

Health Services Union NSW

ABN: 85 037 751 682

Financial Statements

For the Year Ended 30 June 2016

Health Services Union NSW

ABN: 85 037 751 682

Contents

For the Year Ended 30 June 2016

	Page
Financial Statements	
Council's Certificate	1
Accounting Officer's Report	2
Independent Audit Report	3
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Accumulated Funds	7
Statement of Cash Flows	8
Notes to the Financial Statements	9

Health Services Union NSW

ABN: 85 037 751 682

Council's Certificate

We, the undersigned members of the Union Council of the Health Services Union NSW, hereby certify in respect of the financial year ended 30 June 2016 that:

- (i) In the opinion of the Union Council, the attached financial report shows a true and fair view of the financial affairs of the Union as at 30 June 2016; and
- (ii) In the opinion of the Union Council, meetings of the Council were held during the year ending 30 June 2016 in accordance with the rules of the Union; and
- (iii) To the knowledge of any member of the Union Council, during the year ended 30 June 2016 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; and
- (iv) In relation to the report prepared in accordance with section 514 of the 1991 Act, as applied by section 282(3) of the Industrial relations Act 1996, by the auditor of the Union in respect of the financial year immediately preceding the financial year to which the accounts relate and in relation to any accounts and statements prepared in accordance with section 510(1) of the 1991 Act to which the report relates, the organisation has complied with section 517(1) of the Act and whichever of the subsections (5) and (6) of that Act are applicable.

This certificate is in accordance with a resolution passed by the Union Council of the Health Services Union NSW in relation to the matters to be stated in the certificate and is signed on behalf the Union Council.



Mark Sterrey

President



Gerard Hayes

Secretary



Andrew Lillicrap

Assistant Secretary/Treasurer

Date: 6th September 2016

Health Services Union NSW

ABN: 85 037 751 682

Accounting Officer's Report

I, Andrew Lillicrap, being the Officer responsible for keeping the accounting records of Health Services Union NSW, certify that as at 30 June 2016, the number of members of the Union was 32,707 (2015: 31,999).

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 2016.
 - (b) A record has been kept of all moneys paid by, or collected from, members of the organisation, and all money so paid or collected has been credited to the bank account or accounts to which the money is to be credited, in accordance with the rules of the Union; and
 - (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; and
 - (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) All loans or other financial benefits granted to persons holding office in the Union were authorised in accordance with the rules of the Union; and
 - (f) The register of members of the Union was maintained in accordance with the Industrial Relations Act 1996.



Andrew Lillicrap

Assistant Secretary/Treasurer

Dated: 6th September 2016 .

Independent Audit Report to the members of Health Services Union NSW

Report on the Financial Report

We have audited the accompanying financial report of Health Services Union NSW, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in accumulated funds and statement of cash flows for the year ended 30 June 2016, notes comprising a summary of significant accounting policies and other explanatory information, and Union Council's (the 'Council's') certificate and the Accounting Officer's certificate.

Council's, Secretary's and Assistant Secretary/Treasurer's Responsibility for the Financial Report

The Union Council, Secretary and Assistant Secretary/Treasurer of Health Services Union NSW are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Industrial Relations Act 1996, and for such internal control as management determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, Secretary and Assistant Secretary/Treasurer, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Sydney Office

Level 16, 1 Market Street, Sydney NSW 2000
PO Box H195, Australia Square NSW 1215
p +61 2 9251 4600, f +61 2 9251 7138
info@nexiacourt.com.au, www.nexia.com.au

Independent member of Nexia International



Opinion

In our opinion,

- (i) There were kept by the Union, in respect of the year ended 30 June 2016 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
- (ii) The attached 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. The 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:
 - (a) the financial position of the Union as at 30 June 2016; and
 - (b) the financial performance of the Union for the year ended 30 June 2016;

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



Nexia Court & Co
Chartered Accountants



Joseph Santangelo
Partner

Sydney

Dated: 6 September 2016

Health Services Union NSW

ABN: 85 037 751 682

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2016

	Note	2016 \$	2015 \$
Revenue	3	16,626,284	17,355,556
Other income	3	325,048	2,746,696
Employee expenses	4	(8,502,392)	(8,328,893)
Depreciation and impairment expense	4	(1,059,939)	(1,102,440)
Consulting and professional fees		(558,196)	(1,290,389)
Utilities and telephone expenses		(767,583)	(812,273)
Insurance expenses		(925,128)	(1,066,252)
Computer and IT expenses		(371,546)	(444,675)
Office administration expenses		(989,866)	(833,507)
Marketing and campaign expenses		(774,671)	(856,338)
Other expenses		(1,661,268)	(1,359,349)
Finance costs	4	(307,229)	(416,793)
Total surplus for the year		1,033,514	3,591,343
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Superannuation Actuarial Gain/(Loss)		1,128,147	(172,627)
Superannuation Actual Return on Fund Assets		(5,606)	360,003
Total comprehensive income for the year		2,156,055	3,778,719

The accompanying notes form part of these financial statements.

Health Services Union NSW

ABN: 85 037 751 682

Statement of Financial Position

As At 30 June 2016

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,044,070	1,468,624
Trade and other receivables	6	171,879	913,165
Other assets	7	810,285	548,884
Other financial assets	8	3,049,500	2,008,858
TOTAL CURRENT ASSETS		<u>5,075,734</u>	<u>4,939,531</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	7,490,785	7,727,482
Investment property	10	9,834,907	9,848,442
TOTAL NON-CURRENT ASSETS		<u>17,325,692</u>	<u>17,575,924</u>
TOTAL ASSETS		<u><u>22,401,426</u></u>	<u><u>22,515,455</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	1,135,477	947,962
Borrowings	12	4,500,000	6,000,000
Short-term provisions	13	27,683	103,670
Employee benefits	14	1,885,331	1,665,486
Derivatives	15	81,638	79,166
TOTAL CURRENT LIABILITIES		<u>7,630,129</u>	<u>8,796,284</u>
NON-CURRENT LIABILITIES			
Employee benefits	14	829,702	1,933,631
TOTAL NON-CURRENT LIABILITIES		<u>829,702</u>	<u>1,933,631</u>
TOTAL LIABILITIES		<u>8,459,831</u>	<u>10,729,915</u>
NET ASSETS		<u><u>13,941,595</u></u>	<u><u>11,785,540</u></u>
EQUITY			
Accumulated Funds		<u>13,941,595</u>	<u>11,785,540</u>
TOTAL EQUITY		<u><u>13,941,595</u></u>	<u><u>11,785,540</u></u>

The accompanying notes form part of these financial statements.

Health Services Union NSW

ABN: 85 037 751 682

Statement of Changes in Accumulated Funds

For the Year Ended 30 June 2016

2016

	Accumulated Funds	Total Accumulated Funds
	\$	\$
Balance at 1 July 2015	11,785,540	11,785,540
Total comprehensive income for the period		
Surplus for the period	1,033,514	1,033,514
Actuarial Gain/(Loss) and Return on Fund Assets	1,122,541	1,122,541
Transactions with owners in their capacity as owners		
Sub-total	2,156,055	2,156,055
Balance at 30 June 2016	13,941,595	13,941,595

2015

	Accumulated Funds	Total Accumulated Funds
	\$	\$
Balance at 1 July 2014	8,006,821	8,006,821
Total comprehensive income for the period		
Surplus for the period	3,591,343	3,591,343
Actuarial Gain/(Loss) and Return on Fund Assets	187,376	187,376
Transactions with owners in their capacity as owners		
Sub-total	3,778,719	3,778,719
Balance at 30 June 2015	11,785,540	11,785,540

The accompanying notes form part of these financial statements.

Health Services Union NSW

ABN: 85 037 751 682

Statement of Cash Flows

For the Year Ended 30 June 2016

	2016	2015
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from customers	19,536,468	18,072,337
Payments to suppliers and employees	(16,585,725)	(17,096,593)
Interest received	86,511	91,874
Interest paid	(272,009)	(416,793)
Net cash provided by (used in) operating activities	24 <u>2,765,245</u>	<u>650,825</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plant and equipment and investment property	170,751	3,932,289
Purchase of property, plant and equipment	(919,908)	(292,956)
Net cash used by investing activities	<u>(749,157)</u>	<u>3,639,333</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	(1,500,000)	(4,258,765)
Payments for investments	(1,040,642)	(2,008,858)
Loans to related parties	100,000	(100,000)
Net cash used by financing activities	<u>(2,440,642)</u>	<u>(6,367,623)</u>
Net increase (decrease) in cash and cash equivalents held	(424,554)	(2,077,465)
Cash and cash equivalents at beginning of year	1,468,624	3,546,089
Cash and cash equivalents at end of financial year	5 <u>1,044,070</u>	<u>1,468,624</u>

The accompanying notes form part of these financial statements.

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

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 Service Union NSW for the period ended 30 June 2016 was authorised for issue in accordance with a resolution of the Union Council ('the Council') on 31 August 2016. The Union has the power to amend and reissue the financial statements.

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with 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.

(b) 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.

(c) 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.

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(c) Property, plant and equipment (continued)

Plant and equipment

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

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 Asset	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 or Loss and Other Comprehensive Income in the year that the item is derecognised.

(d) 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.

(e) 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.

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(e) Investments (continued)

Amortised cost is calculated as:

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

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(e) Investments (continued)

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.

(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 - 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 and loss.

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

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(e) Investments (continued)

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.

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

(f) Impairment - non-financial assets

The carrying amounts 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 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.

(g) 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.

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

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(h) Employee benefits (continued)

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

Defined benefit 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 the 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 2015. The next actuarial investigation will be performed at 30 June 2018.

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

The amounts 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).

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(h) Employee benefits (continued)

Defined benefit superannuation schemes (continued)

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 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.

(i) 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.

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(j) Borrowings

Secured and unsecured loans have been obtained. These have not 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.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) 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.

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(p) Goods and services tax (GST)

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

(q) 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.

(r) 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 amounts 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 judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are those described in Notes 1 (c), 1 (d), 1 (e), 1 (f), 1 (h) and 1 (r).

(s) Going concern

The financial report has been prepared on a going concern basis.

The Union has classified the \$4,500,000 market rate loan as a current liability on the basis that the Union does not have an unconditional right to defer settlement beyond 12 months of the balance date. As a result the Union has a deficit in current assets compared to current liabilities of \$2,554,395. Also, \$953,549 in employee provisions have been classified as current liabilities on the basis that the employees have reached their entitlement date.

Management has assessed the use of the going concern assumption given the deficit noted and believes that the going concern assumption is appropriate on the basis that :

- The market rate loan principal amount is not due for repayment until 8 October 2018. Due to the bank having the ability to recall the loan at any point in time under certain circumstances, the loan has been classified as current. Management and the Council do not expect to repay the loan in full before the maturity date;

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(s) Going concern (continued)

- Management do not believe that all the employee provisions for long service leave will be required to be settled in the short term;

- Management have prepared a cash flow forecast and have determined that the Union has sufficient cash inflows to support the business over the next 12 months.

For the Union to be able to continue as a going concern, it requires the generation of sufficient cash from its operations or its financiers.

The Council is of the opinion that the Union will generate sufficient future positive cash flows from operations and financiers to be able to continue as a going concern. The Union expects to repay the remaining bank debt at the maturity date, being 8 October 2018.

(t) 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.

(u) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Union has decided against early adoption of these Standards. The following table summarises those future requirements, and their impact on the Union:

Standard Name	Effective date for entity	Requirements	Impact
AASB 2014-4 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	30 June 2017	These amendments to AASB 116 and AASB 138 clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The standard also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.	The impact of this standard is expected to be minimal.

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(u) New accounting standards for application in future periods (continued)

Standard Name	Effective date for entity	Requirements	Impact
AASB 2015-1 - Annual Improvements to Australian Accounting Standards 2012-2014	30 June 2017	This Standard makes amendments to various Accounting Standards arising from the IASB's Annual Improvements process, namely: AASB 5 - changes in methods of disposal from sale to distribution AASB 7 – applicability of disclosures to servicing contracts and interim financial statements; AASB 119 – clarifies that the government bond rate used in measuring employee benefits should be those denominated in the same currency.	The impact of this standard is expected to be minimal.
AASB 2015-2 - Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	30 June 2017	The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project.	The impact of this standard is expected to be minimal.
AASB 15 - Revenue from Contracts with Customers	30 June 2019	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

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(u) New accounting standards for application in future periods (continued)

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)</p> <p>ii) The remaining change is presented in profit or loss.</p> <p>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

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(u) New accounting standards for application in future periods (continued)

Standard Name	Effective date for entity	Requirements	Impact
AASB 16 - Leases	1 January 2019	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	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 2016-2 - Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107	1 January 2016	<p>This Standard amends AASB 107 Statement of Cash Flows to include additional disclosures and reconciliation relating to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.</p>	The impact of this standard has not yet been determined.

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(u) New accounting standards for application in future periods (continued)

Standard Name	Effective date for entity	Requirements	Impact
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.

(v) Related Party Disclosures

Related parties for the purpose of the disclosures made in Note 23 of this financial report include Officers and entities in which Officers have a significant interest in, and their transactions with the Union.

2 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 read 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.

3 Revenue and Other Income

	2016	2015
	\$	\$
Revenue		
Membership contributions	15,579,534	16,228,606
Service fees	166,054	156,888
Rental income	880,696	970,062
Total Revenue	16,626,284	17,355,556
Other income	184,128	9,242
Profit on sale of property, plant and equipment	60,550	21,522
Profit on sale of investment property	-	2,624,058
Interest income	80,370	91,874
Total Other Income	325,048	2,746,696
Total Revenue and Other Income	16,951,332	20,102,252

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

4 Result for the Year

Expenses

	2016	2015
	\$	\$
Depreciation		
Depreciation - buildings	485,904	491,692
Depreciation - motor vehicles	203,767	203,316
Depreciation - furniture and fixtures	273,802	263,401
Depreciation - plant and equipment	96,466	144,031
Total depreciation	<u>1,059,939</u>	<u>1,102,440</u>
Finance costs		
Interest expense	307,229	416,793
Employee expenses		
Employee expenses		
Salaries and wages	6,856,347	6,844,581
Superannuation	878,768	818,690
Other employee expenses	767,277	665,622
Total employee expenses	<u>8,502,392</u>	<u>8,328,893</u>

5 Cash and Cash Equivalents

CURRENT

Cash at bank and in hand	<u>1,044,070</u>	<u>1,468,624</u>
--------------------------	------------------	------------------

6 Trade and Other Receivables

	2016	2015
	\$	\$
CURRENT		
Trade and other receivables	43,830	69,884
Accrued income	128,049	743,281
Loan to Health Services Union NSW Branch	-	100,000
	<u>171,879</u>	<u>913,165</u>

7 Other Assets

CURRENT

Prepayments	<u>810,285</u>	<u>548,884</u>
-------------	----------------	----------------

8 Other Financial Assets

CURRENT

Held-to-maturity financial assets	<u>3,049,500</u>	<u>2,008,858</u>
-----------------------------------	------------------	------------------

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

9 Property, Plant and Equipment

	2016	2015
	\$	\$
NON-CURRENT		
Building		
At cost	5,731,986	6,131,986
Accumulated depreciation	<u>(1,767,967)</u>	<u>(1,695,598)</u>
Total buildings	<u>3,964,019</u>	<u>4,436,388</u>

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	<u>5,820,000</u>
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	<u>900,000</u>
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.

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

9 Property, Plant and Equipment (continued)

	2016	2015
	\$	\$
Plant and equipment		
At cost	1,114,038	1,076,537
Accumulated depreciation	<u>(944,608)</u>	<u>(864,342)</u>
Total plant and equipment	<u>169,430</u>	212,195
Furniture, fixture and fittings		
At cost	5,534,421	5,258,325
Accumulated depreciation	<u>(2,919,013)</u>	<u>(2,660,446)</u>
Total furniture, fixture and fittings	<u>2,615,408</u>	2,597,879
Motor vehicles		
At cost	1,033,578	837,040
Accumulated depreciation	<u>(291,650)</u>	<u>(356,020)</u>
Total motor vehicles	<u>741,928</u>	481,020
Total plant and equipment	<u>3,526,766</u>	3,291,094
Total property, plant and equipment	<u><u>7,490,785</u></u>	<u><u>7,727,482</u></u>

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

9 Property, Plant and Equipment (continued)

(a) 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 2015					
Balance at the beginning of period	4,436,388	212,195	2,597,879	481,020	7,727,482
Additions	-	58,735	321,438	539,735	919,908
Disposals - written down value	-	(5,034)	(30,107)	(75,060)	(110,201)
Transfer to investment property	(319,068)	-	-	-	(319,068)
Depreciation expense	(153,301)	(96,466)	(273,802)	(203,767)	(727,336)
Balance at 30 June 2016	3,964,019	169,430	2,615,408	741,928	7,490,785
Balance at 1 July 2014					
Balance at the beginning of period	4,589,689	306,589	2,875,644	564,239	8,336,161
Additions	-	59,451	12,455	221,050	292,956
Disposals - written down value	-	(9,814)	(26,818)	(100,955)	(137,587)
Depreciation expense	(153,301)	(144,031)	(263,402)	(203,314)	(764,048)
Balance at 30 June 2015	4,436,388	212,195	2,597,879	481,020	7,727,482

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

10 Investment Property

NON-CURRENT

	2016	2015
	\$	\$
Investment property		
At cost	13,704,138	13,304,138
Accumulated depreciation	<u>(3,869,231)</u>	<u>(3,455,696)</u>
	<u>9,834,907</u>	<u>9,848,442</u>
Balance at beginning of the period	9,848,442	10,181,047
Transfers from buildings	319,068	-
Depreciation	<u>(332,603)</u>	<u>(332,605)</u>
	<u>9,834,907</u>	<u>9,848,442</u>

The fair value of the investment property is \$ 14,518,000. Refer to Note 9.

11 Trade and Other Payables

CURRENT

Unsecured liabilities

Trade payables	332,209	499,499
Rental bonds collected	59,912	87,990
GST payable	82,548	81,287
Member income in advance	441,660	126,792
Other payables	219,148	152,394
	<u>1,135,477</u>	<u>947,962</u>

12 Borrowings

CURRENT

Secured liabilities:

Bank loans	4,500,000	6,000,000
	<u>4,500,000</u>	<u>6,000,000</u>

(a) 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.

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

13	Provisions	2016	2015
		\$	\$
	CURRENT		
	Building make good provision	<u>27,683</u>	<u>103,670</u>
14	Employee Benefits		
	CURRENT		
	Long service leave	953,549	819,533
	Provision for employee benefits	931,782	845,953
		<u>1,885,331</u>	<u>1,665,486</u>
	NON-CURRENT		
	Long service leave	47,395	28,784
	Defined benefit obligations		
	- Present value of obligations	<u>782,307</u>	<u>1,904,847</u>
		<u>829,702</u>	<u>1,933,631</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.

(a)	Reconciliation of the Net Defined Benefit Liability/(Asset)	2016	2015
		\$	\$
	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	1,904,847	2,092,220
	Current service cost	104,000	144,829
	Net Interest on the net defined benefit liability	53,899	70,195
	Actual return on Fund assets less Interest income	5,606	(360,003)
	Actuarial (gains)/losses arising from changes in demographic assumptions	(297,389)	-
	Actuarial (gains)/losses arising from changes in financial assumptions	491,284	433,609
	Actuarial (gains)/losses arising from liability experience	(1,227,952)	(224,015)
	Employer contributions	<u>(251,988)</u>	<u>(251,988)</u>
		<u>782,307</u>	<u>1,904,847</u>

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

14 Employee Benefits (continued)

Reconciliation of the Fair Value of Fund Assets

	2016	2015
	\$	\$
Fair value of fund assets is as follows:		
Beginning of the year	4,980,621	4,425,451
Interest income	151,420	157,969
Actual return on Fund assets less Interest income	(5,606)	360,003
Employer contributions	251,988	251,988
Contributions by participants	61,249	73,738
Benefits paid	(1,292,210)	(444,002)
Taxes, premiums & expenses paid	(62,620)	155,474
	<u>4,084,842</u>	<u>4,980,621</u>

(b) Reconciliation of the Defined Benefit Obligation

	2016	2015
	\$	\$
Present value of defined benefit obligations at beginning of the year	6,885,467	6,517,671
Current service cost	104,000	144,829
Interest cost	205,319	228,164
Contributions by participants	61,249	73,738
Actuarial (gains)/losses arising from changes in demographic assumptions	(297,389)	-
Actuarial (gains)/losses arising from changes in financial assumptions	491,284	433,609
Actuarial (gains)/losses arising from liability experience	(1,227,952)	(224,015)
Benefits paid	(1,292,210)	(444,002)
Taxes, premiums & expenses paid	(62,626)	155,473
Present value of defined benefit obligations at end of the year	<u>4,867,142</u>	<u>6,885,467</u>

(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	<u>-</u>	<u>-</u>

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.

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

14 Employee Benefits (continued)

(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 and 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 2016

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	2,050,414	2,044,454	5,960	-
Australian Fixed Interest	2,720,590	2,724	2,717,865	-
International Fixed Interest	834,374	(1,358)	835,731	-
Australian Equities	9,720,877	9,171,767	549,087	24
International Equities	12,093,667	9,026,207	2,078,766	988,694
Property	3,650,267	1,113,253	618,946	1,918,068
Alternatives	7,115,949	470,130	3,122,185	3,523,634
Total[^]	38,186,138	21,827,178	9,928,540	6,430,420

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

	2016 %	2015 %
Australian equities	26	26
Overseas equities	32	32
Australian fixed-interest securities	7	7
Overseas fixed-interest securities	2	2
Property	10	9
Cash	5	7
Alternatives	18	17
	100	100

*Additional to the assets disclosed above, at 30 June 2016 Pooled Fund has provisions for receivables/(payables) estimated to be around \$2.83 billion, giving an estimated assets totalling around \$41.01 billion.

Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this levels 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 containing 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

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

14 Employee Benefits (continued)

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 2016 of \$189.6 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 \$222 million (30 June 2015: \$159 million).

- Health Administration Corporation occupies part of a property 50% owned by the Pooled Fund with a fair value of \$243 million (30 June 2015: \$204 million).

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

14 Employee Benefits (continued)

(e) Significant Actuarial Assumptions at the Reporting Date

As at	30-Jun-16	30-Jun-15
Discount rate	1.99%	3.03% pa
Salary increase rate (excluding promotional increases)	2.50% 2016/2017 to 2018/2019; 3.50% 2019/2020 and 2020/2021; 3.00% pa 2021/2022 to 2025/2026; 3.50% pa thereafter	2.50% 2015/2016 to 2018/2019; 3.50% 2019/2020; 3.00% pa 2021/2022 to 2024/2025; 3.50 pa thereafter
Rate of CPI increase	1.5% 2015/2016; 1.75% 2016/2017; 2.25% 2017/2018; 2.50% pa thereafter	2.50% 2015/2016; 2.75% 2016/2017 & 2017/2018; 2.50% pa thereafter are as per the 2012 Actuarial
Pensioner mortality	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.	As per the 2012 Actuarial Investigation of the Pooled fund

Sensitivity Analysis

The Union's total defined benefit obligation as at 30 June 2016 under several scenarios is presented below.

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.

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

14 Employee Benefits (continued)

(e) Significant Actuarial Assumptions at the Reporting Date (continued)

	Base Case	Scenario A -1.0% discount rate	Scenario B +1.0% discount rate
Discount rate	1.99%	0.99%	2.99%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$)	4,867,142	5,501,209	4,338,132

	Base Case	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Discount rate	as above	as above above rates plus	as above above rates less
Rate of CPI increase	as above	0.5% pa	0.5% pa
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$)	4,867,142	5,053,848	4,696,159

	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 above rates plus	as above above rates less
Salary inflation rate	as above	0.5% pa	0.5% pa
Defined benefit obligation (A\$)	4,867,142	4,981,256	4,760,602

	Base Case	Scenario G Higher Mortality*	Scenario H Lower Mortality**
Defined benefit obligation (A\$)	4,867,142	4,834,973	4,918,698

*Assumes the long term pensioner mortality improvement factors for years post 2021 also apply for years 2016 to 2021

**Assumes the short term pensioner mortality improvement factors for years 2016-2021 also apply for years after 2021

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

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

14 Employee Benefits (continued)

(e) Significant Actuarial Assumptions at the Reporting Date (continued)

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 and was last reviewed following completion of the triennial review as at 30 June 2015. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

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

(f) Employer contributions

	2016	2016
	SASS	SANCS
	\$	\$
Expected employer contributions to be paid in the next reporting period	204,996	46,992

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

14 Employee Benefits (continued)

(f) Employer contributions (continued)

Funding Arrangements for Employer Contributions

(a) Surplus/deficit

The following is a summary of the 30 June 2016 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	2016	2015
	\$	\$
Accrued Benefits	3,086,319	4,425,885
Net market value of Fund assets	<u>(4,084,835)</u>	<u>(4,980,620)</u>
Net (surplus) / deficit	<u>(998,516)</u>	<u>(554,735)</u>

(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.

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

14 Employee Benefits (continued)

(f) Employer contributions (continued)

(d) Economic assumptions

The economic assumptions adopted for the 30 June 2015 actuarial investigation of the Pooled Fund are:

Weighted-Average Assumptions	30-Jun-16	30-Jun-15
Expected rate of return of Fund assets backing current pension liabilities	7.8%pa	8.3% pa
Expected rate of return of Fund assets backing other liabilities	6.8%	7.3% pa
Expected salary increase rate (excluding promotional salary increases)	3.0% to 30 June 2019 then 3.5% pa thereafter	SASS, SANCS, SSS 2.7% pa (PSS 3.5% pa) to 30 June 2018, then 4.0% pa thereafter
Expected rate of CPI increase	2.5% pa	2.5% 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 12.5 years (2015: 13.7 years).

15 Derivatives

	2016	2015
	\$	\$
CURRENT		
Interest rate swap	81,638	79,166

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 gain as at 30 June 2016.

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

16 Capital and Leasing Commitments

Operating lease commitments

The following amounts are payable in respect of:

	2016	2015
	\$	\$
The lease of the Union's office equipment		
- no later than 1 year	38,439	45,380
- between 1 year and 5 years	33,710	59,239
- greater than 5 years	-	-
	<u>72,149</u>	<u>104,619</u>

Operating leases have been taken out for computer equipment.

17 Lessor Commitments

Operating lease commitments receivable - Union as lessor

Health Services Union NSW leases out its investment property (see note 10) 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 to 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:

	2016	2015
	\$	\$
- no later than 1 year	871,094	769,041
- between 1 year and 5 years	1,264,752	1,350,025
Total minimum lease payments	<u>2,135,846</u>	<u>2,119,066</u>

18 Financial Risk Management

The main risks Health Services Union NSW 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.

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

18 Financial Risk Management (continued)

The totals 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:

	2016	2015
	\$	\$
Financial Assets		
Cash and cash equivalents	1,044,070	1,468,624
Held-to-maturity investments	3,049,500	2,008,858
Loans and receivables	171,879	913,165
Total financial assets	<u>4,265,449</u>	<u>4,390,647</u>
Financial Liabilities		
Financial liabilities at amortised cost		
- Trade and other payables	1,135,477	947,962
- Borrowings	4,500,000	6,000,000
- Derivatives	81,638	79,166
Total financial liabilities	<u>5,717,115</u>	<u>7,027,128</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 adopted by the Health Services 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 risk and assessment of market forecasts for interest rate movements.

Health Services Union NSW 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 NSW'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.

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

18 Financial Risk Management (continued)

(b) Liquidity risk

Liquidity risk arises from the possibility that the Health Services Union NSW 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/s below reflect maturity analysis for financial assets.

	Within 1 Year		1 to 5 Years		Total	
	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$
Financial assets - cash flows realisable						
Cash and cash equivalents	1,044,070	1,468,624	-	-	1,044,070	1,468,624
Trade, term and loans receivables	247,867	717,824	-	-	247,867	717,824
Held-to-maturity investments	3,049,500	2,008,858	-	-	3,049,500	2,008,858
Total anticipated inflows	4,341,437	4,195,306	-	-	4,341,437	4,195,306

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

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.

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

18 Financial Risk Management (continued)

Financial liability maturity analysis

	Within 1 Year		1 to 5 Years		Total	
	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment						
Trade and other payables (excluding estimated annual leave)	1,135,477	1,695,981	-	-	1,135,477	1,695,981
Borrowings (excluding finance lease)	-	-	4,500,000	6,000,000	4,500,000	6,000,000
Interest rate swap	-	47,085	81,638	32,081	81,638	79,166
Total contractual outflows	<u>1,135,477</u>	<u>1,743,066</u>	<u>4,581,638</u>	<u>6,032,081</u>	<u>5,717,115</u>	<u>7,775,147</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 2016. 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 12(a) 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 2016, approximately 88.9% 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.

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

18 Financial Risk Management (continued)

(d) Market risk (continued)

(i) 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 Average Effective Interest Rate		Floating Interest Rate		Maturing within 1 Year		Maturing 1 to 5 Years		Non-interest Bearing		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	%	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets:												
Cash and cash equivalents	-	-	-	-	-	-	-	-	1,044,070	1,468,624	1,044,070	1,468,624
Financial Liabilities:												
Borrowings	2.66	2.75	500,000	800,000	-	-	4,000,000	5,200,000	-	-	4,500,000	6,000,000
Interest rate swaps	2.70	5.67	-	-	-	47,085	81,638	-	-	-	81,638	47,085
Total Financial Liabilities			500,000	800,000	-	47,085	4,081,638	5,200,000	-	-	4,581,638	6,047,085

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

18 Financial Risk Management (continued)

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:

	2016	2015
	\$	\$
Floating rate instruments		
Borrowings	500,000	800,000

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		Equity	
	100 basis points increase	50 basis points decrease	100 basis points increase	50 basis points decrease
2016	(5,000)	2,500	(5,000)	2,500
2015	(8,000)	4,000	(8,000)	4,000

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

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

19 Interests 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:

	2016	2015
	\$	\$
Short-term benefits	1,563,298	1,468,042
Long-term benefits	27,081	84,207
Post-employment benefits	145,280	121,427
	1,735,659	1,673,676

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 23: Related Party Transactions.

(a) Names 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	Current
Leanne Burns	Senior Vice President	Current
Lindy Twyford	Junior Vice President	Current
Gerard Hayes	Secretary	Current
Andrew Lillicrap	Assistant Secretary/Treasurer	Current
Warren Boon	Ordinary Member of Union Committee	Current
Bruce Cornwell	Ordinary Member of Union Committee	Current
Sharalyn Haynes	Ordinary Member of Union Committee; Member of Union Council	Current
Genevieve Partridge	Ordinary Member of Union Committee; Member of Audit & Finance Committee; Member of Union Council	Current

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

19 Interests of Key Management Personnel (continued)

Name	Position	Status
Lynne Russell	Ordinary Member of Union Committee	Current
Sharon Joseph	Member of Union Council; Member of Audit & Finance Committee	Current
Patricia Reid	Member of Union Council; Member of Audit & Finance Committee	Current
Alan Willcock	Member of Union Council; Member of Audit & Finance Committee	Current
Stephen Austen	Member of Union Council	Current
Sharon Carney	Member of Union Council	Appointed 29/3/16
Joan Catlin	Member of Union Council	Current
Claire Charles	Member of Union Council	Current
John Chester	Member of Union Council	Current
Suzanne Davis	Member of Union Council	Current
Sarah Dufty	Member of Union Council	Current
Raymond Dunn	Member of Union Council	Current
Steven Fraser	Member of Union Council	Current
Ronald Henderson	Member of Union Council	Current
John Holgate	Member of Union Council	Current
Peter Iffland	Member of Union Council	Resigned 4/3/16
Peter Mitchell	Member of Union Council	Current

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

19 Interests of Key Management Personnel (continued)

Name	Position	Status
Deborah Neumann	Member of Union Council	Current
Shirley O'Riley	Member of Union Council	Current
Josephine Peacock	Member of Union Council	Current
Ronald Pike	Member of Union Council	Current
Gillian Reilly	Member of Union Council	Current
Leanne Snow	Member of Union Council	Current
Darriea Turley	Member of Union Council	Current

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

19 Interests of Key Management Personnel (continued)

(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:

Ben Chapman - Chief of Staff
Dianne Campbell - Administration Manager
Jodie Cowdrey - Divisional Manager Member Services
Adam Hall - Deputy Divisional Manager Public Sector
Stuart Hatter - Divisional Manager Ambulance
Ayshe Lewis - Divisional Manager Industrial Services
Angela Nigro - Chief Financial Officer
David Perry - Divisional Manager Public Sector
Robert Sheehy – Divisional Manager Aged Care
Tom Stevanja – Deputy Divisional Manager Industrial Services
Tim Thorburn – Divisional Manager Private Sector

All of the above persons were also key management persons during the year ended 30 June 2016.

20 Auditors' Remuneration

	2016	2015
	\$	\$
Remuneration of the auditor of the Union		
- auditing or reviewing the financial statements	47,300	46,000
- other services	8,200	8,000
	<u>8,200</u>	<u>8,000</u>

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

21 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.

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

21 Fair Value Measurement (continued)

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:

		2014
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 :

		Level 1	Level 2	Level 3	Total
30 June 2016		\$	\$	\$	\$
Recurring fair value measurements					
Interest rate swap	15	-	81,638	-	81,638
30 June 2015		\$	\$	\$	\$
Recurring fair value measurements					
Interest rate swap	15	-	79,166	-	79,166

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.

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

21 Fair Value Measurement (continued)

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.

		Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$
30 June 2016					
Recurring fair value measurements					
Assets held for sale		-	-	-	-
Buildings	9	-	-	7,333,000	7,333,000
Investment Property	10	-	-	14,055,000	14,055,000
		Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$
30 June 2015					
Recurring fair value measurements					
Assets held for sale		-	-	-	-
Buildings	9	-	-	5,630,000	5,630,000
Investment Property	10	-	-	11,665,000	11,665,000

22 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.

23 Related Party Transactions

Related Parties

(a) Health Services Union NSW

During the current period net service fees of \$160,000 (2015: \$150,000) were charged to the HSU NSW Branch.

Capitation fees and levies charged by HSU National to the HSU NSW Branch were \$1,023,831 (2015: \$703,153), of which \$1,009,889 (2015: \$693,350) related to Health Services Union NSW during the year ended 30 June 2016. HSU NSW Branch billed the Health Services Union NSW for the reimbursement of those capitation fees and levies of \$1,009,889 (2015: \$693,350) for the period ended 30 June 2016.

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 \$1,392 (2015: \$2,157),

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

23 Related Party Transactions (continued)

(a) Health Services Union NSW (continued)

\$1,421 (2015: \$1,238), \$2,768 (2015: \$6,461) and \$67 (2015: \$925) respectively. This was due to membership contributions belonging to the respective branches being received by the Health Services Union NSW. During the current period, HSU NSW was charged \$6,182 (2015: \$0) for their share of apportioned expenses from HSU NSW Branch.

In June 2015, the Health Services Union NSW transferred \$100,000 to HSU NSW Branch to fund a loan to HSU National. HSU NSW Branch repaid the principal amount, being \$100,000, plus interest of \$2,500 during the 2016 year to HSU NSW.

(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 19: Interests of Key Management Personnel.

24 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

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

	2016	2015
	\$	\$
Surplus for the year	1,033,514	3,591,343
Cash flows excluded from surplus attributable to operating activities		
Non-cash flows in profit:		
- depreciation	1,059,939	1,102,440
- net gain on disposal of property, plant and equipment	(60,550)	(2,645,580)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	641,286	(585,125)
- (increase)/decrease in other assets	(261,401)	(240,346)
- increase/(decrease) in trade and other payables	187,515	(360,795)
- increase/(decrease) in interest rate swap	2,472	(113,160)
- increase/(decrease) in provisions	162,470	-
- increase/(decrease) in employee benefits	-	(97,952)
Cashflow from operating activities	<u>2,765,245</u>	<u>650,825</u>

25 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 could significantly affect the operations of the Union, the results of those operations or the state of affairs of the Union in future financial years.

Health Services Union NSW

ABN: 85 037 751 682

Notes to the Financial Statements

For the Year Ended 30 June 2016

26 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.

There are no externally imposed capital requirements.

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.

27 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