



ALAEA FINANCE POLICY

Overview

As Registered Organisations (RO's) Unions must meet specific legislative requirements in relation to financial reporting, accounting and auditing. These legislative requirements include:

- strict requirements and deadlines for producing annual financial reports;
- having accounts audited;
- making reports on the financial position of the union available to members;
- lodging reports with the tribunal (who then makes the reports publicly available).

To ensure good governance, financial and decision-making processes need to be clear and transparent and consistent with the Association's objectives.

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1. APPLICATION

This policy applies to ALAEA employees and Federal Executive members.

1.1 Financial Reporting

The ALAEA is subject to legislative requirements in relation to financial reporting to members and the Fair Work Commission. These include:

- producing an 'Operating Report' of the Association's activities; and



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- producing a 'General Purpose Financial Report' (GPFR) of the Association's finances.

The reports are required to be produced as soon as possible at the end of the Association's financial year and submitted to FWC within 6 months.¹

1.2 Financial Auditing

All unions registered under the Fair Work (Registered Organisations) Act 2009 (the Act) are required to have an annual audit of their accounts. The Association uses the services of independent Auditors that meet the requirements of the Act. The Auditors report is made available to Association members and submitted to FWC with the annual GPFR.

2. FINANCIAL POLICY

2.1 Why we have a Policy

Budgetary, planning and management responsibilities, accurate accounting and financial reporting are critical activities. The Association's financial management and reporting systems are developed so that:

- expenditure is consistent with the written policies and procedures; and
- payments are fully supported by documentation; and
- financial records are supported by source documentation; and
- finances are open and accountable to the Federal Executive and subject to regular review; and
- the policy will be applied in conjunction with the ALAEA rules.

¹ *Fair Work (Registered Organisations) Act 2009* (Cth) s 265, s 266 and s 268.



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2.2 Financial Management

Financial management is the function of managing the Association's financial resources. It includes:

- maintaining accounting systems and procedures; and
- budget creation and review; and
- managing expenditure and revenue; and
- managing the Association's assets; and
- managing the Association's investments.

2.3 Role and Responsibilities

2.3.1 Federal Executive

The ALAEA Federal Executive is the committee of management of the Association.

The Federal Executive has the power to employ any person whose services may be deemed necessary for the carrying out of the purposes of the Association, and to suspend or discharge any such person and to fix remuneration, if any, to be paid for their services. The Federal Executive may delegate those powers subject to its own decisions to the Federal Secretary in so far as they relate to the employment, control, suspension or discharge of such employees. The full powers of the Federal Executive are found in the ALAEA Rules.²

2.3.2 Federal Secretary

Under the rules of the Association the Federal Secretary is the Chief Administrative Officer and at the direction of the Federal Executive, controls and manages the office

² Rules 11 The Australian Licenced Aircraft Engineers Association.



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and employees of the Association.³ The Federal Secretary has broad responsibilities conferred under the Rules including those of record keeping and financial reporting.

2.3.3 Office Administrator

The Office Administrator can be any person appointed by the Federal Secretary from time to time. He/she may assist the Federal Secretary to ensure Association compliance with:

- generally accepted accounting principles including applicable Australian Accounting Standards, Australian Accounting Interpretations and other pronouncements of the Australian Accounting Standards Board (AASB); and
- requirements of relevant taxation legislation; and
- reporting obligations under the Fair Work Act; and
- the Association's financial policies and procedures.

The Office Administrator may manage the Association finances by:

- developing and maintaining budgets and cash flow forecasts; and
- cash flow planning to ensure the availability of funds as needed; and
- oversee reporting and accounting functions for regulatory, legal and audit requirements; and
- coordinating internal and external audits and the lodgement of Association annual returns and associated statements; and
- ensuring maintenance of appropriate internal controls and financial procedures; and
- ensuring maintenance of the Union's financial and payroll records.

³ Rule 27 The Australian Licenced Aircraft Engineers Association.



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2.3.4 Employees

All employees of the Association will take reasonable care to:

- follow financial control systems and procedures; and
- maintain receipts for work related expenses; and
- use any corporate credit cards issued to them in accordance with the supplying institution's conditions of use and Association procedures.

2.3.5 Federal Executive Members

All members of the Federal Executive will take reasonable care to:

- follow financial control systems and procedures; and
- maintain receipts for Association related expenses; and
- use any corporate credit cards issued to them in accordance with the supplying institution's conditions of use and Association procedures.

2.4 Financial Records

The Federal Secretary and/or Office Administrator will ensure maintenance of permanent files and records of the Association's financial activities, including:

- detailed records must be maintained, and receipts, disbursements and contributions must be itemised; and
- reconciliation of accounts occurs at minimum monthly intervals; and
- reconciliation of membership dues and the accounts system occurs at minimum 3 monthly intervals; and
- retaining all records for a minimum of seven (7) years.



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2.5 Financial Reports

All financial reporting will be managed by the Federal Secretary and the Office Administrator. Financial reports will be prepared for the period between meetings of the Federal Executive and will be approved by resolution. The annual financial reports will be approved by a resolution of the Federal Executive as required by The Act.

3. FINANCIAL CONTROL SYSTEMS

3.1 Bank Accounts

All Association funds will be maintained in bank accounts or term deposits in the name of the Australian Licenced Aircraft Engineers Association or ALAEA. The Federal Secretary will be responsible for the ongoing management of these accounts.

Association bank accounts are only to be opened or closed with the approval of the Federal Executive. In accordance with the ALAEA Rules, Term Deposit accounts are managed by the Trustees in consultation with the Federal Executive.⁴

3.2 Account Signatories

A minimum of two (2) electronic authorisations are required to operate the Union's bank accounts or term deposits.

3.3 Loans, Grants and Donations

Loans, grants and donations over \$1,000 require approval by the Federal Executive in accordance with the Association Rules.

⁴ Rule 29 The Australian Licenced Aircraft Engineers Association.



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3.4 Legal Expenses

One of the objects of the Association is to afford legal protection for its members in industrial or other matters as authorised from time to time. The authorisation of the use of legal businesses is sought through the Federal Secretary who may approve legal processes to commence or refer their consideration to the Federal Executive. The Federal Secretary will advise the Federal Executive of any new legal contracts.

3.5 Debtors

Bad Debtors will be referred to the Executive for consideration.⁵

4. PURCHASING, PROCUREMENT AND EXPENDITURE

4.1 Overview

This section sets out the Association's policy in relation to assets and expenses, in order to ensure that the Association's resources are appropriately and efficiently managed.

All assets remain the property of the Association and should be used in accordance with the Association's policies. Any assets belonging to the Association and utilised by staff or Executive members must be returned upon cessation of employment or leaving office.

All major purchasing and procurement decisions made by the ALAEA will be undertaken for the benefit of the Union's members and represent the best value for goods and services procured.

⁵ Rule 12(17) The Australian Licenced Aircraft Engineers Association.



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4.2 Federal Secretary

The Federal Secretary may be retained full time. The wage rate for the Federal Secretary is set by the Federal Executive. The rate is inclusive of a full salary package.

4.3 Federal Executive Wages and Expenses

This part of the policy is produced from the ALAEA rules and standing Federal Executive resolutions. The policy will be amended when new resolutions are passed. It is based on the principle that those persons representing other members should bear no cost in time or wages for doing so.

4.3.1 Lost Wages – Leave Without Pay

Executive members that have taken leave without pay (LWOP) from their usual employer to carry out approved ALAEA duties are eligible to be reimbursed the wages they would have earned on that day from their usual employer, including shift penalties and any expected allowances.

'that day' will be the day of the ALAEA duty or the evening before the ALAEA duty (if on night shift). Another day that is not on a weekend (weekend ok if no shift penalty difference) can be substituted at the election of the Executive member. The Federal Secretary may give prior approval to other arrangements on a case-by-case basis.

For LAMEs employed by Qantas the wages will be determined by dividing the normal overtime rate paid by Qantas by two, and then applying the applicable shift penalties for the day. Superannuation will be paid by the ALAEA at a rate of 15% in recognition of incidental losses to superannuation and length of employment service that may occur as a result of taking LWOP.

4.3.2 Lost Wages – Annual Leave Taken

Executive members using their own leave to carry out approved ALAEA duties are eligible to be paid the same by the ALAEA as they would have been paid by their usual employer for that day. For LAMEs employed by Qantas the wages will be determined by dividing the normal overtime rate paid by Qantas by two, and then



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applying the applicable shift penalties for the day. Superannuation contributions of 10% will be made.

4.3.3 Lost Wages - Rostered Days Off

Executive members carrying out approved ALAEA duties on their rostered days off work from their normal employer are eligible to be paid their usual employers base hourly rate including usual allowances for the time spent working for the ALAEA, including travel time.

No payment will be made for any day off or part thereof where an Executive member has received payment for a day in lieu accounting for the ALAEA work.

For LAMEs employed by Qantas the wages will be determined by dividing the normal overtime rate paid by Qantas by two. Superannuation contributions of 10% will be made.

4.3.4 Contract Work

Executive members employed as consultants when carrying out approved ALAEA duties are eligible to be paid \$60 per hour for time spent working for the ALAEA.

4.3.5 Payslip Provision

All Executive members will keep on file a copy of a payslip from their employer showing their current wage rate. If the Executive member's wage rate changes a new payslip copy must be supplied and kept on file. The payslips will be used to determine wages paid under this policy.

4.3.6 Approved ALAEA Duties

Approved ALAEA Duties include:

- Federal Executive Meetings and Federal Conferences.
- Industrial Relations activities authorised by the Federal Secretary.



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- Representing ALAEA members in work related matters outside of the Executive members normal workplace as authorised by the Federal Secretary.
- Technical meetings as authorised by the Federal Secretary.
- Conferences and seminars as authorised by the Federal Executive.
- Other duties as determined by the Federal Executive.

4.4 Airfares

Tickets are to be purchased using staff concession if available. Any other ticket must be authorised by the Federal Secretary.

4.5 Taxis

The use of taxis must be for approved ALAEA duties and activities. If an Executive member has paid for the use of a taxi, a receipt must be obtained and attached to the claim form with an explanation of the trip purpose.

4.6 Meal Allowances

If a Federal Executive member is undertaking travel within Australia on ALAEA duties that includes an overnight stay and meals are not provided by the ALAEA the following amounts may be claimed:

- a. The current meal allowance amount for the lowest tier as established in the ATO annual reasonable amounts ruling for the applicable destination; and
- b. The current incidental amount for the lowest tier as established in the ATO annual reasonable amount for each day where at least one night was spent away from home.
- c. Actuals for meals or incidentals are payable if the travel does not include a night away from home.



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- d. All meal allowance claims shall be submitted on the ALAEA meal allowance record sheet.
- e. Times a meal may be claimed are contained in the following table:

Day of Arrival at Destination

Arrival before 10am – breakfast, lunch, dinner and incidentals.
Arrival between 10am and 4pm - lunch, dinner and incidentals.
Arrival after 4pm – dinner and incidentals.

Day of Departure from Destination

Departure before 10am – breakfast and incidentals.
Departure between 10am and 4pm - breakfast, lunch and incidentals.
Departure after 4 pm - breakfast, lunch, dinner and incidentals.

4.7 Personal Vehicle Use

A kilometre allowance may be claimed by Federal Executive members using their own cars on ALAEA duties. Each claim must be reasonable and in the best interests of the Association as determined by the 3 Officers who will be required to approve each claim.

Per kilometre rates as published each financial year by the ATO will be used.

4.8 Parking and Fines

Fees for parking incurred whilst carrying out ALAEA duties will be reimbursed on production of a receipt.

Fines received for exceeding parking limits will be paid if circumstances genuinely prevented the fine being avoided. A statutory declaration with details must be supplied. Fines received for parking illegally or other traffic infringements will not be paid.



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4.9 Use of ALAEA Vehicle

A logbook will be kept in the ALAEA vehicle. An entry will be made after each journey that is not for work purposes (private journeys). The logbook will be used to comply with the RO Act disclosure requirements.

Staff who are entitled to a car allowance shall not have that entitlement reduced for unavoidable use of the ALAEA vehicle.

4.10 Overseas Expenses

When travelling overseas for approved ALAEA duties, the following may be claimed:

- Airfares; and
- Accommodation; and
- Visa fees and other taxes required to facilitate travel; and
- Local transport expenses including hire cars; and
- Current meal allowances and incidentals for the applicable destination as established by the annual ATO reasonable amounts ruling for the lowest tier; and
- Reasonable internet access; and
- Travel insurance.

4.11 Mobile Phones

The ALAEA offers each Federal Executive member with a mobile phone for ALAEA and reasonable private use. The Federal Secretary may approve alternative mobile phone arrangements for Federal Executive members that choose not to accept an ALAEA mobile phone.



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4.12 Computers and Internet

The Federal Secretary may approve at his/her discretion the provision of an ALAEA owned computer equipment and/or internet access to a Federal Executive or staff member.

The Federal Secretary may approve the sale of surplus, obsolete or computers replaced by newer computers. The sale price will be determined by applying ATO valuation/depreciation rules.

The Federal Secretary may approve the disposal of computers after a zero value has been established in accordance with the process outlined above.

4.13 Conferences / Training Courses / Meetings

The Federal Secretary may approve attendances and expenditure in connection with Conferences, Training courses and relevant meetings for ALAEA staff.

4.14 Hospitality, Entertainment and ALAEA Functions

The Federal Secretary and/or Federal President are authorised to approve and incur expenditure in relation to hospitality, entertainment and functions that are related or incidental to ALAEA business and objectives.

4.15 Special Circumstances

From time to time special or unforeseen circumstances may arise in relation to matters covered in this document which may warrant a special arrangement to be applied. Any such request may be put to the Federal Secretary for approval and the Federal Executive shall be informed of such decisions on each occasion.

4.16 Petty Cash

Where possible, all Association related purchases should be invoiced and paid on account through a direct deposit or BPay following the expenditure approval process. If this is not possible then the next preferable option is to use a union credit card.



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Where this is not possible, staff may be authorised by the Office Administrator or Federal Secretary to be advanced money from the Association's petty cash to be used on small purchases. In all instances a receipt must be provided.

4.17 Expenses Over \$5000

Large purchases (over \$5000) require at least two quotes. Usually, the ALAEA will select the lowest cost option for any particular purchase however this will be weighed against the best interests of members and the union. A higher quote may be accepted if that service provider offers a better overall deal or service.

5. TRAVELLING

5.1 Domestic Travel

Domestic travel requires prior Executive approval if the following is exceeded:

- Travel should occur on the day of ALAEA work unless doing so would exceed the Executive/staff member's normal hours of work.
- Where travel would exceed normal hours of work, to prevent exceedance, the Executive/staff member may arrive the evening prior to or leave the morning after the day of ALAEA work.
- Any additional unapproved time away shall be at no expense to the Association.

5.2 International Travel

Executive approval is required prior to all International travel. A motion shall be accompanied by a claim form to cover the hours of wage reimbursement the Executive/staff member may claim and the number of approved nights' accommodation.

The following guidelines for accommodation and flight bookings must be followed when seeking approval for International travel:



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- Arrival should be no more than the second day prior to commencement of the event proper (registration day not included).
- Departure should be no later than the day after the event/conference finishes.
- A cash advance can be obtained by the person travelling to cover known costs prior to travel.

Executive members who elect to use concessional airline staff airfares may claim reimbursement for additional accommodation where they have been offloaded away from home. In circumstances where a delay is greater than 20 hours, the Federal Executive shall be advised by the person travelling.

The following guidelines for wage reimbursement must be followed when seeking approval for International travel:

- Executive member wage claims should total either;
- The amount the Executive member would have received from their normal employer if they had not undertaken International travel for the ALAEA; or
- The Executive member's hourly rate for all time spent travelling, 4 hours for any registration day and 8 hours for each full day worked.
- No Executive member should be required to work for at least 24 hours after return from International travel greater than 10 hours flight time. The cost of time off usual employment will be covered by the Association.

Any additional unapproved time away shall be at no expense to the Association.



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6. CREDIT CARDS

6.1 Credit Card Policy

The ALAEA credit card policy is outlined below. It considers the issuance and use of company issued cards and use of personal cards.

6.2 Company Issued Cards

6.2.1 Approval and Use

Only staff or officials who have obtained approval from the Federal Secretary may access or use a union credit card. The credit card is only able to be used for valid Association business or for purchases that are related to the employee's or official's union responsibilities.

The cardholder may not delegate use of the card to any other person.

6.2.2 Credit Limit

Each cardholder's credit limit will be determined at the time the card is issued. The cardholder must not exceed this maximum limit and should immediately notify the Federal Secretary if they think they have exceeded it.

6.2.3 Documentation

The cardholder must keep receipts for all purchases made on the credit card. This documentation should be attached to the monthly statement.

6.2.4 Reconciliation and Authorisation

Within five days after the end of each billing cycle, the cardholder will be provided with a credit card statement. They will be required to perform a reconciliation of any transactions incurred for that month.



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As part of the reconciliation process, the cardholder must verify that each transaction is correct and attach any relevant receipts or invoices prior to the payment date. If the cardholder fails to reconcile their account within this time period, their card may be suspended or terminated until the reconciliation is complete. The cardholder should sign the monthly statement to indicate they have read the statement and verified that all the transactions were valid.

The office administrator will check all cardholder purchases on a monthly basis.

6.2.5 Unauthorised or Inappropriate Use

Credit cards will not normally be used for personal or non-work-related expenses. In the case of an emergency or inadvertent use, prompt reimbursement to the ALAEA must occur. If the cardholder finds they have accidentally used their union credit card to pay for a non-union expense, they must immediately notify the Federal Secretary or Office Administrator in writing and arrange repayment of funds.

Any cardholder who has been found to have misused their credit card may face disciplinary action including revocation of their credit card and/or a formal warning. If the card has been found to have been deliberately and wilfully misused, and/or if the breach of policy is significant or repeated, the ALAEA may consider the cardholder's behaviour to be an example of serious misconduct warranting instant dismissal.

If any item purchased with a credit card is found to have breached the terms of use, the cardholder must either return the item to its place of purchase for a full refund. Alternatively, the cardholder must reimburse the union for the full amount, including any associated interest charges if applicable.

6.2.6 Cancellation

Cardholders must immediately return their credit card to Office Administrator upon termination of employment or cessation of being an official, or at any other time if requested to do so by the Federal Secretary. If a card has been lost or stolen, this must also be immediately reported to the card issuer and to the office administrator, so that the card can be immediately cancelled.



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6.3 Use of Personal Cards for Association Related Expenses

6.3.1 Reasons for use

A staff or Executive member may elect not to hold an ALAEA issued credit card. Reasons include but are not limited to personal liability and a reduced lending capacity that accompanies an employee who is issued a company credit card.

Instead, they may use their own card and lodge receipts to verify each ALAEA approved expense.

6.3.2 No Cost to ALAEA

The use of a personal credit card must not cause cost to the Association. The ALAEA will not be liable for or re-imburse:

- Membership fees; or
- Interest on amounts borrowed; or
- Reduced lending capacity of the cardholder.

6.3.3 Cardholder/Issuer Relationship

The ALAEA will have no stake or obligation to the issuer of the credit card. The relationship is between the cardholder and the issuing body. The ALAEA will have 'no part in the scheme as such' and will 'not arrange for the employee to participate in the scheme'.⁶

6.3.4 Personal Rewards

Staff and Executive members should be aware of the taxation implications of reward points awarded through purchases by an employee on a personal credit card. They

⁶ *Payne v Federal Commissioner of Taxation* (1996) 66 FCR 299.



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are explained in two ATO documents.⁷ PS LA 2004/4 (GA) states at paragraph 5 that:

a referral to a Senior Technical Leader in the Australian Taxation Office (ATO) for review is necessary if the reward (that is, the benefit obtained from redemption of credit card reward points) is considered to be assessable income (or a fringe benefit) because:

- The arrangement is so contrived and artificial that it has no commercial purpose other than to allow the recipient to receive the rewards; or
- The nature of the arrangements suggests that the rewards are a substitute for income which would otherwise be earned; or
- The points accumulated exceed 250,000 points per annum.

7. CONFLICTS OF INTEREST

Conflicts of interest arise when there is a perceived, actual or potential conflict between an Officer's (or senior staff member's) duty to the Association and their own (or their relative's) private or personal interests.

All union officers are obligated to always act in the best interests of the members of the union. Decisions about the management and operation of the union need to be based on this principle.

7.1 Legislative Requirements

The Fair Work (Registered Organisations) Act 2009 ('FW (RO) Act') was amended in 2012 with some additional requirements for unions in this area. The ALAEA rules have been amended in accordance with legislative requirements. The Rules specify the obligations of elected officials.

⁷ ATO Ruling - Income Tax Implications Credit Card Reward Points, Authorisation Number: 1051591947482; PS LA 2004/4 (GA).



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7.2 Principles

The ALAEA is committed to ensuring that conflicts of interests, where they arise, are dealt with in a transparent and ethical way. The ALAEA recognises that conflicts of interest are common, but it is the way they are dealt with that is important. Proper processes will ensure that conflicts of interest do not impact on the integrity of our decision making.

The purpose of this policy is to develop practices around conflicts of interest that ensure that the:

- fees of members are protected from misuse; and
- reputation of the ALAEA is protected and enhanced by internal practices; and
- most appropriate goods and services are obtained and the best people are employed in order for the ALAEA to be able to further the interests of our members; and
- ALAEA continues to meet its legal obligations.

7.3 Definitions

Officer: An officer is a person who holds office in the union or a branch or section of the union. This includes the offices of (President, Senior Vice President, Vice President, Trustee, Secretary and Assistant Secretary) of the Association. It also includes all voting members of a collective body of the Association, but only if that collective body has power to:

- manage the affairs of the union; and
- determine the union's policy; and
- make, alter or rescind union rules; and
- enforce union rules.



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Material personal interest: A material personal interest relates to an interest, or 'stake', in the outcome of any particular decision or transaction, where the individual stands to gain a substantial benefit, or suffer a substantial loss, either directly or indirectly.

An interest need not be financial in order to be considered material. Any interest that has the capacity to influence an individual's decision would be considered material, provided that the interest is of some substance or value.

To be considered 'personal', an interest must relate to that individual, either directly or indirectly through a relative.

Conflict of interest: A conflict of interest may arise in instances where the relevant officer is, could be, or is perceived by a reasonable person to be, influenced by a private interest when carrying out their union related duties. A conflict of interest may be actual, perceived or potential.

An actual conflict of interest arises when an officer (or relative of the officer) is in a position to be influenced by their private interest(s) when performing their union role.

A perceived conflict of interest arises when an officer (or relative of the officer) is in a position to appear to be influenced by their private interest(s) when performing their union role.

A potential conflict of interest arises when an officer (or relative of the officer) is in a position where they may be influenced in the future by their private interest(s) when performing their union role.

Relative: A relative is a spouse, parent, stepparent, child, stepchild, grandparent, grandchild, brother, or sister. It will include the spouse of any of those persons.

Related party: A related party is any:

- officer of the union or their spouse or relatives; or
- entity acting in concert with a related party on the understanding that parties will share or exchange financial benefits; or



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- entity controlled by an officer of the union or controlled by the officer's spouse or relatives; or
- entity (such as a business or organisation) controlled by the union.

All entities that were previously considered 'related parties' in the preceding six months, or that are likely to become related parties in the near future, are also considered to be related parties.

7.4 Disclosure of Interests

The ALAEA and its Officers will always strive to meet the mandated disclosure obligations contained in the legislation and in the ALAEA Rules.

7.5 Gifts and Gratuities

Gratuities and gifts received by Executive members or Staff over the value of \$100 will be declared to the Federal Executive.

8. FAIR WORK COMMISSION AND LEGAL ADVOCACY

8.1 Review and Appeals

The Association reserves the right to determine the merits of any matter arising from the course of an employment dispute. In such circumstances, it is open to the Federal Secretary to determine whether to allocate Association resources in litigating a matter. In reaching this decision, the Secretary will have regard to the advice provided by the relevant industrial staff and/or legal counsel.

The Secretary may elect to defer a decision in respect of approving Association finances to fund litigation by seeking to table the matter before the Federal Executive. The Federal Executive may elect to accept or reject the recommendation of the Secretary/Industrial Staff/Legal Counsel in determining whether to proceed in funding litigation.



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8.2 Member Requested Review

In circumstances where the Federal Secretary has determined not to fund litigation in relation to an industrial matter, the affected member may request in writing that the original decision be reviewed by the Federal Executive.

