

Health Services Union

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

Certificate by prescribed designated officer

Certificate for the year ended 30 June 2023

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 2023; and
- that the full report was presented to a meeting of the National Executive of the reporting unit on 11th October 2023 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 2022–23

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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 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2023, 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 2023, 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 (including Independence Standards)* (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

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

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. 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: 25 August 2023

Registration Number: AA2017/160

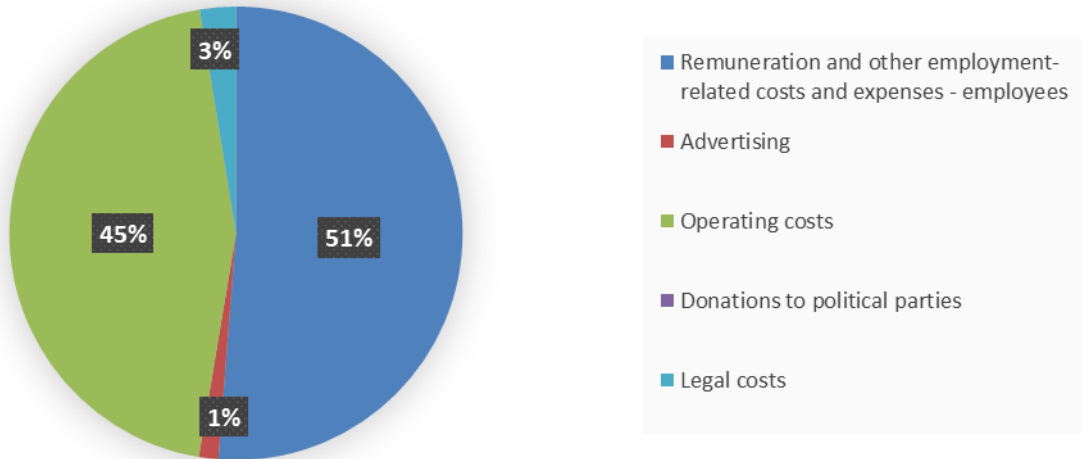
Health Services Union

Report required under subsection 255(2A)

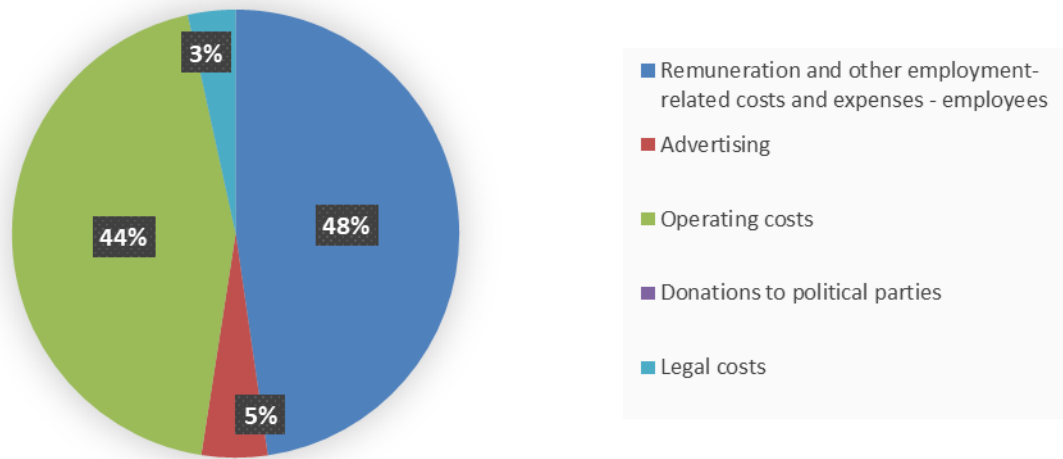
for the year ended 30 June 2023

The National Executive presents the expenditure report as required under subsection 255(2A) on the reporting unit for the year ended 30 June 2023.

2023 - Expenditure as required under s.255(2A) RO Act



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



Signature of designated officer:

Name and title of designated officer:

Lloyd Williams, National Secretary

Dated: 25/08/2023

Health Services Union

Operating report

for the year ended 30 June 2023

The National Executive presents its operating report on the reporting unit for the year ended 30 June 2023. 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 21%

Other expenses to another reporting unit decreased by 98%

Other expenses increased by 17%

Nature of Change

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

Other expenses to another reporting unit decreased during the year because there was no redistribution of surplus funds in the National accounts to the Branches on a per capita basis as there was in the prior year.

Other expenses increased during the year driven mainly by a large increase in travel and accommodation of 225% due to more visits to Canberra following the change in government. This has been offset by a reduction in digital advertising of 73% given the prior periods expenses incurred 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
Kate Marshall	H.E.S.T Australia Limited	HESTA Superfund	1/7/2022 to 30/6/2023

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 102,515 (2022: 97,658).

Branch	Number of Members
New South Wales/ACT/Queensland Branch	47,589
South Australia/Northern Territory Branch	1,791
Tasmania Branch	10,027
Victoria No. 1 Branch	16,117
Victoria No. 2 Branch	11,527
Victoria No. 3 Branch	5,775
Victoria No. 4 Branch	2,894
Western Australia Branch	6,795

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 12.16 (2022: 12.43).

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

Officer	Position	Period
Lloyd Williams	National Secretary	1 July 2022 to 30 June 2023
Tim Jacobson	National Assistant Secretary	1 July 2022 to 27 September 2022
Tim Jacobson	National Senior Assistant Secretary	27 September 2022 to 30 June 2023
Gerard Hayes	National President	1 July 2022 to 30 June 2023
Diana Asmar	National Senior Vice President	1 July 2022 to 30 June 2023
Kate Marshall	National Junior Vice President	1 July 2022 to 27 September 2022
Kate Marshall	National Assistant Secretary	27 September 2022 to 30 June 2023
Mark Sterrey	National Trustee	1 July 2022 to 27 September 2022
Naomi McCrae	National Trustee	1 July 2022 to 27 September 2022
Naomi McCrae	National Vice President	27 September 2022 to 30 June 2023
Lynne Russell	National Executive Member	1 July 2022 to 27 September 2022
Lynne Russell	National Vice President	27 September 2022 to 30 June 2023
Adrian Barrett	National Executive Member	1 July 2022 to 30 June 2023
David Eden	National Executive Member	1 July 2022 to 30 June 2023
Billy Elrick	National Executive Member	1 July 2022 to 30 June 2023
Paul Elliott	National Executive Member	1 July 2022 to 4 August 2022
Matt Hammond	National Executive Member	4 August 2022 to 30 June 2023
Paul Healey	National Executive Member	1 July 2022 to 30 June 2023
Lauren Hutchins	National Executive Member	4 August 2022 to 30 June 2023
Craig McGregor	National Executive Member	1 July 2022 to 30 June 2023
Lucas Digney	National Executive Member	1 July 2022 to 30 June 2023

* 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:

A handwritten signature in black ink, appearing to read 'Lloyd Williams', written in a cursive style.

Name and title of designated officer:

Lloyd Williams, National Secretary

Dated: 25/08/2023

Health Services Union

National Executive statement

for the year ended 30 June 2023

On the 25th August 2023 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 2023:

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) where the organisation consists of two or more reporting units, 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 the General Manager duly made under section 272 of the RO Act, that information has been provided to the member or the General Manager; 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: 25/08/2023

Health Services Union
Statement of comprehensive income
for the year ended 30 June 2023

		2023	2022
	Notes	\$	\$
Revenue from contracts with customers			
Membership subscriptions	3	696,759	575,508
Capitation fees and other revenue from another reporting unit	3A	2,595,371	2,574,513
Other reimbursements	3E	32,930	35,811
Sponsorship income		25,000	-
Total revenue from contracts with customers		3,350,060	3,185,832
Income for furthering objectives			
Grants and/or donations	3D	-	200
Total income for furthering objectives		-	200
Other Income			
Investment income	3B	16,920	7,663
Other income	3C	2,745	50,727
Total other income		19,665	58,390
Total income		3,369,725	3,244,422
Expenses			
Employee expenses	4A	(1,613,100)	(1,675,048)
Capitation fees and other expenses to another reporting unit	4B	(33,307)	(330,192)
Affiliation fees	4C	(626,687)	(606,442)
Administration expenses	4D	(343,856)	(362,648)
Grants or donations	4E	-	-
Depreciation and amortisation	4F	(71,765)	(74,485)
Finance costs	4G	(219)	(499)
Legal costs	4H	(77,255)	(116,038)
Write-down and impairment of assets	4I	(513)	-
Audit fees	12	(22,000)	(26,400)
Other expenses	4J	(295,944)	(252,018)
Total expenses		(3,084,646)	(3,443,770)
Surplus/(deficit) for the year		285,079	(199,348)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		285,079	(199,348)

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

Health Services Union
Statement of financial position
as at 30 June 2023

	Notes	2023 \$	2022 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5A	2,650,655	2,422,979
Trade and other receivables	5B	266,689	197,601
Other current assets	5C	20,685	26,060
Total current assets		2,938,029	2,646,640
Non-current Assets			
Plant and equipment	6A	71,689	102,719
Buildings	6B	1,185,018	1,220,095
Right-of-use assets	6C	3,334	7,778
Total non-current assets		1,260,041	1,330,592
Total assets		4,198,070	3,977,232
LIABILITIES			
Current Liabilities			
Trade payables	7A	99,740	82,889
Other payables	7B	111,932	112,035
Employee provisions	8A	318,795	423,056
Contract liabilities	5B	620,966	592,945
Lease liabilities	6C	3,726	5,551
Total current liabilities		1,155,159	1,216,476
Non-current Liabilities			
Lease liabilities	6C	-	2,924
Total non-current liabilities		-	2,924
Total liabilities		1,155,159	1,219,400
Net assets		3,042,911	2,757,832
EQUITY			
General funds/retained earnings		3,042,911	2,757,832
Total equity		3,042,911	2,757,832

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 2023

	General funds/ retained earnings	Total equity
	\$	\$
Balance as at 1 July 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
Surplus for the year	285,079	285,079
Closing balance as at 30 June 2023	3,042,911	3,042,911

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

Health Services Union
Statement of cash flows
for the year ended 30 June 2023

	Notes	2023 \$	2022 \$
OPERATING ACTIVITIES			
Cash received			
Membership subscriptions – South Australia/Northern Territory Branch		766,434	633,059
Receipts from other reporting units	9B	2,777,299	2,717,825
Donations and grants		-	200
Interest		16,920	7,663
Other		126,648	151,406
Cash used			
Payments to employees		(1,650,743)	(1,576,744)
Payments to suppliers		(1,764,252)	(1,695,904)
Payments to other reporting units	9B	(37,935)	(264,646)
Interest payments and other finance costs		(219)	(499)
Net cash from / (used by) operating activities	9A	234,152	(27,640)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of plant and equipment		66	1,252
Cash used			
Purchase of plant and equipment		(1,793)	(18,812)
Net cash (used by) investing activities		(1,727)	(17,560)
FINANCING ACTIVITIES			
Cash used			
Repayment of lease liabilities		(4,749)	(4,469)
Net cash (used by) financing activities		(4,749)	(4,469)
Net increase / (decrease) in cash held		227,676	(49,669)
Cash & cash equivalents at the beginning of the reporting period		2,422,979	2,472,648
Cash & cash equivalents at the end of the reporting period		2,650,655	2,422,979

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 as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. 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:

- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-3 Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions beyond 30 June 2021

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

The amendments are not expected to have a material impact on the Health Services Union.

1.5 New Australian Accounting Standards (cont'd)

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

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.

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.

1.7 Revenue (cont'd)

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.

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.

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.

1.8 Employee benefits (cont'd)

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:

	2023	2022
Plant and equipment	4-5 years	4-5 years

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.

1.9 Leases (cont'd)

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).

Initial recognition and measurement

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

The Health Services Union's financial assets are classified as financial assets subsequently measured at amortised cost because 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.

The classification of financial assets is performed at an instrument level at initial recognition of the financial asset.

The Health Services Union initially measures a financial asset at its fair value plus transaction costs. However contract assets and trade receivables that do not contain a significant financing component are measured at the transaction price as determined in accordance with the revenue policy in Note 1.7.

Subsequent measurement

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

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the asset have expired. For receivables and contract assets, the Health Services Union directly reduces the gross carrying amount of a receivable or contract asset when it has no reasonable expectations of recovering the receivable or contract asset in its entirety or a portion thereof.

Offsetting

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

1.13 Financial assets (cont'd)

Impairment

Expected credit losses (ECLs)

(i) Debt instruments other than trade receivables

The Health Services Union recognises an allowance for ECLs for all contract assets, receivables and any other financial assets measured at amortised cost. 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.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Trade receivables and contract assets

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

The Health Services Union's financial liabilities include trade and other payables, interest-bearing loans and borrowings.

The Health Services Union's financial liabilities are classified as financial liabilities subsequently measured at amortised cost.

These financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

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.

1.14 Financial Liabilities (cont'd)

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.

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:

	2023	2022
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:

	2023	2022
	\$	\$
<i>Type of customer</i>		
Members – South Australia/Northern Territory Branch	696,759	575,508
Other reporting units	2,595,371	2,574,513
Other parties	57,930	35,811
Total revenue from contracts with customers	<u>3,350,060</u>	<u>3,185,832</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

Other parties	-	200
Total income for furthering activities	<u>-</u>	<u>200</u>

Health Services Union**Notes of the Financial Statements for the year ended 30 June 2023****Note 3A: Capitation fees and other revenue from another reporting unit**

	2023	2022
	\$	\$
Capitation fees:		
New South Wales/ACT/Queensland Branch	922,840	934,306
South Australia/Northern Territory Branch	26,632	25,169
Tasmania Branch	187,463	174,960
Victoria No. 1 Branch	307,756	308,589
Victoria No. 2 Branch	205,618	204,825
Victoria No. 3 Branch	110,941	102,849
Victoria No. 4 Branch	55,622	53,326
Western Australia Branch	130,884	130,376
Subtotal capitation fees	1,947,756	1,934,400
Other revenue from another reporting unit:		
New South Wales/ACT/Queensland Branch	299,625	298,031
South Australia/Northern Territory Branch	11,929	12,930
Tasmania Branch	68,656	70,813
Victoria No. 1 Branch	104,449	98,587
Victoria No. 2 Branch	69,464	66,588
Victoria No. 3 Branch	35,115	34,089
Victoria No. 4 Branch	16,934	17,487
Western Australia Branch	41,443	41,588
Subtotal other revenue from another reporting unit	647,615	640,113
Total capitation fees and other revenue from another reporting unit	2,595,371	2,574,513

Note 3B: Investment income

Interest:		
Deposits	16,920	7,663
Total investment income	16,920	7,663

Note 3C: Other income

Director's Fees	-	48,045
Employee FBT contributions	2,745	2,682
Total other income	2,745	50,727

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 2023

Note 3D: Grants and/or donations

	2023	2022
	\$	\$
Grants	-	-
Donations	-	200
Total grants and donations	-	200

Note 3E: Other reimbursements

Reimbursements from related parties (state-registered associations) – refer to note 11A	32,356	33,677
Distribution of surplus funds – South Australia/Northern Territory Branch	-	2,134
Other reimbursements	574	-
Total other reimbursements	32,930	35,811

Note 4 Expenses

Note 4A: Employee expenses

Holders of office:

Wages and salaries	307,822	286,341
Superannuation	32,316	28,549
Leave and other entitlements	15,929	5,545
Payroll tax	16,860	15,349
Separation and redundancies	-	-
Other employee expenses	-	-
Subtotal employee expenses holders of office	372,927	335,784

Employees other than office holders:

Wages and salaries	1,175,826	1,135,014
Superannuation	121,552	132,315
Leave and other entitlements	(120,191)	12,041
Payroll tax	62,986	59,894
Separation and redundancies	-	-
Other employee expenses	-	-
Subtotal employee expenses employees other than office holders	1,240,173	1,339,264
Total employee expenses	1,613,100	1,675,048

Health Services Union
Notes of the Financial Statements for the year ended 30 June 2023

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

	2023	2022
	\$	\$
Capitation fees		
Capitation fees – South Australia/Northern Territory Branch	26,632	25,169
Subtotal capitation fees	26,632	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	4,531	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	160	274
Victoria No. 2 Branch – travel expenses	1,984	-
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	6,675	305,023
Total capitation fees and other expenses to another reporting unit	33,307	330,192

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

ACTU Affiliation fees	608,731	597,354
ALP Affiliation fees – South Australia/Northern Territory Branch	2,338	725
National Aged Care Alliance	965	1,201
Climate and Health Alliance Affiliation fees	5,000	2,000
Union Aid Abroad APHEDA Affiliation fees	1,344	1,075
SA May Day Collective	350	200
SA Unions Affiliation fees	7,959	3,887
Total affiliation fees/subscriptions	626,687	606,442

Health Services Union
Notes of the Financial Statements for the year ended 30 June 2023

Note 4D: Administration expenses

	2023	2022
	\$	\$
Conference and meeting expenses	28,488	13,348
Staff & visitor amenities	7,083	6,918
Computer expenses	77,018	65,282
Electricity	7,221	6,311
Insurance	43,891	40,720
Car rental	648	-
Campaign expenses	52,450	86,813
Bank fees	8,230	6,367
Staff training	9,071	6,840
Office expenses	64,030	56,112
Contractors/consultants	13,456	17,456
Recruitment expenses	1,400	1,146
Website costs	2,080	30,900
Subtotal administration expenses	315,066	338,213

Lease rentals:

Short term, low value and variable lease payments	28,790	24,435
Total administration expenses	343,856	362,648

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	-	-
Total expensed that exceeded \$1,000	-	-

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

Depreciation:

Plant and equipment	32,244	34,964
Buildings	35,077	35,077
Right-of-use assets	4,444	4,444
Total depreciation	71,765	74,485

Note 4G: Finance costs

Interest expense on lease liabilities	219	499
Total finance costs	219	499

Health Services Union
Notes of the Financial Statements for the year ended 30 June 2023

Note 4H: Legal costs

	2023	2022
	\$	\$
Litigation	-	-
Industrial legal	57,634	86,806
Other legal costs	19,621	29,232
Total legal costs	77,255	116,038

Note 4I: Write-down and impairment of assets

Asset write-downs and impairments of:

Plant and equipment	513	-
Total write-down and impairment of assets	513	-

Note 4J: Other expenses

Advertising	41,787	154,573
Fringe benefits tax	9,314	7,895
Workcover	21,213	15,809
Motor vehicle expense	10,823	8,248
Travel and accommodation	212,807	65,493
Total other expenses	295,944	252,018

Note 5 Current Assets

Note 5A: Cash and cash equivalents

Cash at bank	2,590,655	2,362,979
Short term deposits	60,000	60,000
Total cash and cash equivalents	2,650,655	2,422,979

Note 5B: Trade and other receivables

Receivables from other reporting units

Victoria No. 1 Branch	55,172	54,724
Victoria No. 2 Branch	74,204	73,642
Victoria No. 3 Branch	39,749	-
Victoria No. 4 Branch	19,845	19,649
Western Australia Branch	47,502	47,138
Total receivables from other reporting units	236,472	195,153

Less allowance for expected credit losses

Total allowance for expected credit losses

Receivable from other reporting units (net)

	-	-
	-	-
	236,472	195,153

Health Services Union
Notes of the Financial Statements for the year ended 30 June 2023

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

	2023	2022
	\$	\$
Other receivables:		
Other	30,217	2,448
Total other receivables	<u>30,217</u>	<u>2,448</u>
Total trade and other receivables (net)	<u>266,689</u>	<u>197,601</u>

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

Receivables	<u>236,472</u>	195,153
Receivables - current	236,472	195,153
Receivables - non-current	-	-
Other Contract liabilities	<u>620,966</u>	592,945
Contract liabilities - current	620,966	592,945
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 \$592,945.

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

Contract liabilities to other reporting units	<u>587,376</u>	580,945
New South Wales/ACT/Queensland Branch	303,622	305,070
South Australia/Northern Territory Branch	8,533	8,131
Tasmania Branch	60,246	56,860
Victoria No. 1 Branch	50,157	49,749
Victoria No. 2 Branch	67,458	66,947
Victoria No. 3 Branch	36,135	33,949
Victoria No. 4 Branch	18,041	17,386
Western Australia Branch	43,184	42,853

Note 5C: Other current assets

Prepayments	20,685	26,060
Total other current assets	<u>20,685</u>	<u>26,060</u>

Note 6 Non-current Assets

Note 6A: Plant and equipment

	2023	2022
	\$	\$
Plant and equipment:		
at cost	211,705	215,970
accumulated depreciation	(140,016)	(113,251)
Total plant and equipment	71,689	102,719

Note 6B: Buildings

Buildings:		
at cost	1,403,070	1,403,070
accumulated depreciation	(218,052)	(182,975)
Total buildings	1,185,018	1,220,095

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 2022			
Gross book value	215,970	1,403,070	1,619,040
Accumulated depreciation and impairment	(113,251)	(182,975)	(296,226)
Net book value 1 July 2022	102,719	1,220,095	1,322,814
Additions:			
By purchase	1,793	-	1,793
Impairments	(513)	-	(513)
Depreciation expense	(32,244)	(35,077)	(67,321)
Disposals:			
Other	(66)	-	(66)
Net book value 30 June 2023	71,689	1,185,018	1,256,707
Net book value as of 30 June 2023 represented by:			
Gross book value	211,705	1,403,070	1,614,775
Accumulated depreciation and impairment	(140,016)	(218,052)	(358,068)
Net book value 30 June 2023	71,689	1,185,018	1,256,707

Health Services Union
Notes of the Financial Statements for the year ended 30 June 2023

Note 6B: Buildings (cont'd)

	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	<u>102,719</u>	<u>1,220,095</u>	<u>1,322,814</u>
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	<u>102,719</u>	<u>1,220,095</u>	<u>1,322,814</u>

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
	\$
As at 1 July 2021	<u>12,222</u>
Depreciation expense	(4,444)
As at 1 July 2022	<u>7,778</u>
Depreciation expense	(4,444)
As at 30 June 2023	<u>3,334</u>

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

	2023	2022
	\$	\$
As at 1 July	8,475	12,944
Accretion of interest	219	499
Payments	(4,968)	(4,968)
As at 30 June	<u>3,726</u>	<u>8,475</u>
Current	3,726	5,551
Non-current	-	2,924

Health Services Union
Notes of the Financial Statements for the year ended 30 June 2023

Note 6C: Leases (cont'd)

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

	2023	2022
	\$	\$
The following are the amounts recognised in profit or loss:		
Depreciation expense of right-of-use assets	4,444	4,444
Interest expense on lease liabilities	219	499
Expense relating to short-term leases	28,790	24,435
Total amount recognised in profit or loss	33,453	29,378

Note 7 Current Liabilities

Note 7A: Trade payables

Trade creditors and accruals	40,361	49,557
Subtotal trade creditors	40,361	49,557

Payables to other reporting units

Tasmania Branch	15,691	12,648
Victoria No.1 Branch	16,486	10,926
Victoria No.2 Branch	16,878	2,450
Victoria No.3 Branch	10,324	7,308
Subtotal payables to other reporting units	59,379	33,332
Total trade payables	99,740	82,889

Settlement is usually made within 30 days.

Note 7B: Other payables

Superannuation	5,928	7,090
PAYG Withholding Tax	35,433	51,405
GST payable	69,149	46,995
FBT payable	1,422	-
Legal costs		
Litigation	-	-
Other legal costs	-	6,545
Total other payables	111,932	112,035

Total other payables are expected to be settled in:

No more than 12 months	111,932	112,035
Total other payables	111,932	112,035

Note 8 Provisions

Note 8A: Employee provisions

	2023	2022
	\$	\$
Office holders:		
Annual leave and ADO	29,775	20,547
Long service leave	137,638	130,937
<i>Subtotal employee provisions—office holders</i>	167,413	151,484
Employees other than office holders:		
Annual leave and ADO	100,807	166,074
Long service leave	50,575	105,498
<i>Subtotal employee provisions—employees other than office holders</i>	151,382	271,572
Total employee provisions	318,795	423,056
Current	318,795	423,056
Non-current	-	-
<i>Total employee provisions</i>	318,795	423,056

Note 9 Cash Flow

Note 9A: Cash flow reconciliation

	2023 \$	2022 \$
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	2,650,655	2,422,979
Statement of financial position	2,650,655	2,422,979
Difference	<u>-</u>	<u>-</u>
Reconciliation of surplus / (deficit) to net cash from operating activities:		
Surplus/(deficit) for the year	285,079	(199,348)
Adjustments for non-cash items		
Depreciation	71,765	74,485
Net write-down of non-financial assets	513	-
Changes in assets/liabilities		
(Increase)/decrease in trade and other receivables	(69,088)	8,238
Decrease in prepayments	5,375	19,966
Increase in trade and other payables	16,748	23,529
(Decrease)/increase in employee provisions	(104,261)	17,586
Increase in contract liabilities	28,021	27,904
Net cash from / (used by) operating activities	<u>234,152</u>	<u>(27,640)</u>

Note 9B: Cash flow information

Cash inflows		
New South Wales/ACT/Queensland Branch	1,343,118	1,369,974
Tasmania Branch	284,950	245,247
Victoria No. 1 Branch	453,426	447,893
Victoria No. 2 Branch	302,590	264,105
Victoria No. 3 Branch	123,318	132,949
Victoria No. 4 Branch	80,337	68,496
Western Australia Branch	189,560	189,161
Total cash inflows	<u>2,777,299</u>	<u>2,717,825</u>

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Notes of the Financial Statements for the year ended 30 June 2023

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

Cash outflows		
	2023	2022
	\$	\$
New South Wales/ACT/Queensland Branch	-	156,457
Tasmania Branch	15,069	8,623
Victoria No.1 Branch	10,926	58,887
Victoria No. 2 Branch	4,632	12,651
Victoria No. 3 Branch	7,308	5,577
Western Australia Branch	-	22,451
Total cash outflows	37,935	264,646

Note 10 Contingent Liabilities, Assets and Commitments

Note 10A: Commitments and contingencies

Contingent assets

The Health Services Union is expecting to receive an estimated creditors distribution of up to \$1.26 million from the BANKRUPT ESTATES OF KATERINE JACKSON (NSW 2689/15/0) & (NSW 1948/16/0).

Capital commitments

At 30 June 2023 the Health Services Union has commitments of \$Nil (2022: \$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	2023 \$	2022 \$
1/7/2022 – 30/6/2023	Health Services Union NSW (State Registered Union)	State-registered association	Reimbursement of National Office travel expenses paid for by State Union	10,688	1,619
1/7/2022 – 30/6/2023	HSU WA (State Registered Union)	State-registered association	Reimbursement of National Office travel expenses paid for by Branch	9,509	6,478

Note 11 Related Party Disclosures (cont'd)

Date	Name	Nature of relationship	Purpose of revenue receipt	2023 \$	2022 \$
1/7/2022 – 30/6/2023	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	27,514	32,245
1/7/2022 – 30/6/2023	Medical Scientists Association of Victoria	State-registered association	Reimbursement to National Office for workplace express subscriptions for by National Office	454	452
1/7/2022 – 30/6/2023	HSU WA (State Registered Union)	State-registered association	Reimbursement to National Office for workplace express subscriptions/accommodation paid for by National Office	4,388	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 2023, the Health Services Union has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2022: \$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

	2023 \$	2022 \$
Short-term employee benefits:		
Salary (including annual leave taken)	307,822	286,341
Annual leave accrued	29,775	20,547
Performance bonus	-	-
Total short-term employee benefits	337,597	306,888
Post-employment benefits:		
Superannuation	32,316	28,549
Total post-employment benefits	32,316	28,549
Other long-term benefits:		
Long-service leave	137,638	130,937
Total other long-term benefits	137,638	130,937
Termination benefits	-	-
Total key management personnel remuneration	507,551	466,374

Note 12 Remuneration of Auditors

	2023	2022
	\$	\$
Value of the services provided		
Financial statement audit services	22,000	21,140
Other services	-	5,260
Total remuneration of auditors	22,000	26,400

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

The Health Services Union has financial instruments that are cash or cash equivalents, trade receivables, trade and some other payables and interest-bearing loans that are carried at amortised cost.

Note 13A: Categories of Financial Instruments

Financial assets

At amortised cost:

Trade and other receivables	266,689	197,601
Total	266,689	197,601

Carrying amount of financial assets

266,689 197,601

Financial liabilities

2023 2022
\$ \$

At amortised cost:

Trade and other payables	211,672	194,924
Lease liabilities	3,726	8,475
Total	215,398	203,399

Carrying amount of financial liabilities

215,398 203,399

Note 13B: Net income and expense from financial assets

Financial assets at amortised cost

Interest revenue	16,920	7,663
Net income from financial assets	16,920	7,663

Health Services Union
Notes of the Financial Statements for the year ended 30 June 2023

Note 13C: Net income and expense from financial liabilities

	2023 \$	2022 \$
Financial liabilities at amortised cost		
Interest on lease liabilities	(219)	(499)
Net (loss) from financial liabilities	(219)	(499)

Note 13D: Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Health Services Union is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits held with banks. Set out below is the information about the credit risk exposure on trade receivables and contract assets using a provision matrix:

	Trade receivables and contract assets					Total
	Days past due					
	Current	<30 days	30-60 days	61-90 days	>91 days	
	\$	\$	\$	\$	\$	\$
30 June 2023						
Expected credit loss rate	0%	0%	2%	2%	2%	
Estimate total gross carrying amount at default	-	-	-	-	-	-
Expected credit loss	-	-	-	-	-	-
30 June 2022						
Expected credit loss rate	0%	0%	2%	2%	2%	
Estimate total gross carrying amount at default	-	-	-	-	-	-
Expected credit loss	-	-	-	-	-	-

For trade receivables and contract assets, 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 and the recovery of accounts receivable is proactively monitored. Surplus cash is only invested with major financial institutions.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The expected credit loss rate will be applied to trade receivables and contract assets (other than a receivable from a Branch). This has not been applied in the current or previous financial year as all material trade receivables and contract assets are from Branches. Historically, all HSU Branches have paid their capitation/ACTU affiliation fees and the Health Service Union expects this trend to continue and has therefore not recognised any loss allowance. The Health Services Union does not hold collateral as security. The Health Services Union evaluates the concentration of risk with respect to trade receivables and contract assets as low.

Health Services Union
Notes of the Financial Statements for the year ended 30 June 2023

Note 13D: Credit risk (cont'd)

The Health Services Union's maximum exposure to credit risk for the components of the statement of financial position at 30 June 2023 and 2022 is the carrying amounts as illustrated above.

Note 13E: Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The following tables sets out the liquidity risk of financial liabilities held by the Health Services Union. They represent the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date. The undiscounted cash flows in these tables differ from the amounts included in the statement of financial position that are based on discounted cash flows.

Contractual maturities for financial liabilities and lease liabilities are as follows:

	On Demand	< 1 year \$	1– 2 years \$	2– 5 years \$	>5 years \$	Total \$
Financial liabilities						
30 June 2023						
Payables	-	211,672	-	-	-	211,672
Lease liabilities - photocopier	-	3,726	-	-	-	3,726
Total	-	215,398	-	-	-	215,398

	On Demand	< 1 year \$	1– 2 years \$	2– 5 years \$	>5 years \$	Total \$
Financial liabilities						
30 June 2022						
Payables	-	194,924	-	-	-	194,924
Lease liabilities - photocopier	-	5,551	2,924	-	-	8,475
Total	-	200,475	2,924	-	-	203,399

Note 13F: Market Risk

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

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 the General Manager:

- (1) A member of a reporting unit, or the General Manager, 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 2023.

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: 25/08/2023