AUSTRALIAN RAIL, TRAM AND BUS INDUSTRY UNION

NATIONAL OFFICE

ABN 28 921 128 419

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

AUSTRALIAN RAIL,TRAM AND BUS INDUSTRY UNION - NATIONAL OFFICE
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AUSTRALIAN RAIL,TRAM AND BUS INDUSTRY UNION - NATIONAL OFFICE
REPORT REQUIRED UNDER SUBSEQUENT 225 (2A)
FOR THE YEAR ENDED 31 DECEMBER 2020

Operating Report

The Operating Report covers:

- The activities of the Australian Rail, Tram and Bus Industry Union, National Office for the financial year ended 31st December 2020
- The results of those activities and
- Any significant changes in the nature of those activities as required under s254 Fair Work (Registered Organisations) Act 2009

1. Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year

Activities
Making agreements with employers
Implementation of the Decisions of the National Executive and National Council
Implementation of the Union's organising agenda, including direct assistance and strategic advice on particular industry or site organising projects, the training and development of officials and assistance to branches on planning and resourcing campaigns
Industrial support including representation of individual members grievances advice on legal and legislative matters, holding of union elections as provided for in the rules of the union, and responding to the needs of branches and members as provided for within the rules of the union, within the scope of any statutory or legal obligations
The administration of federal awards, the certification of federal industrial agreements, the variations of awards following major test cases, and making application to vary federal awards on behalf of branches
National media and communications to members, branches and the broader community via media release in support of campaigns, web based technology, including the national bulletin Transport for NOW
Coordination of and negotiation of key national industries and assistance to branches on bargaining by request
The National Office has consulted with the ACTU on the development of claims to be pursued in the FWC and union policy in general. Where appropriate, the National Office has assisted branches in the implementation of relevant decision via the variation of the awards

The national Office has been involved in campaigns and negotiations with government, political parties and industry organisations including with financial donations and/or other support around issues of importance for members, eg EBA negotiations, training, skills, shortages, fatigue laws

2. Significant changes in Activities

The following rule change was ratified during 2020

- Alterations to the Federally Registered Uniform Rules of the Australian Rail, Tram and Bus Industry Union, Rule 4 and Rule 100

3. Significant changes in financial affairs

- The engagement of consultants to implement a series of governing body recommendations concerning research, policy, development and publicity
- Legal Expenses in relation to advocacy, rule changes, EBA and union structures advice

4. Right of members to resign

All members of the Union have the right to resign from the Union in accordance with Rule 14 of the Union Rules (and section 174 of Fair Work (RO) Act 2009); namely by providing notice addressed and delivered to the Secretary of the relevant Branch, including via Email

14 - RESIGNATION FROM MEMBERSHIP

(1) A member may resign from membership of the Union by written notice addressed and delivered to the Secretary of his/her Branch.

(2) A notice of resignation from membership of the Union takes effect:-

(a) where the member ceases to be eligible to become a member of the Union:-

(i) on the day on which the notice is received by the Union; or

(ii) on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member; whichever is later; or

(b) In any other case:-

(i) at the end of two weeks; or

(ii) on the day specified in the notice; whichever is later.

(3) Any subscriptions, fees, fines and levies owing but not paid by a former member of the Union in relation to a period before the member's resignation took effect, may be sued for and recovered in the name of the Union in a Court of competent jurisdiction, as a debt due to the Union.

(4) A notice delivered to the Branch Secretary shall be deemed to have been received by the Union when it was delivered.

(5) A notice of resignation that has been received by the Union is not invalid because it was not addressed and delivered to the Branch Secretary.

(6) A resignation from membership of the Union is valid even if it is not effected in accordance with this Rule, if the member is informed in writing by or on behalf of the Union that the resignation has been accepted.

(7) If a financial member retires from employment permanently or changes employment to a position not covered under these rules by the union, the member shall be entitled to transfer to the status of Health Fund Member.

5. Officers or members who are superannuation fund trustee(s) (include position details) or director of a company that is a superannuation fund trustee where being a member or officer of a registered organisation is a criterion for them holding such position

The members(s) listed below hold the following positions (s) as trustee or company directors

Official	Organisations
Mark Diamond	• Tracksafe Foundations – Director • Australian Industry and Skills Committee

6. Number of members

There were 31, 526 members of the union as of 31st December 2020

7. Number of employees

As of 31st December 2020 the National Office employed 6 full time employees and 1 part time employee

8. Names of committee of management members and period positions held during the financial year

The following persons were members of the National Executive, during the year ending 31st December 2020

Mark Diamond	National Secretary	01/01/2020 – 31/12/2020
Allan Barden	Assistant National Secretary	01/01/2020 – 31/12/2020
Shayne Kummerfeld	National President	01/01/2020 – 31/12/2020
James Style	National Vice – President (Rail)	01/01/2020 – 31/12/2020
William Lekkas	National Vice – President (Road)	01/01/2020 – 31/12/2020
Leanne Holmes	National Vice – President (Affirmative Action)	01/01/2020 – 31/12/2020
Alex Claassens	Branch Secretary – New South Wales	01/01/2020 – 31/12/2020
Luba Grigorovitch	Branch Secretary - Victorian	01/01/2020 – 31/12/2020

Ric Bean	Branch Secretary – Tasmanian	01/01/2020 – 31/12/2020
Owen Doogan	Branch Secretary - Queensland	01/01/2020 – 20/11/2020
Peter Allen	Branch Secretary - Queensland	20/11/2020 – 31/12/2020
Darren Phillips	Branch Secretary – South Australia and Northern Territory	01/01/2020 – 31/12/2020
Craig McKinley	Branch Secretary – Western Australia	01/01/2020 – 31/12/2020
Josh Dekuyer	Branch Secretary – Western Australia PTA	01/01/2020 – 31/12/2020
Darren Galea	Assistant National Secretary Rail Operations	01/01/2020 – 31/12/2020
Greg Tatnell	Assistant National Secretary Fleet Manufacture, Overhaul, Maintenance and Service	01/01/2020 – 31/12/2020
Trent Howard	Assistant National Secretary Infrastructure	01/01/2020 – 31/12/2020
Phil Altieri	Assistant National Secretary Tram and Bus	01/01/2020 – 31/12/2020
Victor Moore	Assistant National Secretary Administrative, Supervisory, Technical and Professional	01/01/2020 – 31/12/2020
Keith McMahon	Assistant National Secretary Locomotive	01/01/2020 – 31/12/2020
Tom Brown	Qld Branch Delegate	01/01/2020 – 31/12/2020
Peter Allen	Qld Branch Delegate	01/01/2020 – 03/03/2020
Noel Morris	Qld Branch Delegate	18/05/20 – 31/12/2020
Craig Turner	NSW Branch Delegate	01/01/2020 – 31/12/2020
Farren Campbell	NSW Branch Delegate	20/02/2020 – 31/12/2020
John Anderson	VIC Branch Delegate	01/01/2020 – 31/12/2020
Darren Galea	VIC Branch Delegate	01/01/2020 – 31/12/2020
Dave Esqueria	VIC Branch Delegate	01/01/2020 – 31/12/2020
David Babineau	NSW Branch Delegate	01/01/2020 – 31/12/2020

Signature of designated officer:

Name and title of designated officer: Mark Diamond

National Secretary

Dated: 11/5/21

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The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 31 December, 2020.

Categories of expenditures	2020 $	2019 $
Remuneration and other employment-related costs and expenses - employees	950,365	1,078,777
Advertising	0	0
Operating costs	904,407	1,338,840
Donations to political parties	20,000	13,400
Legal costs	258,936	216,215

Signature of designated officer: ....

MARK DIAMOND
National Secretary

11/5/21

Dated: , 2021

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COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

On May,2020, the Committee of Management of the Australian Rail Tram & Bus Industry Union National Office passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 31 December 2020:

The Committee of Management declared that in its opinion:

(a) the financial statements and notes comply with the Australian Accounting Standards;

(b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act);

(c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;

(d) there are reasonable grounds to believe that National Office will be able to pay its debts as and when they become due and payable; and

(e) during the financial year to which the GPFR relates and since the end of that year:

(i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of the National Office; and

(ii) the financial affairs of the National Office have been managed in accordance with the rules of the organisation including the rules of the National Office; and

(iii) the financial records of the National Office have been kept and maintained in accordance with the RO Act; and

(iv) the financial records of the National Office have been kept, as far as practicable, in a consistent manner to each of the other branches of the organisation; and

(v) no further information has been sought in any request of a member of the National Office or Commissioner of the ROC under section 272 of the RO Act; and

(vi) no order for inspection of financial records have been made by the Fair Work Commission under section 273 of the RO Act.

Signed by Mark Diamond in accordance with such resolution as is passed by the committee of management.

MARK DIAMOND

National Secretary

Dated: 11 May , 2021

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 $	2019 $
REVENUE			
Capitation Fees	2A	2,300,239	2,247,449
Affiliation Fees	2B	171,427	168,207
Levies	2C	-	-
Investment Gains/(Losses)	2D	66,810	277,853
Rent Received	2E	142,448	124,700
Sponsorship Income		-	15,909
Gain on revaluation of investment property	9	500,000	-
Other Income	2G	140,927	10,000
Gain on Asset Disposal	2F	4,988	-
TOTAL REVENUE		3,326,838	2,844,118
EXPENSES			
Employee Expenses	3A	950,365	1,078,777
Affiliation Fees	3B	230,983	207,549
Administration Expenses	3C	464,511	865,478
Grants or Donations	3D	31,515	27,661
Depreciation and Amortisation	10 & 11	25,332	16,102
Legal Costs	3E	258,936	216,215
Audit Fees	19	21,097	20,098
Other Expenses	3F	150,969	215,352
Loss on revaluation of investment property	9	-	500,000
TOTAL EXPENSES		2,133,708	3,147,233
SURPLUS/ (DEFICIT) FOR THE YEAR		1,193,130	(303,115)

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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 $	2019 $
CURRENT ASSETS			
Cash and cash equivalents	4	2,636,620	2,178,559
Trade and Other Receivables	5	567,926	389,914
Financial Assets	6	2,535,177	2,487,174
Other	7	130,840	42,390
TOTAL CURRENT ASSETS		5,870,564	5,098,038
NON CURRENT ASSETS			
Financial Assets	8	20	20
Investment Property	9	7,000,000	6,500,000
Plant & Equipment	10	133,801	168,550
Intangible Assets	11	2,132	4,099
TOTAL NON CURRENT ASSETS		7,135,953	6,672,669
TOTAL ASSETS		13,006,517	11,770,707
CURRENT LIABILITIES			
Trade and Other Payables	12	162,579	256,271
Provisions	13	783,826	635,927
Income in Advance	14	-	11,526
TOTAL CURRENT LIABILITIES		946,404	903,724
TOTAL LIABILITIES		946,404	903,724
NET ASSETS		12,060,113	10,866,982
ACCUMULATED SURPLUS			
Accumulated Surplus		12,060,113	10,866,982
ACCUMULATED SURPLUS		12,060,113	10,866,982

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STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2020

	Retained Surplus $	Total $
Balance at 1 January 2019	11,170,096	11,170,096
Deifict for the Year	(303,115)	(303,115)
Balance at 31 December 2019	10,866,982	10,866,982
Surplus for the Year	1,193,130	1,193,130
Balance at 31 December 2020	12,060,113	12,060,113

NOTE TO THE STATEMENT OF CHANGES IN EQUITY

Note A - Compulsory Levy

Other than capitation fees and ACTU Levies, National Office receive no other compulsory levy.

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STATEMENT OF CASH FLOWS
AS AT 31 DECEMBER 2020

	Note	2020 $	2019 $
CASH FLOW FROM OPERATING ACTIVITIES:			
Receipts from other reporting units	5	2,488,815	2,618,185
Payments to other reporting units		-	-
Payments to Suppliers and Employees		(2,218,099)	(2,833,468)
Rent Received		217,303	76,560
Interest Received		13,683	13,629
Net cash provided/(used) by operating activities	16	501,702	(125,094)
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(43,641)	(37,540)
Net cash used in investing activities		(43,641)	(37,540)
Net increase/(decrease) in cash and cash equivalents held		458,061	(162,633)
Cash and cash equivalents at the beginning of the year		2,178,559	2,341,192
Cash and cash equivalents at the end of the year	4	2,636,620	2,178,559

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Fair Work (Registered Organisations) Act 2009. For the purpose of preparing the general purpose financial statements, the Australian Rail, Tram and Bus Industry Union, National Office is a not-for-profit entity.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

Accounting Policies

(a) Income Tax

The Union is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however the union still has obligations for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

(b) Fair Value of Assets and Liabilities

The Union measures its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Union would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and wiling market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the

Accounting Policies (Con't)

reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(c) Property Plant & Equipment

Property Plant and equipment is carried at cost less any accumulated depreciation

The carrying amount of plant and equipment is reviewed for impairment annually by the Committee of Management to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

(d) Depreciation

The depreciable amount of all fixed assets including buildings and leasehold improvements, is depreciated on either a straight line or diminishing balance basis over their useful lives to the Union commencing from the time the asset is held ready for use.

The depreciation rates used for each asset are between 3% and 66% The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(e) Leases

The Union assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Union as a lessee

The Union applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Union recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Accounting Policies (Con't)

The Union recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Union at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Union recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Union and payments of penalties for terminating the lease, if the lease term reflects the Union exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Union uses the incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Union's short-term leases are those that have a lease term of 12 months or less from the commencement. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

(f) Impairment of Assets

At the end of each reporting period, the Union assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying value over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. in accordance with the revaluation model in AASB116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Accounting Policies (Con't)

(g) Investment Property

Investment property comprises investment interests in land and buildings (including integral plant and equipment) held for the purpose of letting to produce rental income and which are not occupied by the Union.

Land and buildings comprising the investment property are considered composite assets and are disclosed as such in the accompanying notes to the financial statements. Investment property acquired is initially recorded at cost on date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Valuations

After initial recognition, investment property is measured at fair value and revalued with sufficient regularity to ensure the carrying amount of each property does not differ materially from its fair value at the reporting date. When assessing fair value, the discounted cash flows of the property will be considered, the highest and best use of the property and sales of similar properties.

Fair value is based on the price at which a property might reasonably be expected to be sold at the date of valuation, assuming:

(i) a willing, but not anxious, buyer and seller on an arm's length basis;

(ii) a reasonable period in which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind;

(iii) that the property will be reasonably exposed to that market;

(iv) that no account is taken of the value or other advantage or benefit, additional to market value, to the buyer incidental to ownership of the property being valued; and

(v) it only takes into account instructions given by the Union and is based on all the information that the valuer needs for the purposes of the valuation being made available by or on behalf of the Union.

The investment property is considered one class of asset. Under AASB 140: Investment Property, adjustments to fair value are to be recognised directly in the statement of comprehensive income.

Derecognition

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(h) Intangibles

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis

Accounting Policies (Con't)

over their estimated useful life. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The useful life of the union's intangible assets are:

	2020	2019
Website Development	2 to 3 years	2 to 3 years

(i) Employee Entitlements

Provision for employee entitlements in the form of Long Service Leave and Accrued Annual Leave has been made for the estimated accrued entitlement of all employees on the basis of their terms of employment. In the case of Long Service Leave, the accrual has been measured by reference to periods of service and current salary rates as it is considered that this results in an amount not materially different to that achieved by discounting estimated future cash flows.

Contributions are made by the National Council to employee superannuation funds and are charged as expenses when incurred.

(j) Defined Superannuation Schemes

In respect to defined benefit plans, the cost of providing the benefits is determined using the projected unit cost method. Actuarial calculations are conducted by State Super. The amount recognised in the Statement of Financial Position represents the present value of the defined benefits obligations adjusted for any unrecognised actuarial gains and losses and unrecognised past service costs less the fair value of the plan's assets. The Union has defined benefit obligations for members participating in the State Authorities Superannuation Scheme and the State Authorities Non- Contributory Superannuation Scheme. All Schemes are closed to new members.

(k) Financial Instruments

Initial recognition and measurement

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

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.

Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at:

Accounting Policies (Con't)

– amortised cost; or
– fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

– a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
– held for trading; or
– initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

– it is incurred for the purpose of repurchasing or repaying in the near term;
– part of a portfolio where there is an actual pattern of short-term profit taking; or
– a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in a effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair values (and if not designated as at fair value through profit or loss and do not arise from a transfer of a financial asset) and subsequently measured at the higher of:

– the amount of loss allowance determined in accordance with AASB 9.3.25.3; and
– the amount initially recognised less the accumulative amount of income recognised in accordance with the revenue recognition policies.

Accounting Policies (Con't)

Financial assets

Financial assets are subsequently measured at:

– amortised cost;
– fair value through other comprehensive income; or
– fair value through profit or loss.

Measurement is on the basis of two primary criteria:

– the contractual cash flow characteristics of the financial asset; and
– the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

– the financial asset is managed solely to collect contractual cash flows; and
– the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

– the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
– the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Union initially designates a financial instrument as measured at fair value through profit or loss if:
– it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
– it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;
– it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Accounting Policies (Con't)

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially

modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

– the right to receive cash flows from the asset has expired or been transferred;
– all risk and rewards of ownership of the asset have been substantially transferred; and
– the Union no longer controls the asset (ie the Union has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment

The Union recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:
– financial assets measured at fair value through profit or loss; or

Accounting Policies (Con't)

– equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Union uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments:
- the general approach
- the simplified approach

General approach

Under the general approach, at each reporting period, the Union assesses whether the financial instruments are credit-impaired, and if:

- the credit risk of the financial instrument has increased significantly since initial recognition, the Union measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or

- there is no significant increase in credit risk since initial recognition, the Union measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: Revenue from Contracts with Customers and contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groupings of historical loss experience, etc).

Recognition of expected credit losses in financial statements

At each reporting date, the Union recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.
Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

Accounting Policies (Con't)

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(l) Impairment of Assets

At the end of each reporting period, the Union assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to beout of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(m) Revenue

The Union enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of capitation fees, affiliation fees and levies.

The timing of recognition of these amounts as either revenue or income depends on the rights and obligations in those arrangements.

Revenue from contracts with customers

Where the Union has a contract with a customer, the Union recognises revenue when or as it transfers control of goods or services to the customer. The Union accounts for an arrangement as a contract with a customer if the following criteria are met:

- the arrangement is enforceable; and
- the arrangement contains promises (that are also known as performance obligations) to transfer goods or services to the customer (or to other parties on behalf of the customer) that are sufficiently specific so that it can be determined when the performance obligation has been satisfied.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Accounting Policies (Con't)

Capitation fees

Where the Union arrangement with a branch or another reporting unit meets the criteria to be a contract with a customer, the Union recognises the capitation fees promised under that arrangement when or as it transfers the contracted services.

In circumstances where the criteria for a contract with a customer are not met, the Union will recognise capitation fees as income upon receipt (as specified in the income recognition policy below).

Affiliation fees

Where the Union arrangement with a branch or another reporting unit meets the criteria to be a contract with a customer, the Union recognises the affiliation fees promised under that arrangement when or as it transfers the contracted services.

In circumstances where the criteria for a contract with a customer are not met, the Union will recognise affiliation fees as income upon receipt (as specified in the income recognition policy below).

Levies

Levies paid by a member (or other party) in an arrangement that meets the criteria to be a contract with a customer is recognised as revenue when or as the Union transfers the contracted services.

In circumstances where the criteria for a contract with a customer are not met, the Unit will recognise levies as income upon receipt (as specified in the income recognition policy below).

Income of the Union as a Not-for-Profit Entity

Consideration is received by the Union to enable the entity to further its objectives. The Union recognises each of these amounts of consideration as income when the consideration is received (which is when the Union obtains control of the cash) because, based on the rights and obligations in each arrangement:

- the arrangements do not meet the criteria to be contracts with customers because either the arrangement is unenforceable or lacks sufficiently specific promises to transfer goods or services to the customer; and
- the Union recognition of the cash contribution does not give to any related liabilities.

Income recognised from transfers

Where, as part of an enforceable agreement, the Union receives consideration to acquire or construct a non-financial asset such as property, plant and equipment to an identified specification and for the Union's own use, a liability is recognised for the obligation to acquire or construct the asset. Income is recognised as the obligation to acquire or construct the asset is satisfied, which is typically over time. The asset that is being acquired or constructed is recognised in accordance with the policy on property, plant and equipment.

Gains from sale of assets

An item of property, plant and equipment is derecognised upon disposal (which is at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal.

Accounting Policies (Con't)

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

Interest income

Interest revenue is recognised on an accrual basis using the effective interest method.

Rental income

Leases in which the Union as a lessor, does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the relevant lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(n) Gains - Sale of Assets

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation 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 cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows within receipts from customers or payments to suppliers.

(p) Comparatives

When required by Accounting Standards and the Fair Work (Registered Organisation) Act 2009, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(q) Adoption of new accounting standards

The Union has not adopted any new accounting standards in the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

		2020 $	2019 $
2	**INCOME**		
	2A: Capitation Fees		
	NSW Branch	955,511	912,526
	QLD Branch	413,923	395,365
	SA & NT Branch	76,421	75,909
	VIC Branch	700,693	722,571
	TAS Branch	23,304	24,190
	WA Branch	130,386	116,889
		2,300,239	2,247,449
	2B: Affiliation Fees		
	NSW Branch	77,738	76,316
	QLD Branch	35,002	34,839
	SA & NT Branch	5,132	5,150
	VIC Branch	43,459	42,322
	TAS Branch	2,228	2,203
	WA Branch	7,868	7,375
		171,427	168,207
	2C: Levies		
	NSW Branch	-	-
	QLD Branch	-	-
	SA & NT Branch	-	-
	VIC Branch	-	-
	TAS Branch	-	-
	WA Branch	-	-
		-	-
	2D: Investment Income		
	Interest Received	13,634	23,382
	Income & Gains/(Losses) on IFP	53,176	254,470
		66,810	277,853
	2E: Rent Received		
	Property at Redfern	142,448	124,700
		142,448	124,700
	2F: Net Gain on Asset Disposal		
	Plant & Equipment	(1,056)	-
	Motor Vehicles	6,044	-
		4,988	-
	2G: Other Income		
	COVID-19 funding-cash flow boost	100,000	-
	Income from branches for the WIMDOI conference	35,437	
	Car rental income	4,936	-
	Miscellaneous income	554	
		140,927	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

		2020 $	2019 $
3	**EXPENSES**		
	3A: Employee Expenses		
	Holders of Office:		
	Wages and Salaries	313,491	421,383
	Superannuation	16,596	13,291
	Leave and Other Entitlements	55,889	(85,687)
	Retirement Benefit Expenses	41,617	152,846
	Payroll Tax Expenses	10,691	8,932
		438,284	510,765
	Employees Other than Officeholders:		
	Wages and Salaries	415,691	688,782
	Superannuation	37,858	50,044
	Leave and Other Entitlements	58,533	(170,814)
		512,082	568,012
		950,365	1,078,777
	3B: Affiliation Fees		
	ACTU	171,427	168,207
	International Transport Workers Federation	55,600	24,053
	Rail Industry Safety Standards Board	3,956	4,455
	International Conference for Labour Solidarity	-	4,196
	Tracksafe	-	5,000
	Union Aid Abroad	-	1,639
		230,983	207,549
	3C: Administration Expenses		
	Consideration to employers for payroll deductions	-	-
	Compulsory Levies	-	-
	Fee/Allowances – Meeting and Conferences		
	Attendance	117	457
	Council Executive Expenses and Lost Time	-	99,495
	Conference and Meeting Expenses		
	Accommodations	9,248	85,905
	Airfares & Travelling Expenses	33,373	208,949
	Conference and Meetings	6,604	34,363
	National Executive	-	-
	Accountancy	71,353	69,865
	Bank Charges & Fees	13,278	15,090
	Consultants	51,082	82,649
	Property Expenses		
	Building Expenses	11,090	30,873
	Rates & Land Taxes	20,286	19,082
	Rent Paid	87,255	89,578
	Office Expenses		
	General Expenses	36,169	46,466
	Postage	24,363	1,368
	Printing and Stationery	23,088	11,981

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

		2020 $	2019 $
	Staff Training	28,558	20,944
	Subscription and Membership	33,188	27,369
	Telephone	15,461	21,043
		464,511	865,478
	3D: Grants or Donations		
	Grants	-	-
	Donations		
	Total paid that were $1,000 or less	1,515	2,661
	Total paid that exceeded $1,000	30,000	25,000
		31,515	27,661
	3E: Legal Costs		
	Litigation	162,089	196,143
	Other Legal Matters	96,847	20,072
		258,936	216,215
	3F: Other Expenses		
	Campaigns	55,048	2,143
	Fringe Benefit Tax	13,187	8,715
	Fines	-	-
	General Expense	1,027	2,142
	Insurances – General	25,330	23,704
	Interest	-	897
	Motor Vehicle Expenses	7,632	26,610
	Penalties - via RO Act or RO Regulations	-	-
	Repairs and Maintenance	1,444	6,955
	Badges & Other Items	1,091	15,003
	Doubtful Debt Expenses	41,475	129,181
	Bad debts write off	4,736	-
		150,969	215,352
4	**CASH AND CASH EQUIVALENTS**		
	Cash at Bank and on Deposit	2,636,620	2,178,559
		2,636,620	2,178,559
5	**TRADE AND OTHER RECEIVABLES**		
	Receivables from the Branches	986,666	756,649
	Other Receivables	71,577	82,107
	Provision for doubtful debts	(490,317)	(448,842)
		567,926	389,914

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

Receivables from the Branches

	VIC	NSW	SA/NT	QLD	TAS	WA	TOTAL
Opening Balance - Receivables	155,887	98,488	9,036	44,396	25,870	422,972	756,649
Amounts Charged to Branches							
Capitation Fees	770,763	1,051,062	84,063	455,315	25,635	143,425	2,530,263
Affiliation Fees	47,804	85,511	5,645	38,502	2,451	8,655	188,569
ACTU Levies	-	-	-	-	-	-	-
Other Reimbursements	-	-	-	-	-	-	-
Total amounts charged to branches	818,567	1,136,574	89,708	493,818	28,086	152,080	2,718,832
Amount Received from Branches							
Capitation Fees	(797,580)	(834,520)	(84,473)	(459,087)	(48,506)	(76,080)	(2,300,246)
Affiliation Fees	(47,804)	(85,511)	(5,645)	(38,502)	(2,451)	(8,655)	(188,569)
ACTU Levies	-	-	-	-	-	-	-
Total amounts received from branches	(845,385)	(920,031)	(90,119)	(497,589)	(50,957)	(84,735)	(2,488,815)
Closing Balance 31/12/2020	129,069	315,031	8,625	40,625	2,999	490,317	986,666

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

		2020 $	2019 $
6	**FINANCIAL ASSETS - CURRENT**		
	Opening Investment with Industry Fund Services	2,487,174	2,234,728
	Income & Gains/(Losses) on IFP (Note 2D)	53,176	254,470
	Management Fees	(5,172)	(2,024)
	Investment with Industry Fund Services	2,535,177	2,487,174
7	**OTHER CURRENT ASSETS**		
	Prepayments	130,840	42,390
8	**FINANCIAL ASSETS - NON-CURRENT**		
	Shares Encompass Credit Union	20	20
9	**INVESTMENT PROPERTY**		
	Redfern Property – at Valuation	7,000,000	6,500,000

The investment property is measured at fair value, being the amount for which the property could be exchanged between willing parties in an arm's length transactions, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

An independent valuation on the investment property at 83-89 Renwick Street, Redfern, NSW was carried out by Cushman & Wakefield, and a report issued on 4th March 2021. The valuation determined a market value of $7,000,000. The net revaluation gain on the property of $500,000 was recorded in the Statement of Comprehensive Income.

The highest and best use of the investment properties is not considered to be different from its current use.

Rental income earned and received from the investment property during the year was $142,448 (2019: $124,700).

Direct expenses incurred in relation to the investment property that generated rental income during the year were $13,567 (2019: $35,124). During the year and as at the year-end, no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal were present. The Union does not have any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The fair value of investment property is determined by the independent valuer using recognised valuation techniques. These techniques comprise both the Discounted Cash Flow (DCF) method and Income Capitalisation method.

Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including estimated rental income and an exit or terminal value.

This involves the projection of a series of cash flows and to this an appropriate, market-derived discount rate is applied to establish the present value of the income stream. Under the income capitalisation method, a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (the investor's rate of return).

The fair value of investment property is included within Level 2 - refer Note 20D.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

10 PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements	Plant & Equipment	Motor Vehicles	Total
Plant and Equipment	99,388	199,202	74,561	373,151
Less: Accumulated Depreciation	(33,688)	(189,978)	(15,685)	(239,350)
	65,700	9,225	58,876	133,801

MOVEMENTS IN CARRYING AMOUNTS OF PROPERTY, PLANT AND EQUIPMENT

31 December 2019

	Leasehold Improvements	Plant & Equipment	Motor Vehicle	Total
Balance at Beginning of Year	72,799	9,950	21,508	104,256
Additions	-	1,991	74,561	76,552
Disposals	-	-	-	-
Depreciation	(3,640)	(3,779)	(4,840)	(12,259)
Carrying Amount at End of Year	69,159	8,162	91,230	168,550

31 December 2020

	Leasehold Improvements	Plant & Equipment	Motor Vehicles	Total
Balance at Beginning of Year	69,159	8,162	91,230	168,550
Additions	-	4,628	-	4,628
Disposals	-	(1,602)	(14,410)	(16,012)
Depreciation	(3,458)	(1,962)	(17,945)	(23,366)
Carrying Amount at End of Year	65,700	9,225	58,876	133,801

11 INTANGIBLE ASSETS

	2020 $	2019 $
Website Development	78,547	78;547
Less: Accumulated Amortisation	(76,414)	(74,448)
	2,132	4,098
Balance at Beginning of Year	4,099	7,942
Additions	-	-
Disposals	-	-
Amortisation	(1,966)	(3,843)
Carrying Amount at End of Year	2,132	4,099

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 $	2019 $
12 TRADE AND OTHER PAYABLES		
Consideration to Employers for Payroll Deductions	-	-
Payable to the Branches		
NSW Branch	-	55,627
TAS Branch	-	-
QLD Branch	1,608	7,277
WA Branch	-	-
SA Branch	-	-
VIC Branch	-	-
Trade Creditors	7,660	72,046
Legal Costs - Litigation	-	1,306
Other Payables and Accruals	153,310	120,016
	162,579	256,271
13 PROVISIONS		
Officeholders:		
Provision for Annual Leave	107,755	97,498
Provision for Long Service Leave	116,115	89,007
Provision for ADO	70,283	51,759
Provision for Retirement Benefits	375,094	333,477
Provision for Separations and Redundancies	-	-
	669,247	571,741
Employees Other than Officeholders:		
Provision for Annual Leave	72,322	47,174
Provision for Long Service Leave	22,208	-
Provision for ADO	20,048	17,012
Provision for Separations and Redundancies	-	-
	114,578	64,187
	783,825	635,927

Movement during the Year:

	Annual Leave	Long Service Leave	ADO	Retirement Benefits
Benefits Balance at the Beginning of the Year	144,672	89,007	68,771	333,477
Increase/(Decrease) in Provision	35,405	49,316	21,560	41,617
Balance at the End of Year	180,077	138,323	90,330	375,094

	2020 $	2019 $
14 INCOME IN ADVANCE		
Income in Advance – NSW Branch	-	11,526
15 EQUITY		
Compulsory Levy/voluntary contribution fund- if invested in assets	-	-
Other fund(s) required by rules	-	-

16 CASH FLOW INFORMATION

	2020	2019
	$	$
Reconciliation of cash flow from operations		
Surplus/(Deficit)	1,193,130	(303,115)
Adjustments for non-cash items:		
Depreciation	25,332	16,102
Losses /(Gains) on Financial Assets	(48,003)	(252,447)
(Gain)/Loss on revaluation of investment property	(500,000)	500,000
Changes in assets and liabilities:		
Decrease/(Increase) in receivables	(266,463)	22,460
Decrease/(Increase) in other assets	55,025	-
(Decrease)/Increase in payables	(93,692)	(8,514)
(Decrease)/Increase in Income in Advance	(11,526)	11,526
(Decrease)/Increase in provisions	147,898	(111,107)
Net cash flows from operations	501,702	(125,094)

17 RETIREMENT BENEFITS OBLIGATIONS

Other than for one employee, employees of the National Council are entitled to benefits from a superannuation plan on retirement, disability or death. For these employees, the National Council participated in a defined contribution plan. The benefits provided under this plan are based on accumulated contributions and earnings for each employee. The National Council's liability is limited to paying the contributions to the plan.

For one employee, the National Council participated in an employer sponsored defined benefits plan during the year. The benefit provided by the plan is based on the length of service of the member at retirement. Employees contribute various percentages of their gross income and the union may contribute up to 4.5 times the employees final average salary at retirement depending on the length of membership and the employees own contributions.

Reconciliation of the present value of the defined benefit obligation -

	2020	2019
	$	$
Present Value at the Beginning of the Year	1,534,014	1,289,359
Opening PV adjustment	42,772	28,741
Current Service Cost	2,333	3,039
Interest Cost	21,113	29,994
Contributions by Funds Participants	715	962
Actuarial Gains	48,285	290,056
Benefits Paid	(23,969)	(111,227)
Taxes, Premiums & Expenses Paid	(4,859)	3,090
Present Value at the End of the Year	1,620,404	1,534,014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

RETIREMENT BENEFITS OBLIGATIONS (Con't)

	2020 $	2019 $
Fair Value at the Beginning of the Year	1,200,538	1,108,728
Opening FV adjustment	37,700	34,816
Interest Income	16,475	25,930
Actual Return	18,688	137,786
Employer Contributions	-	-
Contributions by Funds Participant	714	958
Benefits (Paid) Transferred In	(23,950)	(110,757)
Taxes, Premiums & Expenses Paid	(4,855)	3,077
Fair Value at the End of the Year	1,245,310	1,200,538

The percentage of the Funds assets invested in each asset class at 31 December

Australian Equities	19.9	19.3
Overseas Equities	32.3	31.3
Australian Fixed Interest	1.9	3.5
Overseas Fixed Interest	4.6	4.8
Property	8.3	8.7
Cash	9.5	8.9
Other	23.5	23.5

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

Description of risks

There are a number of risks to which the fund exposes the Employer. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Significant Actuarial Assumptions at the Reporting Date

As at	31-Dec-2020
Discount rate	0.97% pa
Salary increase rate (excluding promotional increases)	1.7% for 2020/2021; 2.2% pa for 2021/2022 to 2023/2024; 3.2% pa thereafter
Rate of CPI increase	1.00% for 2020/2021; 1.25% for 2021/22; 1.50% for 2022/23 and 2023/2024; 1.75% for 2024/25; 2.00% for 2025/26; 2.25% for 2026/27; 2.50% pa thereafter

18 RELATED PARTY DISCLOSURES

18A: RELATED PARTY TRANSACTIONS

Revenue Received from	**VIC**	**NSW**	**SA/NT**	**QLD**	**TAS**	**WA**
Capitation Fees	725,073	758,654	76,794	417,352	44,096	69,164
Affiliation Fees	43,459	77,738	5,132	35,002	2,228	7,868
ACTU Levies	-	-	-	-	-	-
	768,531	836,392	81,926	452,354	46,324	77,032
Amount owed by	129,069	315,031	8,625	40,625	2,999	490,317
	129,069	315,031	8,625	40,625	2,999	490,317
Income in advance	-	-	-	-	-	-
	-	-	-	-	-	-

	2020 $	**2019 $**
18B: KEY MANAGEMENT PERSONNEL REMUNERATION		
Short-Term Employee Benefits		
Salary (including annual leave taken)	313,491	421,383
Annual Leave Accrued	107,755	97,498
ADO Accrued	70,283	51,759
Performance Bonus	-	-
	491,529	570,640
Post-Employment Benefits		
Superannuation	16,596	13,291
Retirement Benefit Accrued	375,094	333,477
	391,690	346,768
Other Long-Term Benefits:		
Long-Service Leave Accrued	116,115	89,007
	116,115	89,007
Total	999,334	1,006,415

19 AUDITORS' REMUNERATION

Remuneration of the auditor for:		
- auditing or reviewing the financial report	21,097	20,098
- other services	-	-
	21,097	20,098

20 FINANCIAL INSTRUMENTS

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

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

20A: Categories of Financial Instruments

	2020 $	2019 $
Financial Assets		
Cash and cash equivalents	2,636,620	2,178,559
Trade and other receivables	1,058,243	389,914
Financial assets	2,535,177	2,487,174
Carrying amount of financial assets	6,230,040	5,055,647
Financial Liabilities		
Financial liabilities at amortised cost		
Trade and other payables	162,579	256,271
Carrying amount of financial liabilities	162,579	256,271

20B: Financial risk management policies

The Committee of Management's overall risk management strategy seeks to assist the Union in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Committee on a regular basis. These include the credit risk policies and future cash flow requirements.

20C: Specific financial risk exposures and management

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

(a) Interest Rate Risk

Exposure to interest rate risk arises on financial assets recognised at reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial Instruments.

Net Income and Expense from Financial Assets

Cash & Financial Assets		
Interest Received	13,634	23,382
Income & Gains on IFP	53,176	254,470
Net gain from cash and receivables	66,810	277,853

The Union has the following classes of financial assets and financial liabilities that are exposed to interest rate risk:

The Union's exposure to interest rate risk and the effective average interest rate for each class of financial assets and financial liabilities are set out below.

31 December 2019

	Fixed Interest Rate	Floating Interest Rate	Non Interest	Total
	$	$	$	$
Cash and Cash Equivalents	122,483	2,056,076	-	2,178,559
Financial Assets	-	2,487,174	-	2,487,174
Trade and Other Receivables	-	-	389,914	389,914
	122,483	4,543,250	389,914	5,055,647
Weighted Average Interest Rate 2.6%				

31 December 2020

	Fixed Interest Rate	Floating Interest Rate	Non Interest	Total
	$	$	$	$
Cash and Cash Equivalents	126,755	2,509,865	-	2,636,620
Financial Assets	-	2,535,177	-	2,535,177
Trade and Other Receivables	-	-	567,926	567,926
	126,755	5,045,042	567,926	5,739,723
Weighted Average Interest Rate 0.6%				

Sensitivity analysis

The following table illustrates sensitivities to the Union's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that the Committee of Management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

Sensitivity analysis of the risk that the Union is exposed to for 2019	**Change in risk variable %**	**Effect on**	
		Equity	**Profit or Loss**
Interest Rate risk	+/- 0.5%	23,329	23,329

Sensitivity analysis of the risk that the Union is exposed to for 2020	**Change in risk variable %**	**Effect on**	
		Equity	**Profit or Loss**
Interest Rate risk	+/- 0.5%	25,859	25,859

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Union manages this risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturing profiles of financial assets and financial liabilities.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. The Union does not hold directly any derivative financial liabilities.

Cash flows realised from financial assets reflect the Committee of Management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates.

Contractual maturities for financial liabilities 2019

Financial liabilities due for payment	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Trade & Other Payables (excluding leave provisions)	256,271	-	-	-	-	**256,271**
Total expected outflows	**256,271**	-	-	-	-	**256,271**

Contractual maturities for financial liabilities 2020

Financial liabilities due for payment	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Trade & Other Payables (excluding leave provisions)	162,579	-	-	-	-	**162,579**
Total expected outflows	**162,579**	-	-	-	-	**162,579**

Contractual maturities for financial assets 2019

Financial assets - cash flows realisable	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Cash and cash equivalents	2,127,459	51,100	-	-	-	**2,178,559**
Trade and other receivables	838,756	-	-	-	-	**838,756**
Financial assets	2,487,174	-	-	-	-	**2,487,174**
Total expected inflows	**5,453,389**	**51,100**	-	-	-	**5,504,489**

Contractual maturities for financial assets 2020

Financial assets - cash flows realisable	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Cash and cash equivalents	2,584,906	51,714	-	-	-	**2,636,620**

Trade and other receivables	1,058,243	-	-	-	-	**1,058,243**
Financial assets	2,535,177	-	-	-	-	**2,535,177**
Total expected inflows	**6,178,326**	**51,714**	**-**	**-**	**-**	**6,230,040**

(c) 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 the Union.

Credit risk is managed and reviewed regularly by the Committee of Management. Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and includes the utilisation of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the Committee of Management has otherwise cleared as being financially sound.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at balance date, excluding the value of any collateral or other security held is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The Union has no significant concentration of credit risk with any single counterparty or group of counterparties.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 6. There is no collateral held by the Union securing trade and other receivables.

The Union does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Union. The trade receivables balance at 31 December 2019 and 31 December 2018 do not include any counterparties with external credit ratings.

Credit risk related to balances with banks and other financial institutions is managed by the Committee of Management in accordance with approved Union policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-.

Ageing of financial assets that were past due but not impaired for 2019

	0 to 30 days	**31 to 60 days**	**61 to 90 days**	**90+ days**	**Total**
	$	$	$	$	$
Trade and other receivables	242,756	55,293	31,778	60,087	**389,914**

Ageing of financial assets that were past due but not impaired for 2020

	0 to 30 days $	31 to 60 days $	61 to 90 days $	90+ days $	Total $
Trade and other receivables	177,475	135,991	96,844	567,926	**978,236**

20D: Fair Value Estimation

The net carrying amounts of all financial assets and financial liabilities approximate net fair values.

The Union measures and recognises Investment Property at fair value on a recurring basis after initial recognition.

The Union does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

(a) Fair Value Hierarchy

AASB 13 Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation Techniques

The Union selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Union are consistent with one or more of the following valuation approaches:

-Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

-Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

-Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Union gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the Union's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

31 December, 2019	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements				
Non-financial assets	-	-	-	-
Investment property	-	6,500,000	-	6,500,000
Total non-financial assets recognised at FV	-	6,500,000	-	6,500,000

31 December, 2020	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements				
Non-financial assets	-	-	-	-
Investment property	-	7,000,000	-	7,000,000
Total non-financial assets recognised at FV	-	7,000,000	-	7,000,000

Description	Fair Value at 31-Dec-2020	Valuation technique	Inputs used
Investment property	7,000,000	Market approach using recent observable market data for similar properties;	Price per square metre

(i) The fair value of the investment property and buildings is determined at least every three years based on valuations by an independent valuer. At the end of each intervening period, the Committee reviews the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies.

There were no changes during the period in the valuation techniques used by the Union to determine Level 2 fair values.

21 SECTION 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

Information to be provided to members or Commissioner:

(1) A member of a reporting unit, or the Commissioner, 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).

22 REGISTERED OFFICE

The registered office and principle place of business of National Office:

Suite 210, Trades Hall
4 - 10 Goulburn Street
Sydney NSW 2000

23 RECOVERY WAGES

The Union has not derived any revenue during the year as a result of any recovery of wages activity it may have undertaken on behalf of members.

24 GOING CONCERN

The Union's ability to continue as a going concern is not reliant on any other reporting units.

25 FINANCIAL SUPPORT

The Union has not agreed to provide any financial support to any reporting units nor did it require any financial support.

26 ASSETS & LIABILITIES ACQUIRED

The Union has not acquired any asset or liability as a result of an amalgamation, a restructure of branches, determination or revocation of the Fair Work Commission.

27 OPERATING LEASE COMMITMENTS - AS LESSOR

The Investment property is leased to a third party on a 'month to month' basis. Accordingly there are no future minimum rentals receivable at balance date.

28 EVENTS AFTER THE REPORTING PERIOD

As a result of the evolving nature of the COVID-19 outbreak and the rapidly evolving government policies of restrictive measures put in place to contain it, as at the date of these financial statements, the Union is not in a position to reasonably estimate the financial effects of the COVID-19 outbreak on the future financial performance and financial position of the Union. Other than the current disclosures, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has 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 subsequent financial periods.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN RAIL, TRAM AND BUS INDUSTRY UNION NATONAL OFFICE

AUSTRALIAN RAIL,TRAM AND BUS INDUSTRY UNION - NATIONAL OFFICE
OFFICER DECLARATION STATEMENT

I, Mark Diamond, being the National Secretary of the Australian Rail, Tram and Bus Union National Office, declare that the following activities did not occur during the reporting period ending 31 December, 2020.

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- receive periodic or membership subscriptions
- receive donations or grants
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay capitation fees to another reporting unit
- pay compulsory levies
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Signed by the officer:

Dated: , 2021 11/5/21