



Fair Work Australia

6 July 2009

Mr Richard Shearman
Secretary
Independent Education Union of Australia, New South Wales/Australian Capital Territory Branch
email: ieu@ieu.asn.au

Dear Mr Shearman

Re: Financial Report for the Independent Education Union of Australia, New South Wales/Australian Capital Territory Branch for year ended 31 December 2008 – FR2008/631

I acknowledge receipt of correspondence from the Branch dated 1 July 2009 in response to correspondence of the Registry dated 18 June 2009. The correspondence was received on 1 July 2009.

In my correspondence of 18 June 2009 I asked the Branch to comment on an apparent discrepancy in the reports of the Organisation and the Branch regarding payment of capitation fees. I note the Branch's explanation.

The financial report has now been filed.

I make the following comments to assist you when you next prepare a financial report. You are not required to take any further action in respect of the report lodged.

Operating Report

Right to resign

The operating report provides reference to the right of members to resign in accordance with Rule 21 of the Branch Rules. Please note rule 21 - Resignation from Membership is contained in the Rules of the Independent Education Union and not the NSW/ACT Branch Rules.

Results of principal activities

I refer to the Operating Report, in particular to the "operating result". I note that s254(2)(a) of Schedule 1 of the *Workplace Relations Act 1996* (Schedule 1) requires the operating report to include a review of the principal activities of the reporting entity, the results of those activities and any significant changes in the nature of those activities.

The "results of operation" requirement contemplates reference in the operating report to results directly related to the principal activities as opposed to the reporting entities financial result, particularly as measured in dollar 'surplus' or 'loss' terms. Although this may not be stated explicitly in the text of the subsection, I think it is reasonable to infer this is what the legislators had in mind given that the subsection is referring primarily to the principal activities and secondly, the actual financial outcome is elaborated elsewhere in the financial documents, such as the Balance Sheet and/or the Profit and Loss statement.

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Committee of Management statement

Orders made under section 273

The Committee of Management statement contains reference to “Commissioner” in item (e)(vi). Please note the reference should read “Commission”.

Recovery of wages activity

I remind you that the applicable Reporting Guidelines require the Committee of Management Statement to include information in relation to recovery of wages activity. If there has been no recovery of wages activity you may wish to consider words such as:

(xz) in relation to the recovery of wages activity:

(i) there has been no such activity undertaken by the reporting unit.

Notes to the financial statements

Schedule 1

Reference to Schedule 1B of the Act, should properly refer to Schedule 1.

If you wish to discuss any of the matters referred to above I can be contacted on (03) 8661 7764.

Yours sincerely

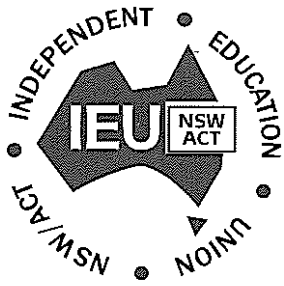
A handwritten signature in black ink, appearing to read 'Kevin Donnellan', with a long horizontal line extending to the right.

Kevin Donnellan

Tribunal Services and Organisations

Fair Work Australia

Email: kevin.donnellan@fwa.gov.au



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1 July 2009

in reply, please quote:
DS:09/108

Mr Kevin Connolly
Statutory Services Branch
Australian Industrial Registry
GPO Box 1994
Melbourne NSW 3001

Dear Kevin

**Re: Financial Report for the Independent Education of Australia, NSW/ACT Branch, for year ended
31 December 1008 – FR2008/631**

I refer to your correspondence dated 18 June 2009 in the above-mentioned matter and also to our subsequent telephone conversation.

Please be advised that the NSW/ACT Independent Education Union has met all of its obligations with regards to capitation fees to the Independent Education Union of Australia.

Capitation fees were forwarded from the state registered NSW Independent Education Union to the Federal Union. I note your comments regarding the discreet obligation on the Branch to remit capitation fees to the Federal Secretary.

The Branch will ensure that all capitation fees in future, including 2009, will be forwarded to the Federal Secretary directly from the NSW/ACT's Branch accounts.

Thank you for drawing our attention to this matter.

Yours sincerely

DICK SHEARMAN
General Secretary



Australian Government
Australian Industrial Registry

18 June 2009

Mr Richard Shearman
Secretary
Independent Education Union of Australia, New South Wales/Australian Capital Territory Branch
email: ieu@ieu.asn.au

Dear Mr Shearman

Re: Financial Report for the Independent Education Union of Australia, New South Wales/Australian Capital Territory Branch for year ended 31 December 2008 – FR2008/631

I acknowledge receipt of the financial report for the Independent Education Union of Australia, New South Wales/Australian Capital Territory Branch (the Branch) for the year ended 31 December 2008. The report was lodged with the Registry on 11 June 2009.

The financial report has not been filed. Before the financial report can be filed, I seek your advice in relation to the following matter.

Capitation Fees to the Independent Education Union of Australia

The financial report for the Independent Education Union of Australia (IEUA) (FR2008/612) records, in note 3 of the notes to the financial statements, that the NSW/ACT Branch forwarded \$412,636 to the IEUA in capitation fees for the year ended 31 December 2008. The financial report for the NSW/ACT Branch does not include an equivalent disclosure in relation to capitation fees remitted to the Federal Secretary of the IEUA.

Item 11(b) of the Reporting Guidelines of the Registrar (the Guidelines) requires that capitation fees paid to another reporting unit are disclosed.

It appears that, by its existence, Federal Rule 7(g) imposes a recurring series of financial obligations on the NSW/ACT Branch to the National Office of the IEUA. The Branch is obliged to ensure the timely payment of capitation fees to the National Office. It therefore has liabilities to account accordingly. This is so irrespective of any arrangement to extinguish such liabilities through the actions of some other body.

For completeness I also note that Federal Rule 7(a), (e) and (f) which, taken together, provide that even though a member of the Federal Union did not pay an annual membership fee to the Branch, they shall be deemed to be a financial member for all purposes of the Federal Rules, so long as they are also a financial member of the relevant Associated Body. This is a mechanism by which the financial obligations of membership may be satisfied for certain Federal Union members. It does not deal with the discrete obligation on the Branch, under Federal Rules 7(g) and NSW/ACT Branch Rule 5, to remit capitation fees to the Federal Secretary.

The apparent disparity between the disclosures with respect to capitation fees in the Branch and National Office financial reports is seemingly incompatible with the respective obligations under the rules. If the National office received capitation fees from the New South Wales Branch that payment should be disclosed in the report of the Branch, it is not. Before I proceed further with my examination of the financial report I require your explanation of the apparent discrepancy.

I note, for your information, the approach taken by the IEU Queensland and Northern Territory Branch which may be accessed via the following link: <http://www.e-airc.gov.au/files/130nqld/130nqldfr2008611.pdf>.

If you wish to discuss any of the matters referred to above I can be contacted on (03) 8661 7764.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Kevin Donnellan', with a long horizontal stroke extending to the right.

Kevin Donnellan

Statutory Services Branch

Principal Registry

Email: kevin.donnellan@airc.gov.au

FEDERALLY REGISTERED

**INDEPENDENT EDUCATION UNION OF
AUSTRALIA**

NEW SOUTH WALES/ACT BRANCH

FINANCIAL STATEMENTS

FOR YEAR ENDED 31 DECEMBER 2008

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INDEPENDENT EDUCATION UNION OF AUSTRALIA
NEW SOUTH WALES/ACT BRANCH

OPERATING REPORT

The Committee of Management presents its operating report of the Independent Education Union of Australia, New South Wales/ACT Branch.

Principal Activities

The principal activities, performed by the state registered branch, of the organization during the financial year were:

- (i) The provision of services to members
- (ii) The representation of members before the Australian Industrial Relations Commission on award matters and disputes.
- (iii) The provision of support for the Federal Union agenda in education, equity and industrial issues.

There were no significant changes in the nature of the organization in principal activities during the year.

Operating Result

The performance and result of operation for the year was as follows

	31 December 2008	31 December 2007
	\$	\$
<u>Revenue</u>		
Income from Operating Activities	14	17
Surplus (Deficit) for year	14	17

Review of Operation

The year's financial operation was resulted in a surplus and it is likely that similar surplus will be maintained in the ensuing year.

Right of Members to Resign

Members retain the right to resign from the Independent Education Union of Australia, New South Wales/Act Branch in accordance to Rule 21 of the Branch Rules.

Number of Members

The number of members of the Branch at the end of the financial year was 27,419.

Number of Employees

There were no employees for the federally registered branch for the year ended 31 December 2008.

INDEPENDENT EDUCATION UNION OF AUSTRALIA
NEW SOUTH WALES/ACT BRANCH.

OPERATING REPORT (CONT'D)

COMMITTEE MEMBERS

The names of members of the Committee of Management during the year ended 31 December 2008 are:

Richard Shearman	Branch Secretary
Gloria Taylor	Branch Deputy Secretary
Carol Matthews	Branch Assistant Secretary
John Quessy	Branch Assistant Secretary
Chris Wilkinson	President
Michelle Omeros	Vice President Non-Systemic
Bernadette Baker	Vice President Systemic
Gabrielle Connell	Vice President Early Childhood Services
Frank Mahanay	Vice President – ACT
Marie MacTavish	Financial Officer
Peter Moore	Financial Officer
Michael Davis	General Executive Member
David Davies	General Executive Member
Marty Fitzpatrick	General Executive Member
Michael Hagan	General Executive Member
Peter Mullins	General Executive Member
Ralph Hunt	General Executive Member
Denise McHugh	General Executive Member
Kevin Phillips	General Executive Member
Patricia Murnane	General Executive Member
Patrick Devery	General Executive Member

INDEPENDENT EDUCATION UNION OF AUSTRALIA
NEW SOUTH WALES/ACT BRANCH

OPERATING REPORT (CONT'D)

The officers or members of the Branch who are trustees of a upper entity, or are directors of a company that is a trustee of a super entity are:-

Richard Shearman	Branch Secretary	NGS Super
Gloria Taylor	Branch Deputy Secretary	"
John Quessy	Branch Assistant Secretary	"
Kevin Philips	General Executive Member	"
Chris Wilkinson	President	"
Helen Spry	Member	"
Michael Hagan	General Executive Member	Catholic Super. Fund



 RICHARD SHEARMAN

Dated: 3 April 2009



 GLORIA TAYLOR

Dated: 3 April 2009

INDEPENDENT EDUCATION UNION OF AUSTRALIA
NEW SOUTH WALES/ACT BRANCH

INCOME STATEMENT
FOR YEAR ENDED 31 DECEMBER 2008

	2008	2007
	\$	\$
REVENUE		
Interest received	14	17
	-----	-----
TOTAL REVENUE	14	17
Less: EXPENDITURE	-	-
	-----	-----
NET SURPLUS	14	17
	=====	=====

BALANCE SHEET
AS AT 31 DECEMBER 2008

	Notes	2008	2007
		\$	\$
ACCUMULATED FUNDS			
Opening balance		17,161	17,144
Add: surplus for the year		14	17
		-----	-----
		17,175	17,161
		-----	-----
Represented by:			
CURRENT ASSETS			
Cash at Bank	4	17,030	17,016
Receivables		145	145
		-----	-----
		17,175	17,161
		=====	=====

INDEPENDENT EDUCATION UNION OF AUSTRALIA
NEW SOUTH WALES/ACT BRANCH

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 \$	2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		14	17
		-----	-----
Net cash provided by operating activities	3 (b)	14	17
		-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES			
		-	-
		-----	-----
NET INCREASE(DECREASE) IN CASH HELD			
		14	17
Cash at beginning of financial year		17,016	16,999
		-----	-----
Cash at end of financial year	3 (a)	17,030	17,016
		-----	-----

The accompanying notes form part of this financial report

INDEPENDENT EDUCATION UNION OF AUSTRALIA
NEW SOUTH WALES/ACT BRANCH

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

1. STATEMENT OF ACCOUNTING POLICIES

The Accounts have been prepared in accordance with Applicable Accounting Standards, other mandatory professional reporting requirements and the Australian Workplace Relations Act, 1996. The accounts have also been prepared on the basis of historical costs and do not take into account changing money values or except where stated current valuations of non current assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the significant accounting policies adopted by the Branch in the preparation of the accounts.

- (a) Membership contributions are accounted for on cash basic, otherwise the concept of accruals accounting has been adopted in the preparation of the Accounts.
- (b) No provision for Income Tax is necessary as the Branch is exempt from Income Tax under Section 23 f of the Income Tax Assessment Act.
- (c) Property, Plant & Equipment
Each class of property, plant and equipment is at cost carried less, where applicable, any accumulated depreciation and any impairment in value. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.
- (d) Employee Benefits
Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at amounts expected to be paid when the liability is settled, plus related cost. This results in an amount not materially different to that achieved by discounting future cash flows.

2. INFORMING TO BE PROVIDED TO MEMBERS OR REGISTRAR

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

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

INDEPENDENT EDUCATION UNION OF AUSTRALIA
NEW SOUTH WALES/ACT BRANCH

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

	2008	2007
	\$	\$
3. Cash Flow Information		
(a) Reconciliation of Cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is Reconciled to the related items in the Balance Sheet.		
Cash at Bank	17,030	17,016
	-----	-----
(b) Reconciliation of cash flow from ordinary activities with surplus from ordinary activities.		
Surplus from ordinary activities	14	17
Changes in assets and liabilities	-	-
	-----	-----
Cash flows from ordinary activities	14	17
	=====	=====

4. Financial Instruments

(a) Interest Rate Risk

The Union's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average		Floating		Non-Interest		Total	
	Effective		Interest Rate		Bearing		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Financial assets:								
Cash	0.08	0.10	17,030	17,016	-	-	17,030	17,016
Receivables	-	-	-	-	145	145	145	145

Total Financial Assets			17,030	17,016	145	145	17,175	17,161

INDEPENDENT EDUCATION UNION OF AUSTRALIA
NEW SOUTH WALES/ACT BRANCH

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognized financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the Balance Sheet and Notes to the financial reports.

The Union does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Union.

INDEPENDENT EDUCATION UNION OF AUSTRALIA
NEW SOUTH WALES/ACT BRANCH

STATEMENT BY COMMITTEE OF MANAGEMENT

On the 8 May 2009 Committee of Management of the Independent Education Union of Australia, New South Wales/ACT Branch passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 31 December 2008;

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

- a) The financial statement and notes comply with the Australian Accounting Standards;
- b) The financial statement and notes comply with the reporting guidelines of the Industrial Registrar;
- c) The financial statement 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 year financial year to which they GPFR relates and since the end of that year:
 - (i) Meetings of the Committee of Management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) The financial affairs of the reporting unit have been managed in accordance with the rules of the organisation and the rules of the Branch concerned; and
 - (iii) The financial records of the reporting unit have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations; and
 - (iv) 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 organization; and
 - (v) the information sought in any request of a member of the reporting unit or a Registrar under section 272 of the RAO Schedule has been furnished to the member or Registrar; and
 - (vi) No orders have been made by the Commissioner under section 273 of the RAO Schedule during the period.



 RICHARD SHEARMAN

Date: 8 May 2009



 GLORIA TAYLOR

Date: 8 May 2009

INDEPENDENT EDUCATION UNION OF AUSTRALIA
NEW SOUTH WALES/ACT BRANCH

INDEPENDENT AUDIT REPORT.

To the members of the Independent Education Union of Australia, New South Wales/Act Branch.

Scope

The Financial Report is the responsibility of the Committee of Management and Secretary of the Union.

The financial report comprises the Income Statement, Balance Sheet, Statement of Cash Flows, accompanying notes to the financial statements and the Committee of Management's statement for the Independent Education Union of Australia, New South Wales/Act Branch for the year ended 31 December 2008.

The Committee of Management and the Secretary of the Branch are responsible for the preparation and true and fair presentation of the financial report in accordance with the Workplace Relations Act 1996. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Branch. Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatement have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Workplace Relations Act 1996, including compliance with Accounting Standards and other mandatory professional reporting requirements in Australia a view which is consistent with our understanding of the Branch's financial position and its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Committee of Management and the Secretary of the Branch.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Workplace Relations Act 1996.

Audit Opinion

We state that the financial report has been audited and in our opinion the financial report complies with the relevant Australian Accounting Standards.

We report that we have inspected and audited the accounting records of the Independent Education Union of Australia New South Wales/Act Branch in relation to the financial year ending 31 December 2008 and report that in our opinion satisfactory accounting records were kept by the Branch in relation to the period, including:

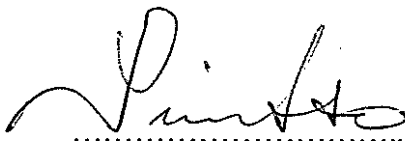
- (i) records of the sources and nature of the income of the Branch (including income from members);
- (ii) records of the nature and purposes of the expenditure of the Branch;
- (iii) all information, being information which was reasonably wanted for the purpose of this audit, which was required and sought by us or by any person authorised by us for the purpose of the audit, was provided;
- (iv) in relation to recovery of wages activity;
no activity of recovery occurred in the financial year.

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

- (i) the financial affairs of the Branch as at the end of the financial year, and
- (ii) the income and expenditure, and any surplus or deficit of the Branch for the year.

We also understand that to the extent that there was any deficiency, failure or shortcoming in relation to the matters referred to above, we must report particulars and that those particulars, if any, which form part of this report, are attached

D W Sutherland & Partners
D W SUTHERLAND & PARTNERS



TIMOTHY HO, CPA

Partner.

Registered Company Auditor No. 629

Dated:

12 May 2009

INDEPENDENT EDUCATION UNION OF AUSTRALIA
NEW SOUTH WALES/ACT BRANCH

CERTIFICATE BY SECRETARY

I, RICHARD SHEARMAN, being the Secretary of the **Independent Education Union of Australia, New South Wales/Act Branch**, certify:

- that the documents lodged herewith are copies of the full report referred to in section 268 of the RAO Schedule; and
- that the full report was provided to members on *13 May 2009* and
- that the full report was presented to a meeting of the committee of management of the reporting unit on *5 June 2009* ; in accordance with section 266 of the RAO Schedule.


.....
RICHARD SHEARMAN

Dated: *5 June 2009*