

# **Health Services Union NSW**

**ABN: 85 037 751 682**

## **Financial Statements**

**For the Year Ended 30 June 2019**

# Health Services Union NSW

ABN: 85 037 751 682

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## Health Services Union NSW

ABN: 85 037 751 682

### Council's Certificate


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

(a) In the opinion of the Council, the attached financial report shows a true and fair view of the financial affairs of the Union as at 30 June 2019.

(b) In the opinion of the Council, meetings of the Council were held during the year ending 30 June 2019 in accordance with the rules of the Union.

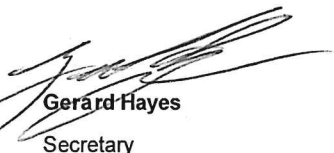
(c) To the knowledge of any member of the Council, there have been no instances where records of the Union or other documents (not being documents containing information made available to a member of the Union under Sub-Section 512(2) of the *Industrial Relations Act 1991*, as applied by Sub-Section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

(d) The Union has complied with Sub-Sections 517(1) and (5) of the *Industrial Relations Act 1991*, in relation to the financial report in respect of year ended 30 June 2019, and the Auditors' Report thereon.



**Mark Sterrey**

President



**Gerard Hayes**

Secretary



**Lynne Russell**

Assistant Secretary/Treasurer

Dated: 28/08/2019

## Health Services Union NSW

ABN: 85 037 751 682

### Accounting Officer's Report

I, Lynne Russell, being the Officer responsible for keeping the accounting records of Health Services Union NSW, certify that as at 30 June 2019, the number of members of the Union was 40,140 (2018: 37,150).

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 2019.

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

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

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

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

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

(g) gives the attached financial report a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended at 30 June 2019.



Lynne Russell

Assistant Secretary/Treasurer

Dated: 28 August 2019



RSM Australia Pty Ltd

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

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### **Report on the Audit of the Financial Report**

#### **Opinion**

We have audited the financial report of Health Services Union NSW (the "Union"), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, the Council's certificate and the Accounting Officer's certificate.

In our opinion,

- (a) These were kept by the Union, in respect of the year ended 30 June 2019 under review, satisfactory records detailing the sources and nature of income of the Union (including income from members) and the nature and purposes of expenditure, and
- (b) The accompanying financial report, including the Council's certificate and the Accounting Officer's Report are prepared in accordance with Section 510 of the Industrial Relations Act 1991 (NSW), as applied by Section 282 (3) of the Industrial Relations Act 1996. This report has been prepared from the accounting records of the Union and is properly drawn up so as to give a true and fair view of:
  - (i) the financial position of the Union as at 30 June 2019; and
  - (ii) its financial performance and its cash flows for the year ended 30 June 2019;

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

#### **Basis for Opinion**

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

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

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

The Council are responsible for the other information. The other information comprises the information in Health Services Union NSW annual report for the year ended 30 June 2019 but does not include the financial report and the auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the financial report, the Council, Secretary, and Assistant Secretary/Treasurer of the Union are responsible for assessing the Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council, Secretary, and Assistant Secretary/Treasurer of the Union either intend to liquidate the Union or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's Responsibilities for the Audit of the Financial Report**

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

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

We communicate with the Council, Secretary, and Assistant Secretary/Treasurer of the Union regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

I declare that I am an approved auditor, a member of the Chartered Accountants Australia and New Zealand and hold a current Public Practice Certificate.

A handwritten signature in blue ink that reads 'RSM'.

**RSM AUSTRALIA PTY LTD**

A handwritten signature in blue ink that reads 'C J Hume'.

**C J Hume**  
Director

Sydney, NSW

Dated: 28 August 2019

# Health Services Union NSW

ABN: 85 037 751 682

## Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2019

		2019	2018
	Note	\$	\$
Revenue	4	19,989,714	18,678,035
Other income	4	115,153	473,096
Employee benefits expense	5	(10,247,793)	(9,419,861)
Depreciation and amortisation expense	5	(1,218,906)	(1,162,941)
Finance costs	5	(67,555)	(177,434)
Marketing and campaign expenses		(418,636)	(508,909)
Consulting and professional fees		(416,301)	(285,011)
Insurance expenses		(1,135,750)	(1,000,670)
Utilities and telephone expenses		(824,190)	(746,600)
Computer and IT expenses		(416,460)	(468,055)
Office administration and travel expenses		(1,380,979)	(1,367,204)
Other expenses		(598,505)	(568,379)
Affiliation and capitation fees		(1,304,441)	(1,362,065)
Donations	5	(461,431)	(15,094)
Delegates conference expenses		(183,437)	(529,263)
<b>Total surplus for the year</b>		<b>1,430,483</b>	<b>1,539,645</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Superannuation actuarial loss		(673,957)	(84,757)
Superannuation actual return on fund assets		260,832	261,651
<b>Total other comprehensive income for the year, net of tax</b>		<b>(413,125)</b>	<b>176,894</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>1,017,358</b>	<b>1,716,539</b>

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 2019

	Note	2019 \$	2018 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	6	4,836,847	4,825,761
Trade and other receivables	7	274,397	329,218
Other financial assets	8	1,674,461	3,184,430
Other assets	9	1,221,906	949,171
TOTAL CURRENT ASSETS		8,007,611	9,288,580
NON-CURRENT ASSETS			
Property, plant and equipment	10	6,605,655	6,964,521
Investment property	11	8,807,097	9,149,700
TOTAL NON-CURRENT ASSETS		15,412,752	16,114,221
TOTAL ASSETS		23,420,363	25,402,801
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	12	1,148,144	975,328
Borrowings	13	-	4,000,000
Short-term provisions	14	27,683	21,246
Employee benefits	15	2,351,275	2,078,533
Derivative financial instruments	16	-	11,544
TOTAL CURRENT LIABILITIES		3,527,102	7,086,651
NON-CURRENT LIABILITIES			
Employee benefits	15	677,844	118,091
TOTAL NON-CURRENT LIABILITIES		677,844	118,091
TOTAL LIABILITIES		4,204,946	7,204,742
NET ASSETS		19,215,417	18,198,059
<b>EQUITY</b>			
Accumulated Funds		19,215,417	18,198,059
TOTAL EQUITY		19,215,417	18,198,059

The accompanying notes form part of these financial statements.

# Health Services Union NSW

ABN: 85 037 751 682

## Statement of Changes in Equity For the Year Ended 30 June 2019

	<b>Retained Earnings</b>	<b>Total Equity</b>
	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2017</b>	16,481,520	16,481,520
Surplus for the period	1,539,645	1,539,645
Actuarial gain and return on fund assets	176,894	176,894
<b>Total comprehensive surplus for the period</b>	<b>1,716,539</b>	<b>1,716,539</b>
<b>Balance at 30 June 2018</b>	<b>18,198,059</b>	<b>18,198,059</b>

	<b>Retained Earnings</b>	<b>Total Equity</b>
	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2018</b>	<b>18,198,059</b>	<b>18,198,059</b>
Surplus for the period	<b>1,430,483</b>	<b>1,430,483</b>
Actuarial loss and return on fund assets	<b>(413,125)</b>	<b>(413,125)</b>
<b>Total comprehensive surplus for the period</b>	<b>1,017,358</b>	<b>1,017,358</b>
<b>Balance at 30 June 2019</b>	<b>19,215,417</b>	<b>19,215,417</b>

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 2019

	<b>2019</b>	<b>2018</b>
<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash receipts from customers	<b>21,569,157</b>	21,056,872
Payments to suppliers and employees	<b>(18,572,341)</b>	(17,534,874)
Interest received	<b>90,077</b>	63,858
Interest paid	<b>(94,481)</b>	(174,791)
Net cash provided by operating activities	<b>25 2,992,412</b>	3,411,065
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of property, plant and equipment and investment property	<b>73,399</b>	175,406
Purchase of property, plant and equipment	<b>(564,694)</b>	(806,016)
Proceeds / (payments) for investments	<b>1,509,969</b>	(51,729)
Net cash provided by / used in investing activities	<b>1,018,674</b>	(682,339)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of borrowings	<b>(4,000,000)</b>	-
Net cash used in financing activities	<b>(4,000,000)</b>	-
Net increase in cash and cash equivalents held	<b>11,086</b>	2,728,726
Cash and cash equivalents at beginning of year	<b>4,825,761</b>	2,097,035
Cash and cash equivalents at end of financial year	<b>6 4,836,847</b>	4,825,761

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 2019

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

The financial report of the Health Services Union NSW for the period ended 30 June 2019 was authorised for issue in accordance with a resolution of the Union Council ('the Council') on 28 August 2019. The Union has the power to amend and reissue the financial statements.

### 1 Basis of Preparation

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

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

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

### 2 Summary of Significant Accounting Policies

#### (a) Comparative figures

##### *(i) Comparative figures*

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

##### *(ii) Retrospective accounting policy*

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

#### (b) Property, plant and equipment

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

##### **Plant and equipment**

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

## Notes to the Financial Statements

### For the Year Ended 30 June 2019

#### 2 Summary of Significant Accounting Policies (continued)

##### (b) Property, plant and equipment (continued)

###### Plant and equipment (continued)

###### Depreciation

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

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

Class of Fixed Assets	Depreciation Rate
Buildings	2.5%
Motor vehicles	22.5%
Office furniture and equipment	5% - 33.3%
Plant & equipment	10% - 50%

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

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

##### (c) Investment property

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

##### (d) Investments

###### (a) Classification

From 1 July 2018, the Union classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Union's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Union has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Union reclassifies debt investments when and only when its business model for managing those assets changes.



## Notes to the Financial Statements For the Year Ended 30 June 2019

### 2 Summary of Significant Accounting Policies (continued)

#### (d) Investments (continued)

##### (b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Union commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Union has transferred substantially all the risks and rewards of ownership.

##### (c) Measurement

At initial recognition, the Union measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

##### (d) Impairment

From 1 July 2018, the Union assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Union applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### (e) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 2 Summary of Significant Accounting Policies (continued)

#### (f) Impairment of non-financial assets

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

##### *(i) Impairment loss*

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

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

#### (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. The reclassification between cash and cash equivalents and other financial assets to reflect this policy has occurred during the year.

#### (h) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Union has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

#### (i) Employee benefits

##### **Short-term employee benefits**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 2 Summary of Significant Accounting Policies (continued)

#### (i) Employee benefits (continued)

##### Other long-term employee benefits

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

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

##### Define benefits superannuation schemes

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

The superannuation schemes for Health Services Union NSW are:

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

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

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

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

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

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

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

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

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 2 Summary of Significant Accounting Policies (continued)

#### (i) Employee benefits (continued)

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

#### Other entities' responsibility for the governance of the fund

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

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

#### Risks

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

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

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

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

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

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

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

#### Significant events

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

#### (j) 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.

## Notes to the Financial Statements

### For the Year Ended 30 June 2019

#### 2 Summary of Significant Accounting Policies (continued)

##### (k) Borrowings

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

##### (l) 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.

##### (m) 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*.

##### (n) 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.

##### (o) 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.

##### (p) 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.

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 2 Summary of Significant Accounting Policies (continued)

#### (q) Goods and services tax (GST)

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

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.

#### (r) 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.

#### (s) Critical accounting estimates and judgments

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

##### *Critical accounting estimates and assumptions*

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

##### *Critical judgments in applying the Union's accounting principles*

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

#### (t) Adoption of New Australian Accounting Standard requirements

Union applied AASB 9 Financial Instruments for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

##### **AASB 9 Financial Instruments**

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Union has applied AASB 9 retrospectively, with an initial application date of 1 July 2018. The Union has not restated the comparative information, which continues to be reported under AASB 139. There was no significant impact on recognition or measurement in the statement of profit or loss and other comprehensive income, statement of financial position or the statement of cash flows as a result of the adoptions.

## Notes to the Financial Statements

### For the Year Ended 30 June 2019

#### 2 Summary of Significant Accounting Policies (continued)

##### (u) New Accounting Standards and Interpretations

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

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

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 2 Summary of Significant Accounting Policies (continued)

#### (u) New Accounting Standards and Interpretations (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. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying AASB 107 Statement of Cash Flows. AASB 16 substantially carries forward the lessor accounting requirements in AASB 117 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. This Standard applies to annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted provided the entity also applies AASB 15 Revenue from Contracts with Customers at or before the same date.</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.



# Health Services Union NSW

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 2 Summary of Significant Accounting Policies (continued)

#### (v) Related Party Disclosures

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

### 3 Information to be provided to Members or Registrar

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

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

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

# Health Services Union NSW

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 4 Revenue and Other Income

	2019 \$	2018 \$
<b>Revenue</b>		
Membership contributions	18,295,955	17,433,441
Service fees	380,000	220,000
Rental income	1,313,759	1,024,594
<b>Total revenue</b>	<b>19,989,714</b>	<b>18,678,035</b>
Other income	23,397	349,812
Profit for the sale of property, plant and equipment	26,141	36,398
Interest income	65,615	86,886
<b>Total other income</b>	<b>115,153</b>	<b>473,096</b>
<b>Total revenue and other income</b>	<b>20,104,867</b>	<b>19,151,131</b>

### 5 Result for the Year

<b>Expenses</b>	2019 \$	2018 \$
<b>Depreciation</b>		
Depreciation - buildings	485,905	485,905
Depreciation - motor vehicles	311,046	284,008
Depreciation - furniture and fixtures	331,246	310,941
Depreciation - plant and equipment	90,709	82,087
<b>Total depreciation</b>	<b>1,218,906</b>	<b>1,162,941</b>
<b>Finance Costs</b>		
Interest expense	67,555	177,434
<b>Donations</b>	<b>461,431</b>	<b>15,094</b>
<b>Employee expenses</b>		
Salaries and wages	8,411,956	7,862,559
Superannuation	845,960	785,848
Other employee expenses	989,877	771,454
<b>Total employee expenses</b>	<b>10,247,793</b>	<b>9,419,861</b>

# Health Services Union NSW

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 6 Cash and Cash Equivalents

	2019	2018
	\$	\$
Cash on hand	2,536,847	4,825,761
Cash on deposit	2,300,000	-
	<u>4,836,847</u>	<u>4,825,761</u>

### 7 Trade and Other Receivables

	2019	2018
	\$	\$
<b>CURRENT</b>		
Trade receivables	12,000	13,719
Accrued income	208,831	240,005
Other receivables	53,566	75,494
<b>Total current trade and other receivables</b>	<u>274,397</u>	<u>329,218</u>

### 8 Other Financial Assets

	2019	2018
	\$	\$
<b>CURRENT</b>		
Held to maturity financial assets	1,674,461	3,184,430

### 9 Other Assets

	2019	2018
	\$	\$
<b>CURRENT</b>		
Prepayments	1,221,906	949,171

### 10 Property, Plant and Equipment

	2019	2018
	\$	\$
<b>NON-CURRENT</b>		
<b>Building</b>		
At cost	5,731,986	5,731,986
Accumulated depreciation	(2,197,871)	(2,054,569)
<b>Total buildings</b>	<u>3,534,115</u>	<u>3,677,417</u>

# Health Services Union NSW

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 10 Property, Plant and Equipment (continued)

#### Valuation of Properties

The following valuations of properties have been conducted:

	<b>Certified Practising Valuer</b>	<b>Valuation Date</b>	<b>Fair Value \$</b>
<b>Property</b>			
Unit 23/126-128 Auburn Street, Wollongong NSW	2	1 March 2019	<b>520,000</b>
Unit 5/2-6 Hunter Street, Parramatta NSW	3	8 March 2019	<b>700,000</b>
Level 2, 109 Pitt Street, Sydney NSW	1	12 March 2019	<b>8,485,000</b>
<b>Total property</b>			<b><u>9,705,000</u></b>
<b>Investment Property</b>			
Unit 13, 15 Meadow Way, Banksmeadow NSW	4	7 March 2019	<b>1,300,000</b>
Lot 50/SP52105 / Lot 32/SP46628, 370 Pitt Street Sydney NSW	1	12 March 2019	<b>1,050,000</b>
Lot 34/SP70031 Level 8, 109 Pitt Street, Sydney NSW	1	12 March 2019	<b>690,000</b>
Level 3, 109 Pitt Street Sydney NSW	1	12 March 2019	<b>7,470,000</b>
Level 9, 109 Pitt Street Sydney NSW	1	12 March 2019	<b>6,090,000</b>
Lot 55-60/SP71295 Level 10, 109 Pitt Street Sydney NSW	1	12 March 2019	<b>3,870,000</b>
Lot 87/SP72095 Level 15, 109 Pitt Street Sydney NSW	1	12 March 2019	<b>1,145,000</b>
<b>Total investment property</b>			<b><u>21,615,000</u></b>

1. M. Walsh, AAPI Certified Practising Valuer, Registered Valuer No. 67012, of Valuecorp.

2. Brendan Carr, AAPI Certified Practising Valuer, Registered Valuer No. 68248, of Martin Morris & Jones Pty Ltd.

3. D B Hayward, AAPI Certified Practising Valuer, Registered Valuer No. 68116, of Macquarie Bell Pty Ltd.

4. Tony Lenord, AAPI Certified Practising Valuer, Registered Valuer No. 67997, of Egan National Valuers (NSW).

# Health Services Union NSW

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 10 Property, Plant and Equipment (continued)

	2019 \$	2018 \$
<b>Plant and equipment</b>		
At cost	1,421,559	1,320,735
Accumulated depreciation	(1,194,683)	(1,104,855)
Total plant and equipment	<u>226,876</u>	<u>215,880</u>
<b>Furniture, fixtures and fittings</b>		
At cost	5,932,490	5,784,851
Accumulated depreciation	(3,861,498)	(3,530,252)
Total furniture, fixtures and fittings	<u>2,070,992</u>	<u>2,254,599</u>
<b>Motor vehicles</b>		
At cost	1,370,088	1,206,316
Accumulated depreciation	(596,416)	(389,691)
Total motor vehicles	<u>773,672</u>	<u>816,625</u>
Total plant and equipment	<u>3,071,540</u>	<u>3,287,104</u>
 <b>Total property, plant and equipment</b>	 <u><u>6,605,655</u></u>	 <u><u>6,964,521</u></u>

# Health Services Union NSW

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 10 Property, Plant and Equipment (continued)

#### 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
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>					
Balance at the beginning of the year	3,677,417	215,880	2,254,599	816,625	6,964,521
Additions	-	101,705	147,639	315,350	564,694
Disposals - written down value	-	-	-	(47,257)	(47,257)
Depreciation expense	(143,302)	(90,709)	(331,246)	(311,046)	(876,303)
<b>Balance at 30 June 2019</b>	<b>3,534,115</b>	<b>226,876</b>	<b>2,070,992</b>	<b>773,672</b>	<b>6,605,655</b>

#### Balance at 1 July 2017

Balance at the beginning of the year	3,820,718	197,991	2,324,388	774,752	7,117,849
Additions	-	99,975	241,152	464,889	806,016
Disposals - written down value	-	-	-	(357,426)	(357,426)
Depreciation expense	(143,301)	(82,086)	(310,941)	(65,590)	(601,918)
<b>Balance at 30 June 2018</b>	<b>3,677,417</b>	<b>215,880</b>	<b>2,254,599</b>	<b>816,625</b>	<b>6,964,521</b>

# Health Services Union NSW

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 11 Investment Property

	2019	2018
	\$	\$
At cost	13,704,138	13,704,138
Accumulated depreciation	(4,897,041)	(4,554,438)
	<u>8,807,097</u>	<u>9,149,700</u>
	2019	2018
	\$	\$
Balance at the beginning of the period	9,149,700	9,492,304
Depreciation	(342,603)	(342,604)
	<u>8,807,097</u>	<u>9,149,700</u>

The fair value of the investment property is \$21,615,000 Note 10.

### 12 Trade and Other Payables

	2019	2018
	\$	\$
<b>CURRENT</b>		
Unsecured liabilities		
Trade payables	194,840	288,361
Rental Bonds Collected	116,489	71,662
Member income in advance	535,901	158,670
Other payables	201,122	301,035
GST payable	99,792	155,600
	<u>1,148,144</u>	<u>975,328</u>

# Health Services Union NSW

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 13 Borrowings

	2019	2018
	\$	\$
<b>CURRENT</b>		
Secured liabilities:		
Bank Loans	-	4,000,000

#### 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.

The market rate loan of \$4 million was fully repaid in October 2018.

### 14 Provisions

	2019	2018
	\$	\$
<b>CURRENT</b>		
Building make good provision	27,683	21,246

### 15 Employee Benefits

	2019	2018
	\$	\$
<b>CURRENT</b>		
Long service leave	1,108,195	1,029,762
Provision for employee benefits	1,243,080	1,048,771
	<b>2,351,275</b>	<b>2,078,533</b>

	2019	2018
	\$	\$
<b>NON-CURRENT</b>		
Long service leave	234,845	88,217
<b>Defined benefit obligations</b>		
Provision for employee benefits	442,999	29,874
	<b>677,844</b>	<b>118,091</b>

#### 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.



# Health Services Union NSW

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 15 Employee Benefits (continued)

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

	2019	2018
	\$	\$
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	29,874	206,769
Current service cost	108,431	108,236
Net interest on the net defined benefit liability	792	5,417
Actual return on fund assets less interest income	(260,832)	(261,651)
Actuarial gains arising from changes in demographic assumptions	-	2,364
Actuarial losses arising from changes in financial assumptions	586,017	(17,803)
Actuarial losses arising from liability experience	(21,283)	(13,458)
	<u>442,999</u>	<u>29,874</u>

#### Reconciliation of the Fair Value of Fund Assets

	2019	2018
	\$	\$
Fair value of fund assets is as follows:		
Beginning of the year	4,812,897	4,479,277
Interest income	123,912	114,902
Actual return on Fund assets less interest income	260,832	261,651
Contributions by participants	36,106	35,808
Benefits paid	(97,560)	(103,852)
Taxes, premiums & expenses paid	27,737	25,111
	<u>5,163,924</u>	<u>4,812,897</u>

# Health Services Union NSW

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 15 Employee Benefits (continued)

#### (b) Reconciliation of the defined benefit obligation

	2019	2018
	\$	\$
Present value of defined benefit obligations at beginning of the year	4,842,770	4,686,045
Current service cost	108,432	108,236
Interest cost	124,704	120,319
Contributions by participants	36,106	35,808
Actuarial gains arising from changes in demographic assumptions	-	2,364
Actuarial losses arising from changes in financial assumptions	586,017	(17,803)
Actuarial losses arising from liability experience'	(21,283)	(13,458)
Benefits paid	(97,560)	(103,852)
Taxes, premiums & expenses paid	27,737	25,111
<b>Present value of defined benefit obligations at end of the year</b>	<b>5,606,923</b>	<b>4,842,770</b>

#### (d) Fair value of fund assets

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

As at 30 June 2019

Asset category	Total (A\$'000)	Quoted prices in active markets for identical assets Level 1 (A\$'000)	Significant observable inputs Level 2 (A\$'000)	Unobservable inputs Level 3 (A\$'000)
Short term securities	4,042,116	2,135,561	1,906,555	-
Australian Fixed Interest	2,294,672	4,993	2,289,679	-
International Fixed Interest	1,968,093	6,827	1,952,396	8,871
Australian Equities	8,368,928	7,818,302	547,571	3,055
International Equities	11,387,439	8,795,299	2,592,132	8
Property	3,588,230	698,607	717,079	2,172,544
Alternatives	10,558,181	327,329	5,758,095	4,472,758
<b>Total</b>	<b>42,207,659</b>	<b>19,786,918</b>	<b>15,763,507</b>	<b>6,657,236</b>

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

	2019	2018
	%	%
Short Term Securities	10	11
Australian Fixed Interest	5	5
International Fixed Interest	5	3
Australian Equities	20	23
International Equities	27	26
Property	9	9
Alternatives	25	24
	<b>100</b>	<b>100</b>

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 15 Employee Benefits (continued)

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

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

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

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

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

#### **Fair value of entity's own financial instruments**

The fair value of the Pooled Fund assets include as at 30 June 2019 \$99.5 million (2018: \$97.7 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 \$316 million (30 June 2018: \$280 million).
- Health Administration Corporation occupies part of a property 50% owned by the Pooled Fund with a fair value (100% interest) of \$331 million (30 June 2018: \$287 million).

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 15 Employee Benefits (continued)

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

As at	30 June 2019	30 June 2018
Discount rate	1.32% pa	2.65% p.a
Salary increase rate (excluding promotional increases)	3.2% pa	2.7% pa for 2018/19; 3.2% pa thereafter
Rate of CPI increase	1.75% for 2018/19 and 2019/20, 2.00% for 2020/21; 2.25% for 2021/22 and 2022/23; 2.50% pa thereafter.	2.25% pa for 2018/19 and 2019/20; 2.5% pa thereafter
Pensioner mortality	The pensioner mortality assumptions are as per the 2018 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.	The pensioner mortality assumptions are those to be used for the 2018 actuarial investigation of the Pooled Fund. These assumptions will be disclosed in the actuarial investigation report which will be available on the Trustee's website when the investigation is complete. The report will show the pension mortality rates for each age. Alternatively, the assumptions are available on request from the Trustee.

#### Sensitivity Analysis

The entity's total defined benefit obligation as at 30 June 2019 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2019.

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.

## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 15 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	as above	as above-1.0% pa	as above+1.0% pa
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$)	5,606,923	6,219,046	5,117,034

	Base Case	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Discount rate	as above	as above	as above
Rate of CPI increase	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$)	5,606,923	5,780,058	5,447,444

	Base Case	Scenario E +0.5% salary increase rate	Scenario F -0.5% salary increase rate
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation (A\$)	5,606,923	5,723,570	5,496,614

	Base Case	Scenario G Higher Mortality*	Scenario H Lower Mortality**
Defined benefit obligation (A\$)	5,606,923	5,651,807	5,572,396

\*Assumes the short-term pensioner mortality improvement factors for years 2019-2023 also apply for years after 2023.

\*\*Assumes the long-term pensioner mortality improvement factors for years post 2023 also apply from the years 2019 to 2023.

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

#### Asset-Liability matching strategies

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

# Health Services Union NSW

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 15 Employee Benefits (continued)

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

##### Funding arrangements

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

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

#### (f) Employer contributions

	2019 SASS \$	2019 SANCS \$
Expected employer contributions to be paid in the next reporting period	-	-

Funding Arrangements for Employer Contributions

##### (a) Surplus/deficit

The following is a summary of the 30 June 2019 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans."

	2019 \$	2018 \$
Accrued Benefits	3,746,127	3,534,702
Net market value of Funds assets	(5,163,924)	(4,812,896)
<b>Net deficit</b>	<b>(1,417,797)</b>	<b>(1,278,194)</b>

##### (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

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 15 Employee Benefits (continued)

#### (f) Employer contributions (continued)

##### *(d) Economic assumptions*

The economic assumptions adopted for the 30 June 2019 actuarial investigation of the Pooled Fund are:

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

##### Nature of Asset/Liability

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

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

#### (g) Maturity profile

The weighted average duration of the defined benefit obligation is 9.8 years (2018: 10.8 years).

### 16 Derivatives

	2019	2018
CURRENT	\$	\$
Interest rate swap	-	11,544

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 had a face value of \$4,000,000.

# Health Services Union NSW

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 17 Capital and Leasing Commitments

Operating lease commitments

The following amounts are payable in respect of:

	2019	2018
	\$	\$
- not later than one year	10,672	13,506
- between one year and five years	19,566	30,239
- later than five years	-	-
	<b>30,238</b>	<b>43,745</b>

Operating leases are in place for computer equipment.

### 18 Lessor Commitments

*Operating lease commitments receivable - Union as lessor*

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

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

	2019	2018
	\$	\$
- not later than one year	1,054,608	1,002,287
- between one year and five years	1,265,403	1,470,465
<b>Total minimum lease payments</b>	<b>2,320,011</b>	<b>2,472,752</b>



# Health Services Union NSW

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 19 Financial Risk Management

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

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

The total for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	2019 \$	2018 \$
<b>Financial Assets</b>		
Cash and cash equivalents	4,836,847	4,825,761
Loans and receivables	274,397	329,218
Other financial assets	1,674,461	3,184,430
<b>Total financial assets</b>	<b>6,785,705</b>	<b>8,339,409</b>
<b>Financial Liabilities</b>		
Financial liabilities at amortised cost		
Trade and other payables	1,148,144	975,328
Borrowings	-	4,000,000
Derivative financial instruments	-	11,544
<b>Total financial liabilities</b>	<b>1,148,144</b>	<b>4,986,872</b>

#### Financial risk management policies

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

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

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

Mitigation strategies for specific risks faced are described below:

#### (a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to Health Services Union NSW and arises principally from Health Services Union's receivables.

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

# Health Services Union NSW

ABN: 85 037 751 682

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 19 Financial Risk Management (continued)

#### (b) Liquidity risk

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

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

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

#### (c) Liquidity Risk - Asset maturity analysis

The table below reflect maturity analysis for financial assets.

	Within 1 Year		1 to 5 Years		Total	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
<b>Financial assets - cash flows realisable</b>						
Cash and cash equivalents	<b>4,836,847</b>	4,825,761	-	-	<b>4,836,847</b>	4,825,761
Trade, term and loans receivables	<b>274,397</b>	312,481	-	-	<b>274,397</b>	312,481
Held-to-maturity investments	<b>1,674,461</b>	3,184,430	-	-	<b>1,674,461</b>	3,184,430
<b>Total anticipated inflows</b>	<b>6,785,705</b>	8,322,672	-	-	<b>6,785,705</b>	8,322,672

# Health Services Union NSW

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 19 Financial Risk Management (continued)

#### (c) Liquidity Risk - Asset maturity analysis (continued)

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

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

#### *Financial liability maturity analysis*

	Within 1 Year		1 to 5 Years		Total	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
<b>Financial liabilities due for payment</b>						
Trade and other payables (excluding estimated annual leave)	<b>1,148,144</b>	975,328	-	-	<b>1,148,144</b>	975,328
Borrowings (excluding finance lease)	-	4,000,000	-	-	-	4,000,000
Interest rate swap	-	11,544	-	-	-	11,544
Total contractual outflows	<b>1,148,144</b>	4,986,872	-	-	<b>1,148,144</b>	4,986,872

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 2019. They were classified as current liabilities due to the Union not having an unconditional right to defer settlement beyond 12 months.

#### *Assets pledged as collateral*

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

#### (d) Market risk

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

##### *(i) Interest rate risk*

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

# Health Services Union NSW

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 19 Financial Risk Management (continued)

#### *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		Maturing Over 5 Years		Non-interest Bearing		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	%	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial Assets:</b>														
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	4,836,847	4,825,761
<b>Financial Liabilities:</b>														
Borrowings	-	2.66	-	-	-	4,000,000	-	-	-	-	-	-	-	-
Interest rate swaps	-	2.70	-	-	-	11,544	-	-	-	-	-	-	-	-
<b>Total Financial Liabilities</b>			-	-	-	4,011,544	-	-	-	-	-	-	-	-

# Health Services Union NSW

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 19 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:

	2019 \$	2018 \$
Floating rate instruments	-	-
Borrowings	-	-

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

#### Interest Rate Risk - Sensitivity Analysis

##### *Sensitivity analysis*

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

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

	Profit 100 basis points increase	Profit 50 basis point decrease	Equity 100 basis points increase	Equity 50 basis point decrease
2019	(1,250)	625	(1,250)	625
2018	(5,000)	2,500	(5,000)	2,500

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

# Health Services Union NSW

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## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 20 Interest of Key Management Personnel

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

	2019	2018
	\$	\$
Short-term benefits	1,679,174	1,384,062
Long-term benefits	117,372	57,061
Post-employment benefits	397,214	375,772
	<u>2,193,760</u>	<u>1,816,895</u>

### Other key management personnel transactions

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

#### (a) Name of Officers

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

(i) Names of Responsible Persons

Name	Position	Status
Mark Sterrey	President	Re-elected 16 July 2018
Lindy Twyford	Senior Vice President	Elected 16 July 2018
Steven Fraser	Junior Vice President	Elected 16 July 2018
Gerard Hayes	Secretary	Re-elected 16 July 2018
Lynne Russell	Assistant Secretary/Treasurer	Elected 3 October 2018
Kim Hadson	Ordinary Member of Union Committee	Elected 16 July 2018
Steven Oakman	Ordinary Member of Union Committee; Member of Union Council	Re-elected 16 July 2018 Resigned 27 February 2019
Laycombe Reilly	Ordinary Member of Union Committee; Member of Union Council	Elected 28 March 2019
Thelma Thames	Ordinary Member of Union Committee	Elected 16 July 2018
Melissa Todhunter	Ordinary Member of Union Committee	Elected 16 July 2018
Alan Wilcock	Ordinary Member of Union Committee; Member of Union Council; Member of Audit & Finance Committee	Re-elected 16 July 2018
Michael Callinan	Member of Union Council; Member of Audit & Finance Committee	Elected 16 July 2018
Joan Catlin	Member of Union Council; Member of Audit & Finance Committee	Re-elected 16 July 2018
Patricia Reid	Member of Union Council; Member of Audit & Finance Committee	Re-elected 16 July 2018
Robert Aney	Member of Union Council	Elected 16 July 2018
Graeme Baillie	Member of Union Council	Elected 16 July 2018
Bryan Billington	Member of Union Council	Elected 16 July 2018
Sharon Carney	Member of Union Council	Re-elected 16 July 2018

# Health Services Union NSW

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 20 Interest of Key Management Personnel (continued)

#### (a) Name of Officers (continued)

Name	Position	Status
John Jetty Dore	Member of Union Council	Re-elected 16 July 2018
Leesa Franks	Member of Union Council	Elected 16 July 2018
Edalina Hondros	Member of Union Council	Elected 16 July 2018
Mark Jay	Member of Union Council	Elected 16 July 2018
Jeffrey Knee	Member of Union Council	Re-elected 16 July 2018
John Lawrence	Member of Union Council	Re-elected 16 July 2018
Suzanne McGuire	Member of Union Council	Elected 16 July 2018
William Oddie	Member of Union Council	Re-elected 16 July 2018
Josephine Peacock	Member of Union Council	Re-elected 16 July 2018
Gillian Reilly	Member of Union Council	Re-elected 16 July 2018
Donna Riley	Member of Union Council	Elected 16 July 2018
Bruce Rowling	Member of Union Council	Re-elected 16 July 2018
Andrew Teece	Member of Union Council	Elected 16 July 2018
Darriea Turley	Member of Union Council	Re-elected 16 July 2018
Toni Winters	Member of Union Council	Elected 16 July 2018

#### (b) Other key management personnel

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

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

All of the above persons were also key management persons during the year ended 30 June 2019.

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 21 Auditors' Remuneration

	2019 \$	2018 \$
<b>Remuneration of the auditor of the Union</b>		
- auditing or reviewing the financial statements	46,950	45,500
- other services	6,450	6,250
	<b>53,400</b>	<b>51,750</b>

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

### 22 Fair Value Measurement

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

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

#### Fair value hierarchy

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

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

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

		Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>30 June 2019</b>	<b>Note</b>				
<b>Recurring fair value measurements</b>					
Interest rate swap	16	-	-	-	-
		Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>30 June 2018</b>	<b>Note</b>				
<b>Recurring fair value measurements</b>					
Interest rate swap	16	-	11,544	-	11,544



# Health Services Union NSW

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 22 Fair Value Measurement (continued)

#### Level 2 measurements

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

#### Highest and best use

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

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

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

30 June 2019	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Recurring fair value measurements</b>					
Buildings	10	-	-	9,705,000	9,705,000
Investment property	11	-	-	21,615,000	21,615,000

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

### 23 Contingent Liabilities and Contingent Assets

#### Contingent Liabilities

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

#### Contingent Assets

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

# Health Services Union NSW

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 24 Related Party Transactions

#### (a) Health Services Union NSW

During the current period net service fees of \$380,000 (2018: \$220,000) were charged to the HSU NSW Branch.

Capitation fees and levies charged by HSU National to the HSU NSW Branch were \$946,835 (2018: \$1,018,858), of which \$922,074 (2018: \$996,649) related to Health Services Union NSW during the year ended 30 June 2019. HSU NSW Branch billed the Health Services Union NSW for the reimbursement of those capitation fees and levies of \$922,074 (2018: \$996,649 ) for the period ended 30 June 2019.

During the period, the Health Services Union NSW reimbursed HSU Victoria No 3 Branch \$Nil (2018: \$159). This was due to membership contributions belonging to the respective branches being received by the Health Services Union NSW. During the current period, \$34,822 was charged by HSU NSW to HSU National for their share of apportioned expenses.

During the current period, \$10,394 was charged by HSU NSW to HSU NSW Branch for National council travel expenses.

During the current period, \$1,798 was charged by HSU NSW Branch to HSU NSW for subscriptions expenses.

#### (b) Officers of the Union

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

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

# Health Services Union NSW

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 25 Cash Flow Information

#### Reconciliation of result for the year to cashflows from operating activities

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

	2019	2018
	\$	\$
Surplus for the year	1,430,483	1,539,645
Cash flows excluded from surplus attributable to operating activities		
Adjustments for:		
- depreciation	1,218,906	1,162,941
- net gain on disposal of property, plant and equipment	(26,141)	(36,398)
Changes in assets and liabilities:		
- decrease in trade and other receivables	54,821	104,886
- (increase) / decrease in other assets	(272,735)	319,928
- increase in trade and other payables	172,815	125,807
- (decrease) in interest rate swap	(11,544)	(38,190)
- increase in provisions	6,437	5,943
- increase in employee benefits	419,370	226,504
Cashflows from operations	<u>2,992,412</u>	<u>3,411,066</u>

### 26 Events After the end of the Reporting Period

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

### 27 Capital Management

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

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

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

### 28 Union Details

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