

Health Services Union NSW

ABN: 85 037 751 682

Financial Statements

For the Year Ended 30 June 2018

Health Services Union NSW

ABN: 85 037 751 682

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For the Year Ended 30 June 2018

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Health Services Union NSW

ABN: 85 037 751 682

Council's Certificate

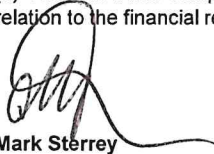
We, Mark Sterrey, Gerard Hayes and Lynne Russell, being three members of the Union Council ('the Council') of Health Services Union NSW ('the Union'), do state on behalf of the Council, and in accordance with a resolution passed by the Council that:

(a) In the opinion of the Council, the attached financial report shows a true and fair view of the financial affairs of the Union as at 30 June 2018.

(b) In the opinion of the Council, meetings of the Council were held during the year ending 30 June 2018 in accordance with the rules of the Union.

(c) To the knowledge of any member of the Council, there have been no instances where records of the Union or other documents (not being documents containing information made available to a member of the Union under Sub-Section 512(2) of the *Industrial Relations Act 1991*, as applied by Sub-Section 282(3) of the *Industrial Relations Act 1996*) or copies of these records or documents, or copies of the rules of the Union, have not been furnished, or made available to the members in accordance with the requirements of the *Industrial Relations Act 1991*, the Regulations thereto, or the rules of the Union.

(d) The Union has complied with Sub-Sections 517(1) and (5) of the *Industrial Relations Act 1991*, in relation to the financial report in respect of year ended 30 June 2018, and the Auditors' Report thereon.



Mark Sterrey

President



Gerard Hayes

Secretary



Lynne Russell

Assistant Secretary/Treasurer

Dated: 29-8-18

Health Services Union NSW

ABN: 85 037 751 682

Accounting Officer's Report

I, Lynne Russell, being the Officer responsible for keeping the accounting records of Health Services Union NSW, certify that as at 30 June 2018, the number of members of the Union was 37,150 (2017: 34,831).

In my opinion:

(a) The attached financial report shows a true and fair view of the financial affairs of the Union as at 30 June 2018.

(b) A record has been kept of all moneys paid by, or collected from, members and all moneys so paid or collected have been credited to the bank account to which those moneys are to be credited, in accordance with the rules of the Union.

(c) Before any expenditure was incurred by the Union, approval of the incurring of expenditure was obtained in accordance with the rules of the Union.

(d) With regard to funds of the Union raised by compulsory levies or voluntary contributions from members, or funds other than the General Fund operated in accordance with the rules, no payments were made out of any such fund for the purposes other than those for which the fund was operated.

(e) No loans or other financial benefits were made to persons holding office in the Union.

(f) The register of members of the Union was maintained in accordance with the *Industrial Relations Act 1996*.

(g) gives the attached financial report a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended at 30 June 2018.



Lynne Russell

Assistant Secretary/Treasurer

Dated:

29.8.18

INDEPENDENT AUDITOR'S REPORT To the Members of Health Services Union NSW

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Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Health Services Union NSW (the "Union"), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, the Council's certificate and the Accounting Officer's certificate.

In our opinion,

- (a) These were kept by the Union, in respect of the year ended 30 June 2018 under review, satisfactory records detailing the sources and nature of income of the Union (including income from members) and the nature and purposes of expenditure, and
- (b) The accompanying financial report, including the Council's certificate and the Accounting Officer's Report are prepared in accordance with Section 510 of the Industrial Relations Act 1991 (NSW), as applied by Section 282 (3) of the Industrial Relations Act 1996. This report has been prepared from the accounting records of the Union and is properly drawn up so as to give a true and fair view of:
 - (i) the financial position of the Union as at 30 June 2018; and
 - (ii) its financial performance and its cash flows for the year ended 30 June 2018;

and is in accordance with the Industrial Relations Act 1996 and Australian Accounting Standards.

Basis for Opinion

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

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

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

The Council are responsible for the other information. The other information comprises the information in Health Services Union NSW annual report for the year ended 30 June 2018 but does not include the financial report and the auditor's report thereon.

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.

Council's, Secretary's and Assistant Secretary/Treasurer's responsibility for the financial report

The Council, Secretary, and Assistant Secretary/Treasurer of the Union are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Industrial Relations Act 1996, and for such internal control as the Council, Secretary, and Assistant Secretary/Treasurer of the Union 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 Council, Secretary, and Assistant Secretary/Treasurer of the Union are responsible for assessing the Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council, Secretary, and Assistant Secretary/Treasurer of the Union either intend to liquidate the Union 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 the 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

We communicate with the Council, Secretary, and Assistant Secretary/Treasurer of the Union 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 approved auditor, a member of the Chartered Accountants Australia and New Zealand and hold a current Public Practice Certificate.

A handwritten signature in blue ink, appearing to read 'W. Beauman'.

RSM AUSTRALIA PTY LTD

A large, stylized handwritten signature in blue ink, appearing to read 'Wayne Beauman'.

Wayne Beauman
Director

Sydney, NSW
Dated: 29 August 2018

Health Services Union NSW

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2018

		2018	2017
	Note	\$	\$
Revenue	4	18,678,035	18,435,362
Other income	4	473,096	285,595
Employee benefits expense	5	(9,419,861)	(9,188,739)
Depreciation and amortisation expense	5	(1,162,941)	(1,119,016)
Finance costs	5	(177,434)	(205,405)
Marketing and campaign expenses		(508,909)	(472,444)
Consulting and professional fees		(285,011)	(334,853)
Insurance expenses		(1,000,670)	(877,777)
Utilities and telephone expenses		(746,600)	(739,102)
Computer and IT expenses		(468,055)	(413,858)
Office administration and travel expenses		(1,367,204)	(1,192,925)
Other expenses		(568,379)	(565,489)
Affiliation and capitation fees		(1,362,065)	(1,242,108)
Donations	5	(15,094)	(222,974)
Delegates conference expenses		(529,263)	(181,882)
Total surplus for the year		1,539,645	1,964,385
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Superannuation Actuarial (Loss) / Gain		(84,757)	279,848
Superannuation Actual Return on Fund Assets		261,651	295,692
Total other comprehensive income for the year		176,894	575,540
Total comprehensive income for the year		1,716,539	2,539,925

The accompanying notes form part of these financial statements.

Health Services Union NSW

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Statement of Financial Position As At 30 June 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	4,825,761	2,097,035
Trade and other receivables	7	329,218	434,104
Other financial assets	8	3,184,430	3,132,701
Other assets	9	949,171	1,269,099
TOTAL CURRENT ASSETS		<u>9,288,580</u>	<u>6,932,939</u>
NON-CURRENT ASSETS			
Property, plant and equipment	10	6,964,521	7,117,849
Investment property	11	9,149,700	9,492,304
TOTAL NON-CURRENT ASSETS		<u>16,114,221</u>	<u>16,610,153</u>
TOTAL ASSETS		<u>25,402,801</u>	<u>23,543,092</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	975,328	849,521
Borrowings	13	4,000,000	4,000,000
Short-term provisions	14	21,246	15,303
Employee benefits	15	2,078,533	1,911,203
Derivative financial instruments	16	11,544	49,734
TOTAL CURRENT LIABILITIES		<u>7,086,651</u>	<u>6,825,761</u>
NON-CURRENT LIABILITIES			
Employee benefits	15	118,091	235,811
TOTAL NON-CURRENT LIABILITIES		<u>118,091</u>	<u>235,811</u>
TOTAL LIABILITIES		<u>7,204,742</u>	<u>7,061,572</u>
NET ASSETS		<u>18,198,059</u>	<u>16,481,520</u>
EQUITY			
Accumulated Funds		<u>18,198,059</u>	<u>16,481,520</u>
TOTAL EQUITY		<u>18,198,059</u>	<u>16,481,520</u>

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity For the Year Ended 30 June 2018

2018

	Retained Earnings \$	Total Equity \$
Balance at 1 July 2017	16,481,520	16,481,520
Total comprehensive income for the period		
Surplus for the period	1,539,645	1,539,645
Actuarial Gain and Return on Fund Assets	176,894	176,894
Sub-total	1,716,539	1,716,539
Balance at 30 June 2018	18,198,059	18,198,059

2017

	Retained Earnings \$	Total Equity \$
Balance at 1 July 2016	13,941,595	13,941,595
Total comprehensive income for the period		
Surplus for the period	1,964,385	1,964,385
Actuarial Gain and Return on Fund Assets	575,540	575,540
Sub-total	2,539,925	2,539,925
Balance at 30 June 2017	16,481,520	16,481,520

The accompanying notes form part of these financial statements.

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Statement of Cash Flows For the Year Ended 30 June 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from customers	21,056,872	19,999,945
Payments to suppliers and employees	(17,534,874)	(17,869,201)
Interest received	63,858	91,600
Interest paid	(174,791)	(234,130)
Net cash provided by operating activities	25 <u>3,411,065</u>	<u>1,988,214</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plant and equipment and investment property	175,406	169,007
Purchase of property, plant and equipment	(806,016)	(521,055)
Payments for investments	(51,729)	(41,951)
Net cash used in investing activities	<u>(682,339)</u>	<u>(393,999)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	-	(500,000)
Net cash used in financing activities	<u>-</u>	<u>(500,000)</u>
Net increase in cash and cash equivalents held	2,728,726	1,094,215
Cash and cash equivalents at beginning of year	<u>2,097,035</u>	<u>1,002,820</u>
Cash and cash equivalents at end of financial year	6 <u><u>4,825,761</u></u>	<u><u>2,097,035</u></u>

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements For the Year Ended 30 June 2018

The financial report covers Health Services Union NSW ('the Union') as an individual not-for-profit entity, incorporated and domiciled in Australia. The Union is an organisation of employees registered under the *New South Wales Industrial Relations Act 1996*. In accordance with the Act the Union is a body corporate and has perpetual succession. By virtue of this method of incorporation, the Union is not subject to the *Corporations Act 2001*.

The financial report of the Health Services Union NSW for the period ended 30 June 2018 was authorised for issue in accordance with a resolution of the Union Council ('the Council') on 29 August 2018. The Union has the power to amend and reissue the financial statements.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the New South Wales *Industrial Relations Act 1996*.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

2 Summary of Significant Accounting Policies

(a) Comparative figures

(i) Comparative figures

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

(ii) Retrospective accounting policy

When the Union applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be presented.

(b) Property, plant and equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis. Cost includes expenditure that is directly attributable to the asset.

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Notes to the Financial Statements For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(b) Property, plant and equipment

Plant and equipment

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Union commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Assets	Depreciation Rate
Buildings	2.5%
Motor Vehicles	22.5%
Office Furniture and Equipment	5% - 33.3%

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in the Statement of Profit and Loss and Other Comprehensive Income in the year that the item is derecognised.

(c) Investment property

Investment property is held at cost which includes expenditure that is directly attributable to the acquisition of the investment property. The investment properties are depreciated on a straight-line basis over 40 years.

(d) Investments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that the Union commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

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

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;

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Notes to the Financial Statements For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(d) Investments

Initial recognition and measurement

(b) less principal repayments;

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and

(d) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to the expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit and loss' when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Union's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the Union sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

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Notes to the Financial Statements For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(d) Investments

Initial recognition and measurement

(iv) Available-for-sale financial assets

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

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan.

Borrowings are classified as current liabilities unless the Union has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of Financial Assets

Objective evidence that a financial asset is impaired includes default by a debtor, evidence that the debtor is likely to enter bankruptcy or adverse economic conditions in the stock exchange. At the end of each reporting period, the Union assesses whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to indicate that an impairment has arisen.

Where a subsequent event causes the amount of the impairment loss to decrease (e.g. payment received), the reduction in the allowance account (provision for impairment of receivables) is taken through profit and loss.

However, any reversal in the value of an impaired available for sale asset is taken through other comprehensive income rather than profit or loss.

Impairment losses are recognised through an allowance account for loans and receivables in the Statement of Profit or Loss and Other Comprehensive Income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

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Notes to the Financial Statements For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(d) Investments

Initial recognition and measurement

When available-for-sale investments are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

(e) Impairment of non-financial assets

The carrying amount of non-current assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the value in use. For the purpose of assessing value in use of assets not held primarily to generate cash, this represents depreciated current replacement cost, as the Union is a not-for-profit organisation.

(i) Impairment loss

Assets that have an allocated impairment loss are reviewed for reversal indicators at the end of each reporting period. After recognition of an impairment loss, the amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

Impairment losses are recognised as an expense immediately, unless the relevant asset is property, plant and equipment held at fair value (other than investment property carried at a revalued amount) in which case the impairment loss is treated as a revaluation decrease as described in the accounting policy for property, plant and equipment.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position. The reclassification between cash and cash equivalents and other financial assets to reflect this policy has occurred during the year.

(g) Employee benefits

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on costs.

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

Employees of the Union are entitled to benefits from superannuation plans on retirement, disability, or death.

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Notes to the Financial Statements For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(g) Employee benefits

Define benefits superannuation schemes

In respect of defined benefit plans, the cost of providing the benefits is determined using the projected unit credit method. Actuarial valuations are conducted every three years, with interim valuations performed on an annual basis. Consideration is given to any event that could impact the funds up to the end of the reporting period where interim valuation is performed at an earlier date.

The superannuation schemes for Health Services Union NSW are:

- the State Authorities Superannuation Scheme (SASS); and
- the State Authorities Non-Contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes - at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal. All the Schemes are closed to new members.

The schemes in the Pooled Fund are established and governed by the following NSW legislation: *Superannuation Act 1916*, *State Authorities Superannuation Act 1987*, *Police Regulation (Superannuation) Act 1906*, *State Authorities Non-Contributory Superannuation Scheme Act 1987*, and their associated regulations.

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the *Commonwealth Superannuation Industry (Supervision) Act 1993 (SIS)*. The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2018. The next actuarial investigation will be performed at 30 June 2021.

The superannuation expense includes net interest measured at and reported as defined benefit costs.

The amount recorded in profit or loss are limited to current and past service costs, gains or losses, settlements and net interest income (expense). All other changes in the net defined benefit asset (liability), including actuarial gains and losses, are recognised in other comprehensive income with no subsequent recycling to profit or loss. Interest income is measured using the same discount rate used to measure the defined benefit obligation (market yields on 10 year Commonwealth government bonds).

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Notes to the Financial Statements For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(g) Employee benefits

Other entities' responsibility for the governance of the fund

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of the fund beneficiaries. The Trustee has the following roles:

- Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules;
- Management and investment of the fund assets; and
- Compliance with other applicable regulations.

Risks

There are a number of risks to which the Fund exposes the Union. The more significant risks relating to the defined benefits are:

Investment risk - The risk that investment returns will be lower than assumed, and the employer will need to increase contributions to offset this shortfall.

Longevity risk - The risk that pensioners live longer than assumed, increasing future pensions.

Pension indexation risk - The risk that pensions will increase at a rate greater than assumed, increasing future pensions.

Salary growth risk - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.

Legislative risk - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk,

Significant events

There were no fund amendments, curtailments or settlements during the year.

(h) Provisions

Provisions are recognised when the Union has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(i) Borrowings

Secured and unsecured loans have been obtained. These have been discounted to present values. Carrying amounts therefore represent the amount expected to be repaid at settlement. Unsecured loans are considered to be repayable at call and therefore presented as current liabilities.

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Notes to the Financial Statements For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(j) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(k) Income tax

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

(l) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(m) Revenue and other income

Interest revenue

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Subscriptions

Revenue from the provision of membership subscriptions is recognised on a straight-line basis over the financial year.

(n) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(o) Goods and services tax (GST)

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

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Notes to the Financial Statements For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(o) Goods and services tax (GST)

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(p) Functional and presentation currency

The functional currency of the Union is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars which is the entity's functional and presentation currency.

(q) Critical accounting estimates and judgments

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

Critical accounting estimates and assumptions

The Union makes estimates and assumptions concerning the future. The resulting accounting estimates by definition seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities include the determination of employee entitlements for long service leave, the asset or liability in respect of the defined superannuation plans, depreciation of property, plant and equipment, the fair value of available for sale financial assets and the going concern basis.

Critical judgments in applying the Union's accounting principles

The critical judgements that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are those described in Notes 2 (b), 2 (c), 2 (d), 2 (e), 2 (g), and 2 (q).

(r) Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

Assets classified as held for sale are not amortised or depreciated.

Assets classified as held for sale and any associated liabilities are presented separately in the statement of financial position.

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Notes to the Financial Statements For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(s) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Union has decided not to early adopt these Standards. The followings summarise those future requirements. The Union has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Standard Name	Effective date for entity	Requirements	Impact
AASB 15 - Revenue from Contracts with Customers	30 June 2020	AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and four Interpretations issued by the AASB and amends the principles for recognising revenue from contracts with customers. It applies to all contracts with customers except leases, financial instruments and insurance contracts. The Standard requires an entity to recognise revenue on a basis that depicts the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that principle, an entity shall apply all of the following steps: a) identify the contract with a customer; b) identify the separate performance obligations in the contract; c) determine the transaction price; d) allocate the transaction price to the separate performance obligations in the contract; and e) recognise revenue when (or as) the entity satisfies a performance obligation. Consequential amendments to other Standards are made by AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15.	The impact of this standard has not yet been determined.

Health Services Union NSW

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Notes to the Financial Statements For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(s) New Accounting Standards and Interpretations

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 - Financial Instruments	30 June 2019	<p>AASB 9 includes requirements for the classification and measurement of financial assets and incorporates amendments to the accounting for financial liabilities and hedge accounting rules to remove the quantitative hedge effectiveness tests and have been replaced with a business model test. AASB 9 improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of AASB 139 as follows:</p> <p>a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.</p> <p>b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p>d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <p>i) The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ii) The remaining change is presented in profit or loss. AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances. Consequential amendments were also made to other standards as a result of AASB 9 by AASB 2014-7 and AASB 2014-8.</p>	<p>The impact of AASB 9 has not yet been determined as the entire standard has not been released. The mandatory application date of AASB 9 has been deferred to annual reporting periods beginning on or after 1 January 2018 by AASB 2014-1.</p>

Health Services Union NSW

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Notes to the Financial Statements For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(s) New Accounting Standards and Interpretations

Standard Name	Effective date for entity	Requirements	Impact
AASB 16 - Leases	1 January 2019	AASB 16 replaces AASB 117 Leases and sets out the principles for the recognition, measurement, presentation and disclosure of leases. AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying AASB 107 Statement of Cash Flows. AASB 16 substantially carries forward the lessor accounting requirements in AASB 117 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. This Standard applies to annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted provided the entity also applies AASB 15 Revenue from Contracts with Customers at or before the same date.	As the Union currently has a number of ongoing lease arrangements as the lessor, this new standard will not have a significant impact on the treatment of existing leases.
AASB 2016-3 - Amendments to Australian Accounting Standards - Clarifications to AASB 15	1 January 2018	This Standard amends AASB 15 Revenue from Contracts with Customers to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. In addition, it provides further practical expedients on transition to AASB 15.	The impact of this standard has not yet been determined.

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Notes to the Financial Statements For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(t) Related Party Disclosures

Related parties for the purpose of the disclosures made in Note 24 of this financial report include Officers and entities in which Officers have a significant interest in, and their transactions with the Union.

3 Information to be provided to Members or Registrar

In accordance with the requirements of the *Industrial Relations Act, 1991 (NSW)* the attention of members is drawn to the provisions of Sub-Sections (1) and (2) of Section 512 which reads as follows:

(a) A member of an organisation, or the Industrial Registrar, may apply to the organisation for specified information prescribed by the regulations in relation to the organisation.

(b) An organisation must, on the making of such an application, make the specified information available to the member or the Industrial Registrar in the manner, and within the time, prescribed by the regulations.

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Notes to the Financial Statements For the Year Ended 30 June 2018

4 Revenue and Other Income

	2018	2017
	\$	\$
Revenue		
Membership contributions	17,433,441	17,180,399
Service fees	220,000	160,000
Rental income	1,024,594	1,094,963
Total Revenue	<u>18,678,035</u>	<u>18,435,362</u>
Other income	349,812	143,540
Profit for the sale of property, plant and equipment	36,398	51,429
Interest income	86,886	90,626
Total Other Income	<u>473,096</u>	<u>285,595</u>
Total Revenue and Other Income	<u>19,151,131</u>	<u>18,720,957</u>

5 Result for the Year

Expenses

	2018	2017
	\$	\$
Depreciation		
Depreciation - buildings	485,905	485,904
Depreciation - motor vehicles	284,008	254,654
Depreciation - furniture and fixtures	310,941	300,298
Depreciation - plant and equipment	82,087	78,160
Total depreciation	<u>1,162,941</u>	<u>1,119,016</u>
Finance Costs		
Interest expense	<u>177,434</u>	205,405
Donations	<u>15,094</u>	222,974
Employee expenses		
Salaries and wages	7,862,559	7,841,270
Superannuation	785,848	806,828
Other employee expenses	771,454	540,641
Total employee expenses	<u>9,419,861</u>	<u>9,188,739</u>

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Notes to the Financial Statements For the Year Ended 30 June 2018

6 Cash and Cash Equivalents

	2018	2017
	\$	\$
Cash at bank and in hand	<u>4,825,761</u>	<u>2,097,035</u>

7 Trade and Other Receivables

	2018	2017
	\$	\$
CURRENT		
Trade receivables	13,719	4,236
Accrued income	240,005	386,593
Other receivables	<u>75,494</u>	<u>43,275</u>
Total current trade and other receivables	<u>329,218</u>	<u>434,104</u>

8 Other Financial Assets

	2018	2017
	\$	\$
CURRENT		
Held-to-maturity financial assets	<u>3,184,430</u>	<u>3,132,701</u>

9 Other Assets

	2018	2017
	\$	\$
CURRENT		
Prepayments	<u>949,171</u>	<u>1,269,099</u>

10 Property, Plant and Equipment

	2018	2017
	\$	\$
NON-CURRENT		
Building		
At cost	5,731,986	5,731,986
Accumulated depreciation	<u>(2,054,569)</u>	<u>(1,911,268)</u>
Total buildings	<u>3,677,417</u>	<u>3,820,718</u>

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Notes to the Financial Statements For the Year Ended 30 June 2018

10 Property, Plant and Equipment

Valuation of Properties

The following valuations of properties have been conducted:

	Certified Practising Valuer	Valuation Date	Fair Value \$
Property			
Unit 23/126-128 Auburn Street, Wollongong NSW	2	4 May 2016	490,000
Unit 5/2-6 Hunter Street, Parramatta NSW	3	15 May 2016	560,000
Level 2, 109 Pitt Street, Sydney NSW	1	19 May 2016	5,820,000
Total Property			<u>6,870,000</u>
Investment Property			
Unit 13, 15 Meadow Way, Banksmeadow NSW	4	16 May 2016	900,000
Lot 50/SP52105 / Lot 32/SP46628, 370 Pitt Street Sydney NSW	1	9 May 2016	730,000
Lot 34/SP70031 Level 8, 109 Pitt Street, Sydney NSW	1	19 May 2016	463,000
Level 3, 109 Pitt Street Sydney NSW	1	19 May 2016	5,299,000
Level 9, 109 Pitt Street Sydney NSW	1	19 May 2016	3,461,000
Lot 55-60/SP71295 Level 10, 109 Pitt Street Sydney NSW	1	19 May 2016	2,765,000
Lot 87/SP72095 Level 15, 109 Pitt Street Sydney NSW	1	19 May 2016	900,000
Total Investment Property			<u>14,518,000</u>

1. Josh Marks, AAPI Certified Practising Valuer, Registered Valuer No.21682, of Knight Frank Pty Ltd.
2. B. Carr, AAPI Certified Practising Valuer, Registered Valuer No.2736, of Martin Morris & Jones Pty Ltd.
3. John Kovacic, AAPI Certified Practising Valuer, Registered Valuer No.3179, of Macquarie Bell Pty Ltd.
4. Tony Lenord, AAPI Certified Practising Valuer, Registered Valuer No.67997, of Egan National Valuers Pty Ltd.

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Notes to the Financial Statements For the Year Ended 30 June 2018

10 Property, Plant and Equipment

	2018	2017
	\$	\$
Plant and equipment		
At cost	1,320,652	1,220,759
Accumulated depreciation	(1,104,772)	(1,022,768)
Total plant and equipment	<u>215,880</u>	<u>197,991</u>
Furniture, fixtures and fittings		
At cost	5,784,851	5,543,699
Accumulated depreciation	(3,530,252)	(3,219,311)
Total furniture, fixtures and fittings	<u>2,254,599</u>	<u>2,324,388</u>
Motor vehicles		
At cost	1,206,316	1,098,853
Accumulated depreciation	(389,691)	(324,101)
Total motor vehicles	<u>816,625</u>	<u>774,752</u>
Total plant and equipment	<u>3,287,104</u>	<u>3,297,131</u>
Total property, plant and equipment	<u>6,964,521</u>	<u>7,117,849</u>

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Notes to the Financial Statements For the Year Ended 30 June 2018

10 Property, Plant and Equipment

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Buildings \$	Plant and Equipment \$	Furniture, Fixtures and Fittings \$	Motor Vehicles \$	Total \$
Balance at 1 July 2017					
Balance at the beginning of the year	3,820,718	197,991	2,324,388	774,752	7,117,849
Additions	-	99,975	241,152	464,889	806,016
Disposals - written down value	-	-	-	(357,426)	(357,426)
Depreciation expense	(143,301)	(82,086)	(310,941)	(65,590)	(601,918)
Balance at 30 June 2018	3,677,417	215,880	2,254,599	816,625	6,964,521
Balance at 1 July 2016					
Balance at the beginning of the year	3,964,019	169,430	2,615,408	741,928	7,490,785
Additions	-	106,721	9,278	405,056	521,055
Disposals - written down value	-	-	-	(117,578)	(117,578)
Depreciation expense	(143,301)	(78,160)	(300,298)	(254,654)	(776,413)
Balance at 30 June 2017	3,820,718	197,991	2,324,388	774,752	7,117,849

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Notes to the Financial Statements For the Year Ended 30 June 2018

11 Investment Property

	2018	2017
	\$	\$
At cost	13,704,138	13,704,138
Accumulated depreciation	(4,554,438)	(4,211,834)
	<u>9,149,700</u>	<u>9,492,304</u>

	2018	2017
	\$	\$
Balance at the beginning of the period	9,492,304	9,834,907
Depreciation	(342,604)	(342,603)
	<u>9,149,700</u>	<u>9,492,304</u>

The fair value of the investment property is \$14,518,000. Refer to Note 10.

12 Trade and Other Payables

	2018	2017
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	288,361	261,702
Rental bond collected	71,662	52,412
GST Payable	155,600	103,796
Member income in advance	158,670	252,658
Other payables	301,035	178,953
	<u>975,328</u>	<u>849,521</u>

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Notes to the Financial Statements For the Year Ended 30 June 2018

13 Borrowings

	2018	2017
	\$	\$
CURRENT		
Secured liabilities:		
Bank Loans	<u>4,000,000</u>	<u>4,000,000</u>

Security Provided

The market rate loan is secured by mortgages over all the freehold properties of the Union except for Unit 5/2-6 Hunter Street, Parramatta NSW, Lot 50/SP52105, 370 Pitt Street, Sydney NSW, Lot 32/SP46628, 370 Pitt Street, Sydney NSW.

The carrying amount approximates fair value in respect to the borrowings.

14 Provisions

	2018	2017
	\$	\$
CURRENT		
Building make good provision	<u>21,246</u>	<u>15,303</u>

15 Employee Benefits

	2018	2017
	\$	\$
CURRENT		
Long service leave	1,029,762	930,580
Provision for employee benefits	<u>1,048,771</u>	<u>980,623</u>
	<u>2,078,533</u>	<u>1,911,203</u>
NON-CURRENT		
Long service leave	88,217	29,042
Defined benefit obligations		
Present value of obligations	<u>29,874</u>	<u>206,769</u>
	<u>118,091</u>	<u>235,811</u>

Defined Benefit Plan

Employees of the Union are entitled to benefits from superannuation plans on retirement, disability or death. The Union participated in twelve employer-sponsored superannuation plans. Two of these, State Authorities Superannuation Scheme (SASS) and State Authorities Non-contributory Superannuation Scheme (SANCS) are defined benefit plans. The following sets out details in respect of the defined benefit superannuation plans only.

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Notes to the Financial Statements For the Year Ended 30 June 2018

15 Employee Benefits

(a) Reconciliation of the Net Defined Benefit Liability/(Asset)

	2018	2017
	\$	\$
The amounts included in the Statement of Financial Position as Net Liability Defined Benefits Superannuation Plans are as follows:		
Net Defined Benefit Liability at start of year	206,769	782,307
Current service cost	108,236	111,343
Net interest on the net defined benefit liability	5,417	15,150
Actual return on Fund assets less interest income	(261,651)	(295,691)
Actuarial gains arising from changes in demographic assumptions	2,364	-
Actuarial losses arising from changes in financial assumptions	(17,803)	(340,872)
Actuarial losses arising from liability experience	(13,458)	(23,470)
Employer contributions	-	(41,998)
	<u>29,874</u>	<u>206,769</u>

Reconciliation of the Fair Value of Fund Assets

	2018	2017
	\$	\$
Fair value of fund assets is as follows:		
Beginning of the year	4,479,277	4,084,842
Interest income	114,902	80,028
Actual return on Fund assets less interest income	261,651	295,691
Employer contributions	-	41,998
Contributions by participants	35,808	34,595
Benefits paid	(103,852)	(86,498)
Taxes, premiums & expenses paid	25,111	28,629
	<u>4,812,897</u>	<u>4,479,285</u>

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Notes to the Financial Statements For the Year Ended 30 June 2018

15 Employee Benefits

(b) Reconciliation of the Defined Benefit Obligation

	2018	2017
	\$	\$
Present value of defined benefit obligations at beginning of the year	4,686,045	4,867,142
Current service cost	108,236	111,343
Interest cost	120,319	95,178
Contributions by participants	35,808	34,595
Actuarial gains arising from changes in demographic assumptions	2,364	-
Actuarial losses arising from changes in financial assumptions	(17,803)	(340,874)
Actuarial losses arising from liability experience'	(13,458)	(23,470)
Benefits paid	(103,852)	(86,498)
Taxes, premiums & expenses paid	25,111	28,629
Present value of defined benefit obligations at end of the year	4,842,770	4,686,045

(c) Reconciliation of the effect of the Asset Ceiling

Adjustment for effect of asset ceiling at beginning of the year	-	-
Change in the effect of asset ceiling	-	-
Adjustment for effect of asset ceiling at end of the year	-	-

The adjustment for the effect of asset ceiling has been determined based on the maximum economic benefit available to the entity in the form of reductions in future employer contributions.

(d) Fair value of fund assets

All Pooled Fund assets are invested by STC at arm's length through independent fund managers, assets are not separately invested for each entity as it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. As such, the disclosures below relate to total assets of the Pooled Fund.

As at 30 June 2018

Asset category	Total (A\$'000)	Quoted prices in active markets for identical assets Level 1 (A\$'000)	Significant observable inputs Level 2 (A\$'000)	Unobservable inputs Level 3 (A\$'000)
Short term securities	4,401,164	2,185,469	2,215,695	-
Australian Fixed Interest	2,234,921	41,854	2,193,068	-
International Fixed Interest	1,396,107	8,116	1,387,991	-
Australian Equities	9,271,405	8,719,442	548,908	3,055
International Equities	10,891,350	8,499,476	2,391,501	373
Property	3,711,287	788,018	608,934	2,314,335
Alternatives	9,894,828	420,898	5,332,818	4,141,113
Total	41,801,062	20,663,273	14,678,915	6,458,876

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Notes to the Financial Statements For the Year Ended 30 June 2018

15 Employee Benefits

The percentage invested in each asset class at the balance sheet date:

	2018	2017
	%	%
Short Term Securities	11	8
Australian Fixed Interest	5	6
International Fixed Interest	3	1
Australian Equities	22	23
International Equities	26	30
Property	9	9
Alternatives	24	23
	<u>100</u>	<u>100</u>

Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this level are listed shares; listed unit trusts.

Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts where quoted prices are available in active markets for identical assets or liabilities.

Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

All Fund assets are invested by STC at arm's length through independent fund managers.

Fair value of entity's own financial instruments

The fair value of the Pooled Fund assets include as at 30 June 2018 \$97.7 million (2017: \$345.0 million) in NSW government bonds.

Of the direct properties owned by the Pooled Fund:

- SAS Trustee Corporation occupies part of a property 100% owned by the Pooled Fund with a fair value of \$280 million (30 June 2017: \$250 million).

- Health Administration Corporation occupies part of a property 50% owned by the Pooled Fund with a fair value (100% interest) of \$287 million (30 June 2017: \$261 million).

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Notes to the Financial Statements For the Year Ended 30 June 2018

15 Employee Benefits

(e) Significant Actuarial Assumptions at the Reporting Date

As at	30 June 2018	30 June 2017
Discount rate	2.65% pa	2.62% p.a
Salary increase rate (excluding promotional increases)	2.7% pa for 2018/19; 3.2% pa thereafter	2.50% 2017/2018 and 2018/2019; 3.50% 2019/2020 and 2020/2021; 3.00% pa 2021/2022 to 2025/2026; 3.50% pa thereafter
Rate of CPI increase	2.25% pa for 2018/19 and 2019/20; 2.5% pa thereafter	2.00% 2017/2018; 2.25% 2018/2019; 2.50% pa thereafter
Pensioner mortality	The pensioner mortality assumptions are those to be used for the 2018 actuarial investigation of the Pooled Fund. These assumptions will be disclosed in the actuarial investigation report which will be available on the Trustee's website when the investigation is complete. The report will show the pension mortality rates for each age. Alternatively, the assumptions are available on request from the Trustee.	The pensioner mortality assumptions are as per the 2015 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age.

Sensitivity Analysis

The entity's total defined benefit obligation as at 30 June 2018 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2018.

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

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Notes to the Financial Statements

For the Year Ended 30 June 2018

15 Employee Benefits

(e) Significant Actuarial Assumptions at the Reporting Date

	Base Case	Scenario A -1.0% discount rate	Scenario B +1.0% discount rate
Discount rate	as above	as above-1.0% pa	as above+1.0% pa
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$)	4,842,770	5,346,238	4,466,094

	Base Case	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Discount rate	as above	as above	as above
Rate of CPI increase	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$)	4,842,770	4,976,263	4,725,586

	Base Case	Scenario E +0.5% salary increase rate	Scenario F -0.5% salary increase rate
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation (A\$)	4,842,770	4,928,321	4,762,044

	Base Case	Scenario G Higher Mortality*	Scenario H Lower Mortality**
Defined benefit obligation (A\$)	4,842,770	4,871,234	4,819,885

*Assumes the short-term pensioner mortality improvement factors for years 2018-2023 also apply for years after 2023.

**Assumes the long-term pensioner mortality improvement factors for years post 2023 also apply for the years 2018 to 2023.

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Asset-Liability matching strategies

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cashflows to manage liquidity requirements. No explicit asset-liability matching strategy is used by the Trustee.

Funding arrangements

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

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Notes to the Financial Statements For the Year Ended 30 June 2018

15 Employee Benefits

(e) Significant Actuarial Assumptions at the Reporting Date

Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

(f) Employer contributions

	2018 SASS \$	2018 SANCS \$
Expected employer contributions to be paid in the next reporting period	-	-

Funding Arrangements for Employer Contributions

(a) Surplus/deficit

The following is a summary of the 30 June 2018 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans."

	2018 \$	2017 \$
Accrued Benefits	3,534,702	3,313,587
Net market value of Funds assets	(4,812,896)	(4,479,277)
Net deficit	(1,278,194)	(1,165,690)

(b) Contribution recommendations

Recommended contribution rates for the Union are:

Multiple of member contributions	% member salary
n/a	n/a

(c) Funding method

Contribution rates are set after discussions between the employer, STC and NSW Treasury.

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Notes to the Financial Statements For the Year Ended 30 June 2018

15 Employee Benefits

(f) Employer contributions

(d) Economic assumptions

The economic assumptions adopted for the 30 June 2018 actuarial investigation of the Pooled Fund are:

Weighted Average Assumptions	30-Jun-18	30-Jun-17
Expected rate of return on Fund assets backing current pension liabilities	7.4% pa	7.4% pa
Expected rate of return of Funds assets backing other liabilities	6.4% pa	6.4% pa
Expected salary increase rate (excluding promotional salary increases)	2.7% for 2018/19; 3.2% pa thereafter	2.7% to 30 June 2019 then 3.2% pa thereafter
Expected rate of CPI increase	2.2% pa	2.2% pa

Nature of Asset/Liability

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of Fund assets and the defined benefit obligation.

(g) Maturity profile

The weighted average duration of the defined benefit obligation is 10.8 years (2017: 11.5 years).

16 Derivatives

CURRENT	2018	2017
Interest rate swap	\$ 11,544	\$ 49,734

Health Services Union NSW entered into an interest rate swap agreement on 18 May 2015 with the sole purpose to hedge the variable interest rate on the \$4,000,000 loan. The interest rate swap/hedge instrument has a face value of \$4,000,000. This represents an unrealised loss as at 30 June 2018.

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Notes to the Financial Statements For the Year Ended 30 June 2018

17 Capital and Leasing Commitments

Operating lease commitments

The following amounts are payable in respect of:

	2018	2017
	\$	\$
- not later than one year	13,506	16,340
- between one year and five years	30,239	45,524
- later than five years	-	-
	<u>43,745</u>	<u>61,864</u>

Operating leases are in place for computer equipment.

18 Lessor Commitments

Operating lease commitments receivable - Union as lessor

Health Services Union NSW leases out its investment property (see Note 11) under commercial leases. These non-cancellable leases have terms between 1 and 6 years. All leases include provisions for Health Services Union NSW to increase rent to CPI of 4% per annum with current market rental assessments performed regularly in accordance with the lease agreements.

The future minimum lease payments under non-cancellable leases are:

	2018	2017
	\$	\$
- not later than one year	1,002,287	635,641
- between one year and five years	1,470,465	690,130
Total minimum lease payments	<u>2,472,752</u>	<u>1,325,771</u>

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Notes to the Financial Statements For the Year Ended 30 June 2018

19 Financial Risk Management

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

The Union's financial instruments consist mainly of deposits with banks, accounts receivable and payable, bank loans and derivatives.

The total for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2018	2017
	\$	\$
Financial Assets		
Cash and cash equivalents	4,825,761	2,097,035
Loans and receivables	329,218	434,104
Other financial assets	3,184,430	3,132,701
Total financial assets	<u>8,339,409</u>	<u>5,663,840</u>
Financial Liabilities		
Financial liabilities at amortised cost		
Trade and other payables	975,328	849,521
Borrowings	4,000,000	4,000,000
Derivative financial instruments	11,544	49,734
Total financial liabilities	<u>4,986,872</u>	<u>4,899,255</u>

Financial risk management policies

The Union Council has overall responsibility for the establishment of Health Services Union NSW's financial risk management framework.

The day-to-day risk management is carried out by Health Services Union NSW's finance function under policies and procedures which have been approved by Union. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the policies and procedures. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate movements.

The Union does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Mitigation strategies for specific risks faced are described below:

(a) 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 a financial loss to Health Services Union NSW and arises principally from Health Services Union's receivables.

The receivables of the Health Services Union NSW are with lessees and members. Bank guarantees are in place to secure the receivables from lessees and member fees are automatically deducted as part of their salary and wages.

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Notes to the Financial Statements For the Year Ended 30 June 2018

19 Financial Risk Management

(b) Liquidity risk

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

- preparing forward-looking cash flow analysis in relation to its operational, investing and financial activities which are monitored on a monthly basis;
- using interest rate swaps to manage interest payments;
- monitoring undrawn credit facilities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Typically, Health Services Union NSW ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days.

(c) Liquidity Risk - Asset maturity analysis

The table below reflect maturity analysis for financial assets.

	Within 1 Year		1 to 5 Years		Total	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Financial assets - cash flows realisable						
Cash and cash equivalents	4,825,761	2,097,035	-	-	4,825,761	2,097,035
Trade, term and loans receivables	312,481	434,104	-	-	312,481	434,104
Held-to-maturity investments	3,184,430	3,132,701	-	-	3,184,430	3,132,701
Total anticipated inflows	8,322,672	5,663,840	-	-	8,322,672	5,663,840

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Notes to the Financial Statements For the Year Ended 30 June 2018

19 Financial Risk Management

(c) Liquidity Risk - Asset maturity analysis

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Financial liability maturity analysis

	Within 1 Year		1 to 5 Years		Total	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment						
Trade and other payables (excluding estimated annual leave)	975,328	849,521	-	-	975,328	849,521
Borrowings (excluding finance lease)	4,000,000	-	-	4,000,000	4,000,000	4,000,000
Interest rate swap	11,544	-	-	49,734	11,544	49,734
Total contractual outflows	<u>4,986,872</u>	<u>849,521</u>	<u>-</u>	<u>4,049,734</u>	<u>4,986,872</u>	<u>4,899,255</u>

The timing of expected outflows is not expected to be materially different from contracted cashflows, with the exception of the borrowings in the year ended 30 June 2018. They were classified as current liabilities due to the Union not having an unconditional right to defer settlement beyond 12 months.

Assets pledged as collateral

Certain assets have been pledged as security for debt and their realisation into cash may be restricted subject to terms and conditions attached to the relevant debt contracts. Refer to Note 13 for further details.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period, whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Union is also exposed to earnings volatility on floating rate instruments.

Interest rate risk is managed by maintaining a portion of borrowings at fixed interest rates through the use of an interest rate swap. At 30 June 2018, approximately 100% of Health Services Union NSW debt is fixed rate, which includes \$4,000,000 in debt that forms part of the interest rate swap facility.

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Notes to the Financial Statements

For the Year Ended 30 June 2018

19 Financial Risk Management

Financial instrument composition and maturity analysis

The Union's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted		Floating Interest		Maturing within 1		Maturing 1 to 5		Maturing Over 5		Non-interest Bearing		Total	
	Average Effective	Rate	Rate	Rate	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	%	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets:														
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	4,825,761	2,097,035	4,825,761	2,097,035
Financial Liabilities:														
Borrowings	2.66	2.66	-	-	4,000,000	-	-	4,000,000	-	-	-	-	4,000,000	4,000,000
Interest rate swaps	2.70	2.70	-	-	11,544	-	-	49,734	-	-	-	-	11,544	49,734
Total Financial Liabilities			-	-	4,011,544	-	-	4,049,734	-	-	-	-	4,011,544	4,049,734

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Notes to the Financial Statements

For the Year Ended 30 June 2018

19 Financial Risk Management

The net effective variable interest rate borrowings (i.e. unhedged debt) exposes the Union to interest rate risk which will impact future cash flows and interest charges and is indicated by the following floating interest rate financial liabilities:

	2018	2017
	\$	\$
Floating rate instruments	-	-
Borrowings	-	-

Interest rate swaps are measured at fair value with gains and losses recognised in the statement of profit or loss and other comprehensive income. This is because the interest rate swap has not been designated a part of a hedging relationship in accordance with Australian Accounting Standards.

Interest Rate Risk - Sensitivity Analysis

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the end of the reporting period.

An increase of 100 basis points or a decrease of 50 basis points would have increased equity and profit or loss by the amounts shown below. This analysis assumes that other variables are held constant.

	Profit 100 basis points increase	Profit 50 basis point decrease	Equity 100 basis points increase	Equity 50 basis point decrease
2018	(5,000)	2,500	(5,000)	2,500
2017	(5,000)	2,500	(5,000)	2,500

The movements in profit are due to lower interest costs from variable rate debt and cash balances.

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Notes to the Financial Statements

For the Year Ended 30 June 2018

20 Interest of Key Management Personnel

The key management personnel of the Union are the Officers and other key management personnel. Their remuneration paid during the year is as follows:

	2018	2017
	\$	\$
Short-term benefits	1,384,062	1,311,468
Long-term benefits	57,061	74,746
Post-employment benefits	375,772	171,792
	<u>1,816,895</u>	<u>1,558,006</u>

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 24: Related Party Transactions.

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Notes to the Financial Statements

For the Year Ended 30 June 2018

20 Interest of Key Management Personnel

(a) Name of Officers

The following persons were Officers of Health Services Union NSW during the financial year.

(i) Names of Responsible Persons

Name	Position	Status
Mark Sterrey	President	
Leanne Burns	Senior Vice President	
Lindy Twyford	Junior Vice President	
Gerard Hayes	Secretary	
Andrew Lillicrap	Assistant Secretary/Treasurer	Resigned 14/05/2018
Bruce Cornwell	Ordinary Member of Union Committee	
Steven Fraser	Ordinary Member of Union Committee; Member of Union Council	
Sharalyn Haynes	Ordinary Member of Union Committee; Member of Union Council	
Genevieve Partridge	Ordinary Member of Union Committee, Member of Union Council	Resigned 15/02/18
Lynne Russell	Ordinary Member of Union Committee	Appointed Assistant Secretary/Treasurer 29/05/2018
Joan Catlin	Member of Union Council, Member of Audit & Finance Committee	
John Holgate	Member of Union Council, Member of Audit & Finance Committee	
Patricia Reid	Member of Union Council, Member of Audit & Finance Committee	
Alan Wilcock	Member of Union Council, Member of Audit & Finance Committee, Ordinary Member of Union Committee	
Sharon Carney	Member of Union Council	
Claire Charles	Member of Union Council	
John Chester	Member of Union Council	Resigned 21/12/2017
Suzanne Davis	Member of Union Council	Resigned 12/12/2017
John Jetty Dore	Member of Union Council	
Raymond Dunn	Member of Union Council	Resigned 29/08/2017
Annette Jones	Member of Union Council	
Jeffrey Knee	Member of Union Council	Appointed 27/02/2018
John Lawrence	Member of Union Council	Appointed 28/11/2018
Peter Mitchell	Member of Union Council	
Steven Oakman	Member of Union Council	Appointed 27/02/18
William Oddie	Member of Union Council	
Shirley O'Riley	Member of Union Council	
Josephine Peacock	Member of Union Council	
Ronald Pike	Member of Union Council	

Health Services Union NSW

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Notes to the Financial Statements For the Year Ended 30 June 2018

20 Interest of Key Management Personnel

(a) Name of Officers

Name	Position	Status
Gillian Reilly	Member of Union Council	
Bruce Rowling	Member of Union Council	Appointed 26/09/2017
Leanne Starr	Member of Union Council	
Darriea Turley	Member of Union Council	

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of Health Services Union NSW during the financial year.

Gerard Hayes - Secretary
Lynne Russell - Assistant Secretary/Treasurer
Ben Chapman - Chief of Staff
Angela Nigro - Chief Financial Officer
Ayshe Lewis - Divisional Manager - Industrial Services
David Perry - Divisional Manager - Public Sector
Jodie Cowdrey - Divisional Manager - Private Sector
Rob Sheehy - Divisional Manager - Aged Care Sector
Stuart Hatter - Divisional Manager - Ambulance Sector
Adam Hall - Divisional Manager - Campaigns
Andrew Lillcrap - Manager Corporate Services
Tom Stevanja - Deputy Divisional Manager - Industrial
Dianne Campbell - Administration Manager

All of the above persons were also key management persons during the year ended 30 June 2018.

21 Auditors' Remuneration

	2018	2017
	\$	\$
Remuneration of the auditor of the Union		
- auditing or reviewing the financial statements	45,500	48,200
- other services	6,250	8,400
	<u>51,750</u>	<u>56,600</u>

Other services relate to assistance provided in the completion of the financial statements.

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Notes to the Financial Statements For the Year Ended 30 June 2018

22 Fair Value Measurement

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

- Financial liabilities - interest rate swap.
- All other financial assets and financial liabilities the fair value approximates the carrying amount.

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Union:

		Level 1	Level 2	Level 3	Total
30 June 2018	Note	\$	\$	\$	\$
Recurring fair value measurements					
Interest rate swap	16	-	11,544	-	11,544
30 June 2017	Note	\$	\$	\$	\$
Recurring fair value measurements					
Interest rate swap	16	-	49,734	-	49,734

Level 2 measurements

Interest rate swaps are valued using the market comparison technique. The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

Highest and best use

The current use of each asset measured at fair value is considered to be its highest and best use.

Assets and liabilities not measured at fair value but for which fair value is disclosed

The table below shows the assigned level for each asset and liability not measured at fair value but for which fair value is disclosed in the financial statements.

Health Services Union NSW

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Notes to the Financial Statements For the Year Ended 30 June 2018

22 Fair Value Measurement

30 June 2018	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements					
Buildings	10	-	-	6,870,000	6,870,000
Investment property	11	-	-	14,518,000	14,518,000

30 June 2017	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements					
Buildings	10	-	-	6,870,000	6,870,000
Investment property	11	-	-	14,518,000	14,518,000

23 Contingent Liabilities and Contingent Assets

Contingent Liabilities

Health Services Union NSW does not have any contingent liabilities at the end of the reporting period.

Contingent Assets

Health Services Union NSW does not have any contingent assets at the end of the reporting period.

24 Related Party Transactions

(a) Health Services Union NSW

During the current period net service fees of \$220,000 (2017: \$160,000) were charged to the HSU NSW Branch.

Capitation fees and levies charged by HSU National to the HSU NSW Branch were \$1,018,858 (2017: \$998,451), of which \$996,649 (2017: \$973,022) related to Health Services Union NSW during the year ended 30 June 2018. HSU NSW Branch billed the Health Services Union NSW for the reimbursement of those capitation fees and levies of \$996,649 (2017: \$973,022) for the period ended 30 June 2018.

During the period, the Health Services Union NSW reimbursed HSU Victoria No 1 Branch, HSU Victoria No 3 Branch, Health Services Union QLD Branch and Health Services Union NSW Branch for Nil (2017: \$144), \$159 (2017: Nil), Nil (2017: \$645) and Nil (2017: Nil) respectively. This was due to membership contributions belonging to the respective branches being received by the Health Services Union NSW. During the current period, \$76,289 was charged by HSU NSW to HSU National for their share of apportioned expenses and \$300,000 was transferred from HSU National Office to HSU NSW for the redistribution of surplus funds.

Health Services Union NSW

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Notes to the Financial Statements For the Year Ended 30 June 2018

24 Related Party Transactions

(b) Officers of the Union

The aggregate amount of remuneration paid to Officers during the period is disclosed in Key Management Personnel Compensation.

There have been no other transactions between the Officers and the Union other than those relating to their membership of the Union and the reimbursement by the Union in respect of expenses incurred by them in the performance of their duties. For details of disclosures relating to key management personnel, refer to Note 20: Interests of Key Management Personnel.

25 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2018	2017
	\$	\$
Surplus for the year	1,539,645	1,964,385
Cash flows excluded from surplus attributable to operating activities		
Non-cash flows in profit:		
- depreciation	1,162,941	1,119,016
- net gain on disposal of property, plant and equipment	(36,398)	(51,429)
Changes in assets and liabilities:		
- decrease/(increase) in trade and other receivables	127,914	(262,225)
- (increase) in other assets	(23,028)	(458,814)
- increase/(decrease) in trade and other payables	445,733	(285,956)
- increase/(decrease) in interest rate swap	-	(31,904)
- increase/(decrease) in provisions	194,258	(4,859)
Cashflows from operations	<u>3,411,065</u>	<u>1,988,214</u>

26 Events after the end of the Reporting Period

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

27 Capital Management

The Council controls the capital of Health Services Union NSW in order to ensure the entity continues as a going concern as well as ensuring that sufficient cash flows are available to fund benefits for its members. Capital consists of financial liabilities supported by financial assets of Health Services Union NSW.

Health Services Union NSW effectively manages that Union's capital by assessing the Union's financial risk and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes in the strategy adopted by management during the year.

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Notes to the Financial Statements For the Year Ended 30 June 2018

28 Union Details

The registered office and principal place of business of the Union is:
Health Services Union NSW
Level 2
109 Pitt Street
SYDNEY NSW 2000