



16 February 2017

Mr Chris Brown  
National Secretary  
Health Services Union (HSU)  
Suite 408, 454 Collins Street  
MELBOURNE VIC 3000

via email: [chrisb@hsu.net.au](mailto:chrisb@hsu.net.au)  
[diana.asmar@hwu.org.au](mailto:diana.asmar@hwu.org.au)

Dear Mr Brown,

**Health Services Union Victoria No. 1 Branch: financial reports for years ending 30 June 2008, 30 June 2009 and 30 June 2010**

In recent years the Fair Work Commission (**the Commission**) and the Health Services Union (**HSU**) have been involved in discussions concerning the failure of the Victoria No. 1 Branch of the HSU to meet its financial reporting obligations under *the Fair Work (Registered Organisations) Act 2009 (RO Act)* for the financial years ending 30 June 2008, 30 June 2009 and 30 June 2010.

While the HSU and the Victoria No. 1 Branch have been the subject of historical adverse media reports related to financial governance processes, a range of circumstances relevant to the financial reports referred to above have occurred, including the following:

- The Victoria No. 1 Branch previously merged with the Victoria No. 5 Branch (January 2008).
- The Federal Court appointed an Administrator (August 2009) to the Branch on the basis of the Court's consideration that the Branch had ceased to function effectively. The Court declared all elected offices in the Branch vacant and ordered the election of all officers in the Branch.
- The Commission commenced Federal Court proceedings against the HSU and 3 of the former officer holders of the Victoria No. 1 Branch, Ms Pauline Fegan, Mr Jeff Jackson and Mr Shaun Hudson for contraventions under the RO Act in relation to the financial report for the years ending 30 June 2007 and 30 June 2008. Penalties were imposed on all respondents.
- New officer holders were appointed to the Branch in December 2009 however on 24 May 2010 the Victoria No. 1 Branch and the Victoria No. 2 Branches merged into the New South Wales Branch of the HSU. The New South Wales Branch was then renamed East Branch on this date and commenced operations. The Victoria No. 1 Branch ceased to exist on this date.
- Due to the well publicised adverse conduct of senior officer holders, the HSU East Branch was disbanded on 21 August 2012 pursuant to the Scheme made by Order of the Federal Court and the Victoria No. 1 Branch was reconstituted along with the New South Wales Branch and the Victoria No. 3 Branch.

As you are aware, the RO Act requires a reporting unit to lodge audited financial reports with the Commission within six months and 14 days of the end of its financial year. It is a requirement of the RO Act that:

- a General Purpose Financial Report (**GPFR**) and an operating report be prepared as soon as practicable after the end of the financial year (ss.253, 254);
- that the full report (consisting of the GPFR, operating report and auditor's report) be presented to a general meeting of members, or to a meeting of the branch Committee of Management, within six months after the end of the financial year (s.266); and
- a copy of the full report must be provided to members at least 21 days before the general meeting or if presented to a branch Committee of Management meeting within five months after the end of the financial year (s.265(5)).

The financial reports for the years ending 30 June 2008, 30 June 2009 and 30 June 2010 for the Victoria No. 1 Branch of the HSU were previously lodged with the Commission, however each were assessed as containing non-compliance issues relating to the statutory timeframes, statutory obligations or a failure to have been prepared in accordance with the Australian Accounting Standards. Part of the ongoing engagement between the Commission and the HSU has related to requests for further information from the Branch on these non-compliance issues and although some issues were addressed and rectified where possible, a range of issues remain unresolved.

The Commission's regulatory practice is to file financial reports when it is satisfied that the reports comply, or in some limited cases substantially comply, with the requirements of the RO Act, General Managers Reporting Guidelines and Australian Accounting Standards.

In summary, as a result of a broad range of circumstances and having regard to outstanding non-compliance issues, the financial reports relevant to the Victoria No. 1 Branch of the HSU for the years ending 30 June 2008, 30 June 2009 and 30 June 2010 have not previously been filed.

The Commission acknowledges that the ability of the Victoria No. 1 Branch to address these non-compliance issues has been limited by a range of factors including; the removal of the relevant office holders; the Branch ceasing to exist for a periods of time; access to financial records being limited due to various investigations and the circumstance of a previous auditor of the Victoria No. 1 Branch not providing further information in relation to an audit. These are matters which amount to limitations surrounding the capacity of the Branch to remedy the non-compliance within each above mentioned financial report

The standards set out in the RO Act are directed to ensuring that registered organisations are: accountable to their members; efficiently managed and operate effectively; and enable participation by members in the affairs of the organisation. Non-compliance by the Victoria No. 1 Branch with respect to financial reporting is a serious matter for a number of reasons, not least of all because it results in members of the Branch being unable to participate in the affairs of the organisation, contrary to the objects of the RO Act.

Officers of an organisation are also held to high standards and must comply with their general duties in relation to the financial management of the organisation. The failure by previous officials, including a previous Branch Secretary to comply with the relevant requirements and a lack of oversight by previous Committees of Management of the HSU Victoria No. 1 Branch, may also amount to contraventions of the general duties of officers as set out in Part 2 of Chapter 9 of the RO Act.

I acknowledge action taken by the current National Executive and the Victoria No. 1 Branch to ensure internal governance mechanisms are in place to ensure proper oversight of the HSU and all of its Branches. The financial report for the year ending 30 June 2013 for Victoria No. 1 Branch was filed by the Commission and disclosed the opening balances as per the Scheme agreed to on 21 August 2012. There are other no outstanding financial reports for the HSU Victoria No. 1 Branch.

As mentioned previously, it is also a relevant consideration that court proceeding against some of the former office holders of the Victoria No. 1 Branch and the HSU has occurred and penalties have been imposed regarding the financial report for the year ending 30 June 2008.

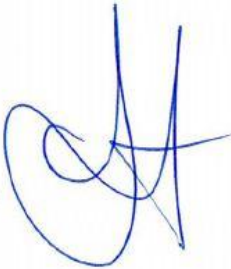
Having regard to these matters, I do not consider that it would be in the public interest to commence a formal investigation into the non-compliance issues relevant to the financial reports of the Victoria No. 1 Branch for the financial years ending 30 June 2008, 30 June 2009 and 30 June 2010.

Notwithstanding the non-compliance issues referred to above and having careful regard to all of the relevant circumstances, I advise that the Commission will close off the financial reports for the HSU Victoria No. 1 Branch for each of the financial years ending 30 June 2008, 30 June 2009 and 30 June 2010 with no further action.

However, the Commission will continue to monitor the compliance conduct of the Victoria No. 1 Branch of the HSU and take prompt and proportionate regulatory action in response to any further contraventions.

If you would like to discuss any aspect of the above, please contact me on 03) 8656 4680 or Ms Joanne Fenwick, Financial Reporting Specialist on 03) 8656 4681.

Yours Sincerely



**Chris Enright**

**Director**  
**Regulatory Compliance Branch**  
**03 8661 7818**  
**0417 311380**  
[chris.enright@fwc.gov.au](mailto:chris.enright@fwc.gov.au)

cc. Diana Asmar, Branch Secretary HSU Victoria No. 1 Branch



FAIR WORK  
AUSTRALIA

23 March 2010

Mr Marco Bolano  
Secretary  
Victoria No.1 Branch  
Health services Union  
208-212 Park Street  
SOUTH MELBOURNE VIC 3205

By email: marco.bolano@hsuvic.asn.au

Dear Mr Bolano,

**Financial Report for year ended 30 June 2008 – FR2008/231**

**General Manager Inquiry - Victoria No 1 Branch of the Health Services Union - FR2009/201 s.330 of the Fair Work (Registered Organisations) Act 2009**

I refer to my letter dated 12 March 2010 in which I sought lodgment of a Statement of Loans, Grants and Donations under section 237 of the *Fair Work (Registered Organisations) Act 2009* (**the RO Act**) for the financial year ended 30 June 2009.

Our records also show that the Branch has not lodged a Statement of Loans, Grants and Donations under section 237 of the RO Act for the year ended 30 June 2008 even though the financial report lodged on 15 October 2009 for the financial year ended 30 June 2008 (FR2008/231) discloses 'donations' of \$11,800 in the Statement of Financial Performance.

Should any of the individual amounts paid as donations during the year ended 30 June 2008 exceed the \$1,000 threshold, you are required to lodge a Statement of Loans, Grants and Donations without further delay.

If you have any queries regarding the above matters please contact Ailsa Carruthers on (03) 8661 7767 or at [ailsa.carruthers@fwa.gov.au](mailto:ailsa.carruthers@fwa.gov.au).

Yours sincerely,

Terry Nassios  
Delegate of the General Manager  
Fair Work Australia





FAIR WORK  
AUSTRALIA

22 January 2010

Mr Marco Bolano  
Secretary  
Victoria No.1 Branch  
Health services Union  
208-212 Park Street  
SOUTH MELBOURNE VIC 3205

By email: Marco.Bolano@hsuvic.asn.au

Dear Mr Bolano,

**Financial Report for year ended 30 June 2008 – FR2008/231**  
**Financial Report for year ended 30 June 2009 – FR2009/10095**

**General Manager Inquiry - Victoria No 1 Branch of the Health Services Union - FR2009/201 s.330 of the Fair Work (Registered Organisations) Act 2009**

I refer to your email to Ailsa Carruthers of 21 January 2010 in which you have advised that you will be able to provide a response by Friday, 12 February 2010 to my letters to you dated 24 December 2009 and 7 January 2010 regarding the financial statements of the Victoria No.1 Branch of the Health Services Union (**the Branch**) for the years ended 30 June 2008 and 30 June 2009 respectively.

I look forward to receiving your response as indicated.

If you have any queries in the meantime please contact Ailsa Carruthers on (03) 8661 7767 or at [ailsa.carruthers@fwa.gov.au](mailto:ailsa.carruthers@fwa.gov.au).

Yours sincerely,

Terry Nassios  
Delegate of the General Manager  
Fair Work Australia



FAIR WORK  
AUSTRALIA

24 December 2009

Mr Marco Bolano  
Secretary  
Victoria No.1 Branch  
Health services Union  
208-212 Park Street  
SOUTH MELBOURNE VIC 3205

By email: info@hsuvic.asn.au

Dear Mr Bolano,

**Financial Report for year ended 30 June 2008 – FR2008/231**

**General Manager Inquiry - Victoria No 1 Branch of the Health Services Union - FR2009/201 s.330 of the Fair Work (Registered Organisations) Act 2009**

The following documents have been lodged with respect to the financial affairs of the Victoria No.1 Branch of the Health Services Union (**the Branch**) for the year ended 30 June 2008:

- |                 |   |
|-----------------|---|
| 10 June 2009    | Qualified Audit Report (dated 9 June 2009) lodged by Mr Iaan Dick, Registered Company Auditor - without an accompanying copy of the financial report;   |
| 15 October 2009 | Financial report lodged by the Administrator of the Branch, Mr John Vines. Mr Vines was appointed as Administrator of the Branch by order of the Federal Court of Australia from 17 August 2009 until declaration of subsequent elections in 2009 (see [2009] FCA 829); |
| 16 October 2009 | Designated Officer's Certificate lodged by Mr Vines   |

Our review of the lodged documents has raised a number of significant issues regarding which we seek your comments or explanation. You may wish to discuss these matters with your auditor.

Your response to the following issues [A to E] is requested by Friday, 22 January 2010. If a response cannot be provided by that date then you are requested to advise me prior to that date, in writing, as to when a full response will be lodged.

**A. Related Party Disclosures**

Australian Accounting Standard AASB 124 (Related Party Disclosures) requires a financial entity to disclose transactions and outstanding balances pertaining to related parties of the reporting unit (such as office holders, and relatives of offices holders). In particular, paragraph 17 of AASB 124 provides as follows:

*If there have been transactions between related parties, an entity shall disclose the nature of the related party relationship as well as information about the transactions*

*and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements. These disclosure requirements are in addition to the requirements in paragraph 16 to disclose key management personnel compensation. At a minimum, disclosures shall include:*

- (a) the amount of the transactions;*
- (b) the amount of outstanding balances and: ...*

The financial report made no disclosures regarding related parties. For example, there are no disclosures of:

- related party transactions that relate to legal fees incurred by members of the Committee of Management of the Branch – even though Note 12 to the Accounts (Contingent Liability) does state that the Branch has indemnified its officers for such legal fees;
- related party transactions that may have occurred with respect to the former President, Ms Pauline Fegan, regarding the purchase of merchandise from the business known as Urban Giftware.

You are requested to explain the Branch's compliance with AASB 124 for year ended 30 June 2008.

## **B. Contingent Liabilities**

Australian Accounting Standard AASB 137 (Provisions, Contingent Liabilities and Contingent Assets) requires certain disclosures to be made in respect of identified contingent liabilities. In particular, paragraph 86 provides as follows:

*Unless the possibility of any outflow in settlement is remote, an entity shall disclose for each class of contingent liability at the reporting date a brief description of the nature of the contingent liability and, where practicable:*

- (a) an estimate of its financial effect, measured under paragraphs 36-52;*
- (b) an indication of the uncertainties relating to the amount or timing of any outflow; and*
- (c) the possibility of any reimbursement.*

Note 12 to the Accounts states that the Branch had a contingent liability with respect to legal proceedings but no further details were provided regarding the number (or type) of proceedings or any estimate of the possible financial effect of such proceedings.

The Branch has recently been involved in extensive legal proceedings. It is unclear whether and, if so, why the Branch found it 'impracticable' to provide such an estimate of the potential financial effects arising from such proceedings.

You are requested to explain the Branch's compliance with AASB 137 for year ended 30 June 2008.



### **C. Events after the Balance Sheet Date.**

Australian Accounting Standard AASB 110 (Events after the Balance Sheet Date) requires the disclosure of (and accounting for) events that occur between the end of the financial year and the date of the Committee of Management resolution concerning the financial report (which occurred on 12 December 2008).

The financial report did not appear to fully address this requirement.

You are requested to explain the Branch's compliance with AASB 110 for year ended 30 June 2008.

### **D. Statement of Changes in Equity**

Paragraph 8(c) of Australian Accounting Standard AASB 101 (Presentation of Financial Statements) requires a financial report to provide a statement of changes in equity showing either:

- all changes in equity; or
- changes in equity other than those arising from transactions with equity holders acting in their capacity as equity holders

The financial report did not contain a Statement of Changes in Equity.

You are requested to explain the Branch's compliance with AASB 101 for year ended 30 June 2008.

### **E. Policy for Recognition of Revenue**

Paragraph 35(a) of Australian Accounting Standard AASB 118 (Revenue) requires an entity to disclose:

*the accounting policies adopted for the recognition of revenue including the methods adopted to determine the stage of completion of transactions involving the rendering of services;*

The financial report did not disclose the policies adopted for the recognition of income.

You are requested to explain the Branch's compliance with AASB 118 for year ended 30 June 2008.

### **F. Concise Report**

Mr Vines stated in his Designated Officer's Certificate of 16 October 2009 that:

*I propose to advise members in the next issue of the branch's magazine, Pinpoint, of the availability of the full report on the branch's website. The next issue of Pinpoint will be mailed to members in the 3rd week of December 2009. I understand that this will meet the requirements of providing the report to members.*

Notwithstanding the above, when FWA staff accessed the Branch website on 22 December 2009 they were only able to view the Concise Financial Report for the year and not the full Financial Report.

This raises the following issues:

- A Concise Report may only be provided to the members if the Committee of Management expressly passes a resolution to this effect - see s.265(2) of the RO Act. The Committee of Management Statement that was signed by the former Secretary, Mr Jeff Jackson, on 12 December 2008 did not state that the Committee has resolved that a Concise Report would be provided to members;
- If a Concise Report is prepared then a complete copy of the Concise Report must be lodged with FWA (together with a copy of the full Financial Report) – there is no record that a Concise Report was lodged - see s.268(b) of the RO Act.

You are requested to explain the Branch's compliance with sections 265(2) and 268(b) of the RO Act for year ended 30 June 2008.

### **G. Audit Report – qualifications**

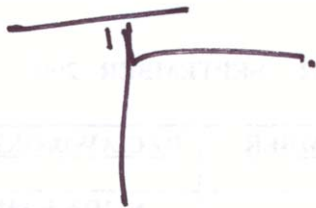
The Audit Report contained two qualifications as follows:

- (a) Subsequent to the preparation of the financial reports, an Expert Report commissioned by the Branch concluded that related party transactions occurred and were not disclosed in the reports. These transactions were quantified by the Expert Report as \$108,936.*
- (b) Subsequent to the preparation of the financial reports, an Expert Report commissioned by the Branch concluded that there was no documentation substantiating some expenditure. As the Expert Report does not isolate the amount for the period for the year we are unable to quantify this expenditure.*

With respect to paragraph (b), you are requested to supply details regarding what action (if any) has been taken, or is being taken, within the Branch to ensure that the monies of the Branch have been, are, and will be, expended in accordance with the RO Act and the Rules of the Branch?

If you have any queries regarding the above matters please contact Ms Ailsa Carruthers on (03) 8661 7767 or at [ailsa.carruthers@fwa.gov.au](mailto:ailsa.carruthers@fwa.gov.au).

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Terry Nassios'. The signature is stylized with a horizontal line at the top, a vertical line extending downwards, and a curved line at the bottom right.

Terry Nassios  
Delegate of the General Manager  
Fair Work Australia



FAIR WORK  
AUSTRALIA

24 December 2009

Mr Iaan Dick  
Dick & Smith (Esternwick) Pty Ltd  
22 Hoddle Street  
ELSTERNWICK VIC 3185

By facsimile: 03 9528 6921

Dear Mr Dick,

**Victoria No.1 Branch of the Health Services Union - Financial Report for year ended 30 June 2008 – FR2008/231**

**General Manager Inquiry - FR2009/201  
s.330 of the Fair Work (Registered Organisations) Act 2009**

I refer to previous correspondence to you dated 1 June 2009 regarding an inquiry that is being conducted under section 330 of the Fair Work (Registered Organisations) Act 2009 (**RO Act**).

I acknowledge receipt of your Audit Report of 9 June 2009 regarding the General Purpose Financial Report (**GPFR**) of the Victoria No.1 Branch of the Health Services Union (**the Branch**) for year ended 30 June 2008. The Audit Report was lodged on 10 June 2009 without the accompanying GPFR.

On 15 October 2009 the Administrator of the Branch, Mr John Vines, lodged a copy of the GPFR and your Audit Report. Mr Vines was appointed as Administrator of the Branch by an order of the Federal Court of Australia (see [2009] FCA 829) from 17 August 2009 until the declaration of results of subsequent Branch elections in 2009.

Our review of the lodged documents has raised a number of issues (as set out below) that relate to your audit for which we seek your comments or explanation. We have also sent a letter to the Branch in respect of reporting issues (see Attachment 1).

Your response to the following issues (numbered 1 to 5) is requested by Friday, 22 January 2010. If a response cannot be provided as sought then you are requested to advise me prior to that date, in writing, as to when a full response will be lodged.

**Legislative Framework**

Section 257 of the RO Act sets out the powers and duties of auditors and provides, amongst other things, that:

*257 Powers and duties of auditors...*

(5) *An auditor must, in his or her report, state whether in the auditor's opinion the general purpose financial report is presented fairly in accordance with any of the following that apply in relation to the reporting unit:*

(a) *the Australian Accounting Standards;*

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Melbourne VIC 3000  
GPO Box 1994  
Melbourne VIC 3001

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

(b) *any other requirements imposed by this Part.*

*If not of that opinion, the auditor's report must say why.*

(6) *If the auditor is of the opinion that the general purpose financial report does not so comply, the auditor's report must, to the extent it is practicable to do so, quantify the effect that non-compliance has on the general purpose financial report. If it is not practicable to quantify the effect fully, the report must say why.*

(7) *The auditor's report must describe:*

(a) *any defect or irregularity in the general purpose financial report; and*

(b) *any deficiency, failure or shortcoming in respect of the matters referred to in subsection (2) or section 252.*

(8) *The form and content of the auditor's report must be in accordance with the Australian Auditing Standards.*

...

(11) *If:*

(a) *the auditor suspects on reasonable grounds that there has been a breach of this Act or reporting guidelines; and*

(b) *the auditor is of the opinion that the matter cannot be adequately dealt with by comment in a report or by reporting the matter to the committee of management of the reporting unit;*

*the auditor must immediately report the matter, in writing, to the General Manager.*

*Note: This subsection is a civil penalty provision (see section 305).*

## **1. Australian Accounting Standards – AASB 124, 137, 110, 101, 118**

The Audit Report states that the GPFR was prepared in accordance with the Australian Accounting Standards. In our letter to the Branch, however, we have queried whether the financial report complies with five of those standards (AASB 124, 137, 110, 101 and 118) – see points A to E of the letter to the Branch at Attachment 1.

You are requested to advise me, with respect to each of the issues A to E:

- whether those five issues were considered by you in forming your opinion with respect to the financial report; and
- your rationale in not expressing a qualified opinion as would be required by Australian Auditing Standard ASA 701 (at paragraph 22) in respect of each of those five issues.

## **2. Australian Auditing Standard – ASA 560**

Paragraphs 8 and 12 of Australian Auditing Standard ASA 560 (Subsequent Events) require the auditor to consider the effects of subsequent events on the financial report and the Audit Report as follows:

- *'The auditor shall perform audit procedures designed to obtain sufficient appropriate audit evidence that all events up to the date of the auditor's report that may require adjustment of, or disclosure in, the financial report have been identified'* (paragraph 8)

- ‘When the auditor becomes aware of events that materially affect the financial report, the auditor shall consider whether such events are properly accounted for and adequately disclosed in the financial report.’ (paragraph 12)

The Audit Report was dated 9 June 2009, being almost a full year after the balance date of 30 June 2008. The Audit Report, however, provided almost no information regarding two significant subsequent events that occurred after 30 June 2008, namely:

- early in 2009 the Branch Committee of Management authorised an investigation into the financial affairs of the Branch and an Expert Report was subsequently issued by Pitcher Partners in March 2009 (**the Expert Report**). This clearly was a significant subsequent event. Yet the Audit Report only referred briefly to the Expert Report in one of the qualifications to the Audit Report. No further details were provided in the Audit Report regarding the investigation or the Expert Report (for example, the Audit Report provided no information regarding when the investigation was initiated or the scope of the Expert Report);
- the Audit Report appears to make no reference to substantial legal expenses that were incurred between the end of the financial year and the signing of the Audit Report. In fact, the financial report for the next financial year (year ending 30 June 2009) revealed legal fees expenses of \$1,274,133 and a trading loss of \$1,306,350. Again, this would appear to be a significant subsequent event.

It would not have been difficult for you to discover the magnitude of these legal expenses. For example, on 28 May 2009 (that is, after the Committee of Management resolution of 12 December 2008 but prior to the signing of the Audit Report on 9 June 2009) FWA staff conducted a search of the website of the Federal Court of Australia and found four matters currently before the Court as follows

- VID 118/2009 – *Pauline Fegan & Anor v J Jackson & Anor* - filed on 20 February 2009;
- VID 186/2009 – *Pauline Fegan v Jeff Jackson & Anor* - filed on 26 March 2009;
- VID 267/2009 – *Donna Marguerite Conquo v Jeff Jackson & Anor* - filed on 24 April 2009; and
- VID 378/2009 – *In the matter of the Health Services Union* - filed on 20 May 2009.

At least one of the parties to each of these matters was either the Branch President (Ms Pauline Fegan), the Branch Secretary (Mr Jeff Jackson) or the Health Services Union itself. Had you made enquiries of members of the Committee of Management or of its lawyers regarding legal proceedings that had arisen up to 9 June 2009 then, at the very least, it could reasonably have been expected that you would have been advised of proceedings in the Federal Court, even in the most general of terms. In light of such information, even the simplest of searches of the Federal Court’s website would have identified the four matters in question.

Accordingly, you are requested to explain your compliance with ASA 560 with respect to the above matters.

### **3. Australian Auditing Standard – ASA 700**

Paragraph 39 of ASA 700 (The Auditor’s Report on a General Purpose Financial Report) requires the auditor to state that the audit was conducted in accordance with the Australian Auditing Standards. However, the second paragraph of the Audit Report stated:

*Our audit has been conducted in accordance with Australian Accounting Standards to provide reasonable assurance whether the financial statements are free of material misstatement (emphasis added)*

You are requested to advise regarding whether this reference to the Accounting Standards is an error.

#### **4. Australian Auditing Standards – ASA 701**

The Audit Report contains two qualifications as follows:

- (a) *Subsequent to the preparation of the financial reports, an Expert Report commissioned by the Branch concluded that related party transactions occurred and were not disclosed in the reports. These transactions were quantified by the Expert Report as \$108,936.*
- (b) *Subsequent to the preparation of the financial reports, an Expert Report commissioned by the Branch concluded that there was no documentation substantiating some expenditure. As the Expert Report does not isolate the amount for the period for the year we are unable to quantify this expenditure.*

These qualifications do not appear to fully comply with the relevant Australian Auditing Standard – ASA 701 (Modifications to the Auditor's Report).

For example, the first qualification did not specify that the Branch had breached Australian Accounting Standard AASB 124 (Related Party Disclosures) nor did it provide details of the relevant related party (or parties) as required by ASA 701. As a result, insufficient information was provided to the readers of the Audit Report (being primarily the members of the Branch) to enable them to fully understand the nature of the qualification. On this issue see also paragraph 38 of ASA 550 (Related Parties).

The second qualification refers to a lack of reliable information upon which an Audit Report could be based. In such circumstances an auditor would often consider issuing a qualified report based upon a 'limitation of scope' or a 'disclaimer' type opinion in their report as stipulated by ASA 701. Your Audit Report, however, was issued as a 'subject to' opinion and it is not fully clear how you were able to determine that a limitation of scope or a disclaimer was unnecessary.

Accordingly, you are requested to explain your compliance with ASA 701 with respect to the abovementioned qualifications in your Audit Report.

#### **5. Expert Report**

The Expert Report that is referred to in your Audit Report was prepared by Pitcher Partners. The Expert Report found that the Branch failed, on numerous occasions, to follow basic financial procedures – for example:

- (i) *Authorisation procedures in general* – the Branch does not raise written purchase orders and no formal quote is kept on file or reconciled to delivery dockets or invoices; no authorisation documentation is created or kept as evidence of approval of any expenditure; expense forms and receipts for reimbursement are often not completed or only partially completed; there are no formal approval processes for travel and accommodation expenses; on numerous occasions credit card payments were made without appropriate documentation being completed and in the absence of supporting invoices; payments by cheque and electronic funds transfer are not formally approved [see pages 8-10 of the Experts Report];
- (ii) *Urban Giftware* – no purchase orders were raised, no delivery dockets were kept and no goods inwards book was kept [see page 11 of the Experts Report];

- (iii) *Payment of Additional Salary to Jeff Jackson* – no evidence of Mr Jackson's salary as set by the Branch Committee of Management was available; no documentation exists to support the instruction to Ms Wills to make the 3 payments of \$5,000 each [see page 13 of the Experts Report];
- (iv) *Leave Taken by Jeff Jackson* – there was a variance of 30 days of leave between entries in the leave register and the number of days of leave that was paid out to Mr Jackson; there were no formal leave forms completed by Mr Jackson [see page 14 of the Experts Report];
- (v) *Mr Hudson's credit card* – Mr Hudson was reimbursed for purchases on his credit card where no substantiating documentation was found [see page 17 of the Report];
- (vi) *Ms Wills' credit card* – there was no evidence of authorisation of expenses on Ms Wills' credit card [see page 19 of the Experts Report];
- (vii) *Mr Jackson's credit card* – Mr Jackson was reimbursed for purchases on his credit card where there was no substantiating documentation or evidence of authorisation [see page 20 of the Experts Report];
- (viii) *Travel Expenses* – authorisation of travel could not be confirmed as purchase orders are not raised and no other documentary evidence was kept [see page 23 of the Experts Report]

All of the above issues referred to in the Expert Report would suggest that it would be difficult for an auditor to have sufficient reliable information upon which to base an Audit Report.

Given that your Audit Report did not state that the scope of your work as auditor was limited (as contemplated by paragraph 31 of ASA 701) it is presumed that you had available to you all necessary information in respect of any the matters referred to in the Expert Report.

This therefore may lead to questions as to whether you have fully complied with the mandatory requirements of ASA 315 (Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement) and ASA 330 (The Auditors Procedures in Response to Assessed Risks).

ASA 315 includes the following requirements:

- Paragraph 5 provides that the *'auditor shall obtain an understanding of the entity and its environment, including its internal control, sufficient to identify and assess the risks of material misstatement of the financial report whether due to fraud or error, and sufficient to design and perform further audit procedures'*.
- Paragraph 11 provides that the *'auditor shall perform the following risk assessment procedures to obtain an understanding of the entity and its environment, including its internal control:*
  - (a) *enquiries of those charged with governance, management and others within the entity;*
  - (b) *analytical procedures; and*
  - (c) *observation and inspection.*
- Paragraph 52 provides that the *'auditor shall obtain an understanding of internal control relevant to the audit'*.

ASA 330 includes the following requirements:

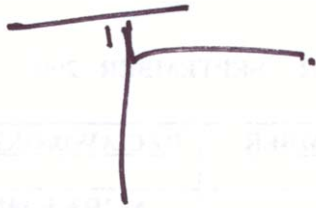
- *'The auditor shall perform audit procedures to evaluate whether the overall presentation of the financial report, including the related disclosures, is in accordance with the applicable financial reporting framework'* – see paragraph 88.

- *'Based on the audit procedures performed and the audit evidence obtained, the auditor shall evaluate whether the assessments of the risks of material misstatement at the assertion level remain appropriate'* – see paragraph 90.
- *'If the auditor has not obtained sufficient appropriate audit evidence as to a material financial report assertion, the auditor shall attempt to obtain further audit evidence. If the auditor is still unable to obtain sufficient appropriate audit evidence, the auditor shall express a qualified opinion or a disclaimer of opinion'* – see paragraph 97.

You are requested to explain your compliance with ASA 315 and ASA 330 in the conduct of your audit and why the matters raised in the Expert Report were not outlined in your Audit Report.

If you have any queries regarding the above matters please contact Ms Ailsa Carruthers on (03) 8661 7767 or at [ailsa.carruthers@fwa.gov.au](mailto:ailsa.carruthers@fwa.gov.au).

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Terry Nassios'. The signature is stylized with a horizontal line at the top, a vertical line extending downwards, and a horizontal line extending to the right from the vertical line.

Terry Nassios  
Delegate of the General Manager  
Fair Work Australia





Health Services Union  
Victorian Branch

16 October 2009

Mr Terry Nassios

Delegate of the General Manager

Fair Work Australia

GPO Box 1994

MELBOURNE VIC 3001

By Fax: 9655 0401

Dear Mr Nassios,

Re: 2007/2008 Audited Financial Statement

Further to my letter to you of 14 October 2009 and your office's request for the completion of the designated officer's certificate, I wish to advise as follows:

- (i) the auditor's report and audited financial statements have been presented to a meeting of the Branch Committee of Management held on 10 December 2008, at which the following resolution was adopted

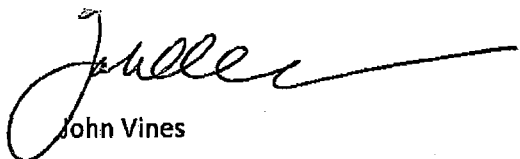
*"THAT THE GENERAL PURPOSE FINANCIAL REPORTS FOR FINANCIAL YEAR 2007/2008 BE ADOPTED."*

- (ii) to the best of my knowledge the audited financial statements and auditor's report has not as yet been provided to members.

I propose to advise members in the next issue of the branch's magazine, Pinpoint, of the availability of the full report on the branch's website. The next issue of Pinpoint will be mailed to members in the 3<sup>rd</sup> week of December 2009. I understand that this will meet the requirements of providing the report to members.

I trust that this will meet the requirements of s268 of Schedule 1 of the Workplace Relations Act 1996.

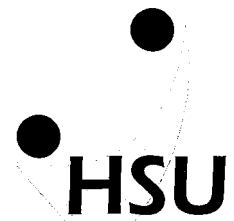
Yours sincerely,

A handwritten signature in black ink, appearing to read "John Vines", with a long horizontal flourish extending to the right.

John Vines

Administrator

(Federal Court Appointed)



Health Services Union  
Victorian Branch



14 October 2009

Mr Terry Nassios

Delegate of the General Manager

Fair Work Australia

GPO Box 1994

MELBOURNE VIC 3001

By Fax: 9655 0401

Dear Mr Nassios,

I refer to your letter of 13 October 2009 and advise as follows:

1. I do not believe that there are any documents or information that has been previously sought from the Branch Secretary which remain outstanding.
2. Please find attached the audited accounts for the year ending 30 June 2008.
3. I advise that Mr Michael Shulman of Stannards, Accountants & Advisers has been appointed as Auditor for the Branch for the financial year ending 30 June 2009.

I trust that these responses address all outstanding issues.

Yours sincerely,

John Vines

Administrator

(Federal Court appointed)

**HEALTH SERVICES UNION  
VICTORIA NO 1 BRANCH  
ABN 92 480 180 237**

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



**TABLE OF CONTENTS**

---

**Independent Audit Report**

**Committee of Management Statement**

**Designated Officer's Certificate**

**Operating Report**

**Financial Report**

Statement of Financial Position

Statement of Financial Performance

Statement of Cash Flows

Notes to the Financial Statements

**HEALTH SERVICES UNION  
VICTORIA NO 1 BRANCH**

**INDEPENDENT AUDIT REPORT**

**Scope**

We have audited the financial report of the Health Services Union (Victoria) No.1 Branch for the financial year ended 30 June 2008. The Branch's Committee of Management are responsible for the preparation of the financial report. We have conducted an independent audit of the financial report in order to express an opinion on them to the members of the Branch.

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

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

**Audit Opinion**

In our opinion,

- (i) there were kept by the Branch, in respect of the year, satisfactory accounting records detailing the source and nature of the income of the Branch (including income from members) and the nature and purpose of the expenditure except for

**Qualifications**

- (a) Subsequent to the preparation of the financial reports, an Expert Report commissioned by the Branch concluded that related party transactions occurred and were not disclosed in the reports. These transactions were quantified by the Expert Report as \$108,936.
- (b) Subsequent to the preparation of the financial reports, an Expert Report commissioned by the Branch concluded that there was no documentation substantiating some expenditure. As the Expert Report does not isolate the amount for the period for the year we are unable to quantify this expenditure.

**HEALTH SERVICES UNION  
VICTORIA NO 1 BRANCH**

**INDEPENDENT AUDIT REPORT**

- (ii) the attached financial report, prepared in accordance with applicable Accounting Standards and other mandatory professional reporting requirements and in accordance with Section 253 of the RAO Schedule, are properly drawn up so as to give a true and fair view of:
- (a) the financial affairs of the Branch as at 30 June, 2008; and
  - (b) the income and expenditure, results and cash flows of the Branch for the year then ended.
- apart from our qualifications detailed in (1) (a) & (b) above
- (iii) all information and explanations required for the purpose of the audit under Section 276(2), were provided by the officers or employees of the Branch.



**Dick & Smith (Elsternwick) Pty Ltd  
Chartered Accountants**

**Iaan G F Dick**

**Registered Company Auditor**

Dated this day *9<sup>th</sup>* of, *June* 2009.

**HEALTH SERVICES UNION  
VICTORIA NO 1 BRANCH**

**COMMITTEE OF MANAGEMENT STATEMENT**

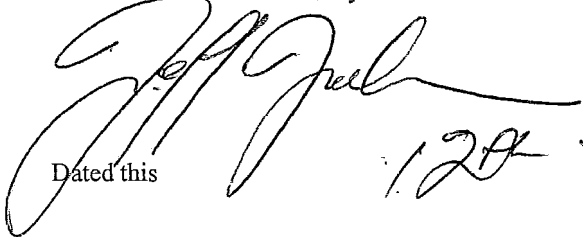
On the 10 day of December the Committee of Management of the Health services union . Victoria No. 1 Branch passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 30<sup>th</sup> June 2008

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

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GBFR relates and since the end of that year:
  - 1) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
  - 2) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
  - 3) the financial records of the reporting unit have been managed in accordance with the RAO Schedule and the RAO Regulations; and
  - 4) the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
  - 5) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been furnished to the member of the registrar; and
  - 6) there has been compliance with any order for the inspection of financial records made by the Commission under section 273 of the RAO Schedule

For Committee of Management:

Jeff Jackson Branch Secretary



Dated this

12<sup>th</sup>

day of

December

2008



**HEALTH SERVICES UNION  
VICTORIA NO 1 BRANCH**

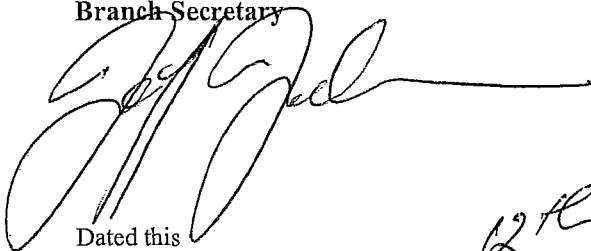
**DESIGNATED OFFICER'S CERTIFICATE**

I, Jeff Jackson being the officer responsible for keeping the accounting records of the Health services union (Victoria) No.1 Branch, certify that as at 30 June 2008 the number of members of the Branch was 15,182.

In my opinion:

1. the attached financial report shows a true and fair view of the Branch results as at 30 June 2008.
2. a record has been kept of all monies paid by, or collected from, members and all monies so paid or collected have been credited to the bank account to which those monies are to be credited, in accordance with the rules of the organisation;
3. before any expenditure was incurred by the branch approval of the incurring of the expenditure was obtained in accordance with the rules of the organisation;
4. with regard to funds of the branch raised by compulsory levies or voluntary contributions from members, or funds other than the General Fund operated in accordance with the rules, no payments were made out of any such fund for the purposes other than those for which the fund was operated;
5. no loans or other financial benefits, other than remuneration in respect of their full time employment with the organisation, were made to persons holding office in the branch.
6. the register of members of the branch was maintained in accordance with the Act.

**JEFF JACKSON**  
Branch Secretary



Dated this

12<sup>th</sup> day of December 2008





**HEALTH SERVICES UNION  
VICTORIA NO 1 BRANCH**

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

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

**Principal Activities**

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

**Operating Result**

The operating result of the organisation for the year ended 30<sup>th</sup> June 2008 was a surplus of \$17,386.

**Significant Changes**

During the year the branch and Victoria No 5 Branch merged. Apart from this there was no significant change in the financial affairs of the organisation during the year.

**Rights of Members**

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

**Superannuation Office Holders**

There are no officers and/or members of the organisation that are directors of companies that are trustees of superannuation funds which require one or more of their directors to be a member of a registered organisation –

**Other Prescribed Information**

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

- (a) the number of persons that were at the end of the financial year recorded in the register of members for Sec 230 of the RAO Schedule and who are taken to be members of the registered organisation under Sec 240 of the RAO Schedule was 15,182.
- (b) the number of persons who were at the end of the financial year employees of the organisation including both full and part-time employees measured on a full-time equivalent basis was 40.

**HEALTH SERVICES UNION  
VICTORIA NO 1 BRANCH**

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

- (c) the names of those who have been members of the Committee of Management of the organisation at any time during the financial year –

**Name**

Jeff Jackson  
Shaun Hudson  
Pauline Fegan  
Sonya McCormack  
Toni Joyce  
Donna Conquo  
April Johnston  
Maria Toro  
John Touvinen  
Bill Rickets  
Stuart Marshall  
Anastasia Hondros  
Angelo Dritsas  
Matthew Boxell  
Jenny Banks

**Other Relevant Information**

Nil

Signed for and on behalf of the Committee of Management

Date *12 December* day of *December* 2008 .

Jeff Jackson,

Secretary



**HEALTH SERVICES UNION  
VICTORIA NO 1 BRANCH**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2008**

	Note	2008 \$	2007 \$
<b>MEMBERS' FUNDS</b>			
Accumulated Funds at beginning of the year		5,706,274	932,365
Operating surplus (deficit) for the year		17,386	(394,414)
Abnormal item - Capital Profit Sale of Property	7	-	5,168,323
<b>TOTAL MEMBERS FUNDS</b>		<b>5,723,660</b>	<b>5,706,274</b>
Represented by:			
<b>CURRENT ASSETS</b>			
Cash on Hand and at Bank	4	242,782	298,711
Accounts Receivable	5	51,624	7,150,698
Investments	6	780,443	173,921
<b>TOTAL CURRENT ASSETS</b>		<b>1,074,849</b>	<b>7,623,329</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	7	6,504,782	4,763,891
<b>TOTAL ASSETS</b>		<b>7,579,631</b>	<b>12,387,220</b>
<b>CURRENT LIABILITIES</b>			
Bank Overdraft	8	284,108	113,848
Accounts Payable	9	643,959	754,939
Amounts Owing - 208-212 Park St	10	-	4,854,719
Monies Held in Trust	12	-	16,600
Provision for Annual Leave	1	457,766	355,533
Provision for Long Service Leave	1	340,560	430,385
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,726,393</b>	<b>6,526,024</b>
<b>NON-CURRENT LIABILITIES</b>			
Provision for Long Service Leave	1	129,577	154,923
<b>TOTAL LIABILITIES</b>		<b>1,855,971</b>	<b>6,680,947</b>
<b>NET ASSETS</b>		<b>5,723,660</b>	<b>5,706,274</b>

The accompanying notes form part of this financial report.

**HEALTH SERVICES UNION  
VICTORIA NO 1 BRANCH**

**STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008	2007
		\$	\$
<b>REVENUE</b>			
Subscriptions		5,331,315	4,985,501
Interest Received		69,450	21,239
Rental Income Received		37,358	105,926
Rental Recovery - National Office		16,601	82,000
Resource Charge - No 5 Office		62,273	93,636
Sundry Income		184,631	228,924
		<u>5,701,628</u>	<u>5,517,227</u>
<b>EXPENDITURE</b>			
Audit Fees		7,500	7,500
Advertising		1,240	24,819
Affiliation Fees & Levies		76,602	144,625
Bank Charges		37,358	36,349
Capitation Fee - National Council		331,060	313,711
Cleaning		27,438	22,326
Computer Expenses		199,508	138,478
Consultant Fees		60,013	28,331
Courier		889	642
Depreciation		124,166	77,754
Donations		11,800	9,832
Education & Training Expenses		156,143	154,194
Employer union fee deduction charges		8,035	6,321
Entertainment Expenses - Members		19,068	25,981
Fines & Penalties		1,164	612.72
Fringe Benefits Tax		117,057	116,108
Indemnity Insurance		40,863	28,576
Insurance		68,380	72,744
Interest Paid		32,057	32,488
Journal Publications		26,910	32,047
Legal Fees		33,652	82,860
Light, Power & Heating		24,410	31,398
Loss on Disposal of Fixed Assets		94,328	-

**HEALTH SERVICES UNION  
VICTORIA NO 1 BRANCH**

**STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2008**

<b>EXPENDITURE</b>	<i>continued</i>	Note	2008 \$	2007 \$
Meeting Expenses			35,489	207,256
Motor Vehicle Expenses			83,624	105,765
Motor Vehicle Rental			191,878	135,195
Office Machine Rental			45,030	52,557
Payroll Tax			143,666	148,967
Postage			90,113	63,885
Printing & Stationary			72,043	56,601
Provision for Annual Leave			102,233	19,479
Provision for Long Service Leave			(115,171)	55,573
Rates & Taxes			61,915	13,923
Repairs & Maintenance - Buildings			115,130	86,222
Repairs & Maintenance - Office Equipment			19,020	25,697
Salaries & Allowances - Officials			391,906	309,732
Salaries & Allowances - Employees			2,403,813	2,692,702
Staff Amenities & Recruitment			11,843	8,146
Superannuation			313,973	323,237
Sundry Expenses			1,520	16,137
Telephone			159,245	134,458
Welfare/Fighting Fund			7,624	7,000
Workcover			49,706	61,411
			<u>5,684,241</u>	<u>5,911,641</u>
<b>OPERATING SURPLUS/(DEFICIT) FOR THE YEAR</b>			17,386	(394,414)
<b>Abnormal Item</b>				
Capital Profit - Sale 102-108 Victoria St		7	-	5,168,323
			<u>17,386</u>	<u>4,773,909</u>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>			<u>17,386</u>	<u>4,773,909</u>

The accompanying notes form part of this financial report.

**HEALTH SERVICES UNION  
VICTORIA NO 1 BRANCH**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 \$	2007 \$
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>			
Subscription Revenue		5,331,315	4,985,501
Other Revenue		221,989	334,850
Interest received		69,450	21,239
Payments to Suppliers & Employees		(5,642,147)	(5,941,364)
Interest Paid		(32,057)	(32,488)
		<hr/>	<hr/>
Net Cash Provided by/(Used in) Operating Activities	11 (b)	<u>(51,450)</u>	<u>(632,262)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		431,783	487,988
		<hr/>	<hr/>
Net Cash Used in Investing Activities		<u>431,783</u>	<u>487,988</u>
Net Increase/(Decrease) in cash held		<hr/>	<hr/>
		380,333	(144,274)
Cash at Beginning of Year		<hr/>	<hr/>
		358,784	503,057
Cash at End of Year	11 (a)	<u>739,117</u>	<u>358,784</u>

The accompanying notes form part of this financial report.

**HEALTH SERVICES UNION  
VICTORIA NO 1 BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

This financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Workplace Relations Act 1996. The financial report is prepared on the basis of historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

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

**(a) Property, Plant & Equipment**

Property, Plant and Equipment are brought to account at cost. The depreciable amount of all fixed assets are depreciated over their estimated useful lives commencing from the time the asset is held ready for use.

The various straight line rates used are as follows;

- (i) Furniture & fittings - 10% pa.
- (ii) Office equipment - 15% - 33.3% pa.
- (iii) Buildings - 2.5% pa.

**(b) Income Tax**

No provision for income tax is required as the Branch is exempt from income tax under Section 50-15 (3.2) of the Income Tax Assessment Act 1997.

**(c) Employee Entitlements**

Provision is made for the Branch's liability for annual leave and long service leave arising from services rendered by employees to balance date.

These provisions have been calculated under terms of and conditions outlined by the Australian Conciliation and Arbitration Commissions, Private Arbitration dated 2nd October, 1985, and the respective awards that apply to employees.

The calculation of the liability for annual leave and long service leave recognised in these financial statements as at 30 June, 2008, includes the provision for employment on-costs payable on the entitlements.

Contributions are made by the Branch to various Superannuation Funds and are charged as expenses when incurred. The Branch has no legal obligation to meet any shortfall in these fund's obligation to provide benefits to employees or officials on retirement.

**HEALTH SERVICES UNION  
VICTORIA NO 1 BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**(d) Leases**

Leased assets classified as finance leases are capitalised as fixed assets. The amount initially brought to account is the present value of minimum lease payments.

A finance lease is one which effectively transfers from the lessor to the lessee substantially all the risks and benefits incident to ownership of the leased property.

Capitalised leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Finance lease payments are allocated between interest expense and reduction of lease liability over the term of the lease. The interest expense is determined by applying the interest rate implicit in the lease to the outstanding lease liability at the beginning of each lease payment period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as an expense in the period in which they are incurred.

**NOTE 2: INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRARS**

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 274 which reads as follows:

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



**HEALTH SERVICES UNION  
VICTORIA NO.1 BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

	2008	2007
	\$	\$
<b>NOTE 4: CASH ON HAND AND AT BANK</b>		
Cash on Hand	890	890
Cash at Bank - Operating Account's	241,892	292,696
Cash at Bank - Monies Held in Trust	-	5,125
	<u>242,782</u>	<u>298,711</u>

**NOTE 5: RECEIVABLES**

Trade Debtors	51,624	123,305
Debtor - Property Sale 102 -108 Victoria St	-	7,027,393
	<u>51,624</u>	<u>7,150,698</u>

The sale of 102-108 Victoria St settled on the 22 July 2007. All funds due were received on that date.

**NOTE 6: INVESTMENTS**

Fund on Deposit - Banks	780,443	173,921
	<u>780,443</u>	<u>173,921</u>

**HEALTH SERVICES UNION  
VICTORIA NO 1 BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

	2008	2007
	\$	\$
<b>NOTE 7: PROPERTY, PLANT AND EQUIPMENT</b>		
208-212 Park St, South Melbourne - at cost	4,888,986	4,610,000
Less: Accumulated Depreciation	(47,015)	-
208-212 Park St Improvements - at cost	1,337,134	-
Less: Accumulated Depreciation	(26,669)	-
Total Freehold Land & Buildings	<u>6,152,436</u>	<u>4,610,000</u>
Furniture & Fittings	236,328	168,330
Less accumulated depreciation	(10,153)	(153,112)
	<u>226,175</u>	<u>15,218</u>
Office Equipment	210,246	589,844
Less: Accumulated Depreciation	(100,602)	(451,171)
	<u>109,643</u>	<u>138,673</u>
Motor Vehicles	18,182	-
Less: Accumulated Depreciation	(1,654)	-
	<u>16,528</u>	<u>-</u>
	<u>6,504,782</u>	<u>4,763,891</u>
<b>NOTE 8: BANK OVERDRAFT</b>		
Bank Overdraft - Operating Account	<u>284,108</u>	<u>176,518</u>
	<u>284,108</u>	<u>176,518</u>
<b>NOTE 9: ACCOUNTS PAYABLE</b>		
Trade Creditors & Accruals	<u>643,959</u>	<u>754,939</u>
	<u>643,959</u>	<u>754,939</u>

**HEALTH SERVICES UNION  
VICTORIA NO 1 BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

	2008	2007
	\$	\$
<b>NOTE 10: AMOUNTS OWING - 60 PARK ST</b>		
The branch settled this outstanding on the 22nd July 2007.	-	4,854,718
GST paid of \$461,000 on the transaction was refunded by the Australian Taxation Office		

**NOTE 11: CASH FLOW INFORMATION**

**(a) Reconciliation of Cash**

For the purposes of the Statement of Cashflows, cash includes cash on hand, cash at bank and investments money market instruments.

Cash at the end of the reporting period is reconciled to the related items in the balance sheet as follows:

Cash on Hand	890	890
Cash at Bank	241,892	297,821
Investment Accounts	780,443	173,921
Bank Overdraft	(284,108)	(113,848)
	739,117	358,784
Movement in Cash	380,333	(144,274)

**(b) Reconciliation of Net Cash Provided by  
Operating Activities to Operating Surplus**

Operating Surplus/(Deficit) before Abnormal Items	17,386	(394,414)
Abnormal Item - Capital Profit Sale 102-108 Victoria Street		5,168,323
Non-cash flows in Operating Surplus/(Deficit)		
Depreciation	124,166	77,754
Changes in Assets and Liabilities		
(Increase)/Decrease in Accounts Receivable	7,099,074	(7,081,295)
(Increase)/Decrease in Property, Plant & Equipmen	(1,865,058)	(2,738,416)
Increase/(Decrease) in Creditors & Accruals	(4,965,697)	4,827,753
Increase/(Decrease) in Monies Held in Trust	(16,600)	(82,000)
Increase/(Decrease) in Employee Provisions	(12,938)	78,022
Net Cash Provided by/(Used in) Operating Activities	380,333	(144,274)

**HEALTH SERVICES UNION  
VICTORIA NO 1 BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

	2008	2007
	\$	\$

**NOTE 12: CONTINGENT LIABILITY**

Legal proceedings have been instituted for and against the Branch and its representatives in respect to various matters. The Branch has agreed to indemnify its representatives and members against any liability arising from these actions, Should the decision in these actions be awarded against the Branch by any Court, damages and costs as determined by the Court would have to be paid by the Branch.

**NOTE 13: MONIES HELD IN TRUST**

National Office	-	16,600
	<hr/>	<hr/>
	-	16,600

The Committee of Management agreed on the 19th September 2002 that outstanding amounts owing to the National Office as at 30th June 2002 shall be repaid over five years by the provision of serviced office facilities. Provision of these facilities has been included as income \$16,000 (2007 \$82,000).

**NOTE 14: FINANCIAL INSTRUMENTS**

**(a) Terms, conditions and accounting policies**

The Branch's terms, conditions and accounting policies of financial instruments are those adopted by businesses in Australia generally.

**(b) Interest rate risk**

The Branch's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised are not significant.

**(c) Credit Risk**

The Branch has no significant exposure to credit risk.

**(d) Net Fair values**

The net fair values of the Branch's financial assets and financial liabilities are not expected to be significant different from each class of asset and liability as disclosed above and recognised in the balance sheet as at 30 June 2008.



**Australian Government**  
**Australian Industrial Registry**

5 March 2009

Jeff Jackson  
Secretary  
Health Services Union of Australia  
Victorian No. 1 Branch  
PO Box 5128  
STH MELBOURNE VIC 3205

Dear Mr Jackson,

**Health Services Union of Australia – Victorian No. 1 Branch  
Lodgement of Financial Documents for year ended 30 June 2008 [FR2008/231]  
Schedule 1 of the Workplace Relations Act 1996 (RAO Schedule)**

I refer to my letter of 27 January 2009 addressed to you requesting written advice in relation to your branch's outstanding financial reports for the year ended 30 June 2008. A copy of that letter is attached for your information. As yet, no response has been received from the branch.

Under Part 3, Chapter 8 of Schedule 1 of the *Workplace Relations Act 1996* (the RAO Schedule) obligations are imposed on an organisation in relation to each financial year of the organisation to keep accounting records, prepare and have audited accounts and statements, provide copies of the auditor's report, accounts and statements free of charge to the members, present the documents to a general meeting of the members (or a meeting of the committee of management) and lodge copies in the Industrial Registry. This legislative scheme has been designed to ensure that an organisation is accountable to its members in relation to the financial affairs of the organisation.

In the absence of lodgement of the financial reports, I request you contact me by telephone or email on receipt of this letter to discuss the lodgement of the said financial reports. I remind the branch that under s305(2)(ze) of the RAO Schedule civil penalties may apply for failure to meet these requirements.

I request that you contact me before 18 March 2009. I can be contacted by telephone on (03) 8661 7817 or email at: [robert.pfeiffer@airc.gov.au](mailto:robert.pfeiffer@airc.gov.au)

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R. Pfeiffer'.

Robert Pfeiffer  
Statutory Services Branch



**Australian Government**  
**Australian Industrial Registry**

27 January 2009

Mr Jeff Jackson  
Health Services Union-Victorian No. 1 Branch  
info@hsuvic.asn.au

Dear Mr Jackson,

**Lodgement of Financial Documents for year ended 30 June 2008 [FR2008/231]  
Schedule 1 of the Workplace Relations Act 1996 (RAO Schedule)**

The RAO Schedule requires the Health Services Union - Victorian No. 1 Branch to lodge audited financial accounts and statements with the Registry within 6 months and 14 days of the end of its financial year.

The Registry has no record of lodgement of financial documents for year ended **30 June 2008**, which should have been lodged with the Registry by **14 January 2009**.

In order to avoid exposure to a civil (pecuniary) penalty, you are required to lodge the following documents without further delay:

- A *general purpose financial report* (see section 253(2)(a) of the RAO Schedule);
- A *Committee of Management statement* (see the Registrar's Guidelines);
- An *operating report* (see section 254(2));
- An *auditor's report* (see sections 257(5) to 257(11)); and
- A *certificate of the secretary or other authorised officer* (see section 268)).

I note for your information, that the general purpose financial report must be prepared in accordance with not only the applicable Australian Accounting Standards but also the Registrar's Reporting Guidelines. A copy of the Guidelines is available on our website (details of which are provided below).

The RAO Schedule sets out a particular chronological order in which these documents and statements must be prepared, made available to members and presented to a meeting. All of these events must occur within timeframes that are also specified in the RAO Schedule. Detailed information can be found on our website at <http://www.airc.gov.au/registered/FR/information.htm>, including:

- Fact sheets – the following fact sheets provide information regarding financial reporting:
  - Sheet 6 – Accounting, Auditing and Reporting Obligations;
  - Sheet 7 – Information Needs of Members;
  - Sheet 8 – Financial Reporting Process and Time Limits;
  - Sheet 9 – Diagrammatic Summary of Financial Reporting Process and Time Limits; and
  - Sheet 10 – Auditors.
- Sample Documents – a sample Committee of Management Statement and Designated Officer's Certificate is available;
- RAO Schedule and RAO Regulations;
- Registrar's Reporting Guidelines – the Guidelines set out requirements that must be met **in addition to** those required by Australian Accounting Standards; and
- Document Checklist and Timeline Planner to assist with meeting timeframes.

In the absence of lodgement of the outstanding documents, I request that you state in writing by **17 February 2009**:

- whether a Committee of Management statement and Operating Report have been prepared;
- whether the auditor has audited the general purpose financial report and, if so, the date upon which the auditor signed the audit report;
- whether (and, if so, when) members have been provided with the full report. The 'full report' is made up of the general purpose financial report (including the Committee of Management statement), the auditor's report and the operating report;
- if it has been provided to members, whether the full report has also been presented to a general meeting or committee of management meeting and, if so, when; and
- when a copy of the full report will be lodged with the Industrial Registry.

I draw your attention to the civil penalty provisions of the RAO Schedule [see section 305(2)(ze)] which allow the Federal Court to impose a pecuniary penalty upon a person or organisation where the requirements of section 268 have not been met. You should also be aware of the provisions of Part 1 of Chapter 9 of the RAO Schedule which set out general duties of officers and employees of organisations and their branches in relation to financial management.

The Registry strongly encourages you to lodge documents electronically by sending an email with the documents attached to [orgs@airc.gov.au](mailto:orgs@airc.gov.au). Alternatively, you can send the documents by fax to (03) 9655 0410.

Yours sincerely,



Robert Pfeiffer  
Statutory Services Branch



**Australian Government**  
**Australian Industrial Registry**

27 January 2009

Mr Jeff Jackson  
Health Services Union-Victorian No. 1 Branch  
info@hsuvic.asn.au

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Yours sincerely,



Robert Pfeiffer  
Statutory Services Branch