



5 February 2020

Matthew McGowan
General Secretary
National Tertiary Education Industry Union

Sent via email: national@nteu.org.au
CC: rob.wernli@dfkkidsons.com.au

Dear Matthew McGowan,

**National Tertiary Education Industry Union
Financial Report for the year ended 30 June 2019 – (FR2019/36)**

I acknowledge receipt of the financial report for the year ended 30 June 2019 for the National Tertiary Education Industry Union. The documents were lodged with the Registered Organisations Commission (**the ROC**) on 13 December 2019.

The financial report has now been filed.

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

Please note that the financial report for the year ending 30 June 2020 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged. I make the following comments to assist you when you next prepare a financial report. The ROC will confirm these concerns have been addressed prior to filing next year's report.

General purpose financial report

Nil activities disclosure

Item 21 of the RGs states that if any of the activities identified within items 10-20 of the RGs have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement. The notes contained nil activity information for all prescribed RG categories except the following:

- Receive any other revenue from another reporting unit (RG 13(b)).

Please ensure in future years that the above mentioned items are disclosed in either the financial statements, the notes or in the officer's declaration statement as per the RGs.

References to legislation and the ROC

Following the enactment of the *Fair Work (Registered Organisations) Amendment Act 2016*, the ROC is the new regulator for registered organisations, with effect from 1 May 2017. All references to the Fair Work Commission and General Manager must be changed to the Registered Organisations Commission and Commissioner except in relation to declaration (e)(vi) in the committee of management statement.

I note that item (e)(vi) in the committee of management statement refers to the Registered Organisations Commission instead of the Fair Work Commission.

It appears that the information provided in Note 1(q)(iii) *Acquisition of assets or liabilities* relates to the disclosure requirement under RG 12. I note however that this note makes reference to the Commissioner instead of the General Manager of the Fair Work Commission.

Please ensure this note is amended accordingly in future years.

Auditor's report

Registered auditor's details

Item 29(b) of the RGs state that the auditor's statement must specify the registered auditor's name and registration number. The auditor's statement provided states the name of the registered auditor but not the registration number granted by the ROC.

Please ensure that in future years the auditor's statement includes both the name and registration number of the registered auditor.

Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 RGs and a model set of financial statements.

The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 RGs and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any queries regarding this letter, please contact me on (03) 9603 0764 or via email at kylie.ngo@roc.gov.au.

Yours sincerely,



Kylie Ngo
Registered Organisations Commission



National Tertiary Education Union ABN 38 579 396 344
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PO Box 1323, South Melbourne VIC 3205
phone 03 9254 1910 fax 03 9254 1915
email national@nteu.org.au www.nteu.org.au

s.268 Fair Work (Registered Organisations) Act 2009

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the period ended 30 June 2019

I *Matthew McGowan* being the *General Secretary* of the *National Tertiary Education Union* certify:

- that the documents lodged herewith are copies of the full report for the *National Tertiary Education Union* for the period ended 30 June 2019 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the *full report* was provided to members of the reporting unit on 30 *October 2019*; and
- that the full report was presented to a *meeting of the committee of management* of the reporting unit on 30 *November 2019* in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:

A handwritten signature in blue ink, appearing to read "Matthew McGowan", is written over a dotted line.

Name of prescribed designated officer: Matthew McGowan

Title of prescribed designated officer: General Secretary

Dated: 30 November 2019

***National Tertiary
Education Union
(NTEU)***

ABN 38 579 396 344

***Financial Report for the year ended
30 June 2019***

NTEU
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

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General Information

The financial statements cover National Tertiary Education Union (“NTEU”) as an individual and consolidated entity. The financial statements are presented in Australian dollars, which is National Tertiary Education Union’s functional and presentation currency.

The National Tertiary Education is a not for profit trade union, incorporated and domiciled in Australia.

The financial statements were authorised for issue on the date of signing this report.

NTEU

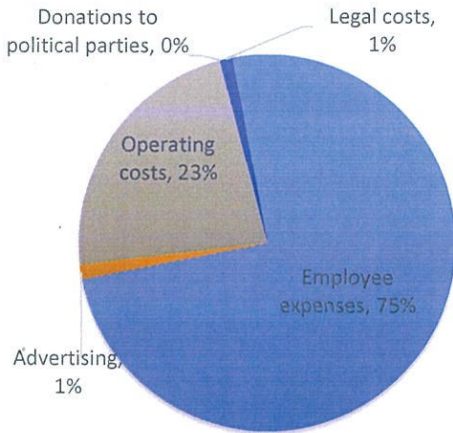
REPORT REQUIRED UNDER SUBSECTION 255(2A)

FOR THE YEAR ENDED 30 JUNE 2019

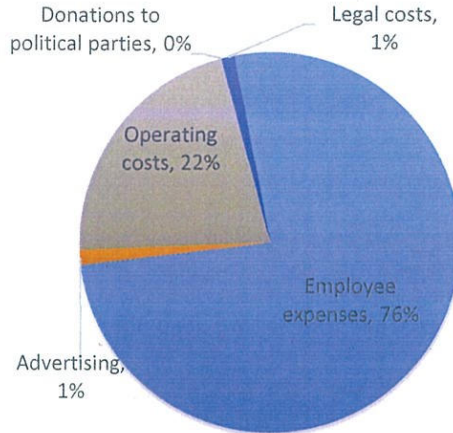
The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 30 June 2019.

CONSOLIDATED

2019

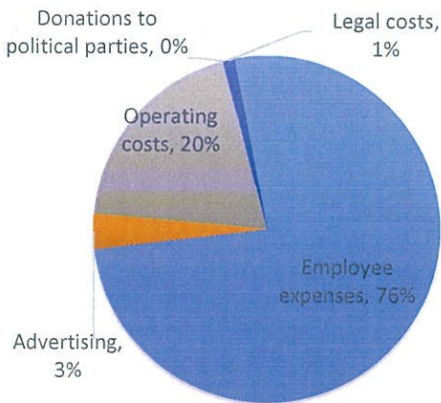


2018

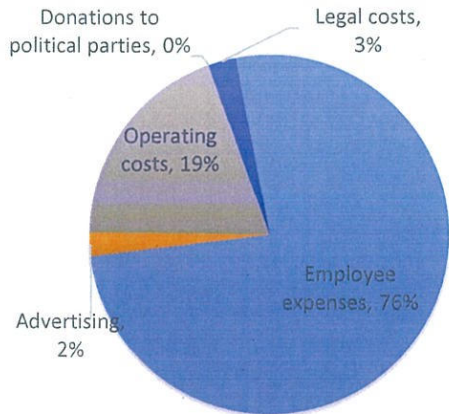


PARENT

2019



2018



Signature of designated officer:

Name and title of designated officer:

MATTHEW MCGOWAN
GENERAL SECRETARY

NTEU
OPERATING REPORT
FOR THE YEAR ENDED 30 JUNE 2019

Principal activities

The principal activities of the Union during the financial year were:

- To improve and protect the salaries and conditions of employment of our members;
- To represent our members in approaches to and discussions with their employer;
- To negotiate collective agreements which improve the conditions of employment of our members;
- To enforce existing industrial agreements on behalf of our members; and
- To promote industrial peace through conciliation and arbitration.

Results of principal activities

The Union's principal activities resulted in the maintenance and improvement of the salaries and conditions of employment of our members, especially for those members covered by collective agreements negotiated by the Union.

Significant changes in the nature of principal activities

There were no significant changes in the nature of the Union's principal activities during the financial year.

Significant changes in the Union's financial affairs

No matters or circumstances arose during the reporting year which significantly affected the financial affairs of the Union.

Trustee or Director of a Trustee Company of a Superannuation Entity or an Exempt Public Sector Superannuation Scheme

Grahame McCulloch is a director of UniSuper Limited, which is the trustee company of UniSuper, the superannuation entity.

Colin Long is a director of VicSuper Pty Limited, which is the trustee company of VicSuper, the superannuation entity.

To the best of the Committee of Management's knowledge and belief, no other member or officer of the organisation is a trustee or a director of a company that is a trustee, of a superannuation entity or an exempt public sector scheme.

Number of members

The number of persons who, at the end of the financial year, were recorded on the Register of Members was 27,110 (2018: 27,608).

Number of employees

The number of persons who were, at the end of the financial year, employees of the Union was 121.61 (2018: 121.57) measured on a full-time equivalent basis.

NTEU
OPERATING REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 2019

Members of the committee of management

The persons who held office as members of the Committee of Management of the Union during the financial year were:

Position	Name	Period (If not full year)
President	Jeannie Rea	1 July 2018 to 16 October 2018
President	Alison Barnes	17 October 2018 to 30 June 2019
Vice President (Academic)	Andrew Bonnell	
Vice President (General)	Jane Battersby	1 July 2018 to 16 October 2018
Vice President (General)	Catherine Rojas	17 October 2018 to 30 June 2019
General Secretary	Grahame McCulloch	1 July 2018 to 16 October 2018
General Secretary	Matthew McGowan	17 October 2018 to 30 June 2019
National Assistant Secretary	Matthew McGowan	1 July 2018 to 16 October 2018
National Assistant Secretary	Gabrielle Gooding	17 October 2018 to 30 June 2019
Chair of Aboriginal and Torres Strait Islander Policy Committee	Terry Mason	1 July 2018 to 16 October 2018
Chair of Aboriginal and Torres Strait Islander Policy Committee	Shane Motlap	17 October 2018 to 30 June 2019
Ordinary Executive Member	Virginia Mansel Lees	
Ordinary Executive Member	Melissa Slee	1 July 2018 to 16 October 2018
Ordinary Executive Member	Stuart Bunt	1 July 2018 to 16 October 2018
Ordinary Executive Member	Damien Cahill	
Ordinary Executive Member	Sarah Kaine	1 July 2018 to 16 October 2018
Ordinary Executive Member	Andrea Lamont-Mills	
Ordinary Executive Member	Catherine Rojas	1 July 2018 to 16 October 2018
Ordinary Executive Member	Nick Warner	
Ordinary Executive Member	Kerrie Saville	17 October 2018 to 30 June 2019
Ordinary Executive Member	Catherine Moore	17 October 2018 to 30 June 2019
Ordinary Executive Member	Vince Caughley	17 October 2018 to 30 June 2019
Ordinary Executive Member	Nikola Balnave	17 October 2018 to 30 June 2019
Division Secretary	Gabrielle Gooding	1 July 2018 to 16 October 2018
Division Secretary	Jonathan Hallett	17 October 2018 to 30 June 2019
Division Secretary	Colin Long	1 July 2018 to 16 October 2018
Division Secretary	Melissa Slee	17 October 2018 to 30 June 2019
Division Secretary	Rachael Bahl	
Division Secretary	Michael McNally	
Division Secretary	Kelvin Michael	
Division Secretary	Lolita Wikander	1 July 2018 to 16 October 2018
Division Secretary	Louisa Manning Watson	17 October 2018 to 30 June 2019
Division Secretary	Ronald Slee	
Division Secretary	Michael Thomson	

NTEU
OPERATING REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 2019

Manner of resignation – s254(2)(c)

Members may resign from the Union in accordance with section 174 (Resignation from Membership) of the *Fair Work (Registered Organisations) Act 2009* and rule 11 of the NTEU rules. Rule 11 states as follows:

- (1) A member may resign from membership by written notice addressed and delivered to the General Secretary or to the member's Division Secretary or Branch Secretary. Where a written notice of resignation is received by one of the aforementioned Secretaries he or she shall as soon as practicable forward a copy of the notice of resignation to the other relevant Secretaries. A notice of resignation delivered to a relevant Secretary shall be taken to have been received by the Union when it was delivered.
- (2) A notice of resignation from membership takes effect:
 - (a) Where the member ceases to be eligible to become a member of the Union
 - (i) on the day on which the notice is received by the Union; or
 - (ii) on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;
 whichever is later; or
 - (b) In any other case:
 - (i) at the end of two weeks, or if permitted by law three months after the notice is received by the Union; or
 - (ii) on the day specified in the notice;
 whichever is later.
- (3) Any dues payable but not paid by a former member in relation to a period before the member's resignation took effect, may be sued for and recovered in the name of the Union in a court of competent jurisdiction, as a debt due to the Union.
- (4) A notice delivered to the Division Secretary or Branch Secretary shall be taken to have been received by the Union when it was delivered.
- (5) A notice of resignation that has been received by the Union is not invalid because it was not addressed and delivered in accordance with sub-rule 1 of this rule.
- (6) A resignation from membership is valid even if it is not affected in accordance with this rule if the member is informed in writing by or on behalf of the Union that the resignation has been accepted.
- (7) Cessation of payment of any dues, levies and other amounts by a member does not, of itself, terminate membership of the Union.

Signature:

Date:


 30/10/2019

Signature:

Date:


 30.10.2019


NTEU
COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019

On 30/10/2019 the Committee of Management of the NTEU passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 30 June 2019:

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 any other requirements imposed by the reporting guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009 (the RO Act)*;
- (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 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 the branch concerned; and
 - ii. 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
 - iii. the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - iv. where the organisation consists of two or more reporting units, 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
 - v. where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
 - vi. where any order for inspection of financial records has been made by the Registered Organisations Commission under section 273 of the RO Act there has been compliance.

This declaration is made in accordance with a resolution of the Committee of Management.

Signature: 
 Date: 30/10/2019

Signature: 
 Date: 30/10/2019

NTEU
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

		CONSOLIDATED		PARENT	
	Note	2019 \$	2018 \$	2019 \$	2018 \$
REVENUE					
Membership subscriptions	3	22,672,325	22,272,857	22,672,325	22,272,857
Non-operating revenue	3	<u>1,738,120</u>	<u>1,597,293</u>	<u>1,364,597</u>	<u>1,219,405</u>
TOTAL REVENUE		<u>24,410,445</u>	<u>23,870,150</u>	<u>24,036,922</u>	<u>23,492,262</u>
EXPENSES					
Employee benefits	5	14,731,127	14,666,434	14,731,127	14,666,434
Officeholder benefits	5,18(a)	1,557,506	1,832,811	1,557,506	1,832,811
Depreciation and amortisation	11(ii)	674,479	680,708	326,374	339,434
Other expenses	4	<u>5,447,246</u>	<u>5,548,974</u>	<u>5,101,828</u>	<u>5,192,360</u>
TOTAL EXPENSES		<u>22,410,358</u>	<u>22,728,927</u>	<u>21,716,835</u>	<u>22,031,039</u>
NET OPERATING RESULT		<u>2,000,087</u>	<u>1,141,223</u>	<u>2,320,087</u>	<u>1,461,223</u>
COMPREHENSIVE RESULT		<u>2,000,087</u>	<u>1,141,223</u>	<u>2,320,087</u>	<u>1,461,223</u>
NET OPERATING RESULT FOR THE YEAR IS ATTRIBUTABLE TO:					
Non-controlling interest		(131,520)	(131,520)	-	-
Owners of the parent		<u>2,131,607</u>	<u>1,272,743</u>	<u>2,320,087</u>	<u>1,461,223</u>
		<u>2,000,087</u>	<u>1,141,223</u>	<u>2,320,087</u>	<u>1,461,223</u>
TOTAL COMPREHENSIVE RESULT FOR THE YEAR IS ATTRIBUTABLE TO:					
Non-controlling interest		(131,520)	(131,520)	-	-
Owners of the parent		<u>2,131,607</u>	<u>1,272,743</u>	<u>2,320,087</u>	<u>1,461,223</u>
		<u>2,000,087</u>	<u>1,141,223</u>	<u>2,320,087</u>	<u>1,461,223</u>

The accompanying notes form part of these financial statements.

NTEU
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

		CONSOLIDATED		PARENT	
	Note	2019	2018	2019	2018
		\$	\$	\$	\$
ASSETS					
Cash and cash equivalents	6	3,374,584	3,165,157	3,315,804	3,022,704
Trade and other receivables	7	611,035	616,499	499,806	466,451
Other financial assets	8	6,315,464	4,568,305	6,315,464	4,568,305
Other assets	9	379,923	234,350	257,283	229,510
TOTAL CURRENT ASSETS		<u>10,681,006</u>	<u>8,584,311</u>	<u>10,388,357</u>	<u>8,286,970</u>
NON-CURRENT ASSETS					
Other financial assets	8	-	-	12,287,980	12,287,979
Investment properties	10	3,292,000	3,292,000	3,292,000	3,292,000
Property, plant and equipment	11	26,066,662	26,539,323	5,908,012	6,116,413
Intangible assets	12	126,098	97,366	126,098	97,366
TOTAL NON-CURRENT ASSETS		<u>29,484,760</u>	<u>29,928,689</u>	<u>21,614,090</u>	<u>21,793,758</u>
TOTAL ASSETS		<u>40,165,766</u>	<u>38,513,000</u>	<u>32,002,447</u>	<u>30,080,728</u>
LIABILITIES					
Trade and other payables	13	794,940	739,275	566,085	577,548
Prepaid income		-	19,409	-	3,328
Provisions	14	3,503,582	3,778,385	3,503,582	3,778,385
TOTAL CURRENT LIABILITIES		<u>4,298,522</u>	<u>4,537,069</u>	<u>4,069,667</u>	<u>4,359,261</u>
NON-CURRENT LIABILITIES					
Provisions	14	265,567	374,341	265,567	374,341
TOTAL NON-CURRENT LIABILITIES		<u>265,567</u>	<u>374,341</u>	<u>265,567</u>	<u>374,341</u>
TOTAL LIABILITIES		<u>4,564,089</u>	<u>4,911,410</u>	<u>4,335,234</u>	<u>4,733,602</u>
NET ASSETS		<u>35,601,677</u>	<u>33,601,590</u>	<u>27,667,213</u>	<u>25,347,126</u>
EQUITY					
Reserves	15	23,439,493	23,006,714	19,371,703	18,938,924
Retained earnings	16	3,850,760	2,151,932	8,295,510	6,408,202
Non-controlling interest		8,311,424	8,442,944	-	-
TOTAL EQUITY		<u>35,601,677</u>	<u>33,601,590</u>	<u>27,667,213</u>	<u>25,347,126</u>

The accompanying notes form part of these financial statements.

NTEU
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Reserves	Retained Earnings	Non-Controlling Interest	Total Equity
	\$	\$	\$	\$
CONSOLIDATED				
At 1 July 2017	<u>19,990,316</u>	<u>3,895,585</u>	<u>8,574,466</u>	<u>32,460,367</u>
Net Operating Result	-	1,272,745	(131,522)	1,141,223
Other Comprehensive Income	-	-	-	-
Transfer (from)/to reserves	<u>3,016,398</u>	<u>(3,016,398)</u>	-	-
At 30 June 2018	<u>23,006,714</u>	<u>2,151,932</u>	<u>8,442,944</u>	<u>33,601,590</u>
Net Operating Result	-	2,131,607	(131,520)	2,000,087
Other Comprehensive Income	-	-	-	-
Transfer (from)/to reserves	<u>432,779</u>	<u>(432,779)</u>	-	-
As at 30 June 2019	<u>23,439,493</u>	<u>3,850,760</u>	<u>8,311,424</u>	<u>35,601,677</u>
PARENT				
At 1 July 2017	<u>18,373,512</u>	<u>5,512,391</u>	<u>-</u>	<u>23,885,903</u>
Net Operating Result	-	1,461,223	-	1,461,223
Other Comprehensive Income	-	-	-	-
Transfer (from)/to reserves	<u>565,412</u>	<u>(565,412)</u>	-	-
At 30 June 2018	<u>18,938,924</u>	<u>6,408,202</u>	<u>-</u>	<u>25,347,126</u>
Net Operating Result	-	2,320,087	-	2,320,087
Other Comprehensive Income	-	-	-	-
Transfer (from)/to reserves	<u>432,779</u>	<u>(432,779)</u>	-	-
As at 30 June 2019	<u>19,371,703</u>	<u>8,295,510</u>	<u>-</u>	<u>27,667,213</u>

The accompanying notes form part of these financial statements.

NTEU
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	CONSOLIDATED		PARENT	
		2019	2018	2019	2018
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Revenue from members and other activities		26,220,588	25,793,207	25,724,909	25,365,472
Interest received		149,729	114,200	149,729	114,200
Distribution received		140,826	101,594	140,826	101,594
Payments to suppliers and employees		(22,747,418)	(22,535,968)	(22,282,634)	(22,201,163)
Net GST paid to Australian Tax Office		(1,853,755)	(1,781,776)	(1,823,031)	(1,779,243)
Net cash (used in)/provided by operating activities	17	<u>1,909,970</u>	<u>1,691,257</u>	<u>1,909,799</u>	<u>1,600,860</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of other financial assets		1,144,976	356,521	1,144,976	356,521
Payments for other financial assets		(2,613,953)	(1,205,317)	(2,613,953)	(1,205,317)
Proceeds from sale of property, plant & equipment		-	7,350	-	7,350
Payments for property, plant & equipment		(198,463)	(126,085)	(114,618)	(126,085)
Payments for intangible assets		(33,103)	-	(33,104)	-
Net cash (used in)/provided by investing activities		<u>(1,700,543)</u>	<u>(967,531)</u>	<u>(1,616,699)</u>	<u>(967,531)</u>
Net (decrease)/increase in cash & cash equivalents held		<u>209,427</u>	<u>723,726</u>	<u>293,100</u>	<u>633,329</u>
Cash and cash equivalents at beginning of year		3,165,157	2,441,431	3,022,704	2,389,375
Cash and cash equivalents at end of year	6	<u>3,374,584</u>	<u>3,165,157</u>	<u>3,315,804</u>	<u>3,022,704</u>

The accompanying notes form part of these financial statements.

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations and the requirements of the *Fair Work (Registered Organisations) Act 2009*. For the purpose of preparing the general purpose financial statements, the NTEU is a not-for-profit entity.

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

Unless otherwise stated all accounting policies are consistent with those of the prior year.

In the application of Accounting Standards, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates. Refer to note 2 for further details.

All amounts in the financial statements have been rounded to the nearest one dollar.

(b) Consolidation

The consolidated financial statements comprise the financial statements of NTEU and its subsidiaries as at 30 June 2019 (the Group). Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. Details of these controlled entities are contained within Note 18(c).

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intergroup balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

(c) Revenue recognition

(i) Membership subscriptions

Membership subscription revenue represents the contributions made by Union members. Membership subscriptions are recognised in the period in which the services are provided to the member.

(ii) Other Revenue

Other revenue comprises revenue earned from the provision of products or services, interest on monies deposited and rentals received from investment entities. These revenues are recognised when the goods or services are provided, or when the fee in respect of services provided is receivable.

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(e) Leased assets

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight line basis.

The Union has not entered into any finance lease agreements during the period.

(f) Allowance for doubtful debts

Allowance for doubtful debts is recognised when collection of trade debtors in full is no longer probable. Collectability of overdue accounts is assessed on an ongoing basis.

(g) Employee benefits

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and long service leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs.

Liabilities for employee entitlements, which are not expected to be settled within 12 months, are measured at the present value of the estimated future cash outflows to be made for those benefits.

In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates, and the entity's experience with staff departures.

(h) Income tax

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

(i) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(j) Cash and cash equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, and other short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts.

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial instruments

Financial instruments arise out of contractual agreements that give rise to financial asset of one entity and a financial liability or equity instrument of another entity. The Union considers that the carrying amount of financial assets and liabilities recorded in the financial statements to be a fair approximation of their fair values.

The Union is exposed to some financial risks: interest rate risk, credit risk and liquidity risk.

From 1 July 2018, the Union applies AASB 9 and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

Change in accounting policy – AASB 9

On initial application of AASB 9 on 1 July 2018, the Union's management has assessed for all financial assets based on their business models for managing the assets. The following are the changes in the classification of the Centre's financial assets:

- a) Managed investment schemes previously classified as available-for-sale under AASB 139 are now classified as fair value through net result under AASB 9 because their cash flows do not represent solely payments of principal and interest, thus not meeting the AASB 9 criteria for classification at amortised cost.
- b) Receivables previously classified as other loans and receivables under AASB 139 are now reclassified as financial assets at amortised cost under AASB 9.

There are no significant changes to the accounting for financial liabilities for the Union.

Financial Assets

Categories of financial assets under AASB 9

Financial assets at amortised cost include financial assets that meet both of the following criteria and the assets are not designated as fair value through net result:

- the assets are held to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial instruments (continued)

The Union recognises cash and deposits, and receivables under this category.

Financial assets at fair value through net result include equity instruments that are held for trading as well as derivative instruments are classified as fair value through net result. Other financial assets are required to be measured at fair value through net result unless they are measured at amortised cost or fair value through other comprehensive income.

The Union recognises managed investment schemes under this category.

Financial assets at fair value through other comprehensive income have their fair value changes recognised in OCI. Gains and losses on these financial assets are never recycled to profit or loss. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Union elected to classify irrevocably its non-listed equity investments under this category.

(l) Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009*, the attention of members is drawn to the provisions of sub-section (1) (2) and (3) of section 272, which reads as follows:

Information to be provided to members or Commissioner:

- (1) A member of a reporting unit, or the Commissioner, 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 sub-section.

(m) Property, Plant and Equipment

(i) Recognition and measurement

Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Freehold land and buildings are brought to account at cost or at independent valuation.

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Property, Plant and Equipment (continued)

(ii) Depreciation

The depreciable amount of property, plant and equipment are depreciated over the useful lives of the assets to the Union, commencing from the time the asset was held ready for use.

The depreciation rates based useful lives used for each class of depreciable assets are as follows:

<i>Class of Asset</i>	<i>Depreciation basis</i>	<i>2019</i>	<i>2018</i>
Buildings	Straight Line	2.5%	2.5%
Office Equipment	Straight Line	20-33%	20-33%
Motor Vehicles	Straight Line	22.5%	22.5%
Building Improvements	Straight Line	10%	10%
Intangibles	Straight Line	33%	33%

The residual value, useful life and depreciation method applied to an asset are reassessed at each reporting date.

(n) Investment Property

NTEU holds investment properties to generate long term rental yields and capital appreciation. The component allocated to investment property is not occupied by NTEU. The occupied proportion has been allocated to buildings in property, plant and equipment. All tenants are on an arm's length basis.

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition investment properties are stated at fair value.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of comprehensive income in the year in which they arise.

(o) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) AASB Accounting Standards and Interpretations

Certain new Australian accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting period. As at 30 June 2019, the following standards and interpretations had been issued but were not mandatory for the reporting ended 30 June 2019. The Union has not and does not intend to adopt these standards early.

Standard/Interpretation	Summary	Application for reporting periods beginning on or after:	Impact on Entities Annual Statements
AASB 16 Leases	The key changes introduced by AASB 16 included the recognition of most operating leases (which are currently not recognised) on the balance sheet.	1 January 2019	The changes in recognition requirements in AASB 16 will result in the recognition of operating leases on the balance sheet, and may result in changes to the timing and amount of expenses recorded in the financial statements relating to leases held.

(p) AASB Accounting Standards and Interpretations (continued)

In addition to the Accounting Standard listed above, the AASB has also released a number of other Accounting Standards and Australian Interpretations. The application of these Accounting Standards and Australian Interpretations are also not expected to have any significant impact on the Union's financial statements. Consequently, they have not been specifically identified above.

(q) Additional disclosure requirements under FairWork Commission reporting guidelines

(i) Going concern

NTEU's ability to continue as a going concern is not reliant on financial support of another reporting unit.

(ii) Financial support to another reporting unit

NTEU has not agreed to provide financial support to ensure another reporting unit has the ability to continue as a going concern.

(iii) Acquisition of assets or liabilities

NTEU did not acquire an asset or a liability during the financial year as a result of:

- an amalgamation under Part 2 of Chapter 3, of the RO Act in which the organisation (of which the reporting unit form part) was the amalgamated organisation; or
- a restructure of the branches of the organisation; or
- a determination by the Commissioner under subsection 245(1) of the RO Act of an alternative reporting structure for the organisation; or
- a revocation by the Commissioner under subsection 249(1) of the RO Act of a certificate issued to an organisation under subsection 245(1).

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Additional disclosure requirements under FairWork Commission reporting guidelines (continued)

(iv) Business combinations

NTEU has not acquired assets or liabilities during the financial year as part of a business combination.

(v) Statement of Financial Position

NTEU does not have an item or a part of an item in the statement of financial position that has been derived as a result of one or more transactions and/ or past events with another reporting unit of the organisation.

(vi) Statement of Changes in Equity

No compulsory levies are raised from members of the Union, therefore no compulsory fund exists for the Union.

(vii) Recovery of wages

There has been no recovery of wages activity during the financial year.

(viii) Administration of financial affairs

Another entity has not administered the financial affairs of the reporting unit.

(ix) Recovery of wages

no revenue has been derived from undertaking recovery of wages activity for the financial year ended 30 June 2019.

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 2: CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

NTEU determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision

As discussed in note 1(g), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Fair value measurement hierarchy

NTEU is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Union assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the corporation and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	CONSOLIDATED		PARENT	
	2019	2018	2019	2018
	\$	\$	\$	\$
NOTE 3: REVENUE				
Membership subscriptions	<u>22,672,325</u>	<u>22,272,857</u>	<u>22,672,325</u>	<u>22,272,857</u>
Non operating revenue:				
Rental income	980,486	923,292	733,706	685,446
Distributions	135,062	137,586	135,062	137,586
Interest income	160,372	114,539	160,372	114,539
Director fees	44,638	141,705	44,638	141,705
Sundry income	138,959	178,583	12,216	38,511
Voluntary member contributions for industrial action (Note 3(i))	421	15,152	421	15,152
Change in market value of investments	278,182	3,128	278,182	3,128
Gain on sales of investments	-	75,988	-	75,988
Profit on sale of fixed assets	-	7,320	-	7,350
Capitation fees from other reporting units	-	-	-	-
Levies	-	-	-	-
Donations or grants	-	-	-	-
Total non operating revenue	<u>1,738,120</u>	<u>1,597,293</u>	<u>1,364,597</u>	<u>1,219,405</u>
Total revenue	<u>24,410,445</u>	<u>23,870,150</u>	<u>24,036,922</u>	<u>23,492,262</u>

NOTE 3(i): VOLUNTARY MEMBER CONTRIBUTIONS

Members of NTEU made voluntary contributions to support workplace industrial action. All funds contributed were distributed to the branches and utilised within the financial period.

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	CONSOLIDATED		PARENT	
	2019	2018	2019	2018
	\$	\$	\$	\$
NOTE 4: OTHER EXPENSES				
Affiliation fees (Note 4(ii))	461,230	451,670	461,230	451,670
Assets written-off	-	-	-	-
Audit services (Note 21)	71,445	69,340	60,000	60,000
Meetings and conferences	658,626	487,123	658,626	487,123
Industrial defence fund - other	58,760	41,290	58,760	41,290
Industrial defence campaigns	23,329	38,142	23,329	38,142
Publications and recruitment	481,381	678,905	481,381	678,905
Travel and reimbursement	644,560	648,204	644,560	648,204
Property fund outgoings	1,199,646	1,170,513	872,313	848,332
Administration costs	1,058,008	986,234	1,053,359	982,222
Legal costs (Note 4(i))	234,117	550,070	234,117	536,124
Compulsory levies/fees	-	-	-	-
Fees/allowances – meeting and conferences	-	-	-	-
Capitation fees to other reporting units	-	-	-	-
Penalties – via RO Act or Fairwork Act 2009	-	-	-	-
Grants and Donations (Note 4(iii))	234,890	93,471	234,890	93,471
Employer payroll deductions of membership subscriptions	-	-	-	-
Other expenses	321,254	334,012	319,263	326,877
	<u>5,447,246</u>	<u>5,548,974</u>	<u>5,101,828</u>	<u>5,192,360</u>
NOTE 4 (i): LEGAL COSTS				
Litigation costs	223,896	533,139	223,896	533,139
Other legal matters	10,221	16,931	10,221	2,985
	<u>234,117</u>	<u>550,070</u>	<u>234,117</u>	<u>536,124</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	CONSOLIDATED		PARENT	
	2019	2018	2019	2018
	\$	\$	\$	\$
NOTE 4: OTHER EXPENSES (continued)				
NOTE 4 (ii): AFFILIATION FEES				
Australia Asia Workers Link	400	800	400	800
Australian Council of Trade Unions	154,444	150,767	154,444	150,767
Australian People for Health, Education and Development Abroad	-	3,246	-	3,246
Ballarat Regional Trades & Labour Council	927	1,236	927	1,236
Bendigo Trades Hall Council	920	552	920	552
Corporative Power Australia Ltd	2,000	-	2,000	-
Council for Humanities, Arts and Social Sciences	4,000	4,000	4,000	4,000
Council of Pacific Education	1,200	-	1,200	-
Education International	69,913	65,057	69,913	65,057
First Nations Workers Alliance	-	955	-	955
Geelong Trades Hall Council	2,674	2,618	2,674	2,618
Gippsland Trades Hall Council	847	966	847	966
Goulburn Valley Trades & Labour Council	169	289	169	289
Hiroshima Day Coordinating Committee	120	-	120	-
Labour History Society SA	100	-	100	-
Newcastle Trade Hall Council	1,415	1,388	1,415	1,388
North East Trades & Labour Council	880	880	880	880
NT Trades & Labor Council	2,759	2,505	2,759	2,505
Philippines Austalia Union Link	45	-	45	-
Queensland Council of Unions	27,709	27,752	27,709	27,752
Queensland Council of Unions Cairns	-	110	-	110
Queensland Council of Unions Gold Coast	110	110	110	110
Queensland Council of Unions Rockhampton	100	100	100	100
Queensland Council of Unions Sunshine Coast	-	-	-	-
Queensland Council of Unions Toowoomba Provincial Council	110	110	110	110
Queensland Council of Unions Townsville	-	210	-	210
Scholars at Risk	1,497	1,357	1,497	1,357
Science & Technology Australia	7,273	7,137	7,273	7,137
South West Trades & Labour Council	178	237	178	237
Sunraysia Trades & Labour Council	99	57	99	57
Sydney Alliance	5,816	5,708	5,816	5,708
The Australia Institute	24,307	25,000	24,307	25,000
Unions ACT	8,968	8,480	8,968	8,480
Unions NSW	32,134	32,522	32,134	32,522
Unions South Australia	12,298	11,760	12,298	11,760
Unions Tasmania	4,310	4,121	4,310	4,121
Unions Western Australia	19,447	19,066	19,447	19,066
ABC Friends NSW & ACT	120	-	120	-
Victorian Trades Hall Council	72,596	71,258	72,596	71,258
Worker Health Centre	1,345	1,316	1,345	1,316
	<u>461,230</u>	<u>451,670</u>	<u>461,230</u>	<u>451,670</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	CONSOLIDATED		PARENT	
	2019	2018	2019	2018
	\$	\$	\$	\$
NOTE 4(iii): GRANTS AND DONATIONS				
Grants:				
Total amount paid in grants that exceeded \$1,000	22,500	22,500	22,500	22,500
Total amount paid in grants that were \$1,000 or less	-	-	-	-
Donations:				
Total amount paid in donations that exceeded \$1,000	205,000	64,600	205,000	64,600
Total amount paid in donations that were \$1,000 or less	7,390	6,371	7,390	6,371
	<u>234,890</u>	<u>93,471</u>	<u>234,890</u>	<u>93,471</u>
NOTE 5: EMPLOYEE BENEFITS				
<i>Officeholders:</i>				
Wages and salaries	1,013,601	1,357,988	1,013,601	1,357,988
Superannuation	263,500	255,596	263,500	255,596
Leave and other entitlements	280,405	219,227	280,405	219,227
Separation and redundancies	-	-	-	-
Other employee expenses	-	-	-	-
Subtotal employee expenses for officeholders:	<u>1,557,506</u>	<u>1,832,811</u>	<u>1,557,506</u>	<u>1,832,811</u>
<i>Employees other than officeholders:</i>				
Wages and salaries	10,622,547	10,240,883	10,622,547	11,669,194
Superannuation	1,945,332	1,899,455	1,945,332	1,899,455
Leave and other entitlements	1,604,853	1,625,601	1,604,853	197,290
Separation and redundancies	-	-	-	-
Other employee expenses	558,395	900,495	558,395	900,495
Subtotal employee expenses for employees other than officeholders	<u>14,731,127</u>	<u>14,666,434</u>	<u>14,731,127</u>	<u>14,666,434</u>
	<u>16,288,633</u>	<u>16,499,245</u>	<u>16,288,633</u>	<u>16,499,245</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	CONSOLIDATED		PARENT	
	2019	2018	2019	2018
	\$	\$	\$	\$
NOTE 6: CASH AND CASH EQUIVALENTS				
Current				
Cash on hand	202	546	202	546
Cash at bank	2,654,382	1,691,229	2,595,602	1,548,776
Short term deposits	720,000	1,473,382	720,000	1,473,382
	<u>3,374,584</u>	<u>3,165,157</u>	<u>3,315,804</u>	<u>3,022,704</u>

NOTE 7: TRADE AND OTHER RECEIVABLES

Current				
Trade debtors	16,683	57,775	16,682	7,515
Provision for doubtful debts	-	-	-	-
Other receivables	199,175	140,885	27,630	28,516
Accrued income	395,177	417,839	395,177	417,839
Receivables from related parties (Note 18(b)(ii))	-	-	60,317	12,581
Receivables from other reporting units	-	-	-	-
Less provision for doubtful debts from other reporting units	-	-	-	-
Total trade and other receivables	<u>611,035</u>	<u>616,499</u>	<u>499,806</u>	<u>466,451</u>

NOTE 8: OTHER FINANCIAL ASSETS

Current				
Investments in managed funds	<u>6,315,464</u>	<u>4,568,305</u>	<u>6,315,464</u>	<u>4,568,305</u>
Non Current				
Investments – at valuation				
Federation of Education Union Unit Trust (F.E.U.)	-	-	12,287,979	12,287,978
Federation of Education Unions Pty Ltd (Trustee of F.E.U.)	-	-	1	1
	<u>-</u>	<u>-</u>	<u>12,287,980</u>	<u>12,287,979</u>
Total other financial assets	<u>6,315,464</u>	<u>4,568,305</u>	<u>18,603,444</u>	<u>16,856,284</u>

NOTE 9: OTHER ASSETS

Current				
Prepayments	<u>379,923</u>	<u>234,350</u>	<u>257,283</u>	<u>229,510</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	CONSOLIDATED		PARENT	
	2019	2018	2019	2018
	\$	\$	\$	\$

NOTE 10: INVESTMENT PROPERTIES

(i) Book value disclosure

Non-current

Land and buildings - at Valuation	3,292,000	3,292,000	3,292,000	3,292,000
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Non-specialised land and non-specialised buildings are valued using the market based direct comparison method. This means that valuations performed by the valuer as based on active market prices, significantly adjusted for difference in nature, location or condition of the specific property.

The land and buildings were revalued at 30 June 2017 by Bristow & Associates, m3 Property Strategists, and Egan National Valuers; all Certified Practising Valuers.

The property rental income earned by the Union from its investment properties amounted to \$733,925 for the year (2018: \$685,446). Direct operating expenses arising on the investment properties amounted to \$736,423 (2018: \$598,484).

To the extent that non-specialised land and non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market based direct comparison approach.

Details of the Union's investment property and information about the fair value hierarchy as at 30 June 2019 are as follows:

	Level 1	Level 2	Level 3
	\$	\$	\$
Land and buildings	-	3,292,000	-
Total	-	3,292,000	-

	CONSOLIDATED		PARENT	
	2019	2018	2019	2018
	\$	\$	\$	\$

(ii) Reconciliation of the carrying amount

Balance at beginning of year	3,292,000	3,292,000	3,292,000	3,292,000
Revaluation	-	-	-	-
Balance at end of year	3,292,000	3,292,000	3,292,000	3,292,000

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 11: PROPERTY, PLANT & EQUIPMENT

	CONSOLIDATED		PARENT	
	2019	2018	2019	2018
	\$	\$	\$	\$
(i) Book value disclosure				
LAND AND BUILDINGS				
Non-current				
Land – at Valuation	8,300,000	8,300,000	500,000	500,000
Buildings – at Valuation	18,048,000	18,048,000	5,248,000	5,248,000
Accumulated depreciation	(927,415)	(463,707)	(287,415)	(143,707)
	<u>25,420,585</u>	<u>25,884,293</u>	<u>5,460,585</u>	<u>5,604,293</u>

Valuation basis

Non-specialised land, non-specialised buildings

Non-specialised land and non-specialised buildings are valued using the market based direct comparison method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in nature, location or condition of the specific property. A significant increase (decrease) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value.

The land and buildings were revalued at 30 June 2017 by Burgess Rawson, Bristow & Associates, m3 Property Strategists, and Egan National Valuers; all Certified Practising Valuers.

Within the consolidated entity, the building owned by the subsidiary was revalued by CBRE, a Certified Practising Valuer, as at 30 June 2017.

To the extent that non-specialised land and non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market based direct comparison approach.

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 11: PROPERTY, PLANT & EQUIPMENT (continued)

(a) Consolidated

Details of the Union's land and buildings and information about the fair value hierarchy as at 30 June 2019 are as follows:

	Level 1	Level 2	Level 3
	\$	\$	\$
Land	-	8,300,000	-
Buildings	-	17,120,585	-
Total	-	<u>25,420,585</u>	-

(b) Parent

Details of the Union's land and buildings and information about the fair value hierarchy as at 30 June 2019 are as follows:

	Level 1	Level 2	Level 3
	\$	\$	\$
Land	-	500,000	-
Buildings	-	4,960,585	-
Total	-	<u>5,460,585</u>	-

PLANT AND EQUIPMENT	CONSOLIDATED		PARENT	
	2019	2018	2019	2018
	\$	\$	\$	\$
Non-current				
Office equipment, fixtures & fittings - at cost	694,283	890,527	382,371	596,034
Accumulated depreciation	<u>(353,405)</u>	<u>(626,456)</u>	<u>(240,143)</u>	<u>(474,873)</u>
	<u>340,878</u>	<u>264,071</u>	<u>142,228</u>	<u>121,161</u>
Leasehold improvements - at cost	1,275,202	1,263,137	1,275,202	1,263,137
Accumulated depreciation	<u>(1,026,769)</u>	<u>(946,714)</u>	<u>(1,026,769)</u>	<u>(946,714)</u>
	<u>248,433</u>	<u>316,423</u>	<u>248,433</u>	<u>316,423</u>
Motor Vehicles - at cost	120,373	120,373	120,373	120,373
Accumulated depreciation	<u>(63,607)</u>	<u>(45,837)</u>	<u>(63,607)</u>	<u>(45,837)</u>
	<u>56,766</u>	<u>74,536</u>	<u>56,766</u>	<u>74,536</u>
Total plant and equipment	<u>646,077</u>	<u>655,030</u>	<u>447,427</u>	<u>512,120</u>
Total property, plant & equipment	<u>26,066,662</u>	<u>26,539,323</u>	<u>5,908,012</u>	<u>6,116,413</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 11: PROPERTY, PLANT & EQUIPMENT (continued)

(ii) Reconciliation of the carrying amount

CONSOLIDATED

2019	Land	Buildings	Office equipment fixtures & fittings	Leasehold improvements	Motor Vehicles	Work in Progress	Total
Balance at beginning of year	8,300,000	17,584,293	264,071	316,423	74,536	-	26,539,323
Additions	-	-	184,273	14,190	-	-	198,463
Disposals	-	-	(1,016)	-	-	-	(1,016)
Revaluation	-	-	-	-	-	-	-
Depreciation	-	(463,708)	(106,450)	(82,180)	(17,770)	-	(670,108)
Reclassification	-	-	-	-	-	-	-
Balance at end of year	8,300,000	17,120,585	340,878	248,433	56,766	-	26,066,662
2018	Land	Buildings	Office equipment fixtures & fittings	Leasehold improvements	Motor Vehicles	Work in Progress	Total
Balance at beginning of year	8,300,000	18,048,000	317,317	409,098	-	-	27,074,415
Additions	-	-	47,106	-	78,979	-	126,085
Disposals	-	-	(30)	-	-	-	(30)
Revaluation	-	-	-	-	-	-	-
Depreciation	-	(463,707)	(100,322)	(92,675)	(4,443)	-	(661,147)
Reclassification	-	-	-	-	-	-	-
Balance at end of year	8,300,000	17,584,293	264,071	316,423	74,536	-	26,539,323

NTEU

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 11: PROPERTY, PLANT & EQUIPMENT (continued)

(ii) Reconciliation of the carrying amount (continued)

PARENT

2019	Land	Buildings	Office	Leasehold	Motor	Work in	Total
			equipment fixtures & fittings				
Balance at beginning of the year	500,000	5,104,293	121,161	316,423	74,536	-	6,116,413
Additions	-	-	100,428	14,190	-	-	114,618
Disposals	-	-	(1,016)	-	-	-	(1,016)
Revaluation	-	-	-	-	-	-	-
Depreciation	-	(143,707)	(78,346)	(82,180)	(17,770)	-	(322,003)
Reclassification	-	-	-	-	-	-	-
Balance at end of the year	500,000	4,960,586	142,227	248,433	56,766	-	5,908,012
2018	Land	Buildings	Office	Leasehold	Motor	Work in	Total
			equipment fixtures & fittings				
Balance at beginning of the year	500,000	5,248,000	153,103	409,098	-	-	6,310,201
Additions	-	-	47,106	-	78,979	-	126,085
Disposals	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
Depreciation	-	(143,707)	(79,048)	(92,675)	(4,443)	-	(319,873)
Reclassification	-	-	-	-	-	-	-
Balance at end of the year	500,000	5,104,293	121,161	316,423	74,536	-	6,116,413

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	CONSOLIDATED		PARENT	
	2019	2018	2019	2018
	\$	\$	\$	\$
NOTE 12: INTANGIBLE ASSETS				
(i) Book value disclosure				
Non-current				
Software at cost	196,948	211,970	196,948	211,970
Accumulated amortisation	(70,850)	(114,604)	(70,850)	(114,604)
	<u>126,098</u>	<u>97,366</u>	<u>126,098</u>	<u>97,366</u>
(ii) Reconciliation of carrying amount				
Balance at beginning of the year	97,366	116,927	97,366	116,927
Additions	33,103	-	33,103	-
Amortisation	(4,371)	(19,561)	(4,371)	(19,561)
Balance at end of the year	<u>126,098</u>	<u>97,366</u>	<u>126,098</u>	<u>97,366</u>
NOTE 13: TRADE AND OTHER PAYABLES				
Current				
Trade creditors and accruals	457,585	408,346	364,481	353,319
Litigation costs payable	-	-	-	-
Other legal costs payable	17,273	51,364	17,273	51,364
Employer payroll deductions of membership subscriptions	-	-	-	-
GST payable	156,970	156,020	156,970	140,308
Sundry creditors	163,112	123,545	27,361	32,557
Payables to other reporting units (Note 18(c)(ii))	-	-	-	-
	<u>794,940</u>	<u>739,275</u>	<u>566,085</u>	<u>577,548</u>
NOTE 14: PROVISIONS				
Current				
<i>Current provisions expected to be settled within 12 months</i>				
Officeholders:				
Annual leave	121,541	185,420	121,541	185,420
Long service leave	8,971	16,445	8,971	16,445
Separation and redundancies	-	-	-	-
Other employee provisions	-	-	-	-
Subtotal for officeholders	<u>130,512</u>	<u>201,865</u>	<u>130,512</u>	<u>201,865</u>
Employees other than officeholders:				
Annual leave	799,067	782,223	799,067	782,223
Long service leave	72,718	73,252	72,718	73,252
Separation and redundancies	-	-	-	-
Other employee provisions	-	-	-	-
Subtotal for employees other than officeholders:	<u>871,785</u>	<u>855,475</u>	<u>871,785</u>	<u>855,475</u>
	<u>1,002,297</u>	<u>1,057,340</u>	<u>1,002,297</u>	<u>1,057,340</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	CONSOLIDATED		PARENT	
	2019	2018	2019	2018
	\$	\$	\$	\$
NOTE 14: PROVISIONS (Continued)				
Current				
<i>Current provisions expected to be settled after 12 months</i>				
Officeholders:				
Annual leave	71,381	108,897	71,381	108,897
Long service leave	215,306	394,696	215,306	394,696
Separation and redundancies	-	-	-	-
Other employee provisions	-	-	-	-
Subtotal for officeholders	<u>286,687</u>	<u>503,593</u>	<u>286,687</u>	<u>503,593</u>
Employees other than officeholders:				
Annual leave	469,293	459,401	469,293	459,401
Long service leave	1,745,305	1,758,051	1,745,305	1,758,051
Separation and redundancies	-	-	-	-
Other employee provisions	-	-	-	-
Subtotal for employees other than officeholders:	<u>2,214,598</u>	<u>2,217,452</u>	<u>2,214,598</u>	<u>2,217,452</u>
	<u>2,501,285</u>	<u>2,721,045</u>	<u>2,501,285</u>	<u>2,721,045</u>
Total current provisions	<u>3,503,582</u>	<u>3,778,385</u>	<u>3,503,582</u>	<u>3,778,385</u>
Non current				
Long service leave- for employees	219,961	356,479	219,961	356,479
Long service leave- for officeholders	45,606	17,862	45,606	17,862
Total non current provisions	<u>265,567</u>	<u>374,341</u>	<u>265,567</u>	<u>374,341</u>
Total provisions	<u>3,769,149</u>	<u>4,152,726</u>	<u>3,769,149</u>	<u>4,152,726</u>
NOTE 15: RESERVES				
Defence reserve	6,644,599	5,908,903	6,644,599	5,908,903
Leave reserve	2,995,647	3,298,564	2,995,647	3,298,564
Property reserve	5,000,000	5,000,000	5,000,000	5,000,000
Asset revaluation reserve	8,799,247	8,799,247	4,731,457	4,731,457
	<u>23,439,493</u>	<u>23,006,714</u>	<u>19,371,703</u>	<u>18,938,924</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	CONSOLIDATED		PARENT	
	2019	2018	2019	2018
	\$	\$	\$	\$
NOTE 15: RESERVES (Continued)				
Movements during the year				
<i>Defence reserve</i> ^(a)				
Balance at beginning of year	5,908,903	4,676,167	5,908,903	4,676,167
Transfer to retained surplus	-	-	-	-
Transfer from retained surplus	735,696	1,232,736	735,696	1,232,736
Balance at end of year	<u>6,644,599</u>	<u>5,908,903</u>	<u>6,644,599</u>	<u>5,908,903</u>
<i>Leave reserve</i> ^(b)				
Balance at beginning of year	3,298,564	3,226,660	3,298,564	3,226,660
Transfer to retained surplus	-	-	-	-
Transfer from retained surplus	(302,917)	71,904	(302,917)	71,904
Balance at end of year	<u>2,995,647</u>	<u>3,298,564</u>	<u>2,995,647</u>	<u>3,298,564</u>
<i>Property reserve</i> ^(c)				
Balance at beginning of year	5,000,000	5,000,000	5,000,000	5,000,000
Transfer to retained surplus	-	-	-	-
Transfer from retained surplus	-	-	-	-
Balance at end of year	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
<i>Asset revaluation reserve</i> ^(d)				
Balance at beginning of year	8,799,247	7,087,489	4,731,457	5,470,685
Transfer from/(to) retained earnings	-	1,711,758	-	(739,228)
Balance at end of year	<u>8,799,247</u>	<u>8,799,247</u>	<u>4,731,457</u>	<u>4,731,457</u>

(a) This reserve holds funds for taking action in support of our members

(b) This reserve holds funds to offset employee entitlements

(c) This reserve is held for the purpose of investing in current and future properties

(d) This reserve is used to record increments and decrements on the revaluation of land and buildings, and available for sale financial assets

NOTE 16: RETAINED EARNINGS

Retained surplus at beginning of the year	2,151,932	3,895,585	6,408,202	5,512,391
Net operating surplus/ (deficit) for the year	2,000,087	1,141,223	2,320,087	1,461,223
Transfer (to)/from reserves:				
Defence reserve	(735,696)	(1,232,736)	(735,696)	(1,232,736)
Leave reserve	302,917	(71,904)	302,917	(71,904)
Asset Revaluation Reserve	-	(1,711,758)	-	739,228
Transfer to non-controlling interest	131,520	131,522	-	-
Retained surplus at the end of the year	<u>3,850,760</u>	<u>2,151,932</u>	<u>8,295,510</u>	<u>6,408,202</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	CONSOLIDATED		PARENT	
	2019	2018	2019	2018
	\$	\$	\$	\$
NOTE 17: CASH FLOW INFORMATION				
Reconciliation of net operating result to net cash flows from operating activities:				
Net operating result	2,000,087	1,141,223	2,320,087	1,461,223
Non-cash flows in operating activities:				
Depreciation and amortisation	674,479	680,708	326,374	339,434
Assets written off	1,016	-	1,016	-
Change in market value of investments	(278,182)	(3,255)	(278,182)	(3,255)
(Gain)/Loss on sale of investments	-	(75,988)	-	(75,988)
(Gain)/Loss on sale of Property, plant & equipment	-	(7,320)	-	(7,350)
Changes in assets and liabilities:				
Decrease/(increase) in receivables	5,464	(126,093)	(33,355)	(65,050)
Decrease/(increase) in other assets	(145,573)	(10,504)	(27,773)	(39,686)
(Decrease)/increase in payables	36,256	(106,593)	(14,792)	(207,547)
(Decrease)/increase in employee provisions	(383,577)	199,079	(383,576)	199,079
Net cash flows from operating activities	<u>1,909,970</u>	<u>1,691,257</u>	<u>1,909,799</u>	<u>1,600,860</u>
Cash flow information for controlled entities and other reporting units:				
Cash inflows				
National Tertiary Education Union	27,160,440	25,981,030	27,160,440	25,981,030
Federation of Education Unions Unit Trust	495,680	484,723	-	-
Other reporting units	-	-	-	-
Total cash inflows	<u>27,656,120</u>	<u>26,465,753</u>	<u>27,160,440</u>	<u>25,981,030</u>
Cash outflows				
National Tertiary Education Union	26,867,340	25,347,701	26,867,340	25,347,701
Federation of Education Unions Unit Trust	579,353	394,326	-	-
Other reporting units	-	-	-	-
Total cash outflows	<u>27,446,693</u>	<u>25,742,027</u>	<u>26,867,340</u>	<u>25,347,701</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 18: RELATED PARTY INFORMATION

(a) Transactions with Key Management Personnel

The names of each person holding the position of Executive Officer of the NTEU during the financial year are:

Alison Barnes*	Grahame McCulloch*	Matthew McGowan*	Sarah Kaine
Andrea Lamont-Mills	Jane Battersby	Melissa Slee*	Shane Motlap
Andrew Bonnell	Jeannie Rea*	Michael McNally*	Stuart Bunt
Catherine Moore	Jonathan Hallett*	Michael Thomson*	Terry Mason
Catherine Rojas	Kelvin Michael*	Nick Warner	Vince Caughley
Colin Long*	Kerrie Saville	Nikola Balnave	Virginia Mansel Lees
Damien Cahill*	Lolita Wikander	Rachael Bahl*	
Gabrielle Gooding*	Louisa Manning-Watson	Ronald Slee*	

* *Salaried Elected Officers of the NTEU during the financial year*

Remuneration of Salaried Elected Officers

The compensation paid or payable to Salaried Elected Officers of the Union is set out below:

	2019	2018
	\$	\$
Short-term employee benefits		
Salary (including annual leave taken)	1,013,601	1,357,988
Annual leave accrued	<u>248,541</u>	<u>194,315</u>
	1,262,142	1,552,303
Post-employment benefits:		
Superannuation	<u>263,500</u>	<u>255,596</u>
Other long-term benefits:		
Long-service leave	<u>31,864</u>	<u>24,912</u>
	<u>1,557,506</u>	<u>1,832,811</u>

The NTEU has eleven paid elected officers – three National Officers (President, General Secretary and National Assistant Secretary), six full time State Division Secretaries (Victoria, NSW, QLD, ACT, SA and WA), and two Division Assistant Secretaries (Victoria and NSW). Salary rates are set out in a National Salaried Officers Agreement and are benchmarked against the average increase in salaries across the sector of Level E, Level D and C academic rates. They are automatically adjusted on the first full pay period in March annually in line with the average benchmark rate. The purpose of such benchmarking is to ensure transparency as well as to ensure that NTEU Elected Officers' salaries only increase in line with salary movements in the sector. On this basis the relevant salary rates applied on the first full pay period in March 2019 are:

President	\$204,828	(112.5% of Level E)
General Secretary	\$204,828	(112.5% of Level E)
National Assistant Secretary	\$182,078	(100% of Level E)
Division Secretaries – Step 1	\$141,831	(100% of Level D)
Division Secretaries – Step 2	\$144,858	(100% of Level D)
Division Secretaries – Step 3	\$150,895	(100% of Level D)

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 18: RELATED PARTY INFORMATION (continued)

(a) Transactions with Key Management Personnel (continued)

Division Secretaries – Step 4	\$156,378	(100% of Level D)
Division Assistant Secretary – Step 1	\$118,150	(100% of Level C)
Division Assistant Secretary – Step 2	\$121,030	(100% of Level C)
Division Assistant Secretary – Step 3	\$125,384	(100% of Level C)
Division Assistant Secretary – Step 4	\$127,184	(100% of Level C)
Division Assistant Secretary – Step 5	\$132,790	(100% of Level C)
Division Assistant Secretary – Step 6	\$135,989	(100% of Level C)

(b) Other related parties

(i) National Office, state divisions and branches

The NTEU undertakes numerous transactions with National Office, State Divisions and Branches. All transactions between the NTEU, National Office, State Divisions, and Branches were in the ordinary course of business and on normal commercial terms and at market rates.

The Union has not made any payments to a former related party.

(ii) Federation of Education Union Unit Trust (F.E.U.)

The Union is a tenant of the building owned by the F.E.U. Rent and outgoings of \$506,557 (2018: \$499,976) in connection with the occupancy are paid to the F.E.U. in the ordinary course of business and on normal commercial terms and conditions and at market rates.

As at 30 June 2019, F.E.U owed NTEU \$60,317 (30 June 2018: \$12,581). This is recorded as a receivable in the parent entity. For the year ended 30 June 2019, NTEU has not recorded any impairment of receivables relating to amounts owed by F.E.U (2018: nil)

(c) Subsidiaries

The consolidated financial statements include the financial statements of NTEU and subsidiaries listed in the following table.

	Country of Incorporation	Ownership Interest	
		2019	2018
Parent Entity			
National Tertiary Education Industry Union	Australia	-	-
Subsidiaries of NTEU			
Federation of Education Unions Trust	Australia	58.9%	58.9%

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	CONSOLIDATED		PARENT	
	2019	2018	2019	2018
	\$	\$	\$	\$
NOTE 19: COMMITMENTS				
Operating lease commitments				
The Union has several property leases, as well as a photocopier lease.				
Future operating lease rentals of property, plant and equipment not provided for in the financial statements and payable:				
Not later than one year	214,728	139,863	214,728	139,863
Later than one year but not later than five years	268,207	241,312	268,207	241,312
	<u>482,935</u>	<u>381,175</u>	<u>482,935</u>	<u>381,175</u>

NOTE 20: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(b) Categorisation of financial instruments

(i) Consolidated

Financial assets	Note	Category	Carrying amount 2019	Carrying amount 2018
Cash and cash equivalents	6	Amortised cost	3,374,584	3,165,157
Receivables	7	Amortised cost (previously loans and receivables)	611,035	616,499
Investments in managed funds	8	Fair value through profit or loss	6,315,464	4,568,305
Financial liabilities				
Payables	13	Amortised cost	637,970	583,255

(ii) Parent

Financial assets	Note	Category	Carrying amount 2019	Carrying amount 2018
Cash and cash equivalents	6	Amortised cost	3,315,804	3,022,704
Receivables	7	Amortised cost (previously loans and receivables)	499,806	466,451
Investments in managed funds	8	Fair value through profit or loss	6,315,464	4,568,305
Financial liabilities				
Payables	13	Amortised cost	409,115	437,240

Financial liabilities exclude statutory financial liabilities (i.e. GST payable)

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 20: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(c) Financial risk management objectives

The Union's activities do not expose it to many financial risks, with only liquidity risk being needed to be actively managed.

Market Risk

Foreign currency risk

The Union is not exposed to any significant foreign currency risk.

Price risk

The Union is not exposed to any significant price risk.

Interest rate risk

The Union is not exposed to any significant interest rate risk.

Credit risk

The Union is not exposed to any significant credit risk.

Liquidity risk

Vigilant liquidity risk management requires the Union to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Union manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Maturity analysis of financial liabilities

(i) Consolidated		<i>Maturity dates</i>				
	<i>Weighted average interest rate %</i>	<i>1 year or less</i>	<i>Between 1 and 2 years</i>	<i>Between 2 and 5 years</i>	<i>Over 5 years</i>	<i>Remaining contractual maturities</i>
2019						
Payables	0%	637,970	-	-	-	-
		637,970	-	-	-	-
2018						
Payables	0%	583,255	-	-	-	-
		583,255	-	-	-	-
(i) Parent		<i>Maturity dates</i>				
	<i>Weighted average interest rate %</i>	<i>1 year or less</i>	<i>Between 1 and 2 years</i>	<i>Between 2 and 5 years</i>	<i>Over 5 years</i>	<i>Remaining contractual maturities</i>
2019						
Payables	0%	409,115	-	-	-	-
		409,115	-	-	-	-
2018						
Payables	0%	437,240	-	-	-	-
		437,240	-	-	-	-

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 20: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Assets held as collateral

The title of the property at Holt Street, New South Wales is held by the Commonwealth Bank as collateral for the Union's credit card facilities.

	CONSOLIDATED		PARENT	
	2019	2018	2019	2018
	\$	\$	\$	\$
NOTE 21: AUDITOR'S REMUNERATION				
Value of the services provided				
<i>Auditors of the parent and group</i>				
Financial statement audit services	55,000	55,000	55,000	55,000
Other services	5,000	5,000	5,000	5,000
	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>
<i>Other auditors (subsidiary)</i>				
Financial statement audit services	10,000	8,000	-	-
Other services	1,445	1,340	-	-
	<u>11,445</u>	<u>9,340</u>	<u>-</u>	<u>-</u>
	<u>71,445</u>	<u>69,340</u>	<u>60,000</u>	<u>60,000</u>

NOTE 22: EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Union's operations, the results of those operations, or the Union's state of affairs in future financial years.

NOTE 23: UNION DETAILS

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

120 Clarendon Street
 South Melbourne
 Victoria 3205

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATIONAL TERTIARY EDUCATION UNION

Opinion

We have audited the financial report of National Tertiary Education Union which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, the committee of management statement, and the subsection 255(2A) report.

In our opinion:

- (a) The general purpose financial report presents fairly, in all material aspects, the financial position of National Tertiary Education Union as at 30 June 2019, and its financial performance and its cash flows for the year ended on that date in accordance with applicable Australian Accounting Standards and any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).;
- (b) management's use of the going concern basis of accounting in the preparation of National Tertiary Education Union's financial report is appropriate; and
- (c) the financial report properly and fairly reports all information required by the reporting guidelines of the Commissioner, including:
 - i. any fees charged to, or reimbursements of expenses claimed from, members and others for recovery of wages activity; and
 - ii. any donations or other contributions deducted from recovered money.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Union in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the RO Act, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Union's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DFK Kidsons Partnership

DFK Kidsons Partnership

Robert Wernli

Robert Wernli, F.C.A

Partner

Registered Company Auditor, Registration Number: 16278

Date: 30 October 2019

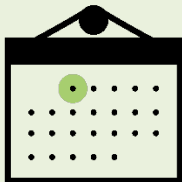
Melbourne



Australian Government
Registered Organisations Commission

10 December 2019

Matthew McGowan
General Secretary (National Council & National Executive)
National Tertiary Education Industry Union
Sent via email: national@nteu.org.au



URGENT REMINDER:

The National Tertiary Education Industry Union's financial report is due (FR2019/36)

Dear Matthew McGowan,

We are writing to remind you of the National Tertiary Education Industry Union's obligation to lodge a financial report under section 268 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

We hope you are on track to complete your financial report on time. If not, please contact us as soon as possible to discuss ways we can assist you to meet the deadline.

Did you know? The ROC is currently seeking to improve non-compliance with these three areas:

- Providing the full report to members
- Providing the report to members within the deadlines
- Lodging the full report with the ROC within 14 days of the s.266 meeting.



Compliance Calculator

If you are not sure whether your planned dates are consistent with the RO Act, have a look at our [compliance calculator](#). The compliance calculator will help you work out your unique dates for when your report needs to be provided, presented and lodged.

Your steps checklist

Your financial year ended on 30 June 2019. You should be well into the following process.

Pre-lodgement checklist	✓
Draft the financial report and have the committee of management pass the Committee of Management resolution Did you know? This is the first meeting in the financial reporting process	<input type="checkbox"/>
Have the auditor complete and sign the auditor's report Tips: You must use a registered auditor. The SIGNED report is part of the full report. Make sure it is included in what is provided to members	<input type="checkbox"/>
Provide the full report to members This must be done: <ul style="list-style-type: none">• If you are going to a committee of management meeting (requires a 5% rule), within 5 months of 30 June 2019• If you are going to a general meeting of members, 21 days before the meeting	<input type="checkbox"/>
Present the full report to the second meeting. Hints: This meeting must be within 6 months of 30 June 2019. This is either a committee of management meeting (requires a 5% rule) or a general meeting of members	<input type="checkbox"/>
Lodge with the ROC within 14 days of the meeting – regorgs@roc.gov.au TIP: lodge it straight away – there's no need to wait the full 14 days	<input type="checkbox"/>

If you require further advice or assistance please email regorgs@roc.gov.au or call us on 1300 341 665.

Yours sincerely,

Registered Organisations Commission



Penalties apply

We emphasise that sections 253, 254, 265(1)(a), 266 and 268 of the RO Act are civil penalty provisions.

Failure of an organisation to prepare a full report, provide it to members, present it to a meeting and lodge with the ROC within legislative time frames may expose your organisation to Federal Court proceedings with the possibility of a pecuniary penalty being imposed upon an officer and/or the organisation.



3 July 2019

Matthew McGowan
General Secretary (National Council & National Executive)
National Tertiary Education Industry Union
Sent via email: national@nteu.org.au

Dear Matthew McGowan,

**Re: Lodgement of Financial Report - FR2019/36
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the National Tertiary Education Industry Union (the reporting unit) ended on 30 June 2019. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

Loans Grants and Donations Statement

The reporting unit is required to lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 of the RO Act requires this statement to be lodged with the Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, that is on or before 28 September 2019.

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

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

Financial report

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

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on your rules) no later than 31 December 2019 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

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

You can visit our website for more information regarding [financial reporting](#), and fact sheets regarding [financial reporting processes and requirements](#). A model set of financial statements developed by the ROC is also available on our website. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards.

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

Auditor's report

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

REMINDER

YOUR AUDITOR MUST BE REGISTERED (s.256)

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

Contact

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

Yours faithfully,

Kylie Ngo
Registered Organisations Commission



Fact sheet

Summary of financial reporting timelines – s.253 financial reports

General Information:

- The **full report** consists of the General Purpose Financial Report, Committee of Management Statement, Operating report, s.255(2A) Report and signed Auditors' Report
- For an explanation of each of the steps below see our [Fact sheet—financial reporting process](#).

STEP 1:
Reporting unit must prepare the General Purpose Financial Report, Committee of Management Statement, s.255(2A) Report and Operating Report as soon as practicable after the end of the financial year:



STEP 2:
Committee of Management statement – resolution to be passed by the Committee of Management in relation to the General Purpose Financial Report (**1st meeting**)



STEP 3:
Registered Auditor to prepare and sign the Auditor's Report and provide to the Reporting unit **within a reasonable timeframe**

IF RULES PROVIDE FOR PRESENTATION OF FULL REPORT AT GENERAL MEETING OF MEMBERS
(this is the default process in the RO Act)

STEP 4:
Provide **full report** to members **at least 21 days before the General Meeting**



STEP 5:
Present **full report** to a General Meeting of Members within 6 months of the reporting unit's end of financial year (**2nd meeting**)



STEP 6:
Prepare and sign the designated officer's certificate then lodge **full report** and the designated officer's certificate with the ROC within 14 days of the 2nd meeting

IF RULES PROVIDE FOR PRESENTATION OF FULL REPORT AT COMMITTEE OF MANAGEMENT MEETING
(Special rules must be in the rulebook to use this process)

STEP 4:
Provide **full report** to members **within 5 months of the reporting unit's end of financial year**





















STEP 5:
Present **full report** to Committee of Management Meeting within 6 months of the reporting unit's end of financial year (**2nd meeting**)



STEP 6:
Prepare and sign the designated officer's certificate then lodge **full report** and the designated officer's certificate with the ROC **within 14 days of the 2nd meeting**

Misconceptions

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

Misconception	Requirement
<p> The Committee of Management statement is just copied from the Reporting Guidelines</p>	<p> The Committee of Management statement must have the date of the Committee of Management resolution recorded upon it and it must be signed and dated BEFORE the auditor signs their report</p> <p>Further, if any of the statements within it need to be modified to suit the reporting unit (for instance not holding meetings) these changes must also be made</p>
<p> The Auditor's Report does not need to be signed until just before it is lodged with the ROC</p>	<p> The Auditor's Report must be signed and dated BEFORE the full report (including the Auditor's Report) is sent to members and presented to the second meeting</p>
<p> The Designated Officer's Certificate must be signed before the report is sent to members</p>	<p> The Designated Officer's Certificate declares what the reporting unit HAS ALREADY DONE to provide the report to members and present it to the meeting. It must be signed and dated AFTER sending the report to members and the second meeting</p>
<p> Documents can be dated when they should have been signed or when the events in the document occurred</p>	<p> Documents must always be dated at the date they are actually signed by an officer or auditor</p>
<p> Any auditor can audit a financial report</p>	<p> Only registered auditors can audit the financial report</p>
<p> The Committee of Management statement can be signed at any time</p>	<p> The resolution passing the Committee of Management Statement must occur and the statement signed and dated BEFORE the auditor's report is signed and dated</p>
<p> Any reporting unit can present the Full Report to a second COM meeting</p>	<p> Only reporting units with a 5% rule in their rulebook are able to present their report to a second Committee of Management Meeting. Otherwise, it must be presented to a General Meeting of members</p>
<p> Everything can be done at one Committee of Management meeting</p>	<p> If the rules allow for presenting the report to the Committee of Management, there must still be <u>two meetings</u>. The first meeting resolves the Committee of Management statement (including signing and dating it). Between the two meetings the Auditor's report is signed and dated. Only then can the full report be presented to the second Committee of Management meeting (if the rules allow)</p>
<p> The reporting unit has 6 months and 14 days to lodge their financial report with the ROC</p>	<p> The reporting unit must lodge the financial report within 14 days of the second meeting</p>

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This fact sheet is not intended to be comprehensive. It is designed to assist in gaining an understanding of the Registered Organisations Commission and its work. The Registered Organisations Commission does not provide legal advice.



Fact sheet

Loans, Grants & Donations

The Loans, Grants & Donations Requirements

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

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

The Loans, Grants & Donations Statement

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

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

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

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

Common misconceptions

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

Misconception	Requirement
✘ Only reporting units must lodge the Statement.	✔ All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.
✘ Employees can sign the Statement.	✔ The statement must be signed by an elected officer of the relevant branch.
✘ Statements can be lodged with the financial report.	✔ The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.

Grants & Donations within the Financial Report

Item 14(e) of the Commissioner's Reporting Guidelines requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

As such, the note in the financial report relating to grants and donations will have four lines.

In the [ROC's Model Statements](#) the note appears as follows:

Note 4E: Grants or donations*

Grants:	2017	2016
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
Donations:		
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
Total grants or donations	-	-

The Commissioner's Reporting Guidelines requires that these line items appear in the financial statements, the notes or in the officer's declaration statement, even if the figures are NIL.

Implications for filing the Financial Report

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

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

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

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

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

Further information

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