

Health Services Union

s.268 *Fair Work (Registered Organisations) Act 2009*

Certificate by prescribed designated officer

Certificate for the year ended 30 June 2022

I Lloyd Williams, being the National Secretary of the Health Services Union certify:

- that the documents lodged herewith are copies of the full report for the Health Services Union for the period ended referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 1st September 2022; and
- that the full report was presented to a meeting of the National Executive of the reporting unit on 16th November 2022 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:

Name of prescribed designated officer:

Lloyd Williams

Title of prescribed designated officer:

National Secretary

Dated:



Financial Statements 2021–22

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE
HEALTH SERVICES UNION NATIONAL OFFICE

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Health Services Union National Office, which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2022, notes to the financial statements, including a summary of significant accounting policies; the national executive statement, the subsection 255(2A) report and the officer declaration statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Health Service Union National Office as at 30 June 2022, 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).

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

Basis for Opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE
HEALTH SERVICES UNION NATIONAL OFFICE**

Responsibilities of the National Executive for the Financial Report

The National Executive 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 National Executive 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 National Executive 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 National Executive 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

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the reporting unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the National Executive.
- Conclude on the appropriateness of the National Executive'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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE
HEALTH SERVICES UNION NATIONAL OFFICE**

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. We are responsible for the direction, supervision and performance of the Reporting Unit audit. We remain solely responsible for our audit opinion.

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

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


Report on Other Legal and Regulatory Requirements

In accordance with the requirements of section 257(7) of the RO Act, we are required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act.

Our opinion on the financial report is not modified in respect of section 252 and 257(2) of the RO Act because, in our opinion, it has been appropriately addressed by the reporting unit and is not considered material in the context of the audit of the financial report as a whole.



Hall Chadwick (NSW)
Level 40, 2 Park Street
Sydney NSW 2000



Stewart Thompson
Partner

Dated: 18 August 2022

Registration Number: AA2017/160

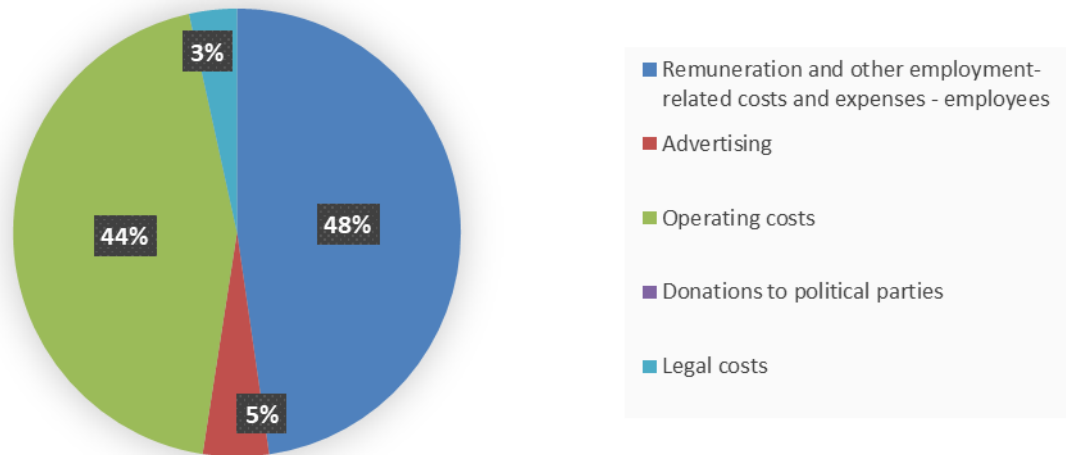
Health Services Union

Report required under subsection 255(2a)

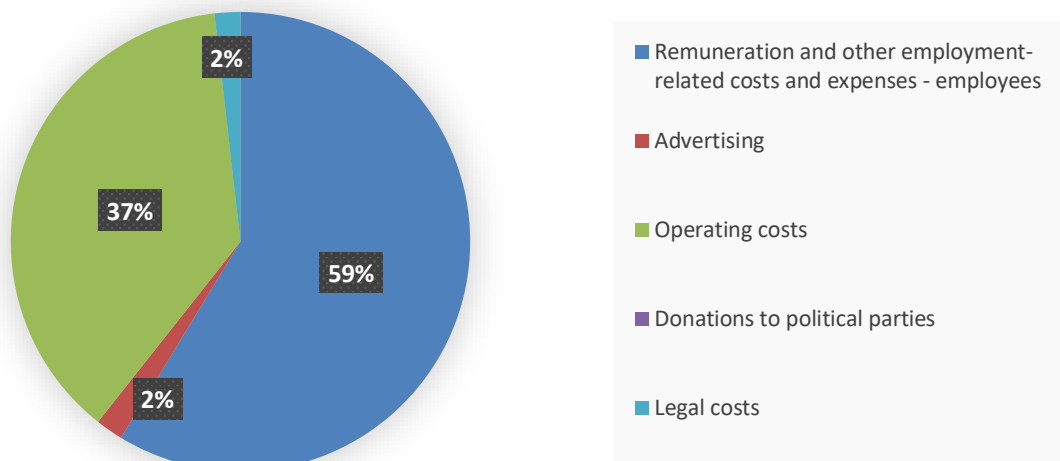
for the year ended 30 June 2022

The National Executive presents the expenditure report as required under subsection 255(2A) on the reporting unit for the year ended 30 June 2022.

2022 - Expenditure as required under s.255(2A) RO Act



2021 - Expenditure as required under s.255(2A) RO Act



Signature of designated officer:

Name and title of designated officer:

Lloyd Williams, National Secretary

Dated: 18/08/2022

Health Services Union

Operating report

for the year ended 30 June 2022

The National Executive presents its operating report on the reporting unit for the year ended 30 June 2022. The reporting unit incorporates the HSU National Office and the South Australia/ Northern Territory Branch.

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year

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

Significant changes in financial affairs

During the year the following significant changes in financial affairs occurred.

Significant Change

Membership subscriptions increased by 13%

Capitation fees and other revenue from another reporting unit increased by 6%

Employee expenses increased by 9%

Other expenses to another reporting unit increased by 1561%

Administration expenses increased by 58%

Other expenses increased by 98%

Nature of Change

South Australia/Northern Territory Branch membership subscriptions increased during the year mainly due to higher member numbers.

Capitation fees and other revenue from another reporting unit increased largely due to higher member numbers than in the prior year.

Employee expenses increased during the year due mainly to additional staff employed in the South Australia/Northern Territory Branch, and to pay increases/reclassifications as per employment agreements.

Other expenses to another reporting unit increased during the year as a result of the redistribution of surplus funds in the National accounts to the Branches on a per capita basis.

Administration expenses increased during the year due largely to the Aged Care Campaign and development of a new website.

Other expenses increased during the year due mainly to digital advertising ahead of the Federal Election.

Right of members to resign

Subject to the rules of the organisation and Section 174 of the Fair Work (Registered Organisation) Act 2009, members have the rights to resign from membership of the organisation by written notice addressed to and delivered to the Secretary of the relevant Branch.

Officers or members who are superannuation fund trustee(s) (include position details) or director of a company that is a superannuation fund trustee where being a member or officer of a registered organisation is a criterion for them holding such position

Officer/Member	Trustee Company	Entity/Scheme	Period
Lloyd Williams	H.E.S.T Australia Limited	HESTA Superfund	1/7/2021 to 31/12/2021
Kate Marshall	H.E.S.T Australia Limited	HESTA Superfund	1/1/2022 to 30/6/2022
Naomi McCrae	Government Employees Superannuation Board	GESB Super	1/7/2021 to 10/3/2022

Number of members

The number of persons that were at the end of the financial year recorded in the register of members for Section 230 of Fair Work (Registered Organisation) Act 2009 and who were taken to be members of the registered organisation under Section 244 of the Fair Work (Registered Organisations) Act was 97,658 (2021: 96,590).

Branch	Number of Members
New South Wales/ACT/Queensland Branch	46,028
South Australia/Northern Territory Branch	1,343
Tasmania Branch	9,320
Victoria No. 1 Branch	15,138
Victoria No. 2 Branch	11,026
Victoria No. 3 Branch	5,572
Victoria No. 4 Branch	2,793
Western Australia Branch	6,438

Number of employees

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 on a full time equivalent was 12.43 (2021: 12.43).

Names of National Executive members and period positions held during the financial year*

Officer	Position	Period
Lloyd Williams	National Secretary	1 July 2021 to 30 June 2022
Tim Jacobson	National Assistant Secretary	1 July 2021 to 30 June 2022
Gerard Hayes	National President	1 July 2021 to 30 June 2022
Diana Asmar	National Senior Vice President	1 July 2021 to 30 June 2022
Kate Marshall	National Junior Vice President	1 July 2021 to 30 June 2022
Mark Sterrey	National Trustee	1 July 2021 to 30 June 2022
Naomi McCrae	National Trustee	1 July 2021 to 30 June 2022
Adrian Barrett	National Executive Member	1 July 2021 to 30 June 2022
David Eden	National Executive Member	1 July 2021 to 30 June 2022
Billy Elrick	National Executive Member	1 July 2021 to 30 June 2022
Paul Elliott	National Executive Member	1 July 2021 to 30 June 2022
Paul Healey	National Executive Member	1 July 2021 to 30 June 2022
Craig McGregor	National Executive Member	1 July 2021 to 30 June 2022
Robbie Moore	National Executive Member	1 July 2021 to 17 August 2021
Lucas Digney	National Executive Member	23 September 2021 to 30 June 2022
Lynne Russell	National Executive Member	1 July 2021 to 30 June 2022

*Under r23B(a)(i) **Tenure of Office** National Officers are elected by ballot of the National Council and take up the elected position at the end of the annual meeting of national council ‘...and shall take office from the completion of the annual meeting of National Council in the year of their election and shall hold office for a period of four years or until successors thereto have been elected and taken office.’ The previous National Officers hold office until the conclusion of the annual meeting. Where a Branch Secretary is elected as a National Officer, there is a flow through effect to the members of National Executive. National Executive is made up of the National Officers and the Secretary of each Branch. A person cannot hold both roles on National Executive simultaneously.

Signature of designated officer:



Name and title of designated officer:

Lloyd Williams, National Secretary

Dated: 18/08/2022

Health Services Union

National Executive statement

for the year ended 30 June 2022

On the 18th August 2022 the National Executive of the Health Services Union passed the following resolution in relation to the general purpose financial report (**GPFR**) for the year ended 30 June 2022:

The National Executive declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the **RO Act**);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the National Executive were held in accordance with the rules of the organisation including the rules of the National Union concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the National Office have been kept and maintained in accordance with the RO Act; and
 - (iv) the financial records of the National Office have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - (v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act, that information has been provided to the member or the Commissioner; 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.

This declaration is made in accordance with a resolution of the National Executive.

Signature of designated officer:



Name and title of designated officer:

Lloyd Williams
National Secretary

Dated: 18/08/2022

Health Services Union
Statement of comprehensive income
for the year ended 30 June 2022

		2022	2021
	Notes	\$	\$
Revenue from contracts with customers			
Membership subscriptions	3	575,508	508,753
Capitation fees and other revenue from another reporting unit	3A	2,574,513	2,426,385
Other reimbursements	3E	35,811	-
Total revenue from contracts with customers		3,185,832	2,935,138
Income for furthering objectives			
Grants and/or donations	3D	200	50,000
Total income for furthering objectives		200	50,000
Other Income			
Investment income	3B	7,663	8,855
Other income	3C	50,727	83,849
Total other income		58,390	92,704
Total income		3,244,422	3,077,842
Expenses			
Employee expenses	4A	(1,675,048)	(1,539,272)
Capitation fees and other expenses to another reporting unit	4B	(330,192)	(19,876)
Affiliation fees	4C	(606,442)	(526,939)
Administration expenses	4D	(362,648)	(228,914)
Grants or donations	4E	-	(1,000)
Depreciation and amortisation	4F	(74,485)	(92,383)
Finance costs	4G	(499)	(3,754)
Legal costs	4H	(116,038)	(45,409)
Audit fees	12	(26,400)	(22,704)
Other expenses	4I	(252,018)	(127,284)
Total expenses		(3,443,770)	(2,607,535)
Surplus/(deficit) for the year		(199,348)	470,307
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		(199,348)	470,307

The above statement should be read in conjunction with the notes.

Health Services Union
Statement of financial position
as at 30 June 2022

	Notes	2022 \$	2021 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5A	2,422,979	2,472,648
Trade and other receivables	5B	197,601	205,839
Other current assets	5C	26,060	46,026
Total current assets		2,646,640	2,724,513
Non-current Assets			
Plant and equipment	6A	102,719	120,123
Buildings	6B	1,220,095	1,255,172
Right-of-use assets	6C	7,778	12,222
Total non-current assets		1,330,592	1,387,517
Total assets		3,977,232	4,112,030
LIABILITIES			
Current Liabilities			
Trade payables	7A	82,889	57,661
Other payables	7B	112,035	113,734
Employee provisions	8A	423,056	405,470
Contract liabilities	5B	592,945	565,041
Lease liabilities	6C	5,551	5,878
Total current liabilities		1,216,476	1,147,784
Non-current Liabilities			
Lease liabilities	6C	2,924	7,066
Total non-current liabilities		2,924	7,066
Total liabilities		1,219,400	1,154,850
Net assets		2,757,832	2,957,180
EQUITY			
General funds/Retained earnings		2,757,832	2,957,180
Total equity		2,757,832	2,957,180

The above statement should be read in conjunction with the notes.

Health Services Union
Statement of changes in equity
for the year ended 30 June 2022

	General funds/ Retained earnings	Total equity
	\$	\$
Balance as at 1 July 2020	2,486,873	2,486,873
Surplus for the year	470,307	470,307
Closing balance as at 30 June 2021	2,957,180	2,957,180
(Deficit) for the year	(199,348)	(199,348)
Closing balance as at 30 June 2022	2,757,832	2,757,832

The above statement should be read in conjunction with the notes.

Health Services Union
Statement of cash flows
for the year ended 30 June 2022

	Notes	2022 \$	2021 \$
OPERATING ACTIVITIES			
Cash received			
Membership subscriptions – South Australia/Northern Territory Branch		633,059	559,629
Receipts from other reporting units	9B	2,717,825	2,833,752
Donations and grants		200	50,000
Interest		7,663	8,855
Other		151,406	90,175
Cash used			
Payments to employees		(1,576,744)	(1,547,896)
Payments to suppliers		(1,695,904)	(1,383,347)
Payments to other reporting units	9B	(264,646)	(35,734)
Interest payments and other finance costs		(499)	(3,754)
Net cash (used by) / from operating activities	9A	(27,640)	571,680
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of plant and equipment		1,252	-
Cash used			
Purchase of plant and equipment		(18,812)	(6,334)
Net cash (used by) investing activities		(17,560)	(6,334)
FINANCING ACTIVITIES			
Cash used			
Repayment of borrowings		-	(21,973)
Repayment of lease liabilities		(4,469)	(25,741)
Net cash (used by) financing activities		(4,469)	(47,714)
Net (decrease) / increase in cash held		(49,669)	517,632
Cash & cash equivalents at the beginning of the reporting period		2,472,648	1,955,016
Cash & cash equivalents at the end of the reporting period		2,422,979	2,472,648
	5A		

The above statement should be read in conjunction with the notes.

Health Services Union

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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 (RO Act)*. For the purpose of preparing the general purpose financial statements, the Health Services Union is a not-for-profit entity.

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. The financial statements have been prepared on a historical cost basis, except for debt and equity financial assets (including derivative financial instruments) that have been measured at fair value either through other comprehensive income or profit or loss, certain classes of property, plant and equipment and investment properties, 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 Going concern

The Health Services Union is not reliant on the agreed financial support of another reporting unit to continue on a going concern basis.

The Health Services Union has not agreed to provide financial support to another reporting unit to ensure they can continue on a going concern basis.

1.3 Comparative amounts

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

1.4 Significant accounting judgements and estimates

There have not been any material accounting assumptions or estimates that have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

1.5 New Australian Accounting Standards

Adoption of New Australian Accounting Standards and amendments

The accounting policies adopted are consistent with those of the previous financial year except for the following amendments to accounting standards and other changes in accounting policy, which have been adopted for the first time this financial year:

- International Financial Reporting Standards Interpretations Committee (IFRS IC) agenda decision on configuration or customization costs in cloud computing or Software-as-a-Service (SaaS) arrangements
- AASB 2021-3 *Amendments to AASs – COVID-19-Related Rent Concessions beyond 30 June 2021*

1.5 New Australian Accounting Standards (cont'd)

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

These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Health Services Union.

Future Australian Accounting Standards

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

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

This Standard amends AASB 101 *Presentation of Financial Statements* to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. This Standard applies to annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

The Health Services Union does not expect the adoption of this amendment to have a material impact on its financial statements.

1.6 Current versus non-current classification

The Health Services Union presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

1.6 Current versus non-current classification (cont'd)

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Health Services Union classifies all other liabilities as non-current.

1.7 Revenue

The Health Services Union enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of membership subscriptions, capitation fees, sponsorship income and grants.

The timing of recognition of these amounts as either revenue or income depends on the rights and obligations in those arrangements.

Revenue from contracts with customers

Where the Health Services Union has a contract with a customer, the Health Services Union recognises revenue when or as it transfers control of goods or services to the customer. The Health Services Union accounts for an arrangement as a contract with a customer if the following criteria are met:

- the arrangement is enforceable; and
- the arrangement contains promises (that are also known as performance obligations) to transfer goods or services to the customer (or to other parties on behalf of the customer) that are sufficiently specific so that it can be determined when the performance obligation has been satisfied.

Membership subscriptions

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of the Health Services Union.

If there is only one distinct membership service promised in the arrangement, the Health Services Union recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect the Health Services Union's promise to stand ready to provide assistance and support to the member as required.

If there is more than one distinct good or service promised in the membership subscription, the Health Services Union allocates the transaction price to each performance obligation based on the relative standalone selling price of each promised good or service. In performing this allocation, standalone selling prices are estimated if there is no observable evidence of the price that the Health Services Union charges for that good or service in a standalone sale. When a performance obligation is satisfied, which is either when the customer obtains control of the good (for example, books or clothing) or as the service transfers to the customer (for example, member services or training course), the Health Services Union recognises revenue at the amount of the transaction price that was allocated to that performance obligation.

For member subscriptions paid annually in advance, the Health Services Union has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

1.7 Revenue (cont'd)

When a member subsequently purchases additional goods or services from the Health Services Union at their standalone selling price, the Health Services Union accounts for those sales as a separate contract with a customer.

Capitation fees

Where the Health Services Union's arrangement with a branch or another reporting unit meets the criteria to be a contract with a customer, the Health Services Union recognises the capitation fees promised under that arrangement when or as it transfers the participation and voting rights on the national council.

In circumstances where the criteria for a contract with a customer are not met, the Health Services Union will recognise capitation fees as income upon receipt (as specified in the income recognition policy below).

Income of the Health Services Union as a Not-for-Profit Entity

Consideration is received by the Health Services Union to enable the entity to further its objectives. The Health Services Union recognises each of these amounts of consideration as income when the consideration is received (which is when the Health Services Union obtains control of the cash) because, based on the rights and obligations in each arrangement:

- the arrangements do not meet the criteria to be contracts with customers because either the arrangement is unenforceable or lacks sufficiently specific promises to transfer goods or services to the customer; and
- the Health Services Union's recognition of the cash contribution does not give rise to any related liabilities.

The Health Services Union receives cash consideration from the following arrangements whereby that consideration is recognised as income upon receipt:

- government grants (cash flow boost as part of the government's economic stimulus package for COVID-19)

Gains from sale of assets

An item of property, plant and equipment is derecognised upon disposal (which is at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

Interest income

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

1.8 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits in the circumstances set up below.

1.8 Employee benefits (cont'd)

Liabilities for short-term employee benefits (as defined in AASB 119 *Employee Benefits*) and termination benefits which are expected to be settled within twelve months of the end of 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 which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the reporting unit in respect of services provided by employees up to reporting date.

Provision is made for separation and redundancy benefit payments. The Health Services Union recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

1.9 Leases

The Health Services Union assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Health Services Union as a lessee

The Health Services Union applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Health Services Union recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Health Services Union recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	2022	2021
Buildings	4-5 years	4-5 years
Plant and equipment	4-5 years	4-5 years

1.9 Leases (cont'd)

If ownership of the leased asset transfers to the Health Services Union at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Health Services Union recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Health Services Union and payments of penalties for terminating the lease, if the lease term reflects the Health Services Union exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Health Services Union uses the incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term. The Health Services Union's short-term leases are those that have a lease term of 12 months or less from commencement and its leases of low-value assets relates to leases that are below \$5,000.

1.10 Borrowing costs

All borrowing costs are recognised in profit and loss in the period in which they are incurred.

1.11 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

1.12 Financial instruments

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

1.13 Financial assets

Contract assets and receivables

A contract asset is recognised when the Health Services Union's right to consideration in exchange goods or services that has transferred to the customer when that right is conditioned on the Health Services Union's future performance or some other condition.

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets and receivables are subject to impairment assessment. Refer to accounting policies on impairment of financial assets below.

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (**OCI**), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Health Services Union's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Health Services Union initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of principal and interest' (**SPPI**) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Health Services Union's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss

Financial assets at amortised cost

The Health Services Union measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

1.13 Financial assets (cont'd)

Financial assets at amortised cost are subsequently measured using the effective interest (**EIR**) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Health Services Union's financial assets at amortised cost include trade receivables.

Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Health Services Union has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either:
 - a) the Health Services Union has transferred substantially all the risks and rewards of the asset, or
 - b) the Health Services Union has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Health Services Union has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Health Services Union continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment

Expected credit losses (ECLs)

(i) Debt instruments other than trade receivables

The Health Services Union recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Health Services Union expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other enhancements that are integral to the contractual terms.

ECLs are recognised in two stages:

- For credit exposures which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

1.13 Financial assets (cont'd)

- For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Health Services Union considers a financial asset in default when contractual payments (other than from a Branch) are 90 days past due. However, in certain cases, the Health Services Union may also consider a financial asset to be in default when internal or external information indicates that the Health Services Union is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Trade receivables

For trade receivables that do not have a significant financing component, the Health Services Union applies a simplified approach in calculating ECLs. Therefore, the Health Services Union does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL's at each reporting date. The Health Services Union has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Historically, all HSU branches have paid their capitation/ACTU affiliation fees and the Health Services Union expects this trend to continue and has therefore not recognised any loss allowance.

1.14 Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost or at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Health Services Union's financial liabilities include trade and other payables.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

1.14 Financial Liabilities (cont'd)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

1.15 Liabilities relating to contracts with customers

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Health Services Union transfers the related goods or services. Contract liabilities include deferred income. Contract liabilities are recognised as revenue when the Health Services Union performs under the contract (i.e., transfers control of the related goods or services to the customer).

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Health Services Union refund liabilities arise from customers' right of return. The liability is measured at the amount the Health Services Union ultimately expects it will have to return to the customer. The Health Services Union updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

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, plant and equipment

Asset Recognition Threshold

Purchases of land, buildings, plant and equipment are recognised initially at cost in the statement of financial position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Land and buildings

Land and buildings are measured at cost less accumulated depreciation and impairment losses.

1.17 Land, buildings, plant and equipment (cont'd)

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2022	2021
Plant and equipment	2.5 to 10 years	2.5 to 10 years
Buildings	40 years	40 years

Derecognition

An item of land, buildings, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

1.18 Impairment for non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Health Services Union were deprived of the asset, its recoverable amount is its fair value.

In other cases, for the purposes of determining recoverable amount, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

1.19 Taxation

The Health Services 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 (**ATO**); and
- for receivables and payables.

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

1.19 Taxation (cont'd)

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO is classified within operating cash flows.

Note 2 Events after the reporting period

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Health Services Union, the results of those operations, or the state of affairs of the Health Services Union in subsequent financial periods.

Note 3 Revenue and income

Disaggregation of revenue from contracts with customers

A disaggregation of the Health Services Union's revenue by type of arrangement is provided on the face of the Statement of Comprehensive Income. The table below also sets out a disaggregation of revenue by type of customer.

	2022	2021
	\$	\$
<i>Type of customer</i>		
Members – South Australia/Northern Territory Branch	575,508	508,753
Other reporting units	2,574,513	2,426,385
Other parties	35,811	-
Total revenue from contracts with customers	<u>3,185,832</u>	<u>2,935,138</u>

Disaggregation of income for furthering activities

A disaggregation of the Health Services Union's income by type of arrangement is provided on the face of the Statement of Comprehensive Income. The table below also sets out a disaggregation of income by funding source.

Income funding sources

Government	-	50,000
Other parties	200	-
Total income for furthering activities	<u>200</u>	<u>50,000</u>

Health Services Union**Notes of the Financial Statements for the year ended 30 June 2022****Note 3A: Capitation fees and other revenue from another reporting unit**

	2022	2021
	\$	\$
Capitation fees:		
New South Wales/ACT/Queensland Branch	934,306	887,608
South Australia/Northern Territory Branch	25,169	-
Tasmania Branch	174,960	162,884
Victoria No. 1 Branch	308,589	298,383
Victoria No. 2 Branch	204,825	195,432
Victoria No. 3 Branch	102,849	102,260
Victoria No. 4 Branch	53,326	50,337
Western Australia Branch	130,376	127,368
Subtotal capitation fees	1,934,400	1,824,272
Other revenue from another reporting unit:		
New South Wales/ACT/Queensland Branch	298,031	284,128
South Australia/Northern Territory Branch	12,930	15,965
Tasmania Branch	70,813	54,030
Victoria No. 1 Branch	98,587	93,423
Victoria No. 2 Branch	66,588	64,403
Victoria No. 3 Branch	34,089	33,251
Victoria No. 4 Branch	17,487	16,187
Western Australia Branch	41,588	40,726
Subtotal other revenue from another reporting unit	640,113	602,113
Total capitation fees and other revenue from another reporting unit	2,574,513	2,426,385

Note 3B: Investment income

Interest:		
Deposits	7,663	8,855
Total investment income	7,663	8,855

Note 3C: Other income

Director's Fees	48,045	83,849
Employee FBT contributions	2,682	-
Total other income	50,727	83,849

In accordance with the union's policy, all director's fees earned by any officers/employees who are directors of a company or trustee of a superannuation scheme due to their positions of the Health Services Union, are paid directly to the Health Services Union with any related superannuation paid to the officers superannuation fund.

Health Services Union
Notes of the Financial Statements for the year ended 30 June 2022

Note 3D: Grants and/or donations

	2022	2021
	\$	\$
Grants	-	50,000
Donations	200	-
Total grants or donations	200	50,000

Note 3E: Other reimbursements

Reimbursements from related parties (state-registered associations) – refer to note 11A	33,677	-
Distribution of surplus funds – South Australia/Northern Territory Branch	2,134	-
Total other reimbursements	35,811	-

Note 4 Expenses

Note 4A: Employee expenses

Holders of office:

Wages and salaries	286,341	447,509
Superannuation	28,549	42,509
Leave and other entitlements	5,545	6,029
Payroll tax*	15,349	24,147
Separation and redundancies	-	-
Other employee expenses	-	-
Subtotal employee expenses holders of office	335,784	520,194

Employees other than office holders:

Wages and salaries	1,135,014	809,521
Superannuation	132,315	111,524
Leave and other entitlements	12,041	46,924
Payroll tax	59,894	51,109
Separation and redundancies	-	-
Other employee expenses	-	-
Subtotal employee expenses employees other than office holders	1,339,264	1,019,078
Total employee expenses	1,675,048	1,539,272

Health Services Union

Notes of the Financial Statements for the year ended 30 June 2022

Note 4B: Capitation fees and other expenses to another reporting unit

	2022	2021
	\$	\$
Capitation fees – South Australia/Northern Territory Branch	25,169	-
Subtotal capitation fees	25,169	-
Other expenses to another reporting unit		
New South Wales/Queensland/Northern Territory Branch – distribution of surplus funds	142,233	-
South Australia/Northern Territory Branch – distribution of surplus funds	2,134	-
Tasmania Branch – distribution of surplus funds	26,101	-
Tasmania Branch – travel expenses	2,970	-
Victoria No. 1 Branch – distribution of surplus funds	47,814	-
Victoria No. 2 Branch – distribution of surplus funds	31,317	-
Victoria No. 2 Branch – Federal Election spend	5,545	-
Victoria No. 2 Branch – staff amenities	274	-
Victoria No. 2 Branch – salary reimbursement	-	19,876
Victoria No. 3 Branch – distribution of surplus funds	16,386	-
Victoria No. 3 Branch – travel expenses	1,773	-
Victoria No. 4 Branch – distribution of surplus funds	8,066	-
Western Australia Branch - distribution of surplus funds	20,410	-
Subtotal other expenses to another reporting unit	305,023	19,876
Total capitation fees and other expenses to another reporting unit	330,192	19,876

Capitation fees relate to the capitation fees the National Office has charged the South Australia/Northern Territory Branch and these are included in capitation fee revenue at note 3A Capitation fees and other revenue from another reporting unit. Given the South Australia/Northern Territory Branch forms part of the National Office Reporting Unit, no capitation fees were paid to another reporting unit.

Note 4C: Affiliation fees

Active Left – South Australia/Northern Territory Branch	-	500
ACTU Affiliation fees	597,354	517,373
ALP Affiliation fees – South Australia/Northern Territory Branch	725	645
National Aged Care Alliance	1,201	833
Climate and Health Alliance Affiliation fees	2,000	2,000
Union Aid Abroad APHEDA Affiliation fees	1,075	1,044
SA May Day Collective	200	700
SA Unions Affiliation fees	3,887	3,844
Total affiliation fees/subscriptions	606,442	526,939

Health Services Union
Notes of the Financial Statements for the year ended 30 June 2022

Note 4D: Administration expenses

	2022	2021
	\$	\$
Conference and meeting expenses	13,348	1,836
Staff & visitor amenities	6,918	10,363
Computer expenses	65,282	57,343
Electricity	6,311	6,649
Insurance	40,720	40,697
Campaign expenses	86,813	35,520
Bank fees	6,367	4,828
Staff training	6,840	3,300
Office expenses	56,112	48,822
Contractors/consultants	17,456	18,281
Recruitment expenses	1,146	1,275
Website costs	30,900	-
Subtotal administration expenses	338,213	228,914
Operating lease rentals:		
Short term, low value and variable lease payments	24,435	-
Total administration expenses	362,648	228,914

Note 4E: Grants or donations

Grants:

Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-

Donations:

Total expensed that were \$1,000 or less	-	1,000
Total expensed that exceeded \$1,000	-	-

Total grants or donations	-	1,000
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Note 4F: Depreciation and amortisation

Depreciation:

Plant and equipment	34,964	33,279
Buildings	35,077	35,076
Right-of-use assets	4,444	24,028

Total depreciation	74,485	92,383
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Note 4G: Finance costs

Loans	-	923
Interest expense on lease liabilities	499	2,831
Total finance costs	499	3,754

Health Services Union
Notes of the Financial Statements for the year ended 30 June 2022

Note 4H: Legal costs

	2022	2021
	\$	\$
Litigation	-	6,300
Industrial legal	86,806	12,174
Other legal costs	29,232	26,935
Total legal costs	116,038	45,409

Note 4I: Other expenses

Advertising	154,573	48,551
Fringe benefits tax	7,895	8,618
Workcover	15,809	12,906
Motor vehicle expense	8,248	9,248
Travel and accommodation	65,493	47,961
Total other expenses	252,018	127,284

Note 5 Current Assets

Note 5A: Cash and cash equivalents

Cash at bank	2,362,979	2,412,648
Short term deposits	60,000	60,000
Total cash and cash equivalents	2,422,979	2,472,648

Note 5B: Trade and other receivables

Receivables from other reporting units

Victoria No. 1 Branch	54,724	53,264
Victoria No. 2 Branch	73,642	70,716
Victoria No. 4 Branch	19,649	18,214
Western Australia Branch	47,138	46,087
Total receivables from other reporting units	195,153	188,281
Less allowance for expected credit losses	-	-
Total allowance for expected credit losses	-	-
Receivable from other reporting units (net)	195,153	188,281

Health Services Union
Notes of the Financial Statements for the year ended 30 June 2022

Note 5B: Trade and other receivables (cont'd)

	2022	2021
	\$	\$
Other receivables:		
Other	2,448	17,558
Total other receivables	<u>2,448</u>	<u>17,558</u>
Total trade and other receivables (net)	<u>197,601</u>	<u>205,839</u>

The Health Services Union has recognised the following assets and liabilities related to contracts with customers:

Receivables	<u>195,153</u>	189,281
Receivables - current	195,153	189,281
Receivables - non-current	-	-
Contract liabilities	<u>592,945</u>	565,041
Contract liabilities - current	592,945	565,041
Contract liabilities - non-current	-	-

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period was \$565,041.

Included in the above total are the following contract liabilities to other reporting units:

Contract liabilities to other reporting units	<u>580,945</u>	557,868
New South Wales/ACT/Queensland Branch	305,070	291,976
South Australia/Northern Territory Branch	8,131	7,510
Tasmania Branch	56,860	53,580
Victoria No. 1 Branch	49,749	48,422
Victoria No. 2 Branch	66,947	64,287
Victoria No. 3 Branch	33,949	33,638
Victoria No. 4 Branch	17,386	16,558
Western Australia Branch	42,853	41,897

Note 5C: Other current assets

Prepayments	26,060	46,026
Total other current assets	<u>26,060</u>	<u>46,026</u>

Note 6 Non-current Assets and Non-current Liabilities

Note 6A: Plant and equipment

	2022	2021
	\$	\$
Plant and equipment:		
at cost	215,970	208,150
accumulated depreciation	(113,251)	(88,027)
Total plant and equipment	102,719	120,123

Note 6B: Buildings

Buildings:		
at cost	1,403,070	1,403,070
accumulated depreciation	(182,975)	(147,898)
Total buildings	1,220,095	1,255,172

The Health Services Union engaged an external, independent and qualified valuer to determine the fair value of the Health Services Union's buildings as at 20th May 2021. The fair value was assessed as \$1,425,000. The National Executive has opted not to revalue the property and remain on the "cost" model in accordance with its current accounting policy.

Reconciliation of opening and closing balances of buildings, plant and equipment

	Plant and Equipment \$	Buildings \$	Total \$
As at 1 July 2021			
Gross book value	208,150	1,403,070	1,611,220
Accumulated depreciation and impairment	(88,027)	(147,898)	(235,925)
Net book value 1 July 2021	120,123	1,255,172	1,375,295
Additions:			
By purchase	18,812	-	18,812
Impairments	-	-	-
Depreciation expense	(34,964)	(35,077)	(70,041)
Disposals:			
Other	(1,252)	-	(1,252)
Net book value 30 June 2022	102,719	1,220,095	1,322,814
Net book value as of 30 June 2022 represented by:			
Gross book value	215,970	1,403,070	1,619,040
Accumulated depreciation and impairment	(113,251)	(182,975)	(296,226)
Net book value 30 June 2022	102,719	1,220,095	1,322,814

Health Services Union
Notes of the Financial Statements for the year ended 30 June 2022

Note 6B: Buildings (cont'd)

	Plant and Equipment	Buildings	Total
	\$	\$	\$
As at 1 July 2020			
Gross book value	201,816	1,403,070	1,604,886
Accumulated depreciation and impairment	(54,748)	(112,822)	(167,570)
Net book value 1 July 2020	147,068	1,290,248	1,437,316
Additions:			
By purchase	6,334	-	6,334
Impairments	-	-	-
Depreciation expense	(33,279)	(35,076)	(68,355)
Disposals:			
Other	-	-	-
Net book value 30 June 2021	120,123	1,255,172	1,375,295
Net book value as of 30 June 2021 represented by:			
Gross book value	208,150	1,403,070	1,611,220
Accumulated depreciation and impairment	(88,027)	(147,898)	(235,925)
Net book value 30 June 2021	120,123	1,255,172	1,375,295

Note 6C: Leases

Health Services Union as a lessee

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Photocopier	Office Space	Total
	\$	\$	\$
As at 1 July 2020	16,666	58,291	74,957
Additions – modifications	-	37,072	37,072
Disposals - terminations	-	(75,779)	(75,779)
Depreciation expense	(4,444)	(19,584)	(24,028)
As at 1 July 2021	12,222	-	12,222
Additions – modifications	-	-	-
Disposals - terminations	-	-	-
Depreciation expense	(4,444)	-	(4,444)
As at 30 June 2022	7,778	-	7,778

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2022	2021
	\$	\$
As at 1 July	12,944	77,392
Additions - modifications	-	37,072
Disposals - terminations	-	(75,779)
Accretion of interest	499	2,831
Payments	(4,968)	(28,572)
As at 30 June	8,475	12,944
Current	5,551	5,878
Non-current	2,924	7,066

Health Services Union
Notes of the Financial Statements for the year ended 30 June 2022

Note 6C: Leases (cont'd)

The maturity analysis of lease liabilities is disclosed in Note 13E Liquidity risk.

	2022	2021
	\$	\$
The following are the amounts recognised in profit or loss:		
Depreciation expense of right-of-use assets	4,444	24,028
Interest expense on lease liabilities	499	2,831
Expense relating to short-term leases	24,435	-
Total amount recognised in profit or loss	29,378	26,859

Note 7 Current Liabilities

Note 7A: Trade payables

Trade creditors and accruals	49,557	32,869
Subtotal trade creditors	49,557	32,869

Payables to other reporting units

Tasmania Branch	12,648	8,623
Victoria No.1 Branch	10,926	6,292
Victoria No.2 Branch	2,450	6,250
Victoria No.3 Branch	7,308	3,627
Subtotal payables to other reporting units	33,332	24,792
Total trade payables	82,889	57,661

Settlement is usually made within 30 days.

Note 7B: Other payables

Superannuation	7,090	5,317
PAYG Withholding Tax	51,405	45,930
GST payable	46,995	61,457
Legal costs		
Litigation	-	-
Other legal costs	6,545	1,030
Total other payables	112,035	113,734

Total other payables are expected to be settled in:

No more than 12 months	112,035	113,734
Total other payables	112,035	113,734

Health Services Union
Notes of the Financial Statements for the year ended 30 June 2022

Note 8 Provisions

Note 8A: Employee provisions

	2022	2021
	\$	\$
Office holders:		
Annual leave and ADO	20,547	16,346
Long service leave	130,937	129,593
<i>Subtotal employee provisions—office holders</i>	151,484	145,939
Employees other than office holders:		
Annual leave and ADO	166,074	177,521
Long service leave	105,498	82,010
<i>Subtotal employee provisions—employees other than office holders</i>	271,572	259,531
Total employee provisions	423,056	405,470
Current	423,056	405,470
Non-current	-	-
<i>Total employee provisions</i>	423,056	405,470

Note 9 Cash Flow

Note 9A: Cash flow reconciliation

	2022 \$	2021 \$
Reconciliation of cash and cash equivalents as per statement of financial position to statement of cash flows:		
Cash and cash equivalents as per:		
Statement of cash flows	2,422,979	2,472,648
Statement of financial position	2,422,979	2,472,648
Difference	<u>-</u>	<u>-</u>
Reconciliation of surplus / (deficit) to net cash from operating activities:		
Surplus/(deficit) for the year	(199,348)	470,307
Adjustments for non-cash items		
Depreciation	74,485	92,383
Changes in assets/liabilities		
Decrease/(increase) in trade and other receivables	8,238	110,984
Decrease in prepayments	19,966	5,035
Increase/(decrease) in trade and other payables	23,529	(50,522)
Increase/(decrease) in employee provisions	17,586	(101,027)
Increase in contract liabilities	27,904	44,520
Net cash (used by) / from operating activities	<u>(27,640)</u>	<u>571,680</u>

Note 9B: Cash flow information

Cash inflows

New South Wales/ACT/Queensland Branch	1,369,974	1,322,095
Tasmania Branch	245,247	297,544
Victoria No. 1 Branch	447,893	509,679
Victoria No. 2 Branch	264,105	294,124
Victoria No. 3 Branch	132,949	151,906
Victoria No. 4 Branch	68,496	73,176
Western Australia Branch	189,161	185,228
Total cash inflows	<u>2,717,825</u>	<u>2,833,752</u>

The cash inflow from Victoria No. 2 Branch in the financial year ended 30 June 2021 includes \$8,305 for the transfer of employee provisions – office holders (long service leave) for the South Australia/Northern Territory Branch Secretary that are recorded as a liability as disclosed at note 8A Employee provisions.

Health Services Union
Notes of the Financial Statements for the year ended 30 June 2022

Note 9B: Cash flow information (cont'd)

Cash outflows		
	2022	2021
	\$	\$
New South Wales/ACT/Queensland Branch	156,457	5,837
Tasmania Branch	8,623	-
Victoria No.1 Branch	58,887	-
Victoria No. 2 Branch	12,651	28,776
Victoria No. 3 Branch	5,577	-
Western Australia Branch	22,451	1,121
Total cash outflows	264,646	35,734

Note 10 Contingent Liabilities, Assets and Commitments

Note 10A: Commitments and contingencies

Capital commitments

At 30 June 2022 the Health Services Union has commitments of \$Nil (2021: \$Nil).

Note 11 Related Party Disclosures

Note 11A: Related party transactions for the reporting period

The following table provides the total amount of transactions that have been entered into with related parties for the relevant year. Please also refer to notes 3A Capitation fees and other revenue from another reporting unit, 4B Capitation fees and other expenses to another reporting unit, 5B Trade and other receivables, 7A Trade payables, and 9B Cash flow information where transactions and balances with Branches have been disclosed.

Date	Name	Nature of relationship	Purpose of expense payment	2022 \$	2021 \$
1/7/2021 – 30/6/2022	Health Services Union NSW (State Registered Union)	State-registered association	Reimbursement of National Office travel expenses paid for by State Union	1,619	5,332
1/7/2021 – 30/6/2022	Tasmania Branch	Branch	Reimbursement of National Office travel expenses paid for by Branch	2,970	3,445
1/7/2021 – 30/6/2022	Victoria No. 2 Branch	Branch	Reimbursement of National Office travel expenses / other expenses paid for by Branch	5,819	2,798
1/7/2021 – 30/6/2022	HSU WA (State Registered Union)	State-registered association	Reimbursement of National Office travel expenses paid for by Branch	6,478	1,019

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Notes of the Financial Statements for the year ended 30 June 2022

Note 11 Related Party Disclosures (cont'd)

Date	Name	Nature of relationship	Purpose of revenue receipt	2022 \$	2021 \$
1/7/2021 – 30/6/2022	Health Services Union NSW (State Registered Union)	State-registered association	Reimbursement to National Office for workplace express subscriptions/campaign expenses/accommodation paid for by National Office	32,245	-
1/7/2021 – 30/6/2022	Medical Scientists Association of Victoria	State-registered association	Reimbursement to National Office for workplace express subscriptions paid for by National Office	452	-
1/7/2021 – 30/6/2022	HSU WA (State Registered Union)	State-registered association	Reimbursement to National Office for workplace express subscriptions paid for by National Office	980	-

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2022, the Health Services Union has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2021: \$Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Expected credit losses are immaterial and have not been recognised in relation to any outstanding balances.

Note 11B: Key management personnel remuneration for the reporting period

	2022 \$	2021 \$
Short-term employee benefits:		
Salary (including annual leave taken)	286,341	447,509
Annual leave accrued	20,547	16,346
Performance bonus	-	-
Total short-term employee benefits	306,888	463,855
Post-employment benefits:		
Superannuation	28,549	42,509
Total post-employment benefits	28,549	42,509
Other long-term benefits:		
Long-service leave	130,937	129,593
Total other long-term benefits	130,937	129,593
Termination benefits	-	-
Total key management personnel remuneration	466,374	635,957

Note 12 Remuneration of Auditors

	2022	2021
	\$	\$
Value of the services provided		
Financial statement audit services	21,140	21,154
Other services	5,260	1,550
Total remuneration of auditors	26,400	22,704

Other services provided by the auditors of the financial statements relate to auditing the South Australia/Northern Territory Branch Electoral Commission SA Associated Entity returns.

Note 13 Financial Instruments

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to financial loss to the organisation.

Credit risk is managed through maintaining procedures (such as the utilisation of systems for approval, granting and removal of credit limits, regular monitoring of exposure against such limits and monitoring of the financial stability of significant customers and counterparties) ensuring, to the extent possible, that members and counterparties to transactions are of sound credit worthiness.

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

There is no collateral held by the organisation securing amounts receivable and other debtors.

The Health Services Union has no significant concentrations of credit risk with any single counterparty or group of counterparties.

Liquidity risk

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

- Only investing surplus cash with major financial institutions
- Proactively monitoring the recovery of accounts receivable

Note 13A: Categories of Financial Instruments

Financial assets

At amortised cost:

Trade and other receivables	197,601	205,839
Total	197,601	205,839
Carrying amount of financial assets	197,601	205,839

Note 13A Categories of Financial Instruments (cont'd)

Financial liabilities

	2022	2021
	\$	\$
Trade and other payables	194,924	171,395
Lease liabilities	8,475	12,944
Total	203,399	184,339
Carrying amount of financial liabilities	203,399	184,339

Note 13B: Net income and expense from financial liabilities

At amortised cost:

Interest expense	-	(923)
Interest on lease liabilities	(499)	(2,831)
Net (loss) financial liabilities – at amortised cost	(499)	(3,754)
Net (loss) from financial liabilities	(499)	(3,754)

Note 13C: Financial assets and liabilities

Management of the reporting unit assessed that cash and cash equivalents, trade and other receivables, borrowings and trade and other payables approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate fair values:

- Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 30 June 2022 was assessed to be insignificant.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Health Services Union based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 30 June 2022 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated values.

The following table contains the carrying amounts and related fair values for the Health Services Union's financial assets and liabilities:

Note 13C Financial assets and liabilities (cont'd)

	Carrying Amount 2022 \$	Fair Value 2022 \$	Carrying amount 2021 \$	Fair Value 2021 \$
Financial Assets				
Trade and other receivables	197,601	197,601	205,839	205,839
Total	197,601	197,601	205,839	205,839
Financial Liabilities				
Trade and other payables	194,924	194,924	171,395	171,395
Lease liabilities	8,475	8,475	12,944	12,944
Total	203,399	203,399	184,339	184,339

Note 13D: Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The reporting unit's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of those assets as indicated in the balance sheet.

The following table illustrates the entity's gross exposure to credit risk, excluding any collateral or credit enhancements.

	2022 \$	2021 \$
Financial assets		
Trade and other receivables	197,601	205,839
Total	197,601	205,839
Financial liabilities		
Trade and other payables	194,924	171,395
Lease liabilities	8,475	12,944
Total	203,399	184,339

Currently the Health Services Union does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

Set out below is the information about the credit risk exposure on financial assets using a provision matrix. The expected credit loss rate will be applied to trade and other receivables (other than a receivable from a Branch). This has not been applied in the current or previous financial year as all material trade and other receivables are from Branches.

Health Services Union
Notes of the Financial Statements for the year ended 30 June 2022

Note 13D: Credit risk (cont'd)

30 June 2022	Trade and other receivables					Total
	Current	Days past due			>91 days	
		<30 days	30-60 days	61-90 days		
\$	\$	\$	\$	\$	\$	
Expected credit loss rate	0%	0%	2%	2%	2%	
Estimate total gross carrying amount at default			-	-	-	-
Expected credit loss			-	-	-	-

30 June 2021	Trade and other receivables					Total
	Current	Days past due			>91 days	
		<30 days	30-60 days	61-90 days		
\$	\$	\$	\$	\$	\$	
Expected credit loss rate	0%	0%	2%	2%	2%	
Estimate total gross carrying amount at default			-	-	-	-
Expected credit loss			-	-	-	-

The Health Services Union's maximum exposure to credit risk for the components of the statement of financial position at 30 June 2022 and 2021 is the carrying amounts as illustrated in Note 13C Financial assets and liabilities.

Note 13E: Liquidity risk

Liquidity risk arises when the Health Services Union is unable to meet its financial obligations as they fall due. The Health Services Union operates under a policy of settling financial obligations within 30 days and in the event of a dispute, makes payments within 30 days of the date of resolution. It also continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding cash and cash equivalents. The reporting unit's exposure to liquidity risk is deemed insignificant based on prior periods data and current assessment of risk. Maximum exposure to liquidity risk is the carrying amounts of financial liabilities.

Contractual maturities for financial liabilities 2022

	On Demand	< 1 year	1– 2 years	2– 5 years	>5 years	Total
		\$	\$	\$	\$	\$
Trade payables	-	194,924	-	-	-	194,924
Total	-	194,924	-	-	-	194,924

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Notes of the Financial Statements for the year ended 30 June 2022

Note 13E: Liquidity risk (cont'd)

Contractual maturities for financial liabilities 2021

	On Demand	< 1 year	1– 2 years	2– 5 years	>5 years	Total
		\$	\$	\$	\$	\$
Trade payables	-	171,395	-	-	-	171,395
Total	-	171,395	-	-	-	171,395

Lease liability maturities for 2022

	On Demand	< 1 year	1– 2 years	2– 5 years	>5 years	Total
		\$	\$	\$	\$	\$
Photocopier	-	5,551	2,924	-	-	8,475
Total	-	5,551	2,924	-	-	8,475

Lease liability maturities for 2021

	On Demand	< 1 year	1– 2 years	2– 5 years	>5 years	Total
		\$	\$	\$	\$	\$
Photocopier	-	5,878	4,142	2,924	-	12,944
Total	-	5,878	4,142	2,924	-	12,944

Note 13F: Market Risk

The Health Services Union does not have any material exposure to market risk.

Note 13G: Changes in liabilities arising from financing activities

	1 July 2021	Cash flows	Reclassified as part of disposal group	Foreign exchange movement	Changes in fair values	New Leases / Borrowings	Other	30 June 2022
	\$	\$	\$	\$	\$	\$	\$	\$
Current interest-bearing Borrowings	-	-	-	-	-	-	-	-
Non-current interest-bearing Borrowings	-	-	-	-	-	-	-	-
Total liabilities from financing activities	-	-	-	-	-	-	-	-

Health Services Union
Notes of the Financial Statements for the year ended 30 June 2022

Note 13G: Changes in liabilities arising from financing activities (cont'd)

	1 July 2020	Cash flows	Reclassified as part of disposal group	Foreign exchange movement	Changes in fair values	New Leases / Borrowings	Other	30 June 2021
	\$	\$	\$	\$	\$	\$	\$	\$
Current interest- bearing borrowings	21,973	(21,973)	-	-	-	-	-	-
Non-current interest- bearing borrowings	-	-	-	-	-	-	-	-
Total liabilities from financing activities	21,973	(21,973)	-	-	-	-	-	-

The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings, and the effect of accrued but not yet paid interest on interest-bearing loans and borrowings. The Health Services Union classifies interest paid as cash flows from operating activities.

Note 14 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 Commissioner:

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

Officer declaration statement

I, Lloyd Williams, being the National Secretary of the Health Services Union, declare that the following activities did not occur during the reporting period ending 30 June 2022.

The reporting unit did not:

- 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 revenue via compulsory levies/voluntary contributions
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay compulsory levies
- pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit
- pay a penalty imposed under the RO Act or the *Fair Work Act 2009*
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a separation and redundancy provision in respect of holders of office
- have other employee provisions in respect of holders of office
- have a separation and redundancy provision in respect of employees (other than holders of office)
- have other employee provisions in respect of employees (other than holders of office)
- 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 another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Signature of designated officer:



Name and title of designated officer:

Lloyd Williams
National Secretary

Date: 18/08/2022