



Celebrating
95
Years



FSU: Putting members first

FSU Concise Report to Members

2013-2014

OPERATING REPORT for the period 1 July 2013 to 30 June 2014

Prepared in accordance with Schedule 1 - Registration and Accountability of Organisation; Chapter 8 - Records and Accounts; Part 3 - Accounts and Audit; Section 254 - Union To Prepare Operating Report of the Fair Work (Registered Organisations) Act 2009 (Commonwealth).

Review of Activities

The Finance Sector Union is a member based, federally registered trade union, representing finance sector workers who are actively pursuing better working lives and stronger communities.

The union's activities are directed by its National Executive in pursuit of this aim and in accordance with its rules of registration.

Principally, the union's activities consist of:

- Organising finance sector employees;
- Training and education of members;
- Providing individual members with informed and expert representation in workplace related matters;
- Maintaining and monitoring the compliance with relevant industrial awards and agreements;
- Collectively bargaining with employers on behalf of and in the interests of members;
- Representing and assisting members in all matters pursuant to the Fair Work (Registered Organisations) Act 2009;
- Representing and assisting members in all matters pursuant to the relevant national and state Work, Health and Safety Acts;
- Advocating on behalf of members and in the interests of finance sector employees in all relevant tribunals, courts of law, parliamentary committees and inquiries;
- Administering union resources;
- Other matters as directed by the National Executive.

Results of Activities

During the period 1/7/13 - 30/6/14, the Finance Sector Union:

- Received application for and admitted 5,388 members;
- Appointed 753 members as FSU workplace representatives;
- Provided training to 165 workplace representatives;
- Provided representation to 5,898 members at the workplace or enterprise level.

- Was party to more than 76 collective agreements in current operation across the finance sector;
- Made approximately 44 applications to Fair Work Australia (renamed the Fair Work Commission effective 1 January 2013) regarding industrial disputes, award variations and seeking award coverage of award free employees;
- Negotiated and had approved 31 enterprise agreements covering approximately 33,000 employees;
- Made submissions to, and appeared before, Commonwealth of Australia Parliamentary Committees and various Federal and State Inquiries and consultations.

There was no significant change to the nature of the activities of the union during the reporting period. There were no significant changes to the union's financial affairs during the reporting period.

In accordance with Section 174 of the Fair Work (Registered Organisations) Act 2009, members of the union may resign from membership by written notice addressed and delivered to the National Secretary or the relevant Local Executive Secretary.

In accordance with Section 230 of the Fair Work (Registered Organisations) Act 2009, the union had a recorded 35,882 members at the end of the reporting period.

The union employed 178 employees nationally at the end of the reporting period.

The name of each person holding a position on the National Executive of the union during the reporting period is as follows:

Angrisano J.
Arnfield L.
Black D.A. (to 6 September 2013)
Willshire W. (to 2 September 2013)
Carter L.J.
Doolan E. (to 6 May 2014)
Fay A.C.
Ferrari P. (from 27 May 2014)
Filipovski B.
Hall J. (from 6 September 2013)
Jensen N.
Jordan F.S.
Selke P.
Marshall D.
Martin D.L.
Pearce S.J.
Peers D.J. (from 2 September 2013)
Streets W.
Waclawik P.

No officer or member of the Finance Sector Union is a trustee (or a director of a company that is a trustee) of a superannuation entity, where a criteria for them being a trustee (or a director) is that they are an officer or member of the Finance Sector Union.

Union Governance Report

FSU continues to ensure our Union Governance is in order. This year there have been changes to the Reporting Guidelines under the Fair Work (Registered Organisations) Act 2009, the following reports are in line with those changes.

Remuneration Disclosure

National Secretary:

- \$142,495 plus 15% superannuation and motor vehicle

National Assistant Secretary and State Local Executive Secretaries:


- salary range from \$90,162 to \$120,886 plus 15% superannuation and motor vehicle

FSU Staff are remunerated in line with FSU Staff Collective Agreement 2013.



Wendy Streets

Employee Relations Manager



Fiona Jordan

National Secretary

Signed at Melbourne, this 7th day of November, 2014

DISCUSSION AND ANALYSIS OF FINANCIAL POSITION

The Financial Statements of the Union for the year ended June 30, 2014 disclose a net surplus from ordinary activities for the period of \$3,880,352. This result is largely due to the surplus of \$4,832,801 realised on the sale of 341 Queen Street, Melbourne. The annual result also reflects excellent investment returns earned on the Union's investment funds during the 2013/2014 financial year.

A comprehensive surplus of \$3,965,579 was recorded for the year, following a gain of \$85,227 on listed shares held for long term investment.

The following major factors have impacted on this result and comparisons with the prior year:

INCOME:

- (a) A decision was taken by the Union's National Executive during the 2013/2014 financial year to sell the building housing its Victorian Branch office and National office, located at 341 Queen Street Melbourne, and to lease back office space for a two year period. This sale realised a gain on disposal of \$4,832,801. The decision to sell was influenced by the following factors:
- The age of the building
 - The physical condition of the building
 - Anticipated upgrade / maintenance costs
 - Reduced occupancy requirements for the FSU
 - Occupancy risks going forward
 - The attraction of seeking a building more in line with FSU operational requirements
 - The offer received was substantially above valuation
- (b) The unrealised market value of managed funds held by the Union increased by \$1,632,603 (12.7%) during the financial year, compared to a gain of \$1,511,735 for the prior year. This result reflects the strong performance of Australian and worldwide financial markets during the year.
- (c) Income from member subscriptions reduced by \$424,858 in line with the continued decline in membership numbers.

EXPENDITURE:

- (a) Operating Expenditure, before depreciation, increased by \$967,165 compared to the previous year. This increase reflects the following factors:
- Salaries – an increase of 2.5% was applied across the board, except for elected officers (nil increase), effective 6 January 2014
 - Lease back payments incurred at 341 Queen Street, Melbourne
 - Increased IT expenditure – refresh project
 - Federal election campaign expenditure
 - National conference expenditure (biennial)
- (b) The annual increase in Operating Expenditure, before depreciation, follows several years of cost reduction, as the Union embarked on a restructuring and rationalisation program.

FINANCIAL POSITION:

The consolidated group remains in a strong financial position, with net assets of \$50.7 million. Cash reserves, financial assets and receivables of \$21.6 million contributed to a working capital surplus of \$17.8 million (ie current assets minus current liabilities).

The level of current assets is expected to be reduced substantially during the 2014/2015 financial year as a large portion of the proceeds from the sale of 341 Queen Street are placed in long term investments (to be treated as Financial Assets at fair value through profit or loss – non current).

CONCISE FINANCIAL REPORT

The National Executive (Committee of Management) of the Finance Sector Union of Australia has resolved to provide a concise financial report to members for the financial year ended June 30, 2014.

The concise financial report has been derived from the full report and cannot be expected to provide as full an understanding of the financial performance, financial position and financial and investing activities of the reporting unit as the full report. A copy of the full report and auditor's report will be sent to any member who requests them, free of charge.

Members are advised of the following provision of the Fair Work (Registered Organisations) Act 2009:

272 Information to be provided to members or General Manager:

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

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2014

	2014 (\$)	2013 (\$)
Income from ordinary operations	19,856,222	20,169,627
Expenses from ordinary operations		
Employee benefits	(13,678,707)	(13,096,372)
Officer benefits	(1,109,716)	(1,206,777)
Building & equipment expenses	(1,605,628)	(1,388,048)
Industrial & campaign expenses	(382,866)	(413,483)
Depreciation and amortisation	(682,311)	(1,077,183)
Affiliations & levies	(677,180)	(662,657)
Office expenses	(1,913,300)	(1,734,857)
Other expenses	(758,963)	(657,001)
	(20,808,671)	(20,236,378)
NET DEFICIT FROM ORDINARY OPERATIONS	(952,449)	(66,751)
Other Income		
Net gain on disposal of non-current physical asset	4,832,801	-
NET SURPLUS/(DEFICIT) FOR THE YEAR	3,880,352	(66,751)
Other Comprehensive Income		
Gain on listed shares held for long term investment	85,227	126,220
TOTAL COMPREHENSIVE SURPLUS FOR THE YEAR	3,965,579	59,469

STATEMENT OF FINANCIAL POSITION

as at 30 June 2014

	2014 (\$)	2013 (\$)
TOTAL ACCUMULATED FUNDS	50,652,875	46,687,296
represented by:		
CURRENT ASSETS		
Cash and cash equivalents	18,728,705	3,804,533
Financial assets at fair value through profit or loss	2,095,298	6,142,757
Trade and other receivables	747,125	820,653
Other current assets	223,307	239,081
TOTAL CURRENT ASSETS	21,794,435	11,007,024
NON CURRENT ASSETS		
Trade and other receivables	109,885	129,956
Financial assets at fair value through profit or loss	18,455,354	12,849,659
Available for sale financial assets	605,688	520,461
Property, plant and equipment	14,632,862	26,907,338
TOTAL NON CURRENT ASSETS	33,803,789	40,407,414
TOTAL ASSETS	55,598,224	51,414,438
CURRENT LIABILITIES		
Trade and other payables	1,351,614	1,376,986
Provision - employee entitlements	2,627,542	2,349,808
TOTAL CURRENT LIABILITIES	3,979,156	3,726,794
NON CURRENT LIABILITIES		
Provision - employee entitlements	966,193	1,000,348
TOTAL NON CURRENT LIABILITIES	966,193	1,000,348
TOTAL LIABILITIES	4,945,349	4,727,142
NET ASSETS	50,652,875	46,687,296

STATEMENT OF CHANGES IN EQUITY

as at 30 June 2014

	General fund	Asset revaluation reserve	Total accumulated funds
	\$	\$	\$
Balance as at 1 July 2012	29,162,877	17,464,950	46,627,827
Deficit for the year	(66,751)	-	(66,751)
Gain on listed shares held for long term investment	-	126,220	126,220
Balance as at 30 June 2013	29,096,126	17,591,170	46,687,296
Surplus for the year	3,880,352	-	3,880,352
Gain on listed shares held for long term investment	-	85,227	85,227
Balance as at 30 June 2014	32,976,478	17,676,397	50,652,875

STATEMENT OF CASH FLOWS

for the year ended 30 June 2014

2014 (\$)

2013 (\$)

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from members	16,389,354	16,783,353
Interest received	731,526	595,464
Rent received	864,586	1,035,217
Other receipts	359,131	325,280
Payments to suppliers and employees	(19,945,008)	(19,501,550)
CASH FLOW USED IN OPERATING ACTIVITIES	(1,600,411)	(762,236)

CASH FLOWS FROM INVESTING ACTIVITIES

Net amelioration fund loans repaid	96,057	81,404
Net OLI bonus payments distributed	109	-
Purchase of property, plant and equipment	(1,002,441)	(212,288)
Proceeds from the sale of fixed assets	17,428,724	99,091
Proceeds from the redemption of unlisted shares	2,134	-
CASH FLOW PROVIDED BY INVESTING ACTIVITIES	16,524,583	(31,793)
NET CASH INCREASE / (DECREASE)	14,924,172	(794,029)
CASH AT THE BEGINNING OF THE YEAR	3,804,533	4,598,562
CASH AT THE END OF THE FINANCIAL YEAR	18,728,705	3,804,533

STATEMENT OF THE NATIONAL EXECUTIVE

On November 7, 2014 the National Executive (Committee of Management) of the Finance Sector Union of Australia passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended June 30, 2014:

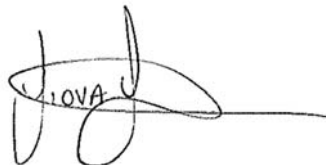
The National Executive declares in relation to the GPFR that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the General Manager;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the union for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the union will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the Committee of Management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the union have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the union have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009; and
 - (iv) no requests for information have been received from a member of the union or the General Manager under section 272 of the Fair Work (Registered Organisations) Act 2009 during the period; and
 - (v) no orders have been made by the Fair Work Commission under section 273 of the Fair Work (Registered Organisations) Act 2009 during the period;
 - (vi) no revenue has been derived from undertaking recovery of wages activity during the period.

Signed on behalf of the National Executive



L. ARNFIELD
NATIONAL PRESIDENT



F. JORDAN
NATIONAL SECRETARY

Signed at Melbourne, this 7th day of November, 2014

Independent Auditor's Report to the Members of the Finance Sector Union of Australia and controlled entity

Report on the concise financial report

We have audited the accompanying concise financial report of the Finance Sector Union of Australia and controlled entity, which comprises the statement of financial position as at 30 June 2014, 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, derived from the audited financial report of the Finance Sector Union of Australia and controlled entity for the year ended 30 June 2014, as well as the discussion and analysis. The concise financial report does not contain all the disclosures required by Australian Accounting Standards and accordingly, reading the concise financial report is not a substitute for reading the audited financial report.

National Executive's responsibility for the financial report

The National Executive is responsible for the preparation of the concise financial report that gives a true and fair view in accordance with Accounting Standard AASB 1039: *Concise Financial Reports and the Corporations Act 2001* and for such internal control as the directors 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.

Auditor's responsibility

Our responsibility is to express an opinion on the concise financial report based on our procedures which were conducted in accordance with Auditing Standard ASA 810: *Engagements to Report on Summary Financial Statements*. We have conducted an independent audit in accordance with Australian Auditing Standards, of the financial report of the Finance Sector Union of Australia and controlled entity for the year ended 30 June 2014. We expressed an unmodified audit opinion on that financial report in our report dated 7 November 2014. The Australian Auditing 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 concise financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the concise financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the union's preparation of the concise financial report that gives a true and fair view 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. Our procedures included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of audit evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion on whether, in all material respects, the concise financial report complies with AASB 1039: *Concise Financial Reports* and whether the discussion and analysis complies with the requirements laid down in AASB 1039: *Concise Financial Reports*.

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 have complied with the independence requirements of the Australian professional accounting bodies and the *Fair Work (Registered Organisations) Act 2009*.

Auditor's opinion

In our opinion, the concise financial report including the discussion and analysis of the Finance Sector Union of Australia and controlled entity for the year ended 30 June 2014 complies with Accounting Standard AASB 1039: *Concise Financial Reports* and the requirements imposed by Part 3 of Chapter 8 the *Fair Work (Registered Organisations) Act 2009*.

CROWE HORWATH MELBOURNE



JOHN GAVENS

Partner

Level 17, 181 William Street, Melbourne, Victoria

Registered Company Auditor #7516

Dated this 7th day of November 2014