



22 April 2020

Andrew Johnson
Secretary

Western Australian Shire Councils, Municipal Road Boards, Health Boards, Parks, Cemeteries and Racecourse, Public Authorities, Water Boards Union - Western Australian Division

Sent via email: andrew.johnson@lgrceu.org
CC: carltonpartners@bigpond.com

Dear Andrew Johnson,

Western Australian Shire Councils, Municipal Road Boards, Health Boards, Parks, Cemeteries and Racecourse, Public Authorities, Water Boards Union - Western Australian Division

Financial Report for the year ended 30 June 2019 – (FR2019/258)

I acknowledge receipt of the financial report for the year ended 30 June 2019 for the Western Australian Shire Councils, Municipal Road Boards, Health Boards, Parks, Cemeteries and Racecourse, Public Authorities, Water Boards Union - Western Australian Division (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 5 November 2019. The reporting unit also lodged an amended financial report for the year ended 30 June 2019 with the ROC on 8 April 2020.

I also acknowledge receipt of correspondence dated 8 April 2020 and previous correspondences dated 6 January 2020 and 15 January 2020 from the reporting unit. This correspondence was in response to the ROC's queries in relation to errors in the prior year figures and the unsecured loan between the reporting unit and its state registered entity, the Western Australian Municipal, Road Boards, Parks, and Racecourse Employee's Union of Workers, Perth (**the state registered entity**).

The financial report has now been filed.

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

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

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

Unsecured loan

After reviewing all the correspondences from the reporting unit, it would appear that the current purpose and operation of the unsecured loan is not in accordance with the original permitted purpose and conditions of the loan as stated in the correspondence dated 6 January 2020. It also appears that the reporting unit is not meeting the repayment obligations of the loan.

Please review the purpose, terms and conditions of the unsecured loan to ensure that the reporting unit is adhering to its expressed and permitted purpose and terms. Please also ensure that moving forward the reporting unit meet the repayment obligations of the unsecured loan.

Accounting records

In your letter dated 8 April 2020, you advise that the reporting unit and the state registered entity use the same MYOB accounting software and at the end of the financial year, the MYOB trial balance is analysed on a spreadsheet and the applicable transactions allocated to the relevant entity. You also advise that *'as each transaction originates from particular union's bank account to their own respective ledger account, it follows that the difference between the two allocations is the amount that the reporting unit owes the state registered entity'*.

It is unclear however, what transactions of the reporting unit or the state registered entity would not originate from a bank account or would create the abovementioned difference between the allocations.

The ROC reminds the reporting unit of its accounting obligations under section 252 of the RO Act. Section 252 (1) states that a reporting unit must:

- (a) keep such financial records as correctly record and explain the transactions and financial position of the reporting unit, including such records as are prescribed; and
- (b) keep its financial records in such a manner as will enable a general purpose financial report to be prepared from them under section 253; and
- (c) keep its financial records in such a manner as will enable the accounts of the reporting unit to be conveniently and properly audited.

Please ensure all financial transactions are recorded in according with the RO Act and with the appropriate supporting documentation.

Going concern

I remind the officers of the reporting unit of their duties under sections 285 and 287 of the RO Act in relation to the financial management of the reporting unit. These sections require officers to exercise their powers and discharge their duties with care and diligence, in the best interest of the organisation and not to cause detriment to the organisation. It is incumbent on the officers of the reporting unit to take appropriate steps to address the net operating loss and ensure its ongoing solvency.

General purpose financial report (GPFR)

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 20 still refers to Fair Work Commission instead of the Registered Organisations Commission.

New Australian Accounting Standards

Australian Accounting Standard *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors* paragraph 28 requires that the entity disclose new Australian Accounting Standards adopted during the period.

AASB 9 *Financial Instruments* applies retrospectively to annual reporting periods beginning on or after 1 January 2018. This standard replaces AASB 139 *Financial Instruments: Recognition and Measurement*.

The reporting unit was required to adopt this standard in the financial year ended 30 June 2019. Note 1.4 *New Accounting standards and Interpretations*, however discloses that AASB 9 is not yet applicable to the reporting unit and will be adopted in the future period.

Please ensure that in future years any new accounting standards are adopted and disclosed in accordance with the Australian Accounting Standards.

Officer-Related party remuneration and payment disclosures

In the financial report, certain information disclosed in Note 13D on page 21, has been redacted from the copy of the 2019 financial report by the ROC before publishing it on its website.

Section 293J of Part 2A of Chapter 9 of the RO Act now requires an organisation or a branch of an organisation to provide its members and lodge with the ROC a copy of an officer and related party disclosure statement in respect of certain remuneration¹ and payments² paid during the relevant financial year. This requirement applied to the financial year ending 30 June 2019. The reporting unit has lodged an officer and related party disclosure statement on 28 August 2019.

Please note that the officer and related party disclosure statement is separate from, and does not form part of, the GPFR required under section 253 of Part 3 of Chapter 8.

The ROC takes its obligations relating to privacy seriously and endeavours to ensure compliance with the requirements under the *Privacy Act 1988 (Privacy Act)*. The redactions have been effected in accordance with the ROC privacy policy to protect the personal information of persons identified in the financial report. A copy of the ROC privacy policy can be found via [this link](#).

Total liabilities

AASB 101 *Presentation of Financial Statements*, paragraph 55A (a) states that when an entity presents subtotals, those subtotals shall be comprised of line items made up of amounts recognised and measured in accordance with Australian Accounting Standards.

The total liabilities (\$926,499) in the statement of financial position in the reporting unit's GPFR does not equal the sum of total current liabilities and total non-current liabilities (\$926,449).

Please ensure that the comparative figure of total liabilities in next year's GPFR is amended to include the correct amount.

Inconsistency in disclosure of financial information

The officer's declaration statement includes a nil disclosure for the following items however, the notes to the financial statement disclose that these items had expenditure:

- fees as consideration for employers making payroll deductions of membership subscriptions - Note 4D *Administration expenses* discloses consideration to employers for payroll deductions expenses of \$312 for the 2019 financial year (2018: \$388).

¹ see section 293BC

² see section 293G

- expenses due to holding a meeting as required under the rules of the organisations - Note 4D *Administration expenses* discloses conference & meeting expenses of \$1,035 for the 2019 financial year (2018: \$756).
- legal costs relating to other legal matter - Note 4H *Legal costs* discloses other legal costs expenses of \$35,215 for the 2019 financial year (2018:\$27,206).
- payable in respect of legal costs relating to other legal matters - Note 7A *Trade payables* discloses payables for other legal costs of \$46,237 for the 2019 financial year (2018: \$44,738).
- balance in the general fund - Note 10A *Funds* discloses a balance of retained earnings of \$623,626 for the 2019 financial year (2018: \$804,777). It would appear that retained earnings is the reporting unit's general fund.

Please ensure in future years that information is consistency disclosed within the GPFR.

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

Item 21 of the RGs states that if any of the activities identified within items 10-20 of the RGs have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement. 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 financial statements and body of the notes:

- Agree to provide financial support to another reporting unit to ensure they continue as a going concern (note 22);
- Receive capitation fees from another reporting unit (statement of comprehensive income and note 3A);
- Receive revenue via compulsory levies (note 3B);
- Receive donations or grants (note 3E);
- Pay capitation fees to another reporting unit (statement of comprehensive income and note 4B);
- Pay affiliation fees to another entity (statement of comprehensive income and note 4C);
- Pay compulsory levies, pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit (note 4D);
- Pay a grant that was \$1,000 or less, pay a grant that exceeded \$1,000, pay a donation that was \$1,000 or less and pay a donation that exceeded \$1,000 (statement of comprehensive income and note 4E);
- Pay legal costs relating to litigation (note 4H);
- Pay a penalty imposed under the RO Act or the *Fair Work Act 2009* (note 4K);
- Have a receivable with another reporting unit (note 5B);
- Have a payable in respect of legal costs relating to litigation (note 7A);
- Have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch, transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity (note 10B);
- Provide cash flows to another reporting unit and/or controlled entity (cash flow statement); and
- Have another entity administer the financial affairs of the reporting unit (note 19).

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 RG categories except the following:

- Pay other employment expenses for holders of office (RG14(f)(v));
- Pay other employment expenses for employees (other than holders of offices) (RG14(g)(v)); and
- Receive cash flows from another reporting units and/or controlled entity (RG18).

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.

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 faithfully



Kylie Ngo
Registered Organisations Commission

CERTIFICATE OF WA DIVISION SECRETARY (2019)

*Pursuant to Section 268(c) of the
Fair Work (Registered Organisations) Act 2009*

I, Andrew Gerard Johnson, Division Secretary of the Western Australian Shire Councils, Municipal Road Boards, Parks, Cemeteries and Racecourse, Public Authorities, Water Boards Union, WA DIVISION certify that:

1. That documents lodged herewith are copies of the full report referred to in s253 of the Fair Work (Registered Organisations) Act 2009 and;
2. That the full report was dealt with and passed by Committee on the 16th of September 2019.
- 2 On the 4th of October 2019 the full report was provided to members.
3. The full report was presented to a General Meeting of the Western Australian Division (the only Division of the Union) members on the 4th of November 2019.

Yours faithfully



Andrew Johnson
WA Division Secretary

Dated this 5th day of November 2019



WESTERN AUSTRALIAN SHIRE COUNCILS, MUNICIPAL ROAD BOARDS, HEALTH
BOARDS, PARKS, CEMETERIES AND RACECOURSE, PUBLIC AUTHORITIES, WATER
BOARDS UNION – W.A. DIVISION

GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019.

WESTERN AUSTRALIAN SHIRE COUNCILS, MUNICIPAL
ROAD BOARDS, HEALTH BOARDS, PARKS, CEMETERIES
AND RACECOURSE, PUBLIC AUTHORITIES, WATER
BOARDS UNION – W.A. DIVISION

GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

Registered office:

Unit 209
396 Scarborough Beach Road
Osborne Park
Western Australia 6017
Telephone: (08) 9242 5158
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**WESTERN AUSTRALIAN SHIRE COUNCILS, MUNICIPAL ROAD
BOARDS, HEALTH BOARDS, PARKS, CEMETERIES AND
RACECOURSE, PUBLIC AUTHORITIES, WATER BOARDS UNION, W.A. DIVISION**

OPERATING REPORT FOR REPORTING YEAR ENDED 30 JUNE 2019

1. Review of the Union's Principal Activities.

- A. The Union acts as the only Divisional Body of the Western Australian Shire Councils, Municipal Road Boards, Parks, Cemeteries and Racecourse, Public Authorities, Water Boards Unions within Australia.
- B. The continuing maintenance of federal agreements negotiated by the organisation. The organisation was able to renegotiate 14 agreements during the reporting period and also respond to and resolve in excess of three quarters of individual member dispute arising during the reporting period (45 in total). The organisation also handled 25 unfair dismissal claims and some 20 workers compensation claims during the reporting period.
- C. The further enhancement of the union website for reporting to and receiving communication from membership.
- D. Continued publication of union newsletters and website information.
- E. The Union also conducted job delegate training provided for 20 delegates in August 2018.
- F. The Union received a contribution of \$200,000 from the Western Australian Shire Councils, Municipal Road Boards, Parks, Cemeteries and Racecourse, Public Authorities, Water Boards Unions – Perth towards the provision for the future employee entitlements.

2A. Significant Changes in the Nature of Principal Activities

None

2B. Significant Changes in the Reporting Unit's Financial Affairs During the Year

The Division continued to suffer losses of financial members for the reporting period.

3. Results of Principal Activities

Membership numbers have declined during the reporting period due to outsourcing and restructuring in the industries in which the organisation operates.

4. The Rights of Members to Resign

All members have a right to resign from the union in accordance with:

Rule 58 Resignation of member in Part Two - Rules for administration of a division, and

Rule 18 resignation of membership of the Western Australian Division General Rules as required by Section 174 of the Fair Work (Registered Organisations) Act 2009.

5. Trustee or Director of Trustee Company of Superannuation Entity of Exempt Public Sector Superannuation Fund

The following officer(s) of the Union held position(s) of fund(s) that require that one or more of their directors/trustees be a member of a registered organisation:

Officer – Mrs Andrea Ballantyne. Name of entity: - WA Local Government Superannuation Plan Pty Ltd.

6. Other Prescribed Information

In accordance with the requirements of the Registration and Accountability of Organisations Legislation the following information is provided:

- A. The number of persons that were at the end of the financial year recorded in the register of members as at 30 June 2019 was 1,080.
- B. The number of persons who were at the end of the financial year employees of the organisation including both full time and part time employees measured on a full-time equivalent basis was 5.0(3 full time employees and 3 part time employees)
- C. The names of each person who has been a member of the Committee of Management and the Union Council at any time during the reporting period. And the period for which they held such a position are set out below.

President:	Peter Crawford	1 July 2018 – 30 June 2019
Vice President:	Richard Wilton	1 July 2018 – 30 June 2019
Secretary:	Andrew Johnson	1 July 2018 – 30 June 2019
Treasurer:	Andrea Ballantyne	1 July 2018 – 30 June 2019

**WESTERN AUSTRALIAN SHIRE COUNCILS, MUNICIPAL ROAD
BOARDS, HEALTH BOARDS, PARKS, CEMETERIES AND
RACECOURSE, PUBLIC AUTHORITIES, WATER BOARDS UNION, W.A. DIVISION**

OPERATING REPORT FOR REPORTING YEAR ENDED 30 JUNE 2019

6. Other Prescribed Information (cont'd)

Committee of Management Members:

Martyn Love	1 July 2018 – 30 June 2019
Brett Thompson	1 July 2018 – 30 June 2019
Greg Magor	1 July 2018 – 30 June 2019
Dean Stephens	1 July 2018 – 30 June 2019
Paul Macnamara	1 July 2018 – 30 June 2019
Bernie Ellerby	1 July 2018 – 30 June 2019

Division Trustee:

Graham Siggelkow	1 July 2018 – 30 June 2019
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Zone Delegates:

Central Districts	Vacant
Coastal Districts	Vacant
Goldfields	Vacant
Kimberley-Territories	Vacant
Metropolitan	Vacant
Murchison	Vacant
Pilbara	Vacant
Murchison	Vacant
South Western	Vacant

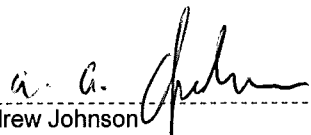
Union Councillors

Peter Crawford	1 July 2018 – 30 June 2019
Bernie Ellerby	1 July 2018 – 30 June 2019
Martyn Love	1 July 2018 – 30 June 2019
Paul Macnamara	1 July 2018 – 30 June 2019
Greg Magor	1 July 2018 – 30 June 2019
Graham Siggelkow	1 July 2018 – 30 June 2019
Dean Stephens	1 July 2018 – 30 June 2019
Brett Thompson	1 July 2018 – 30 June 2019
Richard Wilton	1 July 2018 – 30 June 2019

7. Changes in Composition of office Bearers

None

- 8. This report has been prepared by Andrew Gerard Johnson Division Secretary as authorised by the Committee of Management**



Andrew Johnson
Division Secretary

31st March 2020

Dated

**WESTERN AUSTRALIAN SHIRE COUNCILS, MUNICIPAL ROAD
BOARDS, HEALTH BOARDS, PARKS, CEMETERIES AND
RACECOURSE, PUBLIC AUTHORITIES, WATER BOARDS UNION, W.A. DIVISION**

COMMITTEE OF MANAGEMENT STATEMENT

On the _____ the Committee of Management of the Western Australian Shire Councils, Municipal Road Boards, Parks, Cemeteries and Racecourse, Public Authorities, Water Boards Union W.A. Division (the "Union") passed the following resolution in relation to the general purpose financial report ("GPFR") for the reporting unit for the financial year ended 30 June 2019.

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

- (a.) the financial statements and notes comply with the Australian Accounting Standards;
- (b.) the financial statements and notes comply with the reporting guidelines of the Commissioner;
- (c.) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Union for the financial year to which they relate;
- (d.) there are reasonable grounds to believe that the Union will be able to pay its debts as and when they become due and payable;
- (e.) during the financial year to which the GPFR relates and since the end of the financial year:
 - (i.) meetings of the Committee of Management were held in accordance with the rules of the organisation, and
 - (ii.) the financial affairs of the Union have been managed in accordance with the rules of the organisation, and
 - (iii.) the financial records of the Union have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 & Regulations; and
 - (iv.) the financial records of the Union have been kept as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
 - (v.) to the knowledge of any member of the Committee, no information has been sought in any request by a member of the Union or a Commissioner duly made under Section 272 of the Fair Work (Registered Organisations) Act 2009; and
 - (vi.) where any order for inspection of financial records has been made by the Fair Work Commission under Section 273 of the RO Act, there has been compliance.

As authorised by the Committee of Management

Andrew Johnson
Division Secretary

Dated this

3rd

day of

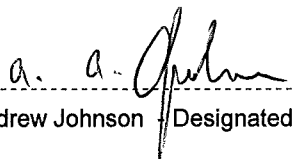
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**WESTERN AUSTRALIAN SHIRE COUNCILS, MUNICIPAL ROAD
BOARDS, HEALTH BOARDS, PARKS, CEMETERIES AND
RACECOURSE, PUBLIC AUTHORITIES, WATER BOARDS UNION, W.A. DIVISION**

**REPORT REQUIRED UNDER SUBSECTION 255(2A)
FOR THE YEAR ENDED 30 JUNE 2019**

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

<u>Categories of expenditures</u>	2019 \$	2018 \$
Remuneration and other employment-related costs and expenses - employees	379,325	353,877
Advertising	Nil	Nil
Operating costs	129,981	136,286
Donations to political parties	Nil	Nil
Legal costs	35,215	27,206


----- 31st March 2020
Andrew Johnson Designated officer

CARLTON & PARTNERS

CERTIFIED PRACTISING ACCOUNTANTS

Business Address: 105 Bagot Road Subiaco WA 6008
Telephone: 0419 360 041

Independent auditor's report to the members of the Western Australian Shire Councils, Municipal Road Boards, Parks, Cemeteries and Racecourse, Public Authorities, Water Boards Union – W.A. Division.

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Western Australian Shire Councils, Municipal Road Boards, Parks, Cemeteries and Racecourse, Public Authorities, Water Boards Union – W.A. Division (the Reporting Unit), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2019 notes to the financial statements, including a summary of significant accounting policies; the Committee of Management Statement, the subsection 255(2A) report and the Officer Declaration Statement.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Western Australian Shire Councils, Municipal Road Boards, Parks, Cemeteries and Racecourse, Public Authorities, Water Boards Union – W.A. Division. as at 30 June 2019, and its financial performance and its cash flows for the year ended on that date in accordance with:

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

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

Basis for Opinion

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

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

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

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

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

Responsibilities of Committee of Management for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

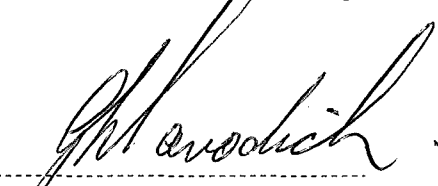
Independent auditor's report to the members of the Western Australian Shire Councils, Municipal Road Boards, Parks, Cemeteries and Racecourse, Public Authorities, Water Boards Union – W.A. Division. (cont'd)

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.

Electronic publication of the audited financial reports

It is my understanding that the Reporting Unit intends to electronically present the audited financial report and auditor's report on its internet website. Responsibility for the electronic presentation of the financial report on the website is that of Committees of Management. The security and controls over information on the website should be addressed by the Reporting Unit to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of audited financial report(s) on the Reporting Unit's website is beyond the scope of the audit of the financial report.

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



G. Wovodich CPA
Registered number: AA2017/13
Carlton & Partners

Dated at Perth this



day of



2020.

**WESTERN AUSTRALIAN SHIRE COUNCILS, MUNICIPAL ROAD
BOARDS, HEALTH BOARDS, PARKS, CEMETERIES AND
RACECOURSE, PUBLIC AUTHORITIES, WATER BOARDS UNION – W.A. DIVISION**

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

	Notes	2018-2019	2017-2018
Revenue		\$	\$
Membership subscription		505,044	538,656
Capitation fees received	3A	-	-
Other income		1,377	-
Property rental revenue	3D	18,005	10,587
Total income		<u>524,426</u>	<u>549,243</u>
Expenses			
Administration expenses	4D	113,492	118,621
Audit & Accountancy	14	5,400	5,400
Affiliations to other organisations		-	-
Employee expenses	4A	379,325	353,877
Capitation fees	4B	-	-
Grants or donations	4E	-	-
Depreciation and amortisation	4F	9,843	10,590
Finance costs	4G	-	1,675
Legal expenses	4H	35,215	27,205
Training expenses		-	-
Total expenses		<u>543,275</u>	<u>517,368</u>
Excess of Expenditure over Income for the year		<u>18,849</u>	<u>(31,875)</u>

The accompanying notes form part of these financial statements

**WESTERN AUSTRALIAN SHIRE COUNCILS, MUNICIPAL ROAD
BOARDS, HEALTH BOARDS, PARKS, CEMETERIES AND
RACECOURSE, PUBLIC AUTHORITIES, WATER BOARDS UNION – W.A. DIVISION**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

	Notes	30-6-2019 \$	30-6-2018 \$
CURRENT ASSETS			
Cash and cash equivalents	5A	255,803	44,004
Receivables	5B	28,159	26,506
TOTAL CURRENT ASSETS		283,962	70,507
NON-CURRENT ASSETS			
Property, Furniture & Equipment	6	394,358	381,974
Investment	6F	3	3
TOTAL NON-CURRENT ASSETS		394,361	381,977
TOTAL ASSETS		678,323	452,484
CURRENT LIABILITIES			
Creditors	7A	59,838	68,849
Unsecured Loan	9	481,761	385,526
Provisions for Employee entitlements	8A	207,239	237,129
TOTAL CURRENT LIABILITIES		748,838	691,504
NON-CURRENT LIABILITIES			
Provisions for Employee entitlements	8A	177,611	190,257
TOTAL NON-CURRENT LIABILITIES		177,611	190,257
TOTAL LIABILITIES		926,499	881,761
NET ASSETS (DEFICIENCY)		(248,126)	(429,277)
EQUITY			
Asset Revaluation Reserve		375,500	375,500
Retained earnings (accumulated deficit)	10	(623,626)	(804,777)
TOTAL EQUITY (DEFICIENCY)		(248,126)	(429,277)

The accompanying notes form part of these financial statements

**WESTERN AUSTRALIAN SHIRE COUNCILS, MUNICIPAL ROAD
BOARDS, HEALTH BOARDS, PARKS, CEMETERIES AND
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**STATEMENT OF CHANGE IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	\$
Balance as at 1 July 2017	(510,304)
Add Surplus for the year	31,875
Revaluation reserve adjustment	49,152
Closing balance as at 30 June 2018	(429,277)
Add:	
Contribution received for provision for employee entitlements	200,000
Deficit for the year	(18,849)
Closing balance as at 30 June 2019	(248,126)

The accompanying notes form part of these financial statements

**WESTERN AUSTRALIAN SHIRE COUNCILS, MUNICIPAL ROAD
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**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019**

	2018-2019	2017-2018
	\$	\$
OPERATING ACTIVITIES		
Cash received		
Membership Fees	503,388	545,325
Receipts from other reporting entities -		
Contribution to future employee entitlements	200,000	-
Other	19,382	10,587
Cash used		
Payments to suppliers and employees	(584,979)	(520,906)
Payments to other reporting entities	-	-
Net cash from (used by) operating activities	137,791	35,006
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of furniture, equipment etc.	(22,227)	(688)
Net cash from (used by) investing activities	(22,227)	(688)
CASH FLOW FROM FINANCING ACTIVITIES		
Advances to related entities	96,235	(30,085)
Net cash from (used by) financing activities	96,235	(30,085)
Net increase in cash held	11. 211,799	4,233
Cash at Bank at beginning of year	44,004	39,771
Cash at Bank at end of year	5A. 255,803	44,004
Net increase in cash held	211,799	4,233

The accompanying notes form part of these financial statements

**WESTERN AUSTRALIAN SHIRE COUNCILS, MUNICIPAL ROAD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 1 – Summary of significant accounting policies.

1.1 Basis of preparation of the financial statements.

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisation) Act 2009*. For the purpose of preparing the general purpose financial statements, the Western Australian Shire Councils, Municipal Road Boards, Health Boards, Parks, Cemeteries and Racecourse, Public Authorities, Water Board Union, W.A. Division ("the Union") is a not-for-profit entity.

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

1.2 Change to comparative figures to correct prior year errors.

In compiling the 2019 financials there were three changes to the 2018 comparative figures:

- Cash at bank was corrected to reflect the correct amount of \$44,004.
- At the same time the comparative figures for employee entitlements was restructured to show the correct apportionment between current and non-current liabilities. The total liability for the entitlements remained the same (\$363,550). The current portion of this liability was reduced by \$16,964 whilst the non-current portion was increased by the same amount.
- The revaluation reserve was revised in line with a prior year sworn property valuation of the Union's rental duplex in Denmark.

These changes did not have any effect on the operating results of either the 2018 or 2019 financial year.

1.3 Significant accounting judgements and estimates.

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

1.4 New Accounting Standards and Interpretations

During the current year the Union adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory. The adoption of these standards has not materially impacted on the recognition, measurement and disclosure of transactions entered into during the year, nor has it had any material impact on the financial statements of the Union.

New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and Interpretations that have mandatory application dates for future reporting periods and which the Union has decided not to adopt early. The Union has assessed that the impact of these new standards and interpretations will not be material to the Union's financial statements.

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Union, together with an assessment of the potential impact of such pronouncements on the Union when adopted in future periods, are discussed below:

- AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and de-recognition requirements for financial instruments, and simplified requirements for hedge accounting. The latter is not applicable to the Union's affairs.

The key changes that may affect the Union on initial application include certain simplifications to the classification of financial assets and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. The Union has assessed that the adoption of AASB 9 will not have a significant impact on its future financial statements.

- AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The Union does not have any leases.

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

Note 1 – Summary of significant accounting policies. (cont'd)

1.5 Associates and joint arrangements.

The Western Australian Municipal, Road Boards, Parks and Racecourse Employees' Union of Workers, Perth (Perth Union) is an associated entity which is neither a subsidiary of, nor has a joint venture interest with the Union. The Perth Union has supplied the financing facility to enable the Union to continue operations. The W.A. Division employs all staff and maintains the administration and the general operations on behalf of the Perth Union and the Federal Body of the Western Australian Shire Councils, Municipal Road Boards, Health Boards, Parks, Cemeteries and Racecourse, Public Authorities, Water Boards Union. The W.A. Division rents the office premises from the Perth Union and makes no charge for the administrative duties carried out on behalf the Perth Union and the Federal Body. The officeholders of both bodies are essentially the same. The Perth Union and the Federal Body participate in financial and operating policy decisions of the Union but they do not have control over the Union's policies. See also note 22.

1.6 Revenue.

Revenue is measured at the fair value of the consideration received or receivable. Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Interest revenue and donation income is recognised when it is received.

1.7 Government grants.

The Union is not in receipt of any Government grants.

1.8 Disposal and/or Sale of assets.

Gains & losses from disposal of assets are recognised when control of the asset has passed to the buyer.

1.9 Borrowing costs.

Borrowing costs are amortised in profit and loss over the term of the borrowing.

1.10 Cash.

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, funds held at call with bank

1.11 Financial instruments.

Financial assets and financial liabilities are recognised when a Union becomes a party to the contractual provisions of the instrument.

1.12 Financial assets.

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

1.13 Employee benefits.

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, sick leave, rostered days off and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities for short term employee benefits (as defined in AASB 119 Employee Benefits) and termination benefits due within twelve months of the end of the reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Union in respect of the services provided by employees up to the reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

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

Note 1 – Summary of significant accounting policies. (cont'd)

1.14 Financial liabilities

Financial liabilities are classified as either financial liabilities "at fair value through profit or loss" or other financial liabilities. Financial liabilities are recognised and derecognised upon "trade date".

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

1.16 Contingent liabilities and contingent assets.

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

1.17 Land, Buildings, Furniture & Equipment.

Purchase of land, buildings, furniture & equipment are recognised initially at cost in the Statement of Financial position. The initial cost of the asset includes the cost of acquiring and establishing the item.

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of the assets do not differ materially from those that would be determined using fair values as at the reporting date. Any revaluation increment is credited to equity under the heading of asset revaluation reserve.

Depreciation of buildings is at a nominal rate of 1.25% per annum using the diminishing value method. Furniture and fitting are depreciated using the diminishing value method at varying rates depending on the estimated cost to the reporting year. The rates used are 5% and 10%.

1.18 Taxation.

The Union is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except where the amount of GST incurred is not recoverable from the Australian Taxation Office.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of the receivables or payables.

1.19 Fair value measurement

The Union measures financial instruments, such as, financial assets as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 6.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Union. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Union uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

Note 1 – Summary of significant accounting policies. (cont'd)

1.19 Fair value measurement. (cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Union determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Union has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Note 2 – Events after the reporting period.

There were no events that occurred after 30 June 2019, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Union.

	30-6-2019 \$	30-6-2018 \$
Note 3 – Income.		
3A: Capitation fees.		
There were no capitation fees received during the financial year.	-	-
3B: Levies.	-	-
3C: Interest.	-	-
3D: Rental Revenue.		
Rental revenue from properties	19,382	10,587
3E: Grants or donations.	-	-
3F: Net gains from sale of assets.		
Plant & equipment	-	-

Note 4 – Expenses.

4A: Employee expenses.

Holders of office:

Wages and salaries	244,320	137,375
Superannuation	31,491	27,253
Leave and other entitlements	-	-
Separations and redundancies	-	-
Subtotal employee expense holders of office	275,811	164,628

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

	30-6-2019 \$	30-6-2018 \$
4A: Employee expenses. (cont'd)		
Employees other than office holders:		
Wages and salaries	92,859	178,606
Superannuation	10,655	10,643
Leave and other entitlements	-	-
Separations and redundancies	-	-
Subtotal employee expenses employees other than office holders	103,514	189,249
Total employee expenses	379,325	353,877
4B: Capitation fees.		
No Capitation fees were payable to the WAMEU-FED (the Union Council) for the financial year.	-	-
4C: Affiliation fees.	-	-
4D: Administration expenses.		
Consideration to employers for payroll deductions	312	388
Compulsory levies	-	-
Fees/allowances – meeting & conferences	-	-
Conference & meeting expenses	1,035	756
Property expenses	43,701	67,980
Office expenses	45,081	30,644
Other	23,363	19,259
Total administration expenses	113,492	119,027
4E: Grants or donations.		
Grants:	-	-
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:	-	-
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Total grants or donations	-	-
4F: Depreciation and amortisation.		
Depreciation		
Land & buildings	2,500	2,500
Plant, equipment & vehicles	7,343	8,090
Total depreciation and amortisation	9,843	10,590
4G: Finance costs.		
Amortisation of borrowing costs	-	1,675
Total finance costs	-	1,675

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

	30-6-2019 \$	30-6-2018 \$
4H: Legal costs.		
Litigation	-	-
Other legal matters	35,215	27,206
Total legal costs	<u>35,215</u>	<u>27,206</u>
4I: Write down & impairment of assets.	<u>-</u>	<u>-</u>
4J: Net losses from sale of assets.	<u>-</u>	<u>-</u>
4K: Other expenses.		
Member expenses	1,319	1,906
Motor vehicle expenses	22,370	17,119
Travel & accommodation	42	234
Penalties – via RO Act or RO Regulations	-	-
Total other expenses	<u>23,731</u>	<u>19,259</u>
Note 5 – Current Assets.		
5A: Cash and cash equivalent		
Cash at bank – current account	55,803	44,004
Term Deposit (provision for future employee entitlements)	200,000	-
	<u>255,803</u>	<u>44,004</u>
5B: Trade and other receivables		
Receivables from other reporting units	-	-
Other receivables	28,159	26,503
	<u>28,159</u>	<u>26,503</u>
Less provision for doubtful debts	-	-
Total Trade and other receivables	<u>28,159</u>	<u>26,503</u>
Note 6 – Non-current assets.		
6A: Land & Buildings		
Reconciliation of the opening & closing balances		
Gross book value – based on an independent sworn valuation dated 27 th March 2018 (*)	380,000	380,000
Accumulated depreciation & impairment	(26,118)	(23,618)
Net book value 1 July	<u>353,882</u>	<u>356,382</u>
Depreciation expense for year	(2,500)	(2,500)
Net book value 30 June	<u>351,382</u>	<u>353,882</u>
Property rental revenue – see Note 3D		

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	30-6-2019	30-6-2018
	\$	\$
6B: Furniture, equipment & vehicles		
Reconciliation of the opening & closing balances		
Gross book value at 1 July	44,993	59,824
Accumulated depreciation & impairment	(16,901)	(24,330)
Net book value 1 July	28,092	35,494
Additions by purchase	22,227	688
Depreciation expense for year	(7,343)	(8,090)
Net book value 30 June	42,976	28,092
Total Land, Buildings, Furniture & Equipment	394,358	381,974

(*) The revalued land and buildings consist of a rental duplex in Denmark, Western Australia. Management determined that this constitutes one class of asset under AASB 13, based on the nature, characteristics and risks of the property. Fair value of the property was determined by using market comparable method. This means that the valuation by the valuer is based on the active market prices, significantly adjusted for the nature, location or condition of the property. As at the date of the revaluation (27th March 2018), the property's fair value is based on the valuation performed by Opteon (Albany & Great Southern WA), an accredited independent valuer.

Note 6F – Investments

Shares in Unlisted company	3	3
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Note 7 – Current Liabilities.

7A: Trade payables

General Trade creditors and accruals	13,601	24,111
Legal costs -		
Litigation	-	-
Other legal costs	46,237	44,738
	59,838	68,849
Total Trade creditors and accruals are expected to be settled in:		
No more than 12 months	59,838	68,852
More than 12 months	-	-
Total other payables	59,838	68,852

Note 8 – Provisions.

8A: Employee provisions

Office Holders		
Annual leave	105,372	94,938
Sick leave	170,476	170,930
Long service leave	64,207	69,257
Rostered days off & time in lieu	27,419	55,119
Separations and redundancies	-	-
Subtotal Employee provisions – office holders	367,474	390,244

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

	30-6-2019 \$	30-6-2018 \$
8A: Employee provisions (cont'd)		
Employee provisions – other than Office Holders		
Annual leave	-	3876
Sick leave	-	-
Long service leave	13,226	12,995
Rostered days off & time in lieu	4,150	20,271
Separations and redundancies	-	-
Subtotal Employee provisions – other than office holders	17,376	37,142
Total Employee provisions	384,850	427,386
Current	207,239	254,093
Non-current	177,611	173,293
Total Employee provisions	384,850	427,386
The Executive Committee determined that there is to be no payout of accrued sick leave entitlements on termination of employment.		
Accrued sick leave included in the non-current liability above	166,199	153,115
Note 9 – Non-Current Liabilities.		
Unsecured Loan		
Western Australian Municipal, Road Boards, Parks, and Racecourse Employees' Union of Workers, Perth	481,761	385,526
Note 10 – Equity		
Note 10A – Funds		
Balance at the beginning of the year	804,277	772,602
Contribution received for provision for employee entitlements	(200,000)	-
Deficit (Surplus) for the year	18,849	(31,875)
Balance at the end of the year	623,626	804,777
Note 10B – Other specific disclosures - funds	-	-
Note 11 – Cash Flow		
Note 11A – Cash Flow Reconciliation.		
Operating surplus (Deficit) for year	(18,849)	31,875
Add non-cash items:		
Depreciation	9,843	10,596
Accrued employee entitlements	(42,536)	(10,515)
Changes in assets and liabilities:		
Acquisition of furniture, vehicles	(23,818)	(688)
Contribution received for future employee entitlements	200,000	-
Proceeds sale of asset	1,591	
Decrease (Increase) in debtors & receivables	(1,653)	8,344
Decrease (Increase) in trade & other payables	(9,014)	(5,294)
Decrease (Increase) in inter-entity debt	96,235	(30,085)
Net increase (decrease) in cash held	211,799	4,233
Note 11B – Cash inflow information.		
Cash Inflows	34,485	5,982
Cash Outflows	95,870	26,663

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	30-6-2019	30-6-2018
	\$	\$

Note 12 – Contingent Liabilities.

Apart from the amount of \$166,199 (2018, \$153,115) disclosed in note 8A there are no known contingent liabilities.

Note 13 – Related Party Disclosures.

13A: Related Party Transactions for the reporting period.

There was no revenue received from; expenses paid to; amounts owed by or to; loans from or to, or assets transferred from or to related parties during the reporting period.

13B – Key Management Personnel Remuneration for the reporting period.

	\$	\$
Short-term employee benefits		
Salary (including leave taken)	151,385	147,171
Annual leave accrued	-	-
Total short-term employee benefits	151,385	147,171
Post-employment benefits - superannuation	20,767	20,708
Total post-employment benefits	20,767	20,708
Other long-term benefits - Long service leave	-	-
Termination benefits	-	-
Total	172,152	167,879

13C: Transactions with key personnel & their close family members.

There were no transactions with key personnel or their close family members.

13D: Remuneration of Officials.

Disclosure to Members pursuant to Section 293BC.

		Non-cash benefit	Relevant
		Form	Value
			\$
Andrew Johnson	(Secretary)		
Andrea Ballantyne	(Treasurer)	(*)	
Martin Love	(Committeeman)		
Dean Stephens	(Committeeman)		
Greg Magor	(Committeeman)		

(* Includes remuneration required to be disclosed pursuant to Section 293B)

	30-6-2019	30-6-2018
	\$	\$

Note 14 – Remuneration of Auditors.

Value of the services provided		
Financial statement audit services	2,500	2,500
Accounting services in preparation of financial statements	2,900	2,900
Total remuneration of auditors	5,400	5,400

Note 15 – Financial Instruments.

Specific Financial Risk Exposures and Management

The main risks the Union is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and other price risk.

There have been no substantive changes in the types of risks the Union is exposed to, how these risks arise, or the Committee of Management's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Credit Risk

The Union does not have any material credit risk exposures as its major source of revenue is the receipt of members' subscriptions.

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**NOTES TO THE FINANCIAL STATEMENTS
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Note 15 – Financial Instruments. (cont'd)

Credit Risk Exposure

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the 'Statement of Financial Position'.

Accounts receivable and other debtors that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 5B.

The Union has no significant concentrations of credit risk exposure to any single counterparty or group of counterparties. Credit risk related to balances with banks and other financial institutions is managed by the Management Committee.

b. Liquidity Risk

Liquidity risk arises from the possibility that the Union might encounter difficulty in settling its debts or otherwise meeting its obligation in relation to financial liabilities. The Union manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to operating, investing and financing activities.
- maintaining a reputable credit profile
- managing credit risk related to financial assets; and
- only investing surplus cash with major financial institutions.

Note 15A: Categories of Financial Instruments

Fair value through profit or loss	-	-
Total	-	-
Held-to-maturity investments	-	-
Total	-	-
Available-for-sale assets	-	-
Total	-	-
Loans and receivables:		
Trade and other receivables – see note 5B	28,159	26,506
Total	28,159	26,506
<i>Carrying amount of financial assets</i>	<u>28,159</u>	<u>26,506</u>

Note 16 – Fair Value Measurement

The Management committee assessed that cash, trade receivables, trade payables and other current liabilities approximate their carrying amount largely due to the short term nature of these instruments. Plant, equipment and motor vehicles are measured using the cost method. Land & buildings are measured using the revaluation method and are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of the asset under the revaluation model.

Land & Buildings measured at fair value		\$	\$	\$
Fair value hierarchy 30 June 2019	Date of valuation	Level 1	Level 2	Level 3
Duplex rental property	27 March 2018	-	-	380,000
	Additional costs	-	-	-
Total		<u>-</u>	<u>-</u>	<u>380,000</u>

**WESTERN AUSTRALIAN SHIRE COUNCILS, MUNICIPAL ROAD
BOARDS, HEALTH BOARDS, PARKS, CEMETERIES AND
RACECOURSE, PUBLIC AUTHORITIES, WATER BOARDS UNION – W.A. DIVISION**

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

Note 17 – Business combinations and subsidiaries acquired The union does not have any business combinations or subsidiaries.

Note 18 – Segment reporting The Union operates in the one business and geographical segment being the industrial relations sector providing services to members of their organisations throughout Australia.

Note 19 – Administration of financial affairs by a third party No administration of the union's financial affairs is conducted by a third party

Note 20 – Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of Members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

Information to be provided to members or the Commissioner of Fair Work Commission:

1. A member of a reporting unit or the Commissioner 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).

Note 21– Use of "LGRCEU" in Union activities.

Neither the initials "LGRCEU" nor the name "Local Government, Racecourses and Cemeteries Employees' Union" are registered under the Business Names Act 1962 of Western Australia.

Note 22 – Economic dependence

The union's ability to continue as a going concern is reliant on the continued financial support from the Western Australian Municipal, Road Boards, Parks and Racecourse Employees' Union of Workers, Perth (Perth union). Apart from this, the union does not provide financial support to any other entity. See also Note 1.5.

Note 23 – Disclosure of material personal interests of officers

Each officer of the Union in accordance with the requirements of Section 293C of the Fair Work (Registered Organisations) Act 2009 has individually disclosed to the Management Committee that they do not have any material personal interests that related to the affairs of the Union.

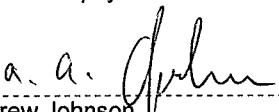
**WESTERN AUSTRALIAN SHIRE COUNCILS, MUNICIPAL ROAD
BOARDS, HEALTH BOARDS, PARKS, CEMETERIES AND
RACECOURSE, PUBLIC AUTHORITIES, WATER BOARDS UNION, WA DIVISION**

OFFICER DECLARATION STATEMENT

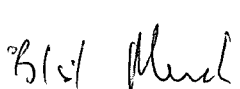
I, Andrew Johnson, being the Secretary of the Western Australian Shire Councils, Municipal Road Boards, Parks, Cemeteries and Racecourse, Public Authorities, Water Boards Union, WA Division, declare that the following activities did not occur during the reporting period ending 30 June 2019.

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern
- agree to provide financial support to another reporting unit to ensure they continue as a going concern
- 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 General Manager, Fair Work Commission
- receive capitation fees from another reporting unit
- receive any other revenue from another reporting unit
- receive revenue via compulsory levies
- receive donations or grants
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay capitation fees to another reporting unit
- pay any other expense to another reporting unit
- pay affiliation fees to other entity
- pay compulsory levies
- pay a grant that was either less than \$1,000 or that exceeded \$1,000
- pay a donation that was either \$1,000 or that exceeded \$1,000
- pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit
- incur expenses due to holding a meeting as required under the rules of the organisation
- pay legal costs relating to litigation
- pay legal costs relating to other legal matters
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a receivable with other reporting unit(s)
- have a payable with other reporting unit(s)
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a payable in respect of legal costs relating to litigation
- have a payable in respect of legal costs relating to other legal matter
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- have a balance within the general fund
- provide cash flows to another reporting unit and/or controlled entity
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit



Andrew Johnson
Division Secretary

 2020

Dated



FORMERLY THE MEU
FOR OVER 116 YEARS

*Western Australian Shire Councils, Municipal Road Boards,
Health Boards, Parks, Cemeteries and Racecourses,
Public Authorities Water Boards Union, WA Division*

SECRETARY ANDREW JOHNSON

PO BOX 183 LEEDERVILLE WA 6007

Email: lgrceu@tpg.com.au

Website: www.lgrceu.org

ABN: 66 605 469 322

TEL: (08) 9242 5158

(08) 9444 3283

FAX: (08) 9443 6908

1800 199 945

April 8th, 2020

The Registered Organisation,

GPO Box 2983,

MELBOURNE VIC 3001

Attention: Ms Kylie Ngo

Email: kylie.ngo@roc.gov.

Dear Ms. NGO,

RE: RESPONSE TO CORRESPONDENCE RECEIVED FROM ROC DATED 20 MARCH 2020

Please find attached the information and responses requested in your correspondence of 20 March 2020.

Thank you for the advice on the process to be followed in approving the financial report., The Committee was provided with the amended GPFR electronically and explanatory information on Friday March 26, 2020. It resolved to adopt the amended GPFR on the 31st of March 2020 -After resolving to adopt the amended GPFR, the Committee instructed that the GPFR be signed by the authorised office holder.

Background / Preliminary.

(1) In a Federal Court order dated the 14th November 2002, the Court ordered *inter alia* that the Australian Municipal Administrative, Clerical and Services Union to transfer **various assets** to the (then named) Local Government, Community Services, Public Authorities, and Racing (MEU) Western Australian Branch of the Australian Municipal, Administrative, Clerical and Services Union.

(2) The "various assets" referred to in (1) above consisted mainly of the property in Denmark and four motor vehicles. There were very little cash funds available in the bank or on hand.

(3) In a Western Australian Industrial Relations Commission order dated the 9th February 2005, the President ordered the Western Australian Electoral Commission to conduct immediate elections for all positions of the State Union Executive. In effect removing the previous Executive of the State Union and establishing. This effectively led to the proper resurrection of both the State and Federal entities.

(4) The unaudited financials for the year ended 31st December 2005 was a consolidation of all three unions i.e. the State union, the W.A. Division and the Federal Union. Although in the latter case there was no Federal activity other than the W.A. Division.

(5) Audited financials in a consolidated form were prepared in 2009. In 2010 the Fair Work Authority advised that consolidated financials were not acceptable. This entailed a total change in record keeping in order to provide separate financials to both the Fair Work Commission and the West Australian Industrial Commission (see 14 below). In 2010 the reporting period also changed from a calendar year to a financial year.

(6) In 2006 the State Union arranged a private mortgage over its freehold land in Charles Street West Perth facilitate the operations of the Federal Union and its W.A. Division, per the orders of the President of the Western Australian Industrial Relations Commission in February 2005.

(7) The funds were used to start paying the W.A. Division's substantial liabilities left by the former Administration of the Union including outstanding taxation, superannuation, penalties (both for taxation and superannuation), wages and general trade liabilities (in excess of \$700,000).

(8) In the ensuing years the W.A. Division continued to incur deficits which required the continuing support of the State Union.

(9) In August 2013 the State union paid out the original mortgage by refinancing (Suncorp) and borrowed additional funds to continue its support of the W.A. Division. These funds were accessed at a much lower interest rate than the previous arrangement.

(10) The W.A. Division's accumulated deficits during the period 2006 to 2013 exceeded \$300,000. With the State Union's support, the W.A. Division has rectified its financial position and accumulated surpluses of approximately \$113,000 since 2014.

(11) In April 2018, the State Union sold its Charles Street property and paid out the Suncorp mortgage. The loan accounts to the WA Division remained in place.

(12) In 2018, the State Union purchased an office which is shared by both unions.

(13) It was agreed between the unions that from July 1 2019, the State Union will make a monthly payment of \$6,600 to the W.A. Division for services to its members in addition to the right granted to the WA Division to occupy the State Union property free of rent. The monthly payment is to be applied against the inter- union debt.

Accounting/Bookkeeping Treatment.

(14) In a letter dated 12th May 2010, (see attached) the Fair Work Authority advised that the Commission would not accept consolidated financials and that the W.A. Division financials must be separate.

(15) As the Union is a relatively small union and in light of the circumstances at the time, it was considered impractical to maintain separate accounting records. To this end the existing MYOB accounting software was retained and all entries and transactions from each union's bank account are entered into the one ledger. Over the years, expenditure on behalf of the W.A. Division was often made from State Funds, but the allocation of the relative expenditure was to the W.A. Division's ledger account code. Since 2017-18 this practice has been curtailed.

(16) At the end of each financial year the MYOB trial balance is analysed on a spreadsheet wherein each separate account is allocated to the relative union. As each transaction originates from that particular union's bank account to their own respective ledger account, it follows that the difference between the two allocations is the amount that the W.A. Division owes the State Union. (see auditor's worksheet for the year ended 30th June 2019)

General

In answer to the specific matters raised, advise as follows:

(A) ROC letter dated 10 January 2020.

i. Item 1, Paragraph 3. Explanation of increase in the 2019 inter-entity loan balance.

The change each year is normal movement of transactions by the State union on behalf of the W.A. Division. The "Cash Flow Statement" provided in the 2019 financials gives an explanation of the increase as follows:

Fees received	503,388	
Payments to suppliers and employees	584,979	
Acquisition of furniture & vehicles.	22,227	
General advances	4,216	
Increase in cash at bank at the end of the year	- 11,799	
		599,623
Deficit in Funds		96,235

This deficit of cash flow above would not have been more difficult to sustain without the support of the State Union as referred to above in this correspondence.

The arrangements continue the approved practise between the State Union and the W.A. Division. As noted in (12) a repayment plan was decided subsequent to 30th June 2019. The repayments are \$6,600 per month.

ii. Item 2. Differences in comparative figures & previous financial year figures.

		As per 2019 Financials statements (comparative figures)	As per 2018 Financials statements	Difference	
	Statement of financial position as at 30 June 2018				
1.	Cash and cash equivalents	44,004	0	44,004	See (iv) below
2.	Unsecured Loan (State – WA Division)	385,526	\$337,022	(48,504)	See (iv) below
3.	Asset revaluation Reserve	375,500	\$380,000	4,500	See (v) below
4.				44,004	

Item 2. Differences in comparative figures & previous financial year figures. (Cont'd)

	As per 2019 Financials statements (comparative figures)	As per 2018 Financials statements	Difference	
Statement of financial position as at 30 June 2018				
Membership Fees	545,325	545,319	\$6 Rounding?	
Cash at Bank at beginning of the year	39,771	0		See (iv) below
Cash at Bank at end of the year	44,004	0		See (iv) below
Advances to related parties	(30,085)	(34,312)	4,227	See (iv) below
Provision for Employee entitlements:				
Current Liabilities	237,129	254,093		See (vi) below
Non-current Liabilities	190,257	173,293		See (vi) below
	427,386	427,386		

iii. Clarification of above.

As detailed in (14) above, in preparation of the end of year financials, the trial balance is allocated between the two unions. In preparation of the 2018 financials the W.A. Division's bank account was inadvertently allocated to the State union in the spreadsheet. Hence the 2018 financials incorrectly presented the Cash at Bank as a "nil" amount. The W.A. Division's bank account at the 30th June 2018 was in fact \$44,004 (see attached copy of bank statement). Having regard to the methodology outlined in (14) above it follows that this effects the inter-union balance. This procedure is more apparent when viewing the attached auditor's worksheet for the year ended 30th June 2019.

iv. Clarification of Asset Revaluation Reserve difference.

In finalising the 2019 financials, an error was noticed in the asset revaluation reserve (Denmark) going back several years, hence the change of \$4,500. It should be noted that this is the only difference in equity in the 2018 figures.

v. Clarification of Provision for Employee entitlements difference.

There is no change to the overall total of the provision for employee entitlements (\$427,386). In the 2019 financials the allocation in the 2018 comparatives was amended to show the correct apportionment between the current and non-current liability of the entitlements.

(B) ROC letter dated 20 March 2020.

Paragraph 2. Issue raised in previous correspondence.

Explanation for discrepancies between 2017-18 and 2018-19 financial reports.

(a) These matters are covered in (A) above.

(b) Additional information:

- i. "Explanation on how cash and cash equivalents were recorded in the reporting unit's accounting system in the previous financial year" – see (14) above.
- ii. "Supporting document confirming the balance of cash at bank as at 30 June 2018" – Copy of the union's bank statement as at 30th June 2018 is attached
- iii. "Supporting document confirming the bank account belongs to the reporting unit and not the State Registered Entity" – see the same attachment in (ii) above.
- iv. "Copy of revaluation reportmentioned in letter dated 29 January 2020" – see the attached copy of the Denmark valuation.

Disclosure of prior period errors.

AASB 133 does not apply to the union.

In addition to amending the 2018 comparatives, the following note has been inserted into the amended 2019 financials.

1.2 Change to comparative figures to correct prior year errors.

In compiling the 2019 financials there were three changes to the 2018 comparative figures:

- Cash at bank was corrected to reflect the correct amount of \$44,004.
- At the same time the comparative figures for employee entitlements was restructured to show the correct apportionment between current and non-current liabilities. The total liability for the entitlements remained the same (\$363,550). The current portion of this liability was reduced by \$16,964 whilst the non-current portion was increased by the same amount.
- The revaluation reserve was revised in line with a prior year sworn property valuation of the Union's rental duplex in Denmark.


These changes did not have any effect on the operating results of either the 2018 or 2019 financial year.

“Action required”.

1. “Responses to abovementioned issues”. Matters dealt with in (A) above.
2. “provide ROC with:”
 - a. “An amended 2019 financial report”. (Attached)
 - b. “Auditor’s working papers on how the unsecured loan was calculated and reconciled”. The requested working paper is attached. Note that the “calculation & reconciliation” is the accounting result of the trial balance between the two unions as explained in (14) above and disclosed in this working paper.
 - c. “Confirmation and supporting documents of the balance of the unsecured loan as at 30 June 2018 and 30 June 2019”.(Please refer to the explanation in (14) above and the auditor’s working papers. There are no further supporting documents of the character requested.)

Thank you for your consideration of this correspondence.

Your Sincerely

a. a. 
Andrew Johnson
Division Secretary
Encl.



20 March 2020

Andrea Ballantyne
Assistant Secretary

Western Australian Shire Councils, Municipal Road Boards, Health Boards, Parks, Cemeteries and Racecourse, Public Authorities, Water Boards Union - Western Australian Division

Sent via email: Andrea.Ballantyne@lgrceu.org

Dear Andrea Ballantyne,

Western Australian Shire Councils, Municipal Road Boards, Health Boards, Parks, Cemeteries and Racecourse, Public Authorities, Water Boards Union - Western Australian Division

Financial Report for the year ended 30 June 2019 – (FR2019/258)

I acknowledge receipt of your correspondence dated 29 January 2020. The correspondence was in response to issues raised by the Registered Organisations Commission (**ROC**) in a letter sent to the Western Australian Shire Councils, Municipal Road Boards, Health Boards, Parks, Cemeteries and Racecourse, Public Authorities, Water Boards Union - Western Australian Division (**the reporting unit**) on 10 January 2020. The issues related to the difference in the comparative figures and previous financial year's figures.

Your letter proposes to include a paragraph in the 2019 financial statements relating to changes in the comparative amounts (i.e. 2018 figures) for the following items:

- cash at bank;
- apportionment of employee entitlements between current and non-current liabilities; and
- asset revaluation reserve

Following a review of your letter and the financial report, I require your assistance with the following queries.

Issue raised in previous correspondence

Previously, the ROC has requested further explanations from the reporting unit regarding the differences in some of the 2018 financial data reported when comparing the 2017-18 financial report and the 2018-19 financial report¹. It would appear that the reporting unit has not provided an explanation addressing these issues.

Please provide an explanation for the abovementioned discrepancies between 2017-18 and 2018-19 financial reports.

Please also provide the following additional information:

¹ See correspondence from the ROC dated 10 January 2020 and an email sent 17 January 2020.

- an explanation on how cash and cash equivalents were recorded in the reporting unit's accounting system in the previous financial year;
- supporting document confirming the balance of cash at bank as at 30 June 2018;
- supporting document confirming that the bank account belongs to the reporting unit and not the State Registered Entity; and
- a copy of the revaluation report of the sworn valuation for the reporting unit's land and buildings mentioned in your letter dated 29 January 2020.

Disclosure of prior period errors

Australian Accounting Standard *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors* paragraph 49 requires the following disclosures of prior period errors by the entity in the financial report:

- (a) the nature of the prior period error;
- (b) for each prior period presented, to the extent practicable, the amount of the correction:
 - (i) for each financial statement line item affected; and
 - (ii) if AASB 133 applies to the entity, for basic and diluted earnings per share;
- (c) the amount of the correction at the beginning of the earliest prior period presented; and
- (d) if retrospective restatement is impracticable for a particular prior period, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.

The correspondence dated 29 January 2020 includes the additional information that the reporting unit is proposing to include within the notes to the financial statements. It would appear that this information might not confirm with all of the requirements under AASB 108. Please liaise with your auditor to ensure that any disclosures in the 2019 financial statements relating to changes in comparative figures due to prior period errors are in accordance with AASB 108.

Action required

The ROC requests that the reporting unit:

1. response to the above mentioned issues; and
2. also provide the ROC with:
 - a. an amended 2019 financial report;
 - b. the auditor's working papers on how the unsecured loan was calculated and reconciled; and
 - c. confirmation and supporting documents of the balance of the unsecured loan as at 30 June 2018 and 30 June 2019.

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

LGRCEU



*Western Australian Shire Councils, Municipal Road Boards,
Health Boards, Parks, Cemeteries and Racecourses,
Public Authorities Water Boards Union*

SECRETARY ANDREW JOHNSON

PO BOX 183 LEEDERVILLE WA 6007


Email: admin@lgrceu.org

Web site: lgrceu.org

TEL: (08) 9242 5158

(08) 9444 3283

1800 199 945

FORMERLY THE 
FOR OVER 90 YEARS

29 January 2020

The Registered Organisations Commission

414 La Trobe Street

MELBOURNE, Vic 3001

Dear Ms Ngo

RE: RESPONSE TO COMMUNICATION 10TH JANUARY 2020 – FR2019/258

Thank you for your communication of 10th January 2020 in respect to the financial report for the year ended 30 June 2019 which was lodged with the ROC on 5th November 2019.

After discussion with the lead auditor it is apparent you were correct, the 2019 financials did in fact require additional wording to the "Summary of significant accounting policies". To this end we propose to amend the 2019 financials as follows:-

1.2 Compative amounts

When required by Accounting Standards comparative figures have been adjusted t conform to changes in presentation front he current year.

In compling the 2019 financials, the 2018 comparative figure for cash at bank was corrected. At the same time the comparative figures for emploe entitlements was amended to reflect the correct apportionment between current and non-current liabilities. In addition, the revaluation reserve was also corrected in line with a swon valuation from the a prior year. The changes did not have any effect on the operating results for either the 2018 or 2019 financial year.

It would be appreciate dif you could advise whether you require amended financials to be lodged with your office.
Thank you for your assistance in this matter.

Yours sincerely

Andrea Ballantyne
Acting Secretary

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Andrea Ballantyne', with a long horizontal flourish extending to the right.

Andrea Ballantyne
Assistant Secretary



*Western Australian Shire Councils, Municipal Road Boards,
Health Boards, Parks, Cemeteries and Racecourses,
Public Authorities Water Boards Union*

SECRETARY ANDREW JOHNSON

PO BOX 183 LEEDERVILLE WA 6007


Email: admin@lgrceu.org

Web site: lgrceu.org

TEL: (08) 9242 5158

(08) 9444 3283

1800 199 945

FORMERLY THE 
FOR OVER 90 YEARS

15 January 2020

The Registered Organisations Commission

414 La Trobe Street,

MELBOURNE VIC 3001

Dear Ms Ngo

RE: RESPONSE TO COMMUNICATION 10TH JANUARY 2020 – FR2019/258

Thank you for your communication received 10th January 2020 in which the ROC is seeking further assistance from the Union with regard to financial report for the year ended 30 June 2019 lodged with the ROC on 5th November 2019.

The Reporting Body understands two further questions have been put to the organisation for response as follows:-

1. Increase in unsecured loan – Please provide explanation on the increase of the unsecured loan account in the 2019 financial year.

Further to the outline provided by Mr Johnson in his letter dated 6th January 2020, the Federal body has since its re establishment, following the abandonment by the previous administration in 2004, been supported financially by the state based union as a matter of practice and policy.

The additional loan amounts were provided as a mortgage over its property and unsecured loans as and when required which is captured in the accounts as an unsecured loan. The increase in the unsecured loan in the 2019 accounts reflects additional financial assistance to the Federal body. This is recorded in the 2019 financial accounts as an increase in the unsecured loan from the State to the Federal Union.

We draw your attention to note 22 of the financial report which outlines the reason for the loan from the State reporting body which outlines a financial dependence by the Federal body on the state organisation. Further, we draw your attention to note 1.5 of the financial report which outlines the State body supplying a financing facility to enable the federal body to continue its operations.

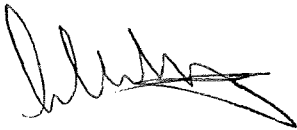
2. Differences in the comparative figures and previous financial year figures – Please provide an explanation on the differences between the 2018 figure reported in the 2019 financial report and 2018 financial report and advise the reason why no disclosure relating to the differences has been provided.

The organisation has sought detail advice from the lead Auditor in relation to this question. We bring to attention the financial report does not *reinstate the 2018 figures in the 2019 financial statement*.

We attach a summary sheet prepared outlining the figures we understood to be in the financial reports for the 2018/2019 period. We understand when reading the notes sections in conjunction with the statement of financial position page of the financial report the figures are supportive of what is shown in the attachment and also in the financial report.

We thank you for the opportunity to respond to your queries.

Yours sincerely



Andrea Ballantyne

Acting Secretary



10 January 2020

Andrew Johnson
Secretary

Western Australian Shire Councils, Municipal Road Boards, Health Boards, Parks, Cemeteries and Racecourse, Public Authorities, Water Boards Union - Western Australian Division

Sent via email: andrew.johnson@lgrceu.org

Dear Andrew Johnson,

Western Australian Shire Councils, Municipal Road Boards, Health Boards, Parks, Cemeteries and Racecourse, Public Authorities, Water Boards Union - Western Australian Division

Financial Report for the year ended 30 June 2019 – (FR2019/258)

Thank you for your correspondence dated 6 January 2020. The correspondence was in response to an issue raised by the Registered Organisations Commission (**the ROC**) in an email sent to the Western Australian Shire Councils, Municipal Road Boards, Health Boards, Parks, Cemeteries and Racecourse, Public Authorities, Water Boards Union - Western Australian Division (**the reporting unit**) on 20 December 2019. The issue raised relates to the unsecured loan from the Western Australian Municipal, Road Boards, Parks, and Racecourse Employee's Union of Workers, Perth (**State Registered Entity**) disclosed in the statement of financial position in the reporting unit financial report for the year ended 30 June 2019 that was lodged with the ROC on 5 November 2019.

After review of your letter and further review of the financial report, I require your assistance with the following queries.

1. Increase in unsecured loan

Your letter dated 6 January 2020 advises that the unsecured loan from the State Registered Entity to the reporting unit is to address significant financial liabilities left by the previous administration of the reporting unit when that administration abandoned the operation of both the reporting unit and the State Registered Entity in 2006. The State Registered Entity raised a mortgage to loan the equivalent amount to the reporting unit on the same terms and conditions as applied to the property mortgage.

You also advise that the permitted purpose and the condition of the loan funds was to allow the reporting unit to clear its accumulated debts. Terms and conditions of the loan from the State Registered Entity to the reporting unit are the same as that set by the financing entity of the mortgage including the repayments of principal and interest.

I note that in previous financial years, the reporting unit made repayments to the State Registered Entity which reduced the balance of the unsecured loan. The 2019 financial report, however discloses an increase in the unsecured loan account of \$96,235. The increase in the unsecured loan does not appear to be in accordance with the above mentioned permitted purpose and

condition of the unsecured loan. It also does not appear to meet the repayment obligations of the loan.

Please provide explanation on the increase of the unsecured loan account in the 2019 financial year.

2. Differences in the comparative figures and previous financial year figures

I have reviewed and compared the financial figures disclosed for the financial year ended 30 June 2018 in the 2019 financial report and the 2018 financial report. I have identified the following differences:

	As per 2019 Financial statements (comparative figures)	As per 2018 Financial statements
Statement of Financial Position as at 30 June 2018		
Cash and cash equivalents	\$44,004	\$0
Unsecured Loan	\$385,526	\$337,022
Provision for Employee entitlements – Current Liabilities	\$237,129	\$254,093
Provision for Employee entitlements – Non-current Liabilities	\$190,257	\$173,293
Asset Revaluation Reserve	\$375,500	\$380,000
Equity	(\$429,277)	(\$424,777)
Cash Flow statement for the year ended 30 June 2018		
Membership Fees	\$545,325	\$545,319
Advances to related parties	(\$30,085)	(\$34,312)
Cash at bank at beginning of the year	\$39,771	\$0
Cash at bank at end of the year	\$44,004	\$0

It appears that the 2018 figures have been reinstated in the 2019 financial statements. Australian Accounting Standard *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors* paragraph 49 requires disclosure of prior period errors by the entity in the financial report. The lodged report on 5 November 2019 does not include any disclosure relating to the changes in the 2018 figures.

Please provide an explanation on the differences between the 2018 figures reported in the 2019 financial report and 2018 financial report and advise the reason why no disclosure relating to the differences has been provided.

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

LGRCEU



FORMERLY THE MEU
FOR OVER 116 YEARS

*Western Australian Shire Councils, Municipal Road Boards,
Health Boards, Parks, Cemeteries and Racecourses,
Public Authorities Water Boards Union, WA Division*

SECRETARY ANDREW JOHNSON

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January 6th, 2020

The Registered Organisations Commission,
414 La Trobe Street,
MELBOURNE VIC 3001

Attention: Ms Kylie Ngo

Dear Ms Ngo,

RE: RESPONSE TO COMMUNICATION REGARDING GPFR 2019/258

Thank you for your communication received December 20th, 2019.

The Organisation advises as follows in response to the queries raised:

- 1. The correct figure is \$ 481,761. The figure in Note 9 is a typographical error.**
- 2. The Nature of the Transactions in the Loan:** In 2006 the Federally registered organisation was assisted by a loan from the State Registered Entity to address significant financial liabilities left by the previous administration of the Federal organisation when that administration abandoned the operation of both the Federal Organisation and the State Registered Entity. Those liabilities included amounts owing to the Australian Taxation Office, three employees, a private lender, a legal firm, and a bank.

In order to assist the Federal Organisation, the State Registered Organisation agreed to raise mortgage against property it owned outright and to loan the equivalent amount to the Federal Union on the same terms and conditions as applied to the property mortgage. The purpose of the loan to the State Entity and how it would be used was disclosed in full to the lender prior to it agreeing to make the loan.

The express purpose and only permitted purpose and only permitted use of the loan funds was to allow the Federal Union to clear the accumulated debts. An express term of the loan from the State Union to the Federal Union was that the Federal Organisation was required to meet all of the obligations of the loan made to the State Entity as and when they fell due.

2.

3. **Term and Condition of the Loan:** The term of the loan to the Federal Organisation was the same as that set by the financing entity. The conditions were inter alia, that the Federal Organisation would meet the conditions of the mortgage including the repayments of principal and interest. A condition of the loan from the State Entity to the Federal Organisation was that the funds be used to discharge the accumulated debt referred to above.
4. **How it Has Been Operated:** It has been operated according to the terms agreed between the two entities whereby the Federal Organisation met the terms of the loan.

We look forward to your further advice.

Yours Faithfully

A handwritten signature in dark ink, appearing to read 'A. C. Johnson', written over the typed name.

Andrew Johnson
WA Division Secretary