



19 September 2023

Marcus Pare
Branch State Secretary
Construction, Forestry, Maritime, Mining and Energy Union - Construction and General Division, South
Australia Divisional Branch
Sent via email: saqueries@cfmeu.org
CC: Elizabeth.blunt@bdo.com.au

Dear Marcus Pare

**Construction, Forestry, Maritime, Mining and Energy Union - Construction and General Division, South
Australia Divisional Branch
Financial Report for the year ended 31 March 2023 – (FR2023/8)**

I acknowledge receipt of the financial report for the year ended 31 March 2023 for the Construction, Forestry, Maritime, Mining and Energy Union - Construction and General Division, South Australia Divisional Branch. The documents were lodged with the Fair Work Commission (the Commission) on 1 September 2023. The financial report has now been filed. The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under sections 253, 265, 266 and 268 of the Fair Work (Registered Organisations) Act 2009 (RO Act) have been satisfied, all documents required under section 268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements.

You are not required to take any further action in respect of the report lodged. Please note that the financial report for the year ending 31 March 2024 may be subject to an advanced compliance review.

Emphasis of matter paragraph in auditor report

I note the contents of the paragraph, *Material uncertainty related to going concern* within the auditor's report. Please note that the Commission will continue to monitor future auditor reports regarding this matter.

Reporting Requirements

The Commission's website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the section 253 reporting guidelines and a model set of financial statements.

The Commission recommends that reporting units use these model financial statements to assist in complying with the Fair Work (Registered Organisations) Act 2009 (RO Act), the section 253 reporting guidelines and Australian Accounting Standards. Access to this information is available via this link.

If you have any queries, please contact me on (03) 8650 0182 or by email at mihiri.jayawardane@fwc.gov.au.

Yours sincerely

Mihiri Jayawardane
Fair Work Commission

CFMEU

CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN DIVISIONAL BRANCH

ABN 71 560 759 083

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN DIVISIONAL BRANCH**

COMMITTEE OF MANAGEMENT OPERATING REPORT

FOR THE YEAR ENDED 31 MARCH 2023

Operating Report

In accordance with section 254 of the *Fair Work (Registered Organisations) Act 2009* the Committee of Management ("the Committee") presents its Operating Report on the Construction, Forestry, Maritime, Mining & Energy Union Construction & General Division South Australian Divisional Branch ("Union"), for the year ended 31 March 2023.

Principal Activities

The principal activities of the Union, fall into the following categories:

- Implementation of the decisions of the Divisional Branch Executive, Divisional Branch Management Committee and resolutions of the State Delegates' convention.
- The development and implementation of the Union policy through effective communications with members at the workplace.
- The administration of State awards, the variation of awards following major test cases (ie State wage case) and making other variations to awards for other industrial matters.
- Industrial support including representation of members grievances and/or advice at their workplaces and/or through the various industrial tribunals (ie Industrial Relations Commission, Workers Compensation etc).
- Ongoing communication to members and the broader community through meetings, rallies, media releases, journals and flyers.
- Growing the organisation through good on the job organisation and strong links between the organisers and members.

The results of those activities were ongoing in providing effective leadership to officers, organisers, delegates and membership in the development, advancement and delivery of policy through a delegation of responsibilities and effective communication strategies in the areas of organising, policy/administration, and Industrial Relations/ Training/ Workcover.

There were no significant changes to the nature of those activities during the period.

Operating Results

The operating deficit for the financial year amounted to \$944,190 (31 March 2022: \$451,279 deficit)

Significant Changes in Financial Affairs

There was no significant change in the financial affairs of the Union during the year.

Events subsequent to reporting date

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

Future Developments

Likely developments in the operations of the Union and the expected results of those operations in future financial years have not been included in this report as such information is likely to result in unreasonable prejudice to the Union.

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN DIVISIONAL BRANCH**

COMMITTEE OF MANAGEMENT OPERATING REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Environmental Issues

The Union's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Members Right to Resign

Members have the right to resign from the Union in accordance with section 174 of the *Fair Work (Registered Organisations) Act 2009* and Rule 11 of the Federal Rules.

Officers or Members who are Superannuation Fund Trustees/ Director of a Company that is a Superannuation Fund Trustee

There are no officers or members who hold a position of trustee or director of an entity, scheme or company as described in s.254 (2) (d) of the *Fair Work (Registered Organisations) Act 2009*.

Number of Members

The number of members at the end of the financial period recorded in the register of members and taken to be members of the Union was 2,170 (2022: 2,171).

Number of Employees

The number of full-time equivalent employees of the Union at the end of the financial year was 10 (2022: 8).

Members of the Committee of Management

The name of each person who has been a member of the committee of management of the Union at any time during the reporting period, and the period for which he or she held such a position is as follows:

Name	Position	Period of appointment
Robert Graaumans	Divisional Branch President	29/03/23 – 31/03/23
Mark Palmer	Divisional Branch Vice President	Whole Period
Andrew Sutherland	Divisional Branch Secretary	01/04/22 – 29/03/23
John Setka	Divisional Branch Secretary	29/03/23 – 31/03/23
Margues Pare	Divisional Branch Assistant Secretary	Whole Period
Lee Winchester	Divisional Branch Treasurer	18/05/22 – 31/03/23
Anthony Rowland	Divisional Branch Trustee	06/07/22 – 31/03/23
Travis Brook	Divisional Branch Trustee	Whole period
Vacant	Divisional Branch Organiser	Whole Period
Vacant	Divisional Branch Organiser	Whole Period
James Rusinski	Divisional Branch Committee Member	18/05/22 – 31/03/23
Duncan Campbell	Divisional Branch Committee Member	01/04/22 – 21/05/22
Mark Forster	Divisional Branch Committee Member	Whole period
Daniel Bottrell	Divisional Branch Committee Member	13/04/22 – 31/03/23
David Ellis	Divisional Branch Committee Member	13/04/22 – 31/03/23

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN DIVISIONAL BRANCH**

COMMITTEE OF MANAGEMENT STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

On 02 August 2023, the Committee of Management of the Construction, Forestry, Maritime, Mining & Energy Union, Construction & General Division, South Australian Divisional Branch ("the Union") passed the following resolution to the General Purpose Financial Report (GPFR) of the reporting unit for the year ended 31 March 2023.

The Committee of Management declares 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 Union for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the Union will be able to pay its debts as and when they become due and payable; 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 and the rules of the Union concerned; and
 - ii. the financial affairs of the Union have been managed in accordance with the rules of the organisation including the rules of the Union concerned; and
 - iii. the financial records of the Union have been kept and maintained in accordance with the *RO Act*; and
 - iv. where the organisation consists of two or more reporting units, the financial records of the Union have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
 - v. where information has been sought in any request of a member of the Union or the Commissioner duly made under section 272 of the *RO Act*, that information has been provided to the member or the Commissioner; and
 - vi. where any order for inspection of the financial records has been made by the Fair Work Commission under section 273 of the *RO Act*, there has been compliance.

This declaration is made in accordance with a resolution of the Committee of Management.

Name of Designated Officer: Margues Pare

Title of Designated Officer: Divisional Branch Assistant Secretary

Signature: 
.....

Date: 02 August 2023

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN DIVISIONAL BRANCH**

COMMITTEE OF MANAGEMENT OPERATING REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Indemnifying Officers or Auditors

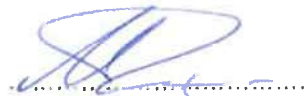
The Union has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor:

- indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against liability for the costs or expenses to defend legal proceedings.

Disclosure Statements - Remuneration and Non-Cash Benefits of Highest Paid Officers

The five highest paid officers of the Union for the disclosure period ended 31 March 2023 and the amounts of the relevant remuneration paid to them and the value or form of non-cash benefits received by them are set out in Note 13 of the financial statements.

This report is made in accordance with a resolution of the Committee of Management and is signed for and on behalf of the Committee of Management by:



Margues Pare

Divisional Branch Assistant Secretary

02 August 2023

Adelaide

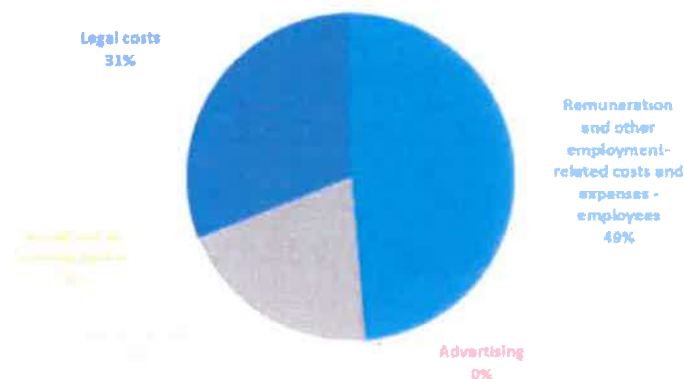
**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
 CONSTRUCTION & GENERAL DIVISION
 SOUTH AUSTRALIAN DIVISIONAL BRANCH**

REPORT REQUIRED UNDER SUBSECTION 255(2A)

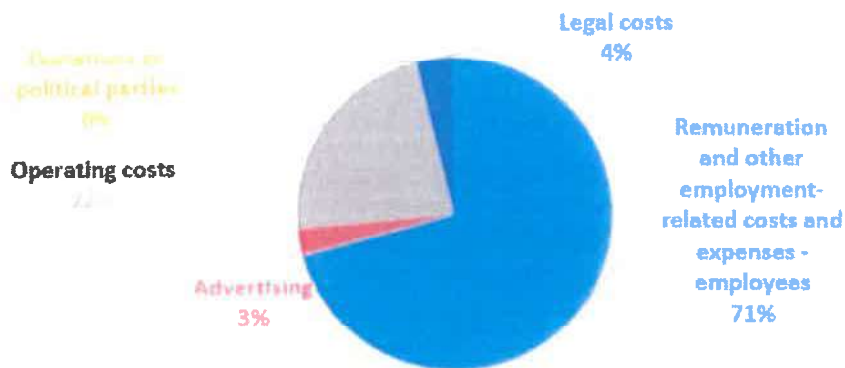
FOR THE YEAR ENDED 31 MARCH 2023

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the years ended 31 March 2022 and 31 March 2023.

**2023 - EXPENDITURE AS REQUIRED UNDER
 S.255(2A) RO ACT**



**2022 - EXPENDITURE AS REQUIRED UNDER
 S.255(2A) RO ACT**



Name of Designated Officer: Margues Pare
Title of Designated Officer: Divisional Branch Assistant Secretary
Signature:
Date: 02 August 2023

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN DIVISIONAL BRANCH**

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 \$	2022 \$
Revenue from contracts with customers			
Membership subscription		1,825,700	1,634,607
Capitation fees		-	-
Levies – Compulsory or Voluntary		-	-
Interest		89	37
Other revenue	3	566,569	371,453
Total revenue from contracts with customers		<u>2,392,358</u>	<u>2,006,097</u>
Other Income			
Net gains from sale of assets		-	-
Total other income		<u>-</u>	<u>-</u>
Total income		<u>2,392,358</u>	<u>2,006,097</u>
Expenses			
Employee expenses	4A	1,486,885	1,528,943
Capitation fees	4B	156,401	130,954
Affiliation fees	4C	20,176	23,673
Administration expenses	4D	21,731	24,616
Grants or donations	4E	31,883	12,000
Depreciation and amortisation	4F	21,412	23,041
Finance costs	4G	16,349	13,282
Legal costs	4H	939,152	81,234
Accounting and audit fees	4I	31,900	11,280
Other expenses	4J	610,659	608,353
Total expenses		<u>3,336,548</u>	<u>2,457,376</u>
Surplus (deficit) for the year		<u>(944,190)</u>	<u>(451,279)</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>(944,190)</u>	<u>(451,279)</u>

The above statement should be read in conjunction with the notes.

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN DIVISIONAL BRANCH**

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Notes	2023 \$	2022 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5A	105,481	130,162
Trade and other receivables	5B	39,121	49,960
Other current assets	5C	-	-
Total current assets		<u>144,602</u>	<u>180,122</u>
Non-Current Assets			
Property, plant and equipment	5C	19,060	34,326
Total non-current assets		<u>19,060</u>	<u>34,326</u>
Total assets		<u>163,662</u>	<u>214,448</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	6A	1,213,825	158,568
Employee provisions	6B	151,192	63,594
Revenue in Advance	6C	378,203	255,728
Total current liabilities		<u>1,743,220</u>	<u>477,890</u>
Non-Current Liabilities			
Trade and other payables	6A	-	384,510
Employee provisions	6B	24,730	12,146
Total non-current liabilities		<u>24,730</u>	<u>396,656</u>
Total liabilities		<u>1,767,950</u>	<u>874,546</u>
Net assets		<u>(1,604,288)</u>	<u>(660,098)</u>
EQUITY			
Accumulated losses		(1,604,288)	(660,098)
Total equity		<u>(1,604,288)</u>	<u>(660,098)</u>

The above statement should be read in conjunction with the notes.

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN DIVISIONAL BRANCH**

STATEMENT OF CHANGES IN EQUITY

AS AT 31 MARCH 2023

	Accumulated Losses		Total
	General Fund	Trust Account	Equity
	\$	\$	\$
Balance as at 1 April 2021	(209,275)	456	(208,819)
Deficit for the period	(451,279)	-	(451,279)
Other comprehensive income			
Closing balance as at 31 March 2022	(660,554)	456	(660,098)
Deficit for the year	(944,190)	-	(944,190)
Other comprehensive income	-	-	-
Closing balance as at 31 March 2023	(1,604,744)	456	(1,604,288)

The above statement should be read in conjunction with the notes.

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN DIVISIONAL BRANCH**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 \$	2022 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from other reporting units	7B	-	1,250
Receipts from members and other customers		2,697,045	2,230,333
Interest		89	37
Cash used			
Employees and suppliers		(2,445,060)	(2,301,642)
Finance cost		-	(13,282)
Payment to other reporting units	7B	(270,609)	(299,457)
Net cash from (used by) operating activities	7A	(18,535)	(382,761)
INVESTING ACTIVITIES			
Cash received			
		-	-
Cash used			
Purchase of plant and equipment		(6,146)	(1,554)
Net cash from (used by) investing activities		(6,146)	(1,554)
FINANCING ACTIVITIES			
Net cash from (used by) financing activities			
		-	-
Net increase (decrease) in cash held		(24,681)	(384,315)
Cash & cash equivalents at the beginning of the reporting period.		130,162	514,477
Cash & cash equivalents at the end of the reporting period	5A	105,481	130,162

The above statement should be read in conjunction with the notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of the financial statements

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisation) Act 2009*. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by IASB. For the purposes of preparing the general purpose financial statements, the Construction, Forestry, Maritime, Mining & Energy Union Construction and General Division South Australian Divisional Branch ('Union') is a not-for-profit entity. The Union has applied the Tier 1 reporting requirements as per the Australian Accounting Standard AASB 1053 *Application of Tiers of Australian Accounting Standards*.

The financial statements except for the cashflow information, 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.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

1.2 Comparative amounts

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

1.3 Significant accounting judgements and estimates

The following accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Key estimates and judgements

Provisions

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

Useful lives of property, plant and equipment

Property, plant and equipment are depreciated over the useful life of the asset and the depreciation rates are assessed when the assets are acquired or when there is a significant change that affects the remaining useful life of the asset.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

The accounting policies adopted are consistent with those of the previous financial year.

No accounting standard has been adopted earlier than the application date stated in the standard.

1.5 Revenue

The Union enters into various arrangements where it received consideration from another party. These arrangements include consideration in the form of membership subscriptions, levies, picnic income, sponsorships and interest.

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 service 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 service 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.

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of the Union.

If there is only one distinct membership service promised in the arrangement, the Union recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect the Union's promise to stand ready to provide assistance and support to the member as required.

If there is more than one distinct good or service promised in the membership subscription, the Union allocates the transaction price to each performance obligation based on the relative standalone selling price of each promised good or service. In performing this allocation, standalone selling prices are estimated if there is no observable evidence of the price that the Union charges for that good or service in a standalone sale. When a performance obligation is satisfied, which is either when the customer obtains control of the good or as the service transfers to the customer (for example, member services or training course), the Union recognises revenue at the amount of the transaction price that was allocated to that performance obligation.

For member subscriptions paid six monthly in advance, the Union has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

When a member subsequently purchases additional goods or services from the Union at their standalone selling price, the Union accounts for those sales as a separate contract with a customer.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.5 Revenue (continued)

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's recognition of the cash contribution does not give rise to any related liabilities.

The Union receives cash consideration from the following arrangements whereby that consideration is recognised as income upon receipt:

- donations and voluntary contributions from members (including whip arounds); and

Interest income

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

Picnic income

The Union recognises picnic income as income upon receipt.

1.6 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 *Employee Benefits*) and termination benefits which are expected to be settled within twelve months of the end of the reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the Union in respect of services provided by employees up to reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN DIVISIONAL BRANCH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.7 Leases

The Union assesses whether a contract is or contains a lease, at inception of a contract. The Union recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Union recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Reporting Entity uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments, less any lease incentives.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

1.8 Cash and cash equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

1.9 Provisions

Provisions are recognised when the Union has legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.10 Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Union becomes a party to the contractual provisions of the instrument.

1.11 Financial assets

Contract assets and receivables

A contract asset is recognised when the Union's right to consideration in exchange goods or services that has transferred to the customer when that right is conditioned on the Union's future performance or some other condition. A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e. only the passage of time is required before payment of the consideration is due).

Contract assets and receivables are subject to impairment assessment. Refer to accounting policies on impairment of financial assets below.

Financial assets at amortised cost

The Union measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Union's financial assets at amortised cost includes trade receivables.

Impairment

(i) Trade and membership dues receivables

For trade and membership dues receivables that do not have a significant financing component, the Union applies a simplified approach in calculating expected credit losses (ECLs) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, the Union does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Union has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.12 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

1.13 Property, Plant and Equipment

Asset recognition threshold

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment of losses. Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	31 March 2023	31 March 2022
Office furniture & equipment	20-33%	20-33%

Derecognition

An item of land, buildings, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

1.14 Impairment of non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Union were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.15 Income Tax

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

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

1.16 Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Union incurred an operating deficit of \$944,190 during the year ended 31 March 2023 (31 March 2022: deficit \$451,279), and as at that date the Union's total liabilities exceeded total assets by \$1,604,288 (31 March 2022: \$660,098)

The Union is currently receiving management support from CFMEU C&G Victoria and Tasmania to improve its operations and membership offerings to enable it to become financially independent. While it goes through this process, the Union is reliant on the agreed financial support of the CFMEU C&G Victoria and Tasmania Office to continue on a going concern basis.

Notwithstanding these events and conditions, the Committee of Management believe that the Union will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

However, these events and conditions indicate that a material uncertainty exists which may cast significant doubt on the Union's ability to continue as a going concern, and therefore the Union may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the entity does not continue as a going concern.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.17 Acquisition of Assets and Liabilities

The Union did not acquire any asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of the organisation, a determination or revocation by the General Manager of the Fair Work Commission under subsections 245(1) or 249(1) of the RO Act.

1.18 Recovery of Wages

The Union has undertaken recovery of wages activities during the year.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

NOTE 2 EVENTS AFTER REPORTING DATE

There were no events that occurred after 31 March 2023, and/ or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Union.

NOTE 3 INCOME	2023	2022
	\$	\$

Disaggregation of revenue from contracts with customers

A disaggregation of the Union's revenue by type of arrangements is provided on the face of the Statement of comprehensive income. The table below also sets out a disaggregation of revenue by type of customer.

Type of customer		
Members	1,825,700	1,634,607
Other reporting units	-	-
Government	-	-
Other parties	565,477	371,490
Total revenue from contracts with customers	2,391,177	2,006,097

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FOR THE YEAR ENDED 31 MARCH 2023

NOTE 3 INCOME	2023	2022
	\$	\$
Note 3: Other Revenue		
Meeting attendance & board fees	101,447	49,048
Advertising income	12,000	18,500
BIRST Distribution	-	10,000
Donations	1,181	-
Promotion & Advertising income	30,000	30,000
Sponsorship	110,000	103,595
Merchandise sales	28,316	19,823
EBA Processing fee	17,455	14,182
Picnic Day	13,010	46,755
Sundry income and reimbursements	253,161	79,550
Financial support from another reporting unit	-	-
Total other revenue	566,569	371,453

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

NOTE 4 EXPENSES	2023	2022
	\$	\$
Note 4A: Employee expenses		
Holders of office:		
Wages and salaries	408,404	638,522
Superannuation	59,802	87,209
Leave and other entitlements	48,989	(21,554)
*Separation and redundancies	15,600	25,900
Other employee expenses	37,382	64,278
Subtotal employee expenses holders of office	<u>570,177</u>	<u>794,355</u>
Employees other than office holders:		
Wages and salaries	674,288	556,794
Superannuation	97,095	81,183
Leave and other entitlements	51,193	19,480
*Separation and redundancies	26,740	21,080
Other employee expenses	61,720	56,051
Subtotal employee expenses employees other than office holders	<u>911,036</u>	<u>734,588</u>
Total employee expenses	<u>1,481,213</u>	<u>1,528,943</u>

*Separation and redundancies include contributions to the redundancy fund.

Note 4B: Capitation fees

CFMEU C&G National Office	156,401	130,954
Total Capitation fees	<u>156,401</u>	<u>130,954</u>

Note 4C: Affiliation fees

Australian Labor Party South Australian Branch	8,725	8,491
SA Unions	8,517	12,272
Other Affiliations	2,934	2,910
Total Affiliation fees	<u>20,176</u>	<u>23,673</u>

Note 4D: Administration expenses

Levies – compulsory levy	18,980	18,930
Fees/allowances - meeting and conferences	-	-
Conference and meeting expenses	2,751	5,686
Total administration expenses	<u>21,731</u>	<u>24,616</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

NOTE 4 EXPENSES (CONTINUED)	2023	2022
	\$	\$
Note 4E: Grants or donations		
Grants:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	500	-
Total paid that exceeded \$1,000	31,383	12,000
Total grants or donations	<u>31,883</u>	<u>12,000</u>
Note 4F: Depreciation and amortisation		
Depreciation:		
Property, plant and equipment	21,412	23,041
Total depreciation	<u>21,412</u>	<u>23,041</u>
Note 4G: Finance costs		
Bank charges and credit card fees	16,349	13,282
Total finance costs	<u>16,349</u>	<u>13,282</u>
Note 4H: Legal costs		
Litigation	404,797	76,125
Other legal matters	307,356	5,109
Total legal costs	<u>712,152</u>	<u>81,234</u>
Note 4I: Accounting and Audit fees		
Accounting and audit expenses	31,000	10,480
Other accounting services	900	800
Total accounting and audit fees	<u>31,900</u>	<u>11,280</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

NOTE 4 EXPENSES (CONTINUED)	2023	2022
	\$	\$
Note 4J: Other expenses		
Penalties – via RO Act or the <i>Fair Work Act 2009</i>	-	-
Advertising	-	383
Barbecue costs	1,970	4,544
Cleaning	5,707	1,000
Computer expenses	26,207	24,086
Doubtful debts	-	66,756
Insurance (General, Members & Income Protection)	36,941	43,352
Light & power	18,266	16,187
Minor asset purchases	3,087	377
Motor vehicle expenses	59,326	55,577
Motor vehicle leasing – ABCWF	45,400	37,760
Office expenses	72,465	40,029
Photocopier rental	9,384	9,384
Postage, Printing & stationery	91,391	73,373
Promotional items	5,525	57,990
Rent to ABCWF	60,000	60,000
Repairs & maintenance	5,490	12,704
Sponsorship	3,060	-
Subscription	7,227	22,077
Sundry expenses	27,220	440
Telephone & communication	27,192	27,715
Travel and accommodation	104,799	54,619
Total other expenses	610,659	608,353

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

NOTE 5 ASSETS **2023** **2022**
\$ **\$**

Note 5A: Cash and Cash Equivalents

Cheque account	92,872	37,634
Trust account	457	456
Petty cash	1,000	1,000
Business online saver	11,152	91,072
Total cash and cash equivalents	<u>105,481</u>	<u>130,162</u>

Note 5B: Trade and Other Receivables

<i>Current</i>		
Trade receivable	13,262	9,262
Membership dues receivable	171,532	157,038
Total current trade and other receivables	<u>184,794</u>	<u>166,300</u>
Less allowance for expected credit losses	<u>(145,673)</u>	<u>(116,340)</u>
Total allowance for expected credit losses	<u>(145,673)</u>	<u>(116,340)</u>
Total current trade and other receivables (net)	<u>39,121</u>	<u>49,960</u>

No allowance for expected credit losses has been raised against the reporting units balances shown.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

NOTE 5 ASSETS (CONTINUED) 2023 2022
\$ \$

Note 5C: Property, Plant and Equipment

Property, Plant and Equipment comprises of:

Office furniture & equipment	19,060	34,326
Total property plant and equipment	19,060	34,326

Office Furniture & Equipment:

At cost	151,882	145,736
Less accumulated depreciation	(132,822)	(111,410)
Total office furniture & equipment	19,060	34,326

	Office furniture & equipment	Total
	\$	\$
Balance at beginning of the year	34,326	34,326
Additions	6,146	6,146
Disposals	-	-
Depreciation expense	(21,412)	(21,412)
Carrying amount at end of the year	19,060	19,060

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

NOTE 6	LIABILITIES	2023	2022
		\$	\$
Note 6A: Trade and Other Payables			
	Trade payables and accruals	91,550	108,299
	Payables to other reporting units		
	- CFMEU C&G National Office	27,991	(8,092)
	- ABCWF	83,161	37,760
	Legal costs		
	Litigation	495,819	-
	Other legal matters	527,000	-
	GST payable	(11,698)	20,601
	Total current trade and other payables	1,213,822	158,568
	Payables to other reporting units		
	- CFMEU C&G National Office	-	384,510
	Total non-current trade and other payables	-	384,510
	Total trade and other payables	1,213,822	543,078
Note 6B: Employee Provisions			
	Employee provisions comprises of:		
	<i>Current</i>		
	Provision for annual leave	151,192	63,594
	Provision for long service leave	-	-
		151,192	63,594
	<i>Non-current</i>		
	Provision for long service leave	24,730	12,146
	Total employee provisions	175,922	75,740
	Non-current provisions represent long service leave entitlements owing to employees who have not completed 5 continuous years of service with the Union.		
	Balance at beginning of the year	75,740	77,815
	Net provision movement during the year	100,182	(2,075)
	Balance at the end of the year	175,922	75,740

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

NOTE 6	LIABILITIES (CONTINUED)	2023	2022
		\$	\$

Note 6B: Employee Provisions (Continued)

Office Holders:

Annual leave	68,737	24,751
Long service leave	9,457	4,455
Subtotal employee provisions—office holders	78,194	29,206

Employees other than office holders:

Annual leave	82,455	38,843
Long service leave	15,272	7,691
Subtotal employee provisions—employees other than office holders	97,727	46,534
Total employee provisions	175,922	75,740

Note 6C: Revenue In Advance

Revenue in advance comprises of:

Current

Membership dues in advance	378,203	255,728
	378,203	255,728
Total revenue in advance	378,203	255,728

NOTE 7 CASH FLOW

Note 7A: Cash Flow Reconciliation

Reconciliation of cash and cash equivalents as per Statement of financial position to Statement of cash flows:

Cash and cash equivalents as per:

Statement of cash flows	105,481	130,162
Statement of financial position	105,481	130,162
Difference	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

NOTE 7 CASH FLOW (CONTINUED)	2023	2022
	\$	\$

Note 7A: Cash Flow Reconciliation (continued)

Reconciliation of surplus/(deficit) to net cash from operating activities:

Surplus/(deficit) for the year	(944,190)	(451,279)
Adjustments for non-cash items		
Depreciation expense	21,412	23,041
Provision for legal costs	527,000	-
Changes in assets/liabilities		
(Increase)/decrease in trade and other receivables	10,839	(5,230)
(Increase)/decrease in other current assets	-	13,940
Increase/(decrease) in trade and other payables	143,747	(55,796)
Increase/(decrease) in revenue in advance	122,475	94,638
Increase/(decrease) in employee provisions	100,182	(2,075)
Net cash from (used by) operating activities	(18,535)	(382,761)

Note 7B: Cash flow information

Cash inflows

CFMEU Manufacturing Division	1,250	1,250
Total cash inflows	1,250	1,250

Cash outflows

ABCWF	60,000	60,000
CFMEU C&G National Office	217,798	239,457
Total cash outflows	277,798	299,457

Note 7C: Non-cash transactions

During the year ended 31 March 2023, the Union entered into the following non-cash investing and financing activities which are not reflected in the statement of cash flows:

- An amount of \$45,401 was incurred in the current year relating to the leasing of motor vehicles from ABCWF. No payment in cash has yet been paid to ABCWF as at the end of the reporting period. (31 March 2022: \$37,760).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

NOTE 8 RELATED PARTY DISCLOSURES

Note 8A: Related Party Transactions for the Reporting Period

Holders of office and related reporting units

The names of those persons who held office for all or part of the year are deemed to be a related party for financial reporting purposes as set out in the accompanying Committee of Management Operating Report. The following table provides the total amount of transactions that have been entered into with related parties for the relevant year.

	2023	2022
	\$	\$
Income received includes the following:		
Picnic day tickets sale to CFMEU Manufacturing division	1,136	1,135
Expenses paid includes the following:		
Capitation fees to CFMEU C&G National Office	156,401	130,954
Campaign levy to CFMEU C&G National Office	18,980	18,930
Legal Penalty reimbursement to CFMEU C&G National Office	-	12,291
Donation for QUBE Dispute to CFMEU C&G National Office	-	10,000
Rent paid to ABCWF	60,000	60,000
Amounts owed by includes the following:		
CFMEU C&G National Office	-	-
Amounts owed to includes the following:		
CFMEU C&G National Office	-	376,418
ABCWF	83,161	37,760

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

NOTE 8 RELATED PARTY DISCLOSURES (CONTINUED)

Note 8A: Related Party Transactions for the Reporting Period (Continued)

Holders of office and related reporting units (continued)

Terms and conditions of transactions with related parties (continued)

Related party transactions also occur between the Union and other reporting units including the National Office of the Construction & General Division (CFMEU C&G National Office).

Related Party disclosures in the financial report are presented on an accrual basis. Whilst the financial records of the Union have been kept, as far as practicable, in a manner consistent with each other reporting units of the organisation, the balances and transactions reported in this financial report may differ to those recorded in the financial report of the counterparty reporting unit. This may arise due to timing difference in the respective record keeping of the related reporting units, for example, in the receipt of payments, correspondence in transit or the alternative categorisation of balances/transactions.

From time-to-time, the National Office of the Construction & General Division of the CFMEU (CFMEU C&G National Office) coordinates various administrative activities on behalf of the Union. This includes the collation of certain costs, which are apportioned to the appropriate branches and invoiced in full. Accordingly, with the National Office merely being the facilitator of such transactions between the Union and independent third parties (and there is no profit component in recharging these costs), these are not considered to be related party expenditures of the Union and hence are not required to be disclosed.

Notwithstanding this, the transfer of funds to meet these obligations remain related party transactions, and accordingly have been disclosed in the related party cash flows reported at Note 7B. Additionally, any amounts outstanding as at balance date between related parties have been disclosed at Note 8A.

There have been no payments made during the financial year to a former related party of the Union.

The Union has received assistance with the administration from the CFMEU C&G Victoria/Tasmania Divisional branch. Two employees of the CFMEU C&G Victoria/Tasmania Divisional branch are acting as President and Secretary of the Union. Salaries, wages and other related costs to these activities have been borne by the CFMEU Victoria/Tasmania Divisional branch and not charged to the Union.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

NOTE 8 RELATED PARTY DISCLOSURES (CONTINUED)

Note 8B: Key Management Personnel Remuneration for the Reporting Period

Key management personnel comprise those individuals who have the authority and responsibility for planning, directing and controlling the activities of the Union. The Union has determined that key management personnel comprises of:

- Andrew Sutherland (Ex Divisional Branch Secretary)
- John Setka (Divisional Branch Secretary)
- Robert Graauwmans (Divisional Branch President)
- Margues Pare (Divisional Branch Assistant Secretary)
- Mark Palmer (Divisional Branch Vice President)
- Travis Brook (Divisional Branch Trustee)

During the year, the key management personnel of the Union were remunerated as follows:

	2023	2022
	\$	\$
Short-term employee benefits		
Total short-term employee benefits	489,772	683,463
Post-employment benefits:		
Total post-employment benefits	75,402	113,109
Other long-term benefits:		
Total other long-term benefits	5,002	(2,217)
Termination benefits	-	-
Total	570,176	794,355

Andrew Sutherland (Ex Divisional Branch Secretary) is also the Assistant Divisional Secretary for the Construction Forestry Maritime Mining and Energy Union Construction & General Divisional – National Office (CFMEU C&G National Office). CFMEU C&G National Office pays 100% of Andrew Sutherland's remuneration.

John Setka (Divisional Branch Secretary) is also the Divisional Branch Secretary for the Construction Forestry Maritime Mining and Energy Union Construction & General Divisional Victorian and Tasmanian Branch. CFMEU C&G Victorian and Tasmanian Branch pays 100% of his remuneration.

Robert Graauwmans (Divisional Branch President) is also the Divisional Branch President for the Construction Forestry Maritime Mining and Energy Union Construction & General Divisional Victorian and Tasmanian Branch. CFMEU C&G Victorian and Tasmanian Branch pays 100% of his remuneration.

No other transactions occurred during the year with elected officers, close family members or other related parties than those related to their membership or employment and on terms no more favourable than those applicable to any other member of employee.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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NOTE 9 CONTINGENT LIABILITIES, ASSETS AND COMMITMENTS

(a) Operating lease commitments

The Union does not have any operating lease commitments.

(b) Contingent liabilities and commitments

There are continually numerous ongoing unsettled legal actions against the Union regarding industrial relations matters.

If at year end, a judgement has been awarded against the Union or a matter has been settled and the amount is unpaid, the Union accrues an expense for estimated costs and penalties in relation to the matter.

No provision is made for any settlement costs or penalties for ongoing unresolved matters where the outcome cannot be reliably determined as the Union intends to defend the claims.

(c) Finance lease commitments

The Union does not have any finance lease commitments at 31 March 2023 (2022: Nil).

(d) Capital expenditure commitments

At 31 March 2023, the branch has made a capital expenditure commitment to CFMEU C&G National Office for \$700,116 over the next 5 years. The capital expenditure is for the AS400 Modernisation Project which is due to commence in July 2023 and will take 3-5 years to complete. The project is a complete redevelopment of the membership database system. Branches from all states will also be contributing to this project.

NOTE 10 REMUNERATION OF AUDITORS	2023	2022
	\$	\$
Financial statement audit services (2023: BDO, 2022: Lee Green)	31,000	10,480
Other services – Accounting fees	900	800
Total remuneration of auditors	31,900	11,280

Other services include the audit of the political membership return, payment summaries and FBT return.

NOTE 11 FINANCIAL INSTRUMENTS

Financial Risk Management Policy

The Committee of Management monitors the Union's financial risk management policies and exposure and approves financial transactions within the scope of these policies.

The Committee of Management's overall risk management strategy seeks to assist the Union in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Union is exposed to through its financial instruments are credit risk, liquidity risk, and market risk consisting predominantly of interest rate risk. There have been no substantive changes in the types of risks the Union is exposed to, how these risks arise, or the Committee of Management's objectives, policies and processes for managing or measuring the risks from the previous period.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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NOTE 11 FINANCIAL INSTRUMENTS (CONTINUED)

The Union's financial instruments are listed below:

	31 March 2023	31 March 2022
	\$	\$
Financial Assets		
Cash and cash equivalents	105,481	130,162
Trade and other receivables	39,121	49,960
	<u>144,602</u>	<u>180,122</u>
Financial Liabilities		
Trade and other payables	1,213,822	543,078
	<u>1,213,822</u>	<u>543,078</u>

Note 11A: Credit Risk

The Union has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good quality, including those that are past due.

The credit risk of liquid funds, and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Union. On a geographical basis, the Union's trade and other receivables are all based in Australia.

The Union applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade and other receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 March 2023 is determined as follows. The expected credit losses below also incorporate forward looking information.

The balance of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

NOTE 11 FINANCIAL INSTRUMENTS (CONTINUED)

Note 11A: Credit Risk (Continued)

Ageing of financial assets that were past due but not impaired for 2023

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$	\$	\$	\$	\$
Expected loss rate	79.0%	-%	-%	-%	79.0%
Gross Carrying amount	184,794	-	-	-	184,794
Expected credit loss	145,673	-	-	-	145,673

Ageing of financial assets that were past due but not impaired for 2022

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$	\$	\$	\$	\$
Expected loss rate	70.0%	-%	-%	-%	70.0%
Gross Carrying amount	166,300	-	-	-	166,300
Expected credit loss	116,340	-	-	-	116,340

The "amounts written off" are all due to debtors declaring bankruptcy or accounts receivable that have now become unrecoverable.

The Union has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 5. The main source of credit risk to the entity is considered to relate to the class of assets described as "accounts receivable and other debtors".

The Union always measures the loss allowance for accounts receivables at an amount equal to lifetime expected credit loss. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Union writes off an account receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery (eg when the debtor has been placed under liquidation or has entered into bankruptcy proceedings) or when the trade receivables are over two years past due, whichever occurs earlier. None of the accounts receivable that have been written off are subject to enforcement activities.

Collateral held as security

The Union does not hold collateral with respect to its receivables at 31 March 2023 (31 March 2022: Nil).

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN DIVISIONAL BRANCH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

NOTE 11 FINANCIAL INSTRUMENTS (CONTINUED)

Note 11B: Liquidity Risk

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

- preparing forward looking cash flow estimates;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

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

Contractual maturities for financial liabilities

	On Demand	< 1 year	1 – 2 years	2 – 5 years	> 5 years	Total
		\$	\$	\$	\$	\$
2023						
Trade and other payables	527,393	-	-	-	-	527,393
	527,393	-	-	-	-	527,393
2022						
Trade and other payables	158,568	-	-	384,510	-	543,078
	158,568	-	-	384,510	-	543,078

Note 11C: Market Risk

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Union's exposure to interest rate risk arises from its cash at bank, term deposits and floating rate instruments.

The financial instruments which expose the Union to interest rate risk are limited to its cash reserves.

ii. Foreign exchange risk

The Union is not exposed to fluctuations in foreign currencies.

iii. Price risk

The Union is exposed to equity securities price risk.

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

NOTE 11 FINANCIAL INSTRUMENTS (CONTINUED)

Note 11C: Market Risk (Continued)

Sensitivity Analysis

While the Union is exposed to changes in interest rates, due to the fact that any expected change in interest rates would have no significant impact on profit and loss or equity, no sensitivity analysis has been considered necessary.

No sensitivity analysis has been performed on foreign exchange risk, as the Union is not exposed to foreign currency fluctuations.

NOTE 12 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).

NOTE 13 UNION DETAILS

The registered office of the Union is:

Level 1, 32 South Terrace
Adelaide SA 5000


**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN DIVISIONAL BRANCH**

**OFFICER DECLARATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023**

I, Margues Pare, being the Divisional Assistant Branch Secretary of the Construction, Forestry, Maritime, Mining & Energy Union Construction & General Division South Australian Divisional Branch, declare that the following activities did not occur during the reporting period ending 31 March 2023.

The reporting unit did not:

- 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 capitation fees or any other revenue amount from another reporting unit
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay a grant that was \$1,000 or less
- pay a grant that exceeded \$1,000
- pay separation and redundancy to holders of office
- 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 separation and redundancy provision in respect of holders of office
- have a separation and redundancy provision in respect of employees (other than holders of office)
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- have a balance within the general fund
- have another entity administer the financial affairs of the reporting unit



Margues Pare

Divisional Assistant Branch Secretary

02 August 2023

INDEPENDENT AUDITORS REPORT

To the members of the Construction, Forestry, Maritime, Mining & Energy Union Construction and General Division South Australian Divisional Branch

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Construction, Forestry, Maritime, Mining & Energy Union Construction and General Division South Australian Divisional Branch (the reporting unit), which comprises the statement of financial position as at 31 March 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, the Committee of Management Statement and the subsection 255(2A) report and the officer declaration statement.

In our opinion, the accompanying financial report of Construction, Forestry, Maritime, Mining & Energy Union Construction and General Division South Australian Divisional Branch, presents fairly, in all material respects the reporting unit's financial position as at 31 March 2023 and of its financial performance and its cash flows for the year then ended in accordance with:

- a. the Australian Accounting Standards; and
- b. 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).

Basis for opinion

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

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

Material uncertainty related to going concern

We draw attention to Note 1.16 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the reporting unit's ability to continue as a going concern and therefore the reporting unit may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

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

The committee of management are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the operating report, but does not include the financial report and our auditor's report thereon.

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

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

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

Other matter

The financial report of Construction, Forestry, Maritime, Mining & Energy Union Construction and General Division South Australian Divisional Branch, for the year ended 31 March 2022, was audited by another auditor who expressed an unmodified opinion on that report on 7 July 2022.

Responsibilities of the Committee of Management for the Financial Report

The committee of management of the reporting unit are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the committee of management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the reporting unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee of management.



- Conclude on the appropriateness of the committee of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the reporting unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the reporting unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the reporting unit audit. We remain solely responsible for our audit opinion.

We communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during our audit.

This description forms part of our auditor's report.

Declaration by the auditor

I, Elizabeth Blunt, declare that I am an auditor registered under the RO Act.

BDO Audit Pty Ltd

Elizabeth Blunt
Director

Melbourne, 2 August 2023

Registration number (as registered under the RO Act): AA2021/34

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN DIVISIONAL BRANCH**

DESIGNATED OFFICERS CERTIFICATE

FOR THE YEAR ENDED 31 MARCH 2023

I, Margues Pare, being the Divisional Assistant Branch Secretary of the Construction, Forestry, Maritime, Mining & Energy Union Construction & General Division South Australian Divisional Branch certify:

- that the documents lodged herewith are copies of the full report for the Construction, Forestry, Maritime, Mining & Energy Union Construction & General Division South Australian Divisional Branch for the period ended 31 March 2023 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 14 August 2023; and
- that the full report was presented to a meeting of the Committee of Management of the reporting unit on 30 August 2023 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.



Margues Pare

Divisional Assistant Branch Secretary

30 August 2023

Adelaide