



21 June 2019

Michael Kaine
National Secretary
Transport Workers' Union of Australia

Sent via email: michael.kaine@twu.com.au
cameron.hume@rsm.com.au

Dear Michael Kaine,

**Transport Workers' Union of Australia
Financial Report for the year ended 31 December 2018 – (FR2018/345)**

I acknowledge receipt of the financial report of the Transport Workers' Union of Australia. The documents were lodged with the Registered Organisations Commission (**the ROC**) on 4 June 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 have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the year ending 31 December 2019 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 (GPFR)

Officer's declaration statement – to include all nil activity disclosures not elsewhere disclosed.

Item 21 of the reporting guidelines (**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. I note that the officer's declaration statement includes the following nil activity disclosures for which there was already an equivalent form of disclosure in the body of the notes:

- "Acquiring an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission" is disclosed in Note 1(l), Note 1(m) and the officer's declaration statement;

- "Paying a grant that was \$1,000 or less" and "paying a grant that exceeded \$1,000" are disclosed in both Note 5(g) and the officer's declaration statement;
- "Having a payable to employer as consideration for that employer making payroll deductions of membership subscriptions" is disclosed in both Note 6(e)(i) and the officer's declaration statement;
- "Having another entity administer the financial affairs of the reporting unit" is disclosed in both Note 1(n) and the officer's declaration statement; and
- "Making a payment to a former related party of the reporting unit" is disclosed in both Note 16(a)(ix) and the officer's declaration statement.

Please note that nil activities only need to be disclosed once.

I also note that the notes and the officer's declaration statement contained nil activity information for all prescribed reporting guideline categories except the following:

- Paying a penalty imposed under the RO Act or the *Fair Work Act 2009* (RG14(k)).

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.

Recovery of wages disclosure

Please note that under the 5th edition of the RG made under section 255 of the RO Act issued 4 May 2018 a recovery of wages activity statement is no longer required. Furthermore, the RGs no longer require a statement in regard to recovery of wages activity in the committee of management statement.

In place of the former requirements, item 13(e) of the 5th edition RGs requires the disclosure of any revenue derived from undertaking recovery of wages activity in either the statement of comprehensive income or the notes to the financial statements. RG 21 states that if any activity described within items 10-20 of the RGs have not occurred in the reporting period, a statement to this effect must be included in the financial statements, the notes or in an officer's declaration statement.

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 Note 3 *Information to be provided to members or the Commissioner of Registered Organisation Commission* refers to the Fair Work Commission and the General Manager instead of the Registered Organisations Commission and the Commissioner.

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

Inconsistency in disclosure of financial information

The statement of cash flow discloses cash inflows from sustentation fees of \$4,375,480. Note 15 *Amounts received from branches (exc. GST)* includes a total sustentation fees received from all the branches of \$4,376,877.

Note 8(a) *Disclosures in respect of statement of cash flows* discloses total cash inflows from State branches and refers to Note 15 *Amounts received from branches (exc. GST)*. However, it appears that the amount disclosed in Note 8(a) does not reconcile to the total amount received from branch in Note 15.

Note 1(h) *Goods and Services Tax (GST)* discloses that 'Receivables and payables on the statement of financial position are shown inclusive of GST'. Note 15 *Amount due from branches at 31*

December 2018 does not specify whether the amounts are inclusive of GST. It appears that the amounts due from branches at 31 December 2018 disclosed in Note 15 are exclusive of GST.

In future years, please ensure that items within the financial report are disclosed consistently.

General balance fund

The statement of changes in equity discloses a balance of accumulated fund of \$4,851,761 for the 2018 financial year (2017: \$4,821,248). Note 7 *Disclosures in respect of statement of changes in equity* includes a nil disclosure in relation to a balance in the general fund. It would appear that accumulated fund is the reporting unit's general fund.

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.

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

Transport Workers' Union of Australia

National Office

a. 388-390 Sussex St, Sydney NSW 2000

t. 02 8114 6500

ABN 18 559 030 246



www.twu.com.au

National Secretary
Michael Kaine

Mr Mark Bielecki
Registered Organisations Commissioner
Registered Organisations Commission
GPO Box 2983
Melbourne Vic 3001

4th June 2019

By email - regorgs@roc.gov.au

Dear Commissioner

Re: Division 5 – Reporting Requirements of the Fair Work (*Registered Organisations*) Act 2009

Please find enclosed the reports and designated certificate as required by s268 of the *Fair Work (Registered Organisations) Act 2009*.

Should you require any further information feel free to contact the undersigned either via email as below or telephone (02) 8114 6500.

nick.mcintosh@twu.com.au

Yours sincerely

Nick McIntosh
NATIONAL ASSISTANT SECRETARY

National Office

a. 388-390 Sussex St, Sydney NSW 2000

t. 02 8114 6500

ABN 18 559 030 246



www.twu.com.au

National Secretary
Michael Kaine

Section 268 *Fair Work (Registered Organisations) Act 2009* (RO Act).

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

I, Michael Kaine, being the National Secretary of the Transport Workers' Union of Australia certify:

- that the documents lodged herewith are copies of the full report referred to in s268 of the *RO Act* for the Transport Workers' Union of Australia for the period ended 31 December 2018; and
- that, in accordance with s266 of the *RO Act*, the full report was presented to the relevant series of meetings as follows:
 - to the National Committee of Management of the reporting unit on 3 April 2019 (at which meeting the Committee of Management authorised the signing of the full report and also resolved (as required by section 265(2)) to provide a copy of the full report to members); and
 - to the National Council of the reporting unit on 20 May 2019 (at which meeting the National Council endorsed the signed full report); and
 - to the National Committee of Management of the reporting unit on 4 June 2019 (at which meeting the National Committee of Management endorsed the signed full report as endorsed by the National Council).
- That the full report was provided to members from 16 May 2019 in accordance with section 265 of the *RO Act*.

A handwritten signature in black ink, appearing to read 'Michael Kaine', is positioned above the printed name and title.

Michael Kaine
NATIONAL SECRETARY

4th June 2019

**TRANSPORT WORKERS' UNION OF AUSTRALIA
NATIONAL COUNCIL**

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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ANALYSIS OF FINANCIAL STATEMENTS

The Transport Workers' Union of Australia National Council (National Office) presents its report for the 2018 financial year.

Statement of Comprehensive Income and Statement of Financial Position:

REVENUE

Revenue earned from Sustentation Fees year was \$4,469,763 which when compared to the prior year has decreased by \$2,590 (2017: \$4,472,353).

The total income generated by the branch was \$4,931,946 an increase of \$650 when compared to the prior year (2017: \$4,931,296).

EXPENDITURE

- (i) Employee Related Payments (ERP) for the year was \$2,564,472 which includes salary on costs, Superannuation payments, FBT, and annual 1.5% salary increase. (2017: \$2,541,216)
- (ii) Operating Expenditure for the year was \$2,321,197 (2017: \$2,405,845). The decrease in expenditure by (\$84,648) can be attributed to ongoing cost reduction.
- (iii) Cumulative Operating Expenditure which includes Employee Related payments for the year was \$4,885,668 (2017: \$4,947,061).

NET POSITION

The surplus for 2018 was \$46,277. This modest surplus was achieved during a year of intense campaigning with pleasing positive results across the country. 2018 involved bargaining across a full range of industries. In aviation activity was high in bargaining and also in relation to the Safe and Secure Skies campaign and was highlighted by our ongoing campaign against Aerocare's attempts to undermine safe and fair terms and conditions in the sector. The campaign for Safe Rates continued with a particular focus on pursuing industry outcomes and the safety of all within transport supply chains including by highlighting malpractices and companies unwilling to engage in dialogue to make work safer. Another important focus of Safe Rates in 2018 was meeting the challenges of emerging "new economy" threats. The TWU won an important case against the transport company Foodora which helped change the battle lines in favour of workers in the so-called "gig economy." In addition, there was continued successful roll out of the national membership training program designed as the basis for delivering the TWU's member-led 'Vision 2035.' Given the intensity of activity, a proactive approach in the monitoring & controlling of expenditure and a commitment to continuous improvement of governance and financial systems each contributed to the modest surplus.

CASH FLOW STATEMENT

The cash flow of the National Office has been managed to ensure liabilities are met when they fall due. Cash at the end of the year amounted to \$453,290 and reflects consistency in the cash flow experienced during the year (2017: \$306,213). The Branch continues to perform to expectations.



Michael Kaine
NATIONAL SECRETARY
3rd April 2019

**REPORT REQUIRED UNDER SUBSECTION 255(2A)
FOR THE YEAR ENDED 31 DECEMBER 2018**

The Transport Workers Union of Australia presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 31 December 2018.

Categories of expenditures	2018 \$	2017 \$
Remuneration and other employment-related costs and expenses - employees	2,564,472	2,541,216
Advertising	1,487	1,974
Operating costs	2,092,718	2,160,757
Donations to political parties	18,387	11,335
Legal costs	141,440	184,177

Signature of designated officer:



Name of designated officer:

MICHAEL KAINE

Title of designated officer:

NATIONAL SECRETARY

Dated:

3 APRIL 2019

OPERATING REPORT

The National Committee of Management presents its operating report of the Transport Workers Union of Australia, National Council for the financial year ended 31 December 2018.


1. The principal activity of National Council during the financial year was that of the governing body of the Transport Workers' Union of Australia. No significant changes in the nature of that activity occurred during the year.
2. There were no significant changes to National Council's financial affairs during the year.
3. National Council's principal activity resulted in a surplus for the year of \$46,277.
4. In accordance with Section 174(1) of the *Fair Work (Registered Organisations) Act 2009* a member of an organisation may resign from membership by written notice addressed and delivered to a person designated for the purpose in the rules of the organisation or a branch of the organisation.
5. The following officers of the Transport Workers Union of Australia, National Council are directors of the TWU Superannuation fund: Mr Anthony Sheldon and Mr Michael Kaine.
6. The number of members of the Transport Workers Union of Australia at 31 December 2018 was 67,665.
7. The number of persons who were employees of National Council on 31 December 2018 was 20 (2017: 19), where the number of employees includes both full-time employees and part-time employees measured on a full-time equivalent basis.
8. The names of each person who were members of the National Committee of Management at any time during the financial year are as follows:

Name	Period Position Held
Anthony Sheldon	1st January - 2nd August 2018
Michael Kaine	1st January - 31st December 2018
Nicholas McIntosh	20th August - 31st December 2018
Tim Dawson	1st January - 31st December 2018
Richard Olsen	1st January - 31st December 2018
John Berger	1st January - 31st December 2018
Ian Smith	1st January - 31st December 2018
Peter Biagini	1st January - 31st December 2018

Signed in accordance with a resolution of the National Committee of Management.



Michael Kaine
3rd April 2019



Tim Dawson
3rd April 2019

NATIONAL COMMITTEE OF MANAGEMENT STATEMENT

On 3rd April 2019 the National Committee of Management of Transport Workers Union of Australia, National Council passes the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 31 December 2018.

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

- (a) the financial report and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Commissioner;
- (c) the financial report 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 ending 31 December 2018;
- (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 ending 31 December 2018 and since the end of the financial year:
 - (i) meetings of the National Committee of Management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation 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 with each of the other reporting units of the organisation; and
 - (v) no information has been sought in any request by a member of the reporting unit or Commissioner of Registered Organisations Commission under section 272 of the RO Act has been provided to the member of Commissioner; and
 - (vi) no orders for inspection of financial records has been made by the Registered Organisations Commission under section 273 of the RO Act, there has been compliance;
- (f) no revenue has been derived from undertaking recovery of wages activity during the reporting

For the National Committee of Management



Michael Kaine
3rd April 2019

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 \$	2017 \$
INCOME			
Capitation/Sustentation fees	4	4,469,763	4,472,353
ACTU Contributions		108,422	113,160
Distributions from Financial Assets		69,158	27,366
National Training Fund		27,106	28,290
Legal Fees Reimbursement from Branches		-	37,895
Interest Received		92,338	114,079
Investment Rebate		2,417	2,226
Sundry Income		77,742	57,650
Sponsorship TWU Super		25,000	18,277
TWU Superannuation Director Fee		60,000	60,000
TOTAL INCOME		<u>4,931,946</u>	<u>4,931,296</u>
EXPENDITURE			
Depreciation expenses			
Low-value asset pool depreciation		-	596
Property, plant and equipment depreciation		67,165	47,005
		<u>67,165</u>	<u>47,601</u>
Employee benefits expense			
Accrued Annual Leave	5(d,e)	36,439	(1,320)
Accrued LSL	5(d,e)	37,588	30,585
Fringe Benefits Tax	5(d,e)	19,478	20,803
Salaries	5(d,e)	2,180,144	2,221,189
Superannuation	5(d,e)	290,823	269,959
		<u>2,564,472</u>	<u>2,541,216</u>
Other expenses			
Advertising		3,777	3,264
Affiliation Fees	5(a)	359,339	357,716
Accommodation		66,548	95,533
ACTU Growth & Campaign Levy		137,970	128,563
Auditors' Remuneration		27,094	30,135
Bank Charges		4,116	4,108
Building Expenses		44,211	40,024
Campaign Expenses		176,436	121,154
Medical Expenses		399	534
Computer Maintenance		61,642	58,237
Donations		19,217	12,160
Gifts		1,795	9,774
Functions		2,746	300
National Council		134,221	129,057
National Committee of Mgmt. Expenses		38,311	65,691
General Expenses		702	5,415
Carried Forward		<u>1,078,524</u>	<u>1,061,665</u>

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018 (Cont'd)**

	Notes	2018 \$	2017 \$
Brought Forward		1,078,524	1,061,665
Insurance		11,883	12,365
Lease Rental Expenses - Operating leases		68,571	66,072
Legal and Professional Fees	5(f)	141,440	184,177
Meeting Expense		47,794	53,717
Merchandise		6,721	3,940
Moto Vehicle Expenses		37,826	28,678
Payroll Tax		116,545	130,404
Postage & Freight		2,043	6,508
Printing and Stationery		40,733	57,968
Publications & Subscriptions		24,652	33,142
Temporary staff costs		34,803	7,699
Reimbursement to Branches	15	-	41,665
Records Storage		703	776
Repairs and Maintenance		2,233	1,944
Rent		308,191	301,715
Staff Amenities		14,307	13,164
Telephone and Faxes		39,754	52,454
Training		4,282	2,324
Travelling Expenses		211,285	233,904
Workers Compensation		21,821	23,628
NT Expenses		39,921	39,921
Entertainment		-	414
TOTAL OTHER		<u>2,254,032</u>	<u>2,358,244</u>
TOTAL EXPENDITURE		<u>4,885,669</u>	<u>4,947,061</u>
SURPLUS / (DEFICIT) FOR THE YEAR		<u>46,277</u>	<u>(15,765)</u>
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain/(loss) on revaluation of equity instruments at fair value through other comprehensive income, net of tax		(154,488)	52,410
OTHER COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR		<u>(154,488)</u>	<u>52,410</u>
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR		<u>(108,211)</u>	<u>36,645</u>

(The accompanying notes form part of this financial report)

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

	Notes	2018 \$	2017 \$
CURRENT ASSETS			
Cash and Cash Equivalents	9	453,290	306,213
Receivables	10	872,509	613,162
Other Financial Assets	9	3,700,350	4,000,350
Financial Asset at Fair Value	11	<u>497,246</u>	<u>580,158</u>
TOTAL CURRENT ASSETS		<u>5,523,395</u>	<u>5,499,882</u>
NON-CURRENT ASSETS			
Intangible assets		22,020	-
Property, Plant and Equipment	12	<u>56,001</u>	<u>109,202</u>
TOTAL NON-CURRENT ASSETS		<u>78,021</u>	<u>109,202</u>
TOTAL ASSETS		<u>5,601,416</u>	<u>5,609,084</u>
CURRENT LIABILITIES			
Payables	13	(390,547)	(406,264)
Provision for Accrued Annual Leave		(272,772)	(231,856)
Provision for Long Service Leave		<u>(104,766)</u>	<u>(124,807)</u>
TOTAL CURRENT LIABILITIES		<u>(768,085)</u>	<u>(762,926)</u>
NON-CURRENT LIABILITIES			
Provision for Long Service Leave		<u>(95,384)</u>	<u>-</u>
TOTAL NON-CURRENT LIABILITIES		<u>(95,384)</u>	<u>-</u>
TOTAL LIABILITIES		<u>(863,469)</u>	<u>(762,926)</u>
NET ASSETS		<u>4,737,947</u>	<u>4,846,157</u>
Accumulated Funds		4,851,761	4,805,483
Available for Sale Reserve		<u>(113,814)</u>	<u>40,674</u>
TOTAL EQUITY		<u>4,737,947</u>	<u>4,846,157</u>

(The accompanying notes form part of this financial report)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Accumulated Funds \$	Reserves \$	Total Equity \$
Balance as at 1 January 2017	4,821,248	(11,736)	4,809,512
Deficit for the year	(15,765)	-	(15,765)
<i>Other Comprehensive Income</i>			
Other comprehensive income for the year, net of tax	-	52,410	52,410
Total Comprehensive income for the year	(15,765)	52,410	36,645
Balance as at 31 December 2017	<u>4,805,483</u>	<u>40,674</u>	<u>4,846,157</u>
Surplus for the year	46,277	-	46,277
<i>Other Comprehensive Income</i>			
Other comprehensive loss for the year, net of tax	-	(154,488)	(154,488)
Total Comprehensive loss for the year	46,277	(154,488)	(108,211)
Balance as at 31 December 2018	<u>4,851,761</u>	<u>(113,814)</u>	<u>4,737,947</u>

(The accompanying notes form part of this financial report)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Sustentation Fees		4,375,480	4,432,426
ACTU Contributions		99,493	113,160
Interest and Distribution Received		6,649	1,836
Training Fund		27,106	28,290
Legal fee reimbursement		1,733	43,392
Other Branch Income		278,861	66,130
Other Income		142,493	212,340
Litigation Reimbursement to Branches ACTU		-	(41,677)
International Transport Workers Federation		(279,076)	(277,194)
Australian Trucking association		-	(10,000)
Payment to Suppliers and Employees		<u>(4,389,413)</u>	<u>(4,553,682)</u>
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	14(b)	183,063	(55,500)
Payment for Available-for-Sale Investment		-	-
Payment for Property, Plant & Equipment		(35,986)	(17,685)
Proceeds from Sale of Property, Plant & Equipment		-	-
Payment for Term Deposits invested		-	-
Proceeds from Term Deposit redeemed		-	-
NET CASH USED IN BY INVESTING ACTIVITIES		<u>(35,986)</u>	<u>(17,685)</u>
NET INCREASE/(DECREASE) IN CASH HELD		147,077	(73,185)
Cash at Beginning of Year		306,213	379,398
CASH AT END OF THE YEAR	14(a)	453,290	306,213

(The accompanying notes form part of this financial report)

**RECOVERY OF WAGES ACTIVITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

The Transport Workers' Union of Australia - National Council has not undertaken recovery of wages activity. The Federal office does assist with recovery of TWU member wages.

However as and when decreed by the court we confirm that any settlement or recovery of wages is directly managed between the employer and the employee (i.e. State Branch TWU member) and at no point of time is any money banked in the Union's TWU National Council bank account. Reportable amounts are NIL (2017: NIL) for:

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Standards, other authoritative pronouncements of the Australian Standards Board, and the *Fair Work (Registered Organisations) Act 2009*.

The reporting guidelines made under section 255 of the *Fair Work (Registered Organisations) Act 2009 (the RO Act)* require all reporting units to apply the Tier 1 reporting requirements as per Australian Accounting Standard *AASB 1053 Application for Tiers of Australian Accounting Standards*. As such the National Council of the Transport Workers' Union of Australia have prepared a full set of financial statements with all disclosures requirements. For the purpose of preparing the general purpose financial statements the Union is a not-for profit entity.

The financial statements were authorised for issue in accordance with a resolution of the committee of management on the 2 April 2019.

BASIS OF PREPARATION

The Financial report is for the National Council of the Transport Workers' Union of Australia, and in accordance with the *Fair Work (Registered Organisations) Act 2009* the National Council is a reporting unit. The Transport Workers' Union of Australia is an organisation registered under the *Fair Work (Registered Organisations) Act 2009*. The National Council is a reporting unit of the registered organisation. In accordance with the Act the Union and National Council are not subject to the *Corporations Act 2001*.

The financial report is a general purpose financial report (GPFR) and has been prepared on the basis of historical costs, except for financial assets that have been measured at fair value. Cost is based on the fair value of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the significant accounting policies adopted by the National Council in the preparation of the financial report.

(a) Comparative Amounts

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current year.

(b) Revenue

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

Revenue from sustentation fees is accounted for on an accrual basis and is recorded as revenue in the year to which it relates. Grant revenue is recognised when earned in accordance with grant conditions. Donation income is recognised when it is received.

Interest revenue is recognised on an accrual basis using the effective interest method.

(c) Income Tax

No provision for Income Tax is necessary as the Union is exempt from Income Tax under Section 50-15 of the *Income Tax Assessment Act 1997*.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less where applicable, any accumulated depreciation and any impairment in value.

Depreciation

The depreciable amounts of all fixed assets are depreciated on a straight-line basis over their estimated useful lives to the Union commencing from the time the asset is held ready for use.

The depreciation rates used for each class of assets are:

Class of Fixed Asset	Depreciation Rate
Office Furniture and Equipment	5 - 40 %
Library Computer Equipment	5 - 40 %
Motor Vehicles	15 - 20%

The asset residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

The gain or loss on disposal of all fixed assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in the statement of comprehensive income in the year of disposal.

(e) Impairment

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and value in use. For the purpose of assessing value in use, this represents depreciated current replacement cost, as the Union is a not-for-profit organisation.

(f) 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 have been measured at the amounts expected to be paid when the liability is settled plus related on-costs.

Other employee benefits payable later than one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. In the case of Long Service Leave this results in an amount not materially different to that achieved by discounting future cash flows.

Contributions are made by the Union to employee superannuation funds and are charged as expenses when incurred.

(g) Investments

(i) Classification

From 1 January 2018, the Company classifies its financial assets in the following measurement categories:

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(g) Investments (continued)

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(iv) Impairment

From 1 January 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(v) Investments - Accounting policies applied until 31 December 2017

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date which is the date on which the entity commits to purchase, or sell the asset. Accounting policies for each category of investments and other financial assets subsequent to initial recognition are set out below.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(g) Investments (continued)

Available-for-sale financial assets

Investments which are classified as available for sale are measured at fair value. Unrealised gains or losses on these investments are recognised directly to equity in the Available-for-Sale Investment Reserve until the investment is sold or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported for the asset is included in the statement of comprehensive income.

(h) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables on the statement of financial position are shown inclusive of GST.

(i) Accounting Standards and Interpretations Issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been early adopted by the Union for the year ended 31 December 2018.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period. The Union will adopt this standard from 1 January 2019. The Union is in the process of assessing the impact of the application of this standard to the extent relevant to the financial statements of the Union.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(i) Accounting Standards and Interpretations Issued but not yet effective (continued)

AASB 16 Leases (continued)

Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Union will adopt this standard from 1 January 2019. The Union is in the process of assessing the impact of the application of this standard to the extent relevant to the financial statements of the Union.

(j) Going Concern

The National Council ability to continue as a going concern is reliant on the on-going sustentation fees paid by the State branches.

The terms and conditions are as follows:

- i. The state branches must pay the National Council 17.64% (NSW 12.69%) of the total fees received by the State branches as Entrance fees and Annual Fees in each calendar month;
- ii. The payment must be made to the National Council within 21 days of the last day of the month in which the dues are received by the State Branches;
- iii. The payments of Sustentation Fees must not be used by Branches for any other purpose.

(k) Going Concern Support

The National Council has not agreed to provide financial support to any other reporting units to ensure they can continue on a going concern basis.

(l) Amalgamations and Restructures

There have been no amalgamations or restructures in the financial year and previous financial year. No assets or liabilities have been acquired as a result of any amalgamations or restructures.

(m) Business Combinations

There have been no business combinations during the financial year and previous financial year. No assets or liabilities have been acquired as a result of any business combinations.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(m) Accounting Standards

The National Council has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the entity:

AASB 9 Financial Instruments

The entity has adopted AASB 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

No accounting standard has been adopted earlier than the application date stated in the standard.

NOTES TO AND FORMING PART OF THE FINANCIAL
FOR THE YEAR ENDED 31 DECEMBER 2018

1. STATEMENT OF ACCOUNTING POLICIES (continued)

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period that are expected to have a future financial impact on the reporting unit include:

<p>AASB 1058 Income of Not- for-Profit Entities</p>	<p>1 January 2019</p>	<p>AASB 1058 clarifies and simplifies the income recognition requirements that apply to NFP entities, in conjunction with AASB 15 <i>Revenue from Contracts with Customers</i>. These Standards supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 <i>Contributions</i>.</p> <p>Under AASB 1058, the timing of income recognition depends on whether a NFP transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity.</p> <p>This standard applies when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. In the latter case, the entity will recognise and measure the asset at fair value in accordance with the applicable Australian Accounting Standard (e.g. AASB 116 <i>Property, Plant and Equipment</i>).</p> <p>Upon initial recognition of the asset, AASB 1058 requires the entity to consider whether any other financial statement elements (called 'related amounts') should be recognised, such as:</p> <ul style="list-style-type: none"> a. Contributions by owners; b. Revenue, or a contract liability arising from a contract with a customer; c. A lease liability; d. A financial instrument; or e. A provision. <p>These related amounts will be accounted for in accordance with the applicable Australian Accounting Standard.</p>	<p><i>The entity is yet to undertake a detailed assessment of the impact of AASB 1058</i></p>
<p>AASB 1059 Service Concession Arrangements: Grantors</p>	<p>1 January 2019</p>	<p>AASB 1059 addresses the accounting for a service concession arrangement by a grantor that is a public sector entity by prescribing the accounting for the arrangement from the grantor's perspective. It requires the grantor to:</p> <ul style="list-style-type: none"> · recognise a service concession asset constructed, developed or acquired from a third party by the operator, including an upgrade to an existing asset of the grantor, when the grantor controls the asset; · reclassify an existing asset (including recognising previously unrecognised identifiable intangible assets and land under roads) as a service concession asset when it meets the criteria for recognition as a service concession asset; · initially measure a service concession asset constructed, developed or acquired by the operator or reclassified by the grantor at current replacement cost in accordance with the cost approach to fair value in AASB 13 <i>Fair Value Measurement</i>. Subsequent to the initial recognition or reclassification of the asset, the service concession asset is accounted for in accordance with AASB 116 <i>Property, Plant and Equipment</i> or AASB 138 <i>Intangible Assets</i>, as appropriate, except as specified AASB 1059; · recognise a corresponding liability measured initially at the fair value (current replacement cost) of the service concession asset, adjusted for any other consideration between the grantor and the operator; and · disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of assets, liabilities, revenue and cash flows arising from service concession arrangements. 	<p><i>When this Standard is first adopted for the year ending 31 December 2019, there will be no impact on the transactions and balances recognised in the financial statements as the entity is not a grantor in a service concession arrangement</i></p>

NOTES TO AND FORMING PART OF THE FINANCIAL
FOR THE YEAR ENDED 31 DECEMBER 2018

1. STATEMENT OF ACCOUNTING POLICIES (continued)

AASB 2016-8 <i>Amendments to Australian Accounting Standards — Australian Implementation Guidance for Not-for-Profit Entities</i>	1 January 2019	AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 <i>Financial Instruments</i> (2014) and AASB 15 <i>Revenue from Contracts with Customers</i> . This guidance will assist not-for-profit entities in applying those Standards.	<i>The entity is yet to undertake a detailed assessment of the impact of this amendment</i>
AASB 2017-1 <i>Amendments to Australian Accounting Standards — Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments</i>	1 January 2019	AASB 2017-1 amends: · AASB 1 First-time Adoption of Australian Accounting Standards to delete some short-term exemptions for first-time adopters that were available only for reporting periods that have passed and to add exemptions arising from AASB Interpretation 22 Foreign Currency Transactions and Advance Consideration; · AASB 128 Investments in Associates and Joint Ventures to clarify that: - a venture capital organisation, or a mutual fund, unit trust and similar entities may elect, at initial recognition, to measure investments in an associate or joint venture at fair value through profit or loss separately for each associate or joint venture; and - an entity that is not an investment entity may elect to retain the fair value measurement applied by its associates and joint ventures that are investment entities when applying the equity method. This choice is available separately for each investment entity associate or joint venture; and · AASB 140 Investment Property to reflect the principle that an entity transfers a property to, or from, investment property when, and only when, there is a change in use of the property supported by evidence that a change in use has occurred.	<i>When these amendments are first adopted for the year ending 31 December 2019, there will be no material impact on the financial statements</i>
AASB 2017-4 <i>Amendments to Australian Accounting Standards — Uncertainty over Income Tax Treatments</i>	1 January 2019	AASB 2017-4 amends AASB 1 First-time Adoption of Australian Accounting Standards to add paragraphs arising from AASB Interpretation 23 Uncertainty over Income Tax Treatments.	<i>There is no impact for the entity as the Union is exempt from Income Tax under Section 50-15 of the Income Tax Assessment Act 1997</i>
AASB 2017-6 <i>Amendments to Australian Accounting Standards — Prepayment Features with Negative Compensation</i>	1 January 2019	AASB 2017-6 amends AASB 9 <i>Financial Instruments</i> (2014) to permit entities to measure at amortised cost or fair value through other comprehensive income particular financial assets that would otherwise have contractual cash flows that are solely payments of principal and interest but do not meet that condition only as a result of a prepayment feature. This is subject to meeting other conditions, such as the nature of the business model relevant to the financial asset. Otherwise, the financial assets would be measured at fair value through profit or loss.	<i>When these amendments are first adopted for the year ending 31 December 2019, there will be no material impact on the financial statements.</i>
AASB 2017-7 <i>Amendments to Australian Accounting Standards — Long-term Interests in Associates and Joint Ventures</i>	1 January 2019	AASB 2017-7 amends AASB 128 Investments in Associates and Joint Ventures to clarify that an entity is required to account for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture but to which the equity method is not applied, using AASB 9 <i>Financial Instruments</i> before applying the loss allocation and impairment requirements in AASB 128.	<i>When these amendments are first adopted for the year ending 31 December 2019, there will be no material impact on the financial statements.</i>
AASB 15 <i>Revenue from Contracts with Customers</i>	1 January 2019	AASB 15: · replaces AASB 118 <i>Revenue</i> , AASB 111 <i>Construction Contracts</i> and some revenue-related Interpretations; - establishes a new revenue recognition model - changes the basis for deciding whether revenue is to be recognised over time or at a point in time - provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing) - expands and improves disclosures about revenue.	<i>The entity will adopt this standard from 1 January 2019. The impact of its adoption is currently being assessed by the entity.</i>

NOTES TO AND FORMING PART OF THE FINANCIAL
FOR THE YEAR ENDED 31 DECEMBER 2018

1. STATEMENT OF ACCOUNTING POLICIES (continued)

AASB 16 <i>Leases</i>	1 January 2019	AASB 16: · replaces AASB 117 <i>Leases</i> and some lease-related Interpretations · requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases · provides new guidance on the application of the definition of lease and on sale and lease back accounting · largely retains the existing lessor accounting requirements in AASB 117 · requires new and different disclosures about leases	<i>The entity will adopt this standard from 1 January 2019. The impact of its adoption is currently being assessed by the entity.</i>
Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019	Interpretation 23 clarifies how the recognition and measurement requirements of AASB 112 Income Taxes are applied where there is uncertainty over income tax treatments.	<i>There is no impact for the entity as the Union is exempt from Income Tax under Section 50 -15 of the Income Tax Assessment Act 1997</i>
Annual Improvements to IFRS Standards 2015-2017 Cycle	1 January 2019	This standard makes a number of relatively minor amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs.	<i>When this interpretation is adopted for the year ending 31 December 2019, there will be no material impact on the financial statements</i>

(n) Administration by a third party

The National Council was not administered by a third party.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. ACCOUNTING ESTIMATES AND JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and

The Union makes estimates and assumptions concerning the future. The resulting accounting estimates by definition seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

(b) Critical judgements in applying the Union's

There are no critical judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

3. INFORMATION TO BE PROVIDED TO MEMBERS OR THE COMMISSIONER OF REGISTERED ORGANISATIONS COMMISSION

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. INCOME

Capitation/ Sustentation fees

	2018	2017
	\$	\$
NSW & ACT	1,387,365	1,371,290
VIC & TAS	1,228,241	1,225,498
QLD	819,658	815,863
WA	717,000	732,770
SA	317,499	326,932
Total Capitation/ Sustentation fees	<u>4,469,763</u>	<u>4,472,353</u>

Other Income

The following income items as prescribed under the reporting guidelines of the *Fair Work (Registered Organisations) Act 2009*, have not occurred in the reporting period:

- a. Membership fees
- b. Compulsory levies
- c. Donations or grants
- d. Other financial support from other reporting units

5. EXPENSES

- (a) Fees and periodic subscriptions are paid in respect of its affiliation to any political party, any federation, congress, council or group of organisations, or any international body having an interest in industrial matters.

	2018	2017
	\$	\$
Affiliation Fee		
ACTU	279,076	277,195
International Transport Workers Federation (ITF)	80,263	70,521
Australian Trucking Association	-	10,000
	<u>359,339</u>	<u>357,716</u>

- (b) Compulsory levies

ACTU Growth & Campaign Levy	<u>137,970</u>	<u>128,563</u>
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The levy is imposed by ACTU as a fee for affiliation with the peak union body.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

5. EXPENSES (continued)

(c) Donations

2018

Non-reportable donations less than or equal to \$1,000 (Incl. GST)

Details to whom payment made	Purpose	\$
Australian Labor Party	Fundraising Lunch	1,000
Australian Labor Party	Reid Fundraiser	1,000
Victorian Labor Party	Tarneit Fundraising Luncheon	1,000
NSW Labor	Maroubra Fundraising Dinner	990
NSW Labor	Campbelltown Fundraising Luncheon	990
Australian Labor Party	Watson Fundraising Dinner	680
Australian Labor Party	Margaret Whitlam Dinner x 4 tickets	600
First Nations People 30th Anniversary	Long March for Justice - donation	500
NSW Labor	Oatley Fundraiser	500
NSW Country Labor	Irish Friends of Labor - Brigid Awards	300
Feed Melbourne Appeal	Donation	200
NSW Labor	Donation	160
Rainbow Labor	Donation	150
NSW Labor	Donation	140
SDA - Shop Distribute Allied	Pink Ribbon Charity Breakfast	130
NSW Country Labor	Dinner	55
NSW Country Labor	BBQ	10
TOTAL		8,405

Reportable donations exceeding \$1,000 (Incl. GST)

Details to whom payment made	Purpose	\$
Australian Labor Party	Banks Fundraising Luncheon	3,000
Wayne Swan	ALP Presidency travel contribution	2,212
NSW Labor	Fundraising Dinner	1,700
Tasmania Labor Party	Franklin Donation	1,500
Victorian Labor Party	Sydenham Fundaising Luncheon	1,200
Australian Labor Party	Fundraising Dinner	1,200
TOTAL		10,812

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

5. EXPENSES (continued)

(c) Donations (continued)

2017

Non-reportable donations less than or equal to \$1,000 (Incl. GST)

Details to whom payment made	Purpose	\$
NSW Country Labour	Donation	50
Human Rights Watch	Human Rights Watch reception	75
NSW ALP State Campaign	Fundraising lunch	500
Human Rights Watch	Donation	750
Irish Friends of Labour	Gala dinner - Brigids Awards	975
Margaret Whitlam Annual Dinner	Federal campaign	1,000
Tasmania Labour Party	David O'Byrne fundraising lunch	1,000
TOTAL		4,350

Reportable donations exceeding \$1,000 (Incl. GST)

Details to whom payment made	Purpose	\$
Jim Chalmers	Contribution - New economy meetings USA	3,310
WA Labour Party	Forrestfield State Election Campaign	4,500
TOTAL		7,810

(d) Employee expenses related to holders of office

	2018	2017
	\$	\$
Wages and Salaries	307,476	345,826
Superannuation	55,085	51,725
Leave and other entitlements	41,239	12,582
Separation and redundancies	-	-
Other employee expenses	6,623	5,982
	<u>410,423</u>	<u>416,115</u>

(e) Employee expenses related to employees (other than holders of office)

	2018	2017
	\$	\$
Wages and Salaries	1,836,645	1,875,363
Superannuation	235,739	218,234
Leave and other entitlements	49,652	16,683
Separation and redundancies	-	-
Other employee expenses	12,856	14,821
	<u>2,134,892</u>	<u>2,125,101</u>

(f) Legal costs

	2018	2017
	\$	\$
Legal costs - other	105,387	58,723
Legal costs - Litigation	36,053	125,454
	<u>141,440</u>	<u>184,177</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

5. EXPENSES (continued)

(g) Other expenses

The following expense items are prescribed under the reporting guidelines of the Fair Work (Registered Organisation) Act, 2009, have not occurred in the reporting period:

- a. Payments to employers for payroll deduction activity
- b. Capitation fee payments to other reporting units
- c. Fees or allowances paid to persons in respect of their attendance as representatives of the Union at conferences or other meetings
- d. Expenses incurred in connection with holding meetings of members of the reporting unit and any conferences or meetings of councils, committees, panels or other bodies for the holding of which the reporting unit was wholly or partly responsible
- e. No amount paid in grants that were equal to or less than \$1,000 or in excess of \$1,000

6. DISCLOSURES IN RESPECT OF STATEMENT OF FINANCIAL POSITION

(a) Amounts receivable/payable to/from other reporting units of the Union

Amounts receivable and payable in respect of the State Branches have been disclosed in Note 10 and Note 13 respectively. A breakdown of amounts due from Branches is disclosed in Note 15.

(b) Legal costs payable

	2018	2017
	\$	\$
Legal costs - other	1,045	-
Legal costs - Litigation	-	5,724
	<u>1,045</u>	<u>5,724</u>

(c) Employee provisions related to holders of office

	2018	2017
	\$	\$
Annual leave	46,259	48,540
Long service leave	89,818	84,848
Separation and redundancies	-	-
Other employee provisions	-	-
	<u>136,077</u>	<u>133,388</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

6. DISCLOSURES IN RESPECT OF STATEMENT OF FINANCIAL POSITION (continued)

(d) Employee provisions related to employees (other than holders of offices)

	2018	2017
	\$	\$
Employees provisions		
Annual leave	226,513	183,316
Long service leave	110,332	39,959
Separation and redundancies	-	-
Other employee provisions	-	-
	<u>336,845</u>	<u>223,275</u>

(e) Items noted above as prescribed under the reporting guidelines of the *Fair Work (Registered Organisations) Act, 2009* which have not occurred in the reporting period do not have respective balances at year-end and therefore not disclosed. These include:

- (i) Payables to employers are consideration for the employers making payroll deductions of membership subscription

7. DISCLOSURES IN RESPECT OF STATEMENT OF CHANGES IN EQUITY

The following equity items as prescribed under the reporting guidelines of the *Fair Work (Registered Organisations) Act, 2009*, have not occurred in the reporting period:

- a. No separate fund or account operated in respect of compulsory levies raised by the union or voluntary contributions collected from members of the Union.
- b. No monies in respect of compulsory levies raised or voluntary contributions collected from members of the Union have been invested in any assets.
- c. No separate fund or account which is required by the rules of the Union or rules of a Branch of the Union.
- d. No transfer(s) and/or withdrawal(s) to a fund account or controlled entity, when any of these are kept for a specific purpose(s) by the Union.
- e. Nil balance of general fund.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. DISCLOSURES IN RESPECT OF STATEMENT OF CASH FLOWS

(a) Amounts received/paid to/from other reporting units of the Union

Amounts received and paid in respect of the State Branches have been incorporated as part of the Statement of Cash Flows and detailed below. A breakdown of amounts received can be found at Note 15.

		2018	2017
		\$	\$
Cash inflows from State Branches	15	4,782,680	4,653,060
Cash outflows to State Branches	15	-	41,665

		2018	2017
		\$	\$
9. CASH AND CASH EQUIVALENTS			
Cash at Bank		452,290	305,213
Cash in Hand		1,000	1,000
		<u>453,290</u>	<u>306,213</u>

OTHER FINANCIAL ASSETS

Term Deposits		3,700,000	4,000,000
Refundable Security Deposit		350	350
		<u>3,700,350</u>	<u>4,000,350</u>

10. RECEIVABLES

Accrued Interest & Distributions		47,669	14,811
Debtors - Branches			
TWU of Australia NSW Branch ACT		9,476	10,772
TWU of Australia QLD Branch		230,287	143,545
TWU of Australia SA Branch		29,337	30,488
TWU of Australia VIC/TAS Branch		167,154	178,201
TWU of Australia WA Branch		133,999	89,409
TWU of Australia NSW		84,150	90,289
Sundry Debtors (i)		108,362	-
TWU Super Fund		269	138
Prepayments		61,806	55,509
Provision for doubtful debtors		-	-
		<u>872,509</u>	<u>613,162</u>

(i) Amount due from the Federal Court of Australia of \$108,362 as a result of overpayment in fines, due to successful court appeal. Initial infringement of \$271,362 on 2nd of February 2018, subsequently amended to \$163,000 on 21st November 2018.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (2017: AVAILABLE-FOR-SALE FINANCIAL ASSET)

	2018	2017
	\$	\$
Coles share holding – Fair Value	144	-
Wesfarmers Share Holding – Fair Value	395	533
Nikko Investment – Fair Value	496,707	579,625
TOTAL	<u>497,246</u>	<u>580,158</u>

Fair value of the unlisted share fund was based on the market value of the investment in accordance to the statement as at 31 December 2018 provided by the investment management institution. Fair value increments have been recognised in other comprehensive income as a separate component of equity.

Movement Schedule

	2018	2017
	\$	\$
<u>Coles share holding</u>		
Opening January	-	-
Additions	144	-
Disposals	-	-
Revaluations	-	-
Closing December	<u>144</u>	<u>-</u>
<u>Wesfarmers Share</u>		
Opening January	533	558
Additions	-	-
Disposals	-	-
Revaluations	(138)	(25)
Closing December	<u>395</u>	<u>533</u>
<u>Nikko Investment - Share Fund</u>		
Opening January	579,625	497,599
Additions	-	29,592
Disposals	-	-
Revaluations	(82,918)	52,434
Closing December	<u>496,707</u>	<u>579,625</u>

The Union measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets, financial liabilities and available-for-sale financial assets at fair value through profit or loss (FVTPL)
- The Union has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

(a) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and;
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11 (a) AVAILABLE-FOR-SALE FINANCIAL ASSET (continued)

(i) Recognised fair value measurements

The following table presents the Union's assets and liabilities measured and recognised at fair value at 31 December 2018 and 2017:

At 31 December 2018	Level 1	Level 2	Level 3	Total
Coles Share Holding – Fair Value	144	-	-	144
Westfarmers Share Holding – Fair Value	395	-	-	395
Nikko Investment – Fair Value	496,707	-	-	496,707
Total Financial Assets	497,246	-	-	497,246
At 31 December 2017	Level 1	Level 2	Level 3	Total
Integrity Australian Share Fund – Fair Value	-	-	-	-
Wesfarmers Share Holding – Fair Value	533	-	-	533
Nikko Investment – Fair Value	579,625	-	-	579,625
Total Financial Assets	580,158	-	-	580,158

There were no transfers between levels for recurring fair value measurements during the year.

The unions policy is to recognise transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Disclosed fair values

For all financial instruments other than those measured at fair value, their carrying value approximates fair value.

The carrying amounts of receivables and payables are assumed to approximate their fair values due to their short-term nature.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018	2017
	\$	\$
12. PROPERTY, PLANT AND EQUIPMENT		
Office Furniture and Equipment – At Cost	273,220	273,220
Less: Accumulated Depreciation	<u>(273,220)</u>	<u>(243,518)</u>
	-	29,702
Computer Equipment – At Cost	531,644	517,681
Less: Accumulated Depreciation	<u>(502,996)</u>	<u>(484,761)</u>
	28,648	32,920
Motor Vehicles – At Cost	96,400	96,400
Less: Accumulated Depreciation	<u>(69,047)</u>	<u>(49,820)</u>
	27,353	46,580
Leasehold Improvements – At Cost	-	13,182
Less: Accumulated Depreciation	<u>-</u>	<u>(13,182)</u>
	-	-
Total Property, Plant and Equipment	<u>56,001</u>	<u>109,202</u>

	Office Furniture and Equipment	Computer Equipment	Motor Vehicles	Total
	\$	\$	\$	\$
1 Jan 2018	29,702	32,920	46,580	109,202
Additions	-	13,963	-	13,963
Disposals	-	-	-	-
Depreciation	<u>(29,702)</u>	<u>(18,235)</u>	<u>(19,227)</u>	<u>(67,164)</u>
31 Dec 2018	-	28,648	27,353	56,001

13. PAYABLES

	2018	2017
	\$	\$
Deferred Revenues	30,000	30,000
Creditors – Other	360,547	376,264
Creditors – Union NSW Fees	-	-
Creditors – Branches	-	-
TWU of NSW Branch	-	-
TWU SA/NT Branch	-	-
TWU QLD Branch	-	-
TWU VIC/TAS Branch	-	-
TWU WA Branch	<u>390,547</u>	<u>406,264</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 \$	2017 \$
14. CASH FLOW INFORMATION		
(a) Cash includes:		
For the purpose of the statement of cash flows, cash includes:		
Cash on hand and in at call deposits with banks or financial institutions, net of bank overdrafts.		
Cash at Bank	452,290	305,213
Cash in Hand	1,000	1,000
Deposits at call	-	-
	<u>453,290</u>	<u>306,213</u>
(b) Reconciliation of cash flow from operations with operating result		
Operating Deficit / Surplus	46,277	(15,765)
Non Cash Flows in Operating Result		
Depreciation	67,165	47,005
Gain on Disposal of Assets	-	-
Loss on Disposal of Investment	-	-
Reinvested Distributions	(71,575)	(29,592)
Changes in assets and liabilities		
Decrease in Payables	(15,730)	(1,010)
Decrease/(Increase) in Receivables	40,654	(85,403)
Increase in Employees Entitlements	116,259	29,265
CASH FLOWS FROM OPERATIONS	<u>183,050</u>	<u>(55,500)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

15. AMOUNTS DUE FROM BRANCHES

	NSW & ACT	VIC/TAS	SA & NT	QLD	WA	TOTAL
AMOUNTS DUE FROM BRANCHES AT 1 JANUARY 2018 (EXC GST)						
Sustentation Fees	91,874	162,001	27,717	130,224	81,280	493,096
A.C.T.U. Contributions	-	-	-	-	-	-
Litigation reimbursement	-	-	-	-	-	-
Training Levy	-	-	-	-	-	-
National Organising Fund	-	-	-	-	-	-
Other	-	-	-	271	-	271
	<u>91,874</u>	<u>162,001</u>	<u>27,717</u>	<u>130,495</u>	<u>81,280</u>	<u>493,367</u>
AMOUNTS CHARGED TO BRANCHES (EXC GST)						
Sustentation Fees	1,387,365	1,228,241	317,499	819,658	717,000	4,469,763
A.C.T.U. Contributions	40,594	26,824	7,104	17,858	16,042	108,422
Litigation reimbursement	-	1,733	-	-	-	1,733
Training Levy	10,149	6,706	1,776	4,465	4,011	27,107
National Organising Fund	-	-	-	-	-	-
Other	233,346	7,749	(10,303)	7,268	40,530	278,590
	<u>1,671,454</u>	<u>1,271,253</u>	<u>316,076</u>	<u>849,249</u>	<u>777,583</u>	<u>4,885,615</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. AMOUNTS DUE FROM BRANCHES (CONTINUED)

AMOUNTS RECEIVED FROM BRANCHES (EXC GST)

	NSW & ACT	VIC/TAS	SA & NT	QLD	WA	TOTAL
Sustentation Fees	1,394,124	1,238,284	318,546	749,459	676,464	4,376,877
A.C.T.U. Contributions	40,594	26,824	7,104	8,929	16,042	99,493
Litigation	-	1,733	-	-	-	1,733
Training Levy	10,149	6,706	1,776	4,465	4,011	27,107
National Organising Fund	-	-	-	-	-	-
Other	233,346	7,749	(10,303)	7,539	40,530	278,861
	<u>1,678,213</u>	<u>1,281,296</u>	<u>317,123</u>	<u>770,392</u>	<u>737,047</u>	<u>4,784,071</u>

AMOUNTS DUE FROM BRANCHES AT 31 DECEMBER 2018

Sustentation Fees	85,115	151,958	26,670	200,424	121,816	585,983
A.C.T.U. Contributions	-	-	-	-	-	-
Litigation reimbursement	-	-	-	-	-	-
Training Levy	-	-	-	-	-	-
National Organising Fund	-	-	-	-	-	-
Other	-	-	-	8,929	-	8,929
	<u>85,115</u>	<u>151,958</u>	<u>26,670</u>	<u>209,353</u>	<u>121,816</u>	<u>594,912</u>

AMOUNTS PAID TO BRANCHES (EXC GST)

Litigation reimbursement	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

16. RELATED PARTY DISCLOSURES

(a) Related party transactions

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

- (i) The aggregate amount of remuneration paid to officers during the financial year is disclosed in the Financial Report (Note 5 (d)).
- (ii) The aggregate amount paid during the financial year to a superannuation plan in respect of elected full time officers was \$55,085 (2017: \$51,725).
- (iii) There have been no other transactions between the officers and the National Council other than those relating to their membership of National Council and the reimbursement by National Council in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which it is reasonable to expect would have been adopted by parties at arm's length.
- (iv) National Council of the Transport Workers' Union of Australia is a member of Transport Education Audit Compliance Health Organisation (TEACHO) Limited. There were no transactions between this entity and the National Council of the Transport Workers' Union of Australia during the year.
- (v) Sustentation Fees received from and administration fees paid to the Transport Workers' Union State Branches are disclosed as income and expenses respectively in the Statement of Comprehensive Income and as cash received and cash paid respectively in Note 8(a).
- (vi) Amounts receivable from and payable to the Transport Workers' of Australia State Branches at balance date are disclosed at Note 10 and Note 13 of the accounts respectively.
- (vii) Other than the receivables and payables noted at 16 (a)(v), there are no outstanding balances from related parties at the end of the financial year, including loans.
- (viii) There are no doubtful debt provisions raised against any related party balances at the end of the financial year.
- (ix) There have been no payments made during the reporting period to a former related party.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

16. RELATED PARTY DISCLOSURES (Continued)

(b) Key management personnel remuneration

Key management persons are those persons having authority and responsibility for planning, directing and controlling the activities of the Union, directly or indirectly, including any member of the National Committee of Management. Key management personnel remuneration includes the following expenses:

	2018	2017
	\$	\$
Short-term employee benefits		
Wages and Salaries	307,476	345,826
Annual Leave	41,239	5,187
Other employee expenses	-	-
Post-employment benefits		
Superannuation	55,085	51,725
Other long-term employee benefits		
Long service leave	0	7,396
Total	<u>403,800</u>	<u>410,134</u>

17. SUPERANNUATION

Employees of National Council are entitled to benefits from a superannuation plan on retirement, disability or death. National Council participated in a defined contribution plan. The benefits provided under this plan are based on accumulated contributions and earnings for each employee. National Council's liability is limited to paying the contributions to the plan.

18. CAPITAL AND LEASING COMMITMENTS

Operating Lease Commitments

Non-cancellable operating leases contracted for, but not capitalised in the financial statements:

	2018	2017
	\$	\$
No longer than 1 year	71,457	233,381
Longer than 1 year but not longer than 5 years	94,013	143,288
	<u>165,470</u>	<u>376,669</u>

Nature of lease

Remaining Lease Term as at 31 December 2018

Photocopy lease 27 months

19 FINANCIAL RISK MANAGEMENT

(a) General objectives, policies and processes

The National Council is exposed to risks that arise from its use of financial instruments. This note describes the National Council's objectives, policies and processes for managing those risks and the methods used to measure them.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

19. FINANCIAL RISK MANAGEMENT (continued)

(a) *General objectives, policies and processes (continued)*

There have been no substantive changes in the National Council's exposure to financial instrument risk, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The National Council's financial instruments consist mainly of deposits with banks and receivables. The main risks the National Council is exposed to through its financial instruments are interest rate risk (see section (e (i)) below), liquidity risk and credit risk.

The Federal Committee of Management and the Federal Secretary have overall responsibility for the determination of the Branch's risk management objectives and policies.

(b) *Credit Risk*

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the National Council incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the National Council.

There is no concentration of credit risk with respect to current and non-current receivables.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provision for doubtful debts, as disclosed below:

	2018	2017
	\$	\$
Cash and cash equivalents	453,290	306,213

The cash and cash equivalents are held in a high quality Australian financial institution.

Debtors - Branches	654,403	542,704
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There has been no history of default, no amounts are past due and all receivables are likely to be repaid within the expected terms.

(c) *Liquidity Risk*

Liquidity risk is the risk that the National Council may encounter difficulties raising funds to meet commitments associated with financial instruments.

The National Council is not significantly exposed to this risk. As at 31 December 2018 it had \$453,290 (2017: \$306,213) of Cash and Cash Equivalents and \$3,700,000 (2017: \$4,000,000) of Other Financial Assets (Term Deposits) to meet these obligations as they fall due. Financial liabilities at 31 December 2018 totalled \$390,547 (2017: \$406,264). The National Council manages liquidity risk by monitoring cash flows.

(d) *Market Risk*

Market risk arises from the use of interest bearing, tradable financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or other market factors (other price risk).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

19. FINANCIAL RISK MANAGEMENT (continued)

(e) *Interest Rate Risk*

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

31 December 2018	Fixed Interest Rate	Floating interest rate	Non-interest Bearing	Total
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	-	452,290	1,000	453,290
Held- to maturity investments	3,700,000	-	-	3,700,000
Financial assets at fair value	496,707	-	-	496,707
Receivables	-	-	763,033	763,033
Total financial assets	4,196,707	452,290	764,033	5,413,030
Weighted average Interest rate	3.1%	0.05%	-	-
Financial Liabilities				
Payables	-	-	(390,547)	(390,547)
Net Financial Assets	4,196,707	452,290	373,486	5,022,483

31 December 2017	Fixed Interest Rate	Floating interest rate	Non-interest Bearing	Total
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	-	305,213	1,000	306,213
Held- to maturity investments	4,000,000	-	-	4,000,000
Financial assets at fair value	580,158	-	-	580,158
Receivables	-	-	542,842	542,842
Total financial assets	4,580,158	305,213	543,842	5,429,213
Weighted average Interest rate	3.10%	0.05%	-	-
Financial Liabilities				
Payables	-	-	(406,264)	(406,264)
Net Financial Assets	4,580,158	305,213	137,578	5,022,949

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

19. FINANCIAL RISK MANAGEMENT (continued)

(e) *Interest rate risk (continued)*

	Carry Amount	+0.5% (50 basis points) Profit	+0.5% (50 basis points)
	\$	\$	\$
2018			
Cash Assets	453,290	2,266	(2,266)
2017			
Cash Assets	306,213	1,531	(1531)

(f) *Other Price Risks*

The National Council manages risks arising from share price fluctuations as deemed appropriate.

(g) *Foreign Exchange Risk*

The National Council is not directly exposed to foreign exchange rate fluctuations.

20. PROFESSIONAL FEES

	2018	2017
	\$	\$
Audit Fees	27,750	30,135
Audit Other Fees	-	-
	<u>27,750</u>	<u>30,135</u>

21. EVENTS AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Union, the results of those operations, or the state of affairs of the Union in future financial years.

22. UNION DETAILS

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

2nd Floor, 388-390 Sussex Street,
Sydney, NSW 2000

RSM Australia Pty Ltd

Level 13, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001

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www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT

To the Members of Transport Workers' Union of Australia National Council

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Transport Workers' Union of Australia National Council, ('the Reporting Unit'), which comprises the statement of financial position as at 31 December 2018, 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 National Committee of Management Statement, the subsection 255(2A) report and the Officer Declaration Statement.

In our opinion the accompanying financial report presents fairly, in all material aspects, the financial position of Transport Workers' Union of Australia National Council as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with:

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

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

Basis for Opinion

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 Reporting Unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to 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.

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

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

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Committee of Management for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

I declare that I am an auditor registered under the RO Act.

Auditor's Responsibilities for the Audit of the Financial Report

The National Committee of Management Statement reflects that the Branch has not undertaken any recovery of wages activity during the reporting period ended 31 December 2018. As such no opinion is provided in relation to recovery of wages activities.



RSM AUSTRALIA PTY LTD



C J Hume

Director

Registered Auditor Number 295720

Sydney, NSW

Dated: 3 April 2019

**OFFICER DECLARATION STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

I, Michael Kaine, being the National Secretary of the Transport Workers Union of Australia, declare that the following activities did not occur during the reporting period ending 31 December 2018.

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the Commissioner, Registered Organisations Commission
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay capitation fees to another reporting unit
- pay a grant that was \$1,000 or less
- pay a grant that exceeded \$1,000
- have a payable to an employer for that employer making payroll deductions of membership
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Signed by the officer:



Dated:

3/4/19



21 January 2019

Mr Michael Kaine
National Secretary
Transport Workers' Union of Australia
By Email: legal@twu.com.au

Dear Mr Kaine,

**Re: Lodgement of Financial Report - [FR2018/345]
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the Transport Workers' Union of Australia (the reporting unit) ended on 31 December 2018. 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, namely on or before 31 March 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. Currently penalties are up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual and may be 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 its rules) no later than 30 June 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 (see attached *Loans Grants and Donations* fact sheet FS 009). 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.

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, as set out above, being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

Subsection 255(2A) report

A general purpose financial report prepared under section 253 of the RO Act must also include the expenditure report required to be prepared under subsection 255(2A) as prescribed by reporting guideline 22. A copy of the latest reporting guidelines for the purpose of section 253 is available on our [website](#).

It should be noted that the subsection 255(2A) report must be identified by title in the auditor's report in accordance with paragraph 24(c) of Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report*.

A [fact sheet](#) is available on our website which provides guidance on the reporting requirements under subsection 255(2A) of the RO Act.

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

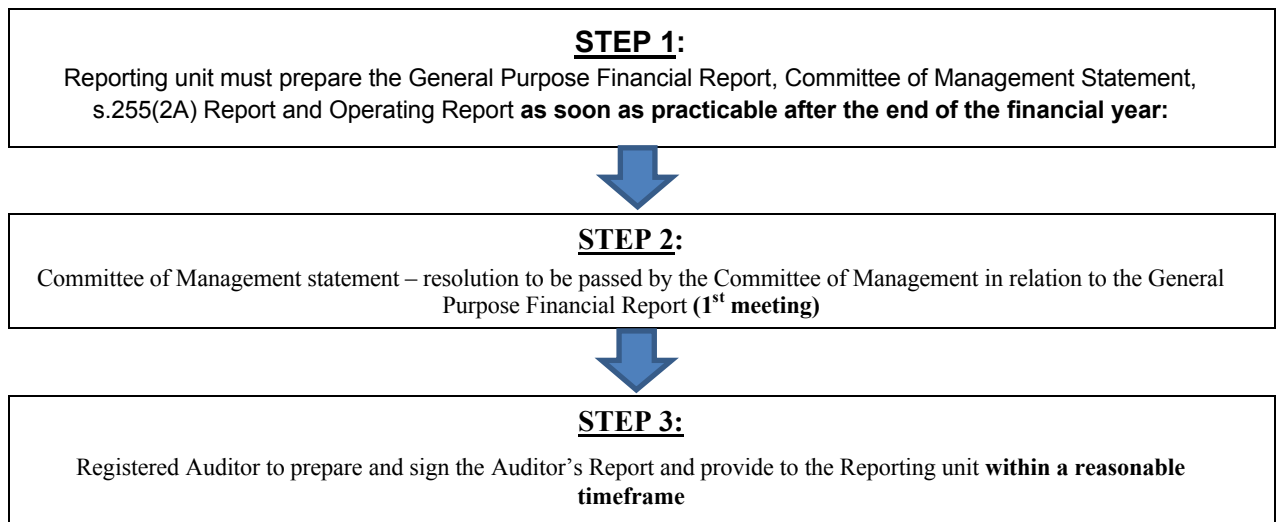


Fact sheet

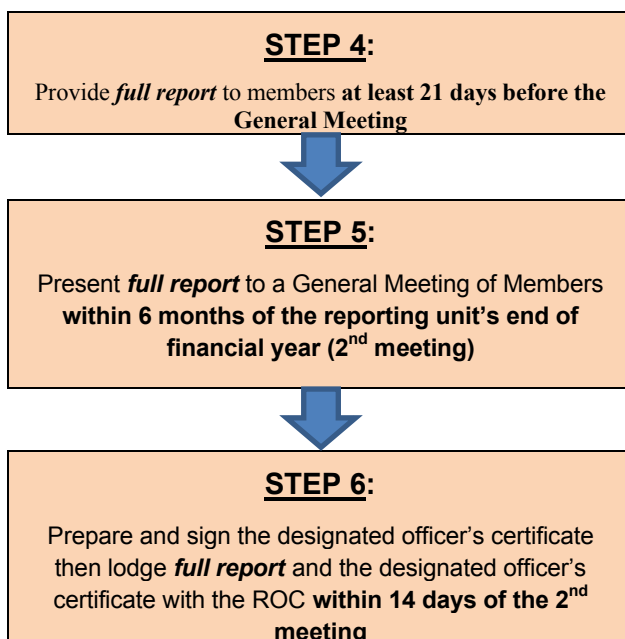
Summary of financial reporting timelines – s.253 financial reports

General Information:

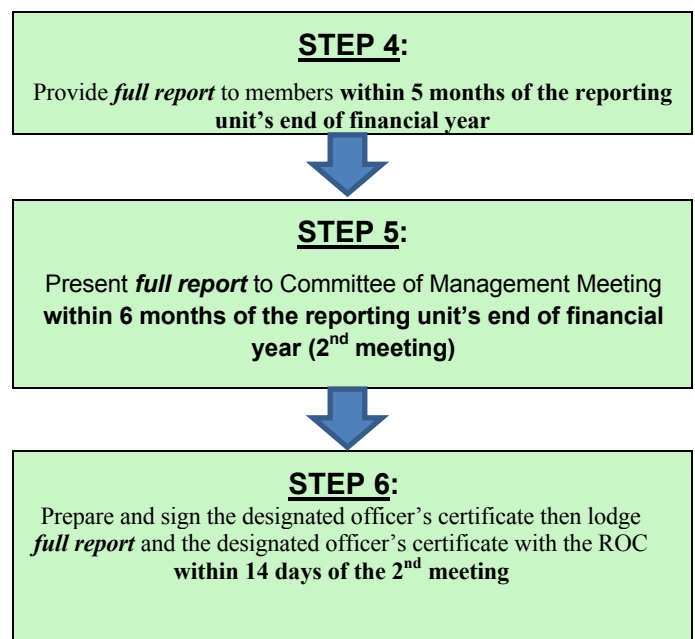
- The **full report** consists of the General Purpose Financial Report, Committee of Management Statement, Operating report, s.255(2A) Report and signed Auditors' Report
- For an explanation of each of the steps below see our [Fact sheet—financial reporting process](#).



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





















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



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
<p>x Only reporting units must lodge the Statement.</p>	<p>✓ 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.</p>
<p>x Employees can sign the Statement.</p>	<p>✓ The statement must be signed by an elected officer of the relevant branch.</p>
<p>x Statements can be lodged with the financial report.</p>	<p>✓ 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.</p>

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

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