 110 <i>Code of Ethics for Professional Accountants</i> .
Other information	ASA 700.32 ASA 720	ASA 720 now requires that the auditor 'read and consider' if the Other Information (including but not limited to the Operating Report) is materially inconsistent with the financial statements, or the auditor's knowledge obtained in the audit.
Committee of Management's responsibilities for the preparation of the financial report	ASA 700.33-36	ASA 700.34b has been added to reflect changes made in ASA 570. The changes emphasise that it is management's responsibility for assessing whether the use of the going concern assumption is appropriate. The auditors' roles and responsibilities related to going concern have not changed.
Auditor's responsibilities for the audit of the financial report	ASA 700.37-40	These paragraphs have been expanded to clarify the detailed nature and scope of the auditor's existing responsibilities and procedures, and to make an explicit relationship of material misstatements to fraud or error.
Report on other legal and	ASA 700.43-45	This section is only applicable if there are other matters to report as required by other legislation.

¹ Adapted from 'Auditor Reporting FAQs' – Auditing and Assurance Standards Board - <http://www.auasb.gov.au/Publications/Auditor-Reporting-FAQs.aspx>

Description	Auditing standard ref.	Comments
regulatory requirements		<p>Under sections 257(6) and (7) of the <i>Fair Work (Registered Organisations) Act 2009</i> ('RO Act'), the auditor is required to report on any instances of non-compliance or deficiency or shortcoming with respect to financial record-keeping, and section 257(2) of the RO Act requires auditors to report on access restrictions to the financial records of the organisation.</p> <p>This section is not required if there are no matters to report.</p>

4. Key changes not reflected in the illustrative Auditor's Report

Description	Auditing standard ref.	Comments
Key Audit Matters	ASA 700.30-31, A41 ASA 701	<p>ASA 701 provides additional disclosures for entities listed on a securities exchange to communicate key audit matters ('KAMs') in the auditor's report. KAMs are those matters that, in the auditor's judgement, are of most significance to the audit of the financial statements of the current financial period.</p> <p>At this point in time, the ROC does not require the inclusion of KAMs.</p>

The numbered references in the Illustrative Auditor's Report refer to the explanatory paragraphs in section 5 of this Guidance Note 'Illustrative Auditor's Notes'. The Illustrative Auditor's Report is also included in the 'Model Financial Statements' published on the Registered Organisations Commission's website.

<To be printed on Auditor letterhead>

Independent Audit Report to the Members of <name of Reporting Unit>

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of <name of Reporting Unit> (the Reporting Unit), which comprises the statement of financial position² as at <balance date>, the statement of comprehensive income³, statement of changes in equity⁴ and statement of cash flows⁵ for the year ended <date>, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management⁶ Statement.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of <name of Reporting Unit> as at <balance date>, and its financial performance and its cash flows for the year ended on that date in accordance with:

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

I declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Reporting Unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon⁷

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

² Refer to paragraph 9 in Section 5 Illustrative Auditor's Report Notes in this Guidance Note

³ Ibid paragraph 9

⁴ Ibid paragraph 9

⁵ Ibid paragraph 9

⁶ Ibid paragraph 10; note if this is changed to another descriptor all other references in the Report should be changed to the other descriptor

⁷ Ibid paragraph 7

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

The Committee of Management of the Reporting Unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

My objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Reporting Unit audit. I remain solely responsible for my audit opinion.

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

I declare that I am an approved auditor, a member of [name of appropriate professional accounting body] and hold a current Public Practice Certificate.

[Report on Other Legal and Regulatory Requirements]⁸

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

My opinion on the financial report is not modified in respect of the following matter(s) because, in my opinion, it has been appropriately addressed by [Reporting Unit] and is not considered material in the context of the audit of the financial report as a whole:

[Example:

a) [Reporting Unit] failed to keep [name of other record] as required by section 252 of the RO Act for the period 1 July 20XX to 4 July 20XX inclusive.]]

[Report on the Recovery of Wages Activity financial report]⁹

Opinion on the recovery of wages activity financial report

The scope of my work extended to the recovery of wages activity and I have audited the recovery of wages activity financial report for the year ended <date>.

In my opinion, the financial statements and notes and recovery of wages activity financial report properly and fairly report all information required by the reporting guidelines of the General Manager, including:

- (a) any fees charged to, or reimbursements of expenses claimed from, members and others for recovery of wages activity; and
- (b) any donations or other contributions deducted from recovered money.

Responsibilities

The Committee of Management is responsible for the preparation and presentation of the recovery of wages activity financial report in accordance with the reporting guidelines of the General Manager. My responsibility is to express an opinion on the recovery of wages activity financial report, based on my audit conducted in accordance with Australian Auditing Standards.

<Audit Firm Name>

<Name>

Partner

⁸ Ibid paragraph 11

⁹ Ibid paragraph 11

<City>
<Date>

Registration number (as registered by the RO Commissioner under the RO Act)¹⁰: <insert number>

¹⁰ Ibid paragraph 12

5. Illustrative Auditor's Report Notes

For the purpose of this illustrative Auditor's Report, the following circumstances are assumed:

1. The financial report is prepared by management of the Reporting Unit in accordance with Australian Accounting Standards and the RO Act.
2. The terms of the audit engagement reflect the description of management's responsibility for the financial report in *ASA 210 Agreeing the Terms of Audit Engagements*.
3. The auditor has concluded an unmodified opinion is appropriate based on the audit evidence obtained.
4. The relevant ethical requirements that apply to the audit are the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants*.
5. Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern in accordance with *ASA 570 Going Concern*.
6. The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with *ASA 701 Communicating Key Audit Matters in the Independent Auditor's Report*.
7. The section on 'Information Other than the Financial Report and Auditor's Report Thereon' is customised depending on the nature of the Other Information received and when this information was received. The template provided assumes that the nature of the Other Information is the Operating Report and that it was received on or before the date of the audit report. If there is Other Information that accompanies the financial report in addition to the Operating Report, or if the Operating Report or any additional Other Information was not received on or before the date of the audit report, please refer to the requirements stated in *ASA 720 The Auditor's Responsibilities Relating to Other Information* for example wording.
8. The subheading 'Report on Other Legal and Regulatory Requirements' is only applicable where the auditor includes 'Other reporting responsibilities' in accordance with *ASA 700 Forming an Opinion and Reporting on a Financial Report*. Please delete the 'Report on Other Legal and Regulatory Requirements' section if there is no deficiency, failure or shortcoming to report.
9. Please ensure that the financial statement descriptions used in the Auditor's Report agree with those used in the financial report, for example, 'balance sheet' or 'statement of financial position'.
10. Use of 'Committee of Management' in the model auditor's report represents those charged with governance for the registered organisation, and can be replaced with other descriptors as appropriate for the organisation, for example, 'Council of Management', 'Executive Committee', etc.
11. If the Registered Organisation has not undertaken any recovery of wages activity during the reporting period the auditor's report should state that fact with reference

to the Committee of Management Statement, and no opinion can be provided in relation to recovery of wages activity.

12. Auditors must be registered by the Registered Organisations Commissioner. Your registration number under the RO Act will commence with the letters 'AA'.

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This guidance note is not intended to be comprehensive. It is designed to assist with making an application to the Registered Organisations Commission and its work. The Registered Organisations Commission does not provide legal advice.