



Australian Government
Australian Industrial Registry

Level 8, Terrace Towers
80 William Street, East Sydney, NSW 2011
Telephone: (02) 8374 6666
Fax: (02) 9380 6990
Email: sydney@air.gov.au

Mr John Sutton
National Secretary
Construction, Forestry, Mining and Energy Union
PO Box Q235 Queen Victoria Building Post Office
SYDNEY NSW 1230

Dear Mr Sutton

**Re: Lodgement of Financial Statements and Accounts – National Office – for year
ending 31 December 2006 (FR2006/556)**

I refer to the abovementioned financial statements and accounts which were lodged in the Registry on 5 July 2007.

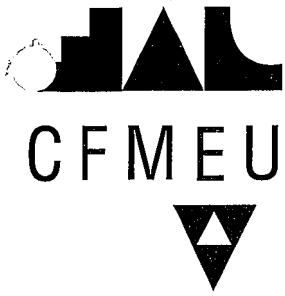
The documents have been filed.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'S Kellett', written in a cursive style.

Stephen Kellett
for Deputy Industrial Registrar

17 July 2007



**CONSTRUCTION FORESTRY MINING ENERGY UNION
NATIONAL OFFICE**

NATIONAL SECRETARY: JOHN SUTTON
PHONE: (+61 2) 8524 5850
FAX: (+61 2) 8524 5851

12TH FLOOR
276 PITT STREET
SYDNEY

4 July 2007

Industrial Registrar
Australian Industrial Registry
80 William Street
EAST SYDNEY NSW 2011

Dear Sir

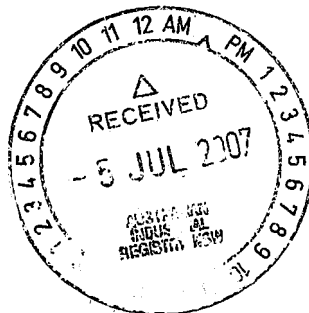
Re: Financial Report

Please see attached the signed financial statements for the National Office of the CFMEU for the year ended 31 December 2006, together with the relevant Secretary's certificate.

Please note that the financial report was received from the auditor electronically.

Yours faithfully

John Sutton
National Secretary



Attch..

**Construction, Forestry Mining and Energy Union
NATIONAL OFFICE**

FOR THE YEAR ENDED 31 DECEMBER 2006

SECRETARY'S CERTIFICATE

Pursuant to Section 268 of Schedule 1 of the Workplace Relations Act 1996, I, John David Sutton certify that the auditor's report, accounts and statements of the CFMEU National Office for the year ended 31 December 2006, annexed hereto and provided to members on 26 June 2007 are copies of the documents presented to the meeting of the National Executive Committee on 29 June 2007.



National Secretary
CFMEU

29 June 2007

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2006**

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OPERATING REPORT

Your Committee of Management present their Operating Report on the Union for the year ended 31 December 2006.

Committee of Management

The names of Committee of Management (COM) in office at any time during the year are:

Name	Position	Period of Appointment
Tony Maher	National President	1/1/2006 to 31/12/2006
John Sutton	National Secretary	1/7/2006 to 31/12/2006
John Maitland	National Secretary	1/1/2006 to 30/6/2006
John Sutton	Assistant National Secretary	1/1/2006 to 30/6/2006
Peter Murray	National Executive Committee	5/9/2006 to 31/12/2006
George Coates	National Executive Committee	1/1/2006 to 31/12/2006
Michael O'Connor	National Executive Committee	1/1/2006 to 31/12/2006
Leo Skourdombis	National Executive Committee	1/1/2006 to 31/12/2006
Jane Calvert	National Executive Committee	1/1/2006 to 31/12/2006
Albert Littler	National Executive Committee	1/1/2006 to 31/12/2006
Tim Woods	National Executive Committee	1/1/2006 to 31/12/2006
Dave Noonan	National Executive Committee	1/1/2006 to 31/12/2006
Lindsay Fraser	National Executive Committee	1/1/2006 to 31/12/2006
Chris Price	National Executive Committee	1/1/2006 to 31/12/2006
Kevin Reynolds	National Executive Committee	1/1/2006 to 31/12/2006
Andrew Ferguson	National Executive Committee	1/1/2006 to 31/12/2006
Martin Knigham	National Executive Committee	1/1/2006 to 31/12/2006

Principal Activities

The principal activities of the Union during the year were: -

- Adherence to the rules of the Union in furtherance of the objects of the Union consistent with the industrial relations legislation.
- Implementation of the decisions of the National Executive Committee.
- Industrial support including assistance with legal and legislative matters.

Results of Activities

The result for the year was a loss of \$3,624. (2005: profit of \$56,932).

The Union has been involved in lobbying and negotiating with different levels of Government and key industry organisations around issues of importance to the broader CFMEU, including but not limited to health and safety issues, industrial and compensation matters, superannuation entitlements and environmental matters impacting the CFMEU membership.

The Union has successfully recruited new members in conjunction with a national objective of recruitment and training.

Significant Changes in Nature of Activities

There were no significant changes in the nature of activities of the Union during the year.

OPERATING REPORT

Continued

Significant Changes in Financial Affairs

There were no significant changes in the financial affairs of the Union during the year.

Membership of the Union

There were 118,000 members of the Union as at 31 December 2006 (2005: 103,000).

Rights of Members to Resign

All members of the Union have the right to resign in accordance with Rule 11(1) of the Union Rules (and section 174 of the Workplace Relations Act), namely, by providing written notice addressed and delivered to the Union Secretary.

Employees of the Union

As at 31 December 2006 the Union employed 2 full time employee (2005: 2).

Superannuation Trustees

Mr John Sutton was the National Secretary of the Union for part of the year and is a director of United Super Pty Ltd which acts as Trustee of C Bus.

Mr Dave Noonan is a director of United Super Pty Ltd which acts as Trustee of C Bus.

Mr Andrew Ferguson holds an alternate directorship (on behalf of Mr John Sutton and Mr Dave Noonan) of United Super Pty Ltd which acts as Trustee of C Bus.

Mr Albert Littler is a director of United Super Pty Ltd which acts as Trustee of C Bus. Mr Martin Kingham holds an alternate directorship (on behalf of Mr Albert Littler) of United Super Pty Ltd which acts as Trustee of C Bus.

Mrs Jane Calvert is a director of the Timber Industry Superannuation Scheme (TISS).

Mr Michael O'Connor is a director of TISS and FIRST.

Mr Tim Woods is a director of the Pulp and Paper Workers Superannuation Fund.

No officer or member of the Union acts:

- (i) as a trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- (ii) as a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme.



.....
John Sutton

14th June
Dated this day of May 2007.
S.S.

COMMITTEE OF MANagements' CERTIFICATE

On 8 May 2007, the Committee of Management of the Construction Forestry Mining and Energy Union – National Office passed the following resolution in relation to the financial report of the Union, for the year ended 31 December 2006:

The Committee of Management declares in relation to the general purpose financial report that in its opinion:

- a) The financial statements and notes comply with Australian Accounting Standards;
- b) The financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- 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 general purpose financial report relates and since the end of that year:-
 - (i) Meetings of the Board of Management were held in accordance with the rules of the Union; and
 - (ii) The financial affairs of the Union have been managed in accordance with the rules of the Union; and
 - (iii) The financial records of the Union have been kept and maintained in accordance with the RAO Schedules and the RAO Regulations; and
 - (iv) The financial records of the Union have been kept, as far as practicable, in a consistent manner to each other reporting unit of the organisation; and
 - (v) No information has been sought in any request of a member of the Union or by a Registrar duly made under section 272 of the RAO Schedule; and
 - (vi) No orders have been made by the Commission in regard to inspection of financial records under section 273 of the RAO Schedule.

Signed for and on behalf of the Committee of Management by:



.....
John Sutton

14th June
Dated this day of May 2007.
J.S.

INDEPENDENT AUDIT REPORT TO THE MEMBERS

To the members of the Construction Forestry Mining and Energy Union – National Office

SCOPE

We have audited the financial report of the Construction Forestry Mining and Energy Union – National Office for the year ended 31 December 2006 as set out on pages 5 to 21. The Committee of Management is responsible for the preparation and presentation of the financial report. We have conducted an independent audit of this financial report in order to express an opinion on them to the members of the Union.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. The procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements, so as to present a view which is consistent with our understanding of the Union's financial position and its performance as represented by the results of its operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion, the financial report of Construction Forestry Mining and Energy Union – National Office is in accordance with:

- (a) The Workplace Relations Act 1996, including:
 - (i) giving a true and fair view of the Union's financial position as at 31 December 2006 and of its performance and cash flows for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and other mandatory professional reporting requirements in Australia; and
- (b) Complying with the other requirements imposed by the Reporting Guidelines or Part 3 of Chapter B of Schedule 1B of the Act.



Daley & Co
Chartered Accountants
88 Kembla Street
Wollongong NSW 2500



M. L. Gleeson
Registered Company Auditor

Dated this 18 day of May 2007.

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005**

	NOTES	2006 \$	2005 \$
Revenues	3	<u>1,080,773</u>	<u>769,297</u>
Expenses:			
Affiliation Fees		281,001	243,306
Employee Benefits		482,892	140,534
Depreciation and Amortisation Expense		7,630	13,114
Meeting and Conferences		81,633	125,443
Operating Expenditure		<u>221,441</u>	<u>188,968</u>
		<u>1,084,397</u>	<u>712,365</u>
NET RESULT ATTRIBUTABLE TO MEMBERS		<u>(3,624)</u>	<u>56,932</u>

The accompanying notes form part of this financial report

**BALANCE SHEET
AS AT 31 DECEMBER 2006**

	NOTES	2006 \$	2005 \$
CURRENT ASSETS			
Cash and Cash Equivalents	4	951,737	198,708
Trade and Other Receivables	5	137,873	330,329
Other	6	4,520	3,369
TOTAL CURRENT ASSETS		494,130	532,406
NON-CURRENT ASSETS			
Plant & Equipment	7	29,097	37,384
TOTAL NON-CURRENT ASSETS		29,097	37,384
TOTAL ASSETS		523,227	569,790
CURRENT LIABILITIES			
Trade and Other Payables	8	55,220	176,317
Provisions	9	94,029	17,211
GST Liability		6,122	5,782
TOTAL CURRENT LIABILITIES		155,371	199,310
TOTAL LIABILITIES		155,371	199,310
NET ASSETS		368,856	370,480
MEMBERS FUNDS			
Accumulated Members Funds		368,856	370,480

The accompanying notes form part of this financial report.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2006**

	2006 \$	2005 \$
Opening Balance as at 1 January	370,480	283,548
Net Result Attributable to Members	(3,624)	56,832
Closing Balance as at 31 December	<u>366,856</u>	<u>370,480</u>
Represented by:		
• General Fund	366,856	267,767
• ICTURCF Fund	-	102,713
	<u>366,856</u>	<u>370,480</u>

The accompanying notes form part of the financial report.

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008**

	NOTES	2006 \$	2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Members		989,473	572,971
Receipts from Interest		4,715	2,133
Receipts from Grants		-	-
Receipts from Sifting Fees		22,654	51,636
Other income received		256,388	1,199
Payments to Suppliers and Employees		(1,113,323)	(709,688)
NET PROVIDED BY (USED IN) OPERATING ACTIVITIES	12(A)	<u>159,904</u>	<u>(80,747)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Property, Plant & Equipment		23,005	20,000
Payment for Property, Plant & Equipment		(29,880)	(41,045)
NET USED IN INVESTING ACTIVITIES		<u>(6,875)</u>	<u>(21,045)</u>
NET (DECREASE) IN CASH HELD		153,029	(101,792)
CASH AT THE START OF THE FINANCIAL YEAR		198,709	300,500
CASH AT THE END OF THE FINANCIAL YEAR	12(B)	<u>351,737</u>	<u>198,709</u>

The accompanying notes form part of this financial report.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

1. STATEMENT OF ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements imposed by the reporting Guidelines of Part 3 of Chapter 8 of Schedule 1B of the Workplace Relations Act, 1996.

The financial report is for the entity Construction Forestry Mining and Energy Union – National Office, as an individual entity. This organisation is registered under the Workplace Relations Act 1996 and domiciled in Australia. In accordance with the Act the Union is a body corporate and has perpetual succession. By virtue of this method of incorporation, the Union is not subject to the Corporations Act 2001.

The financial report complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the Union in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

Basis of Preparation

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis, except where specifically stated, and is based on historical costs modified by the revaluation of selected financial assets for which the fair value basis of accounting has been applied.

Accounting Policies

(a) PLANT AND EQUIPMENT

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

Plant and Equipment

Plant and Equipment are measured on the cost basis less depreciation and impairment losses.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Union and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

Continued

1. STATEMENT OF ACCOUNTING POLICIES

(b) PLANT & EQUIPMENT

Depreciation

The depreciation amount of all fixed assets, including capitalised lease assets (where applicable) is depreciated on a straight line basis over their useful lives to the Union. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Furniture, Fittings and Equipment	7.50 - 20%
Motor Vehicles	20%

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each Balance Sheet date.

An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(b) INCOME TAX

No provision for income tax is necessary as the Union (being a registered Industrial Trade Union) is exempt from tax under section 50-16 of the Income Tax Assessment Act.

(c) EMPLOYEE BENEFITS

Provision is made in respect of the Union's liability for employee benefits arising from services rendered by officers and employees to balance date.

Long service leave is accrued in respect of all officers and employees with more than 5 years service. Related on-costs are included in these provisions.

Contributions are made to employee superannuation funds and are charged as expenses where incurred.

(d) REVENUE

Revenue from capitation fees are recognised on an accruals basis.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

Continued

1. STATEMENT OF ACCOUNTING POLICIES

Continued

(b) FINANCIAL INSTRUMENTS

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-Maturity Investments

These investments have fixed maturities, and it is the Union's intention to hold these investments to maturity. Any held-to-maturity investments held by the Union are stated at amortised cost using the effective interest rate method.

Available-for-Sale Financial Assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the Union assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(f) IMPAIRMENT OF ASSETS

At each reporting date, the Union reviews the carrying value of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

Continued

1. STATEMENT OF ACCOUNTING POLICIES

Current

(a) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Balance Sheet.

(b) GOODS AND SERVICES TAX (GST)

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

Cash flows are presented in the Cash Flow Statement on a gross basis, except for the GST component of investing and financing activities which are disclosed as operating cash flows.

(c) COMPARATIVE FIGURES

Where required, comparative figures have been adjusted to conform to changes in presentation in the current financial year.

2. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirements of the Workplace Relations Act, 1996, the attention of members is drawn to the provisions of sub-sections (1), (2) and (3) of Section 272 of Schedule 1B which reads as follows:

- (1) A member of a Union, or a Registrar, may apply to the Union for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) An application must be made 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 Union.
- (3) The Union must comply with an application made under subsection (1).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

(Continued)

	NOTES	2006 \$	2005 \$
3. OPERATING PROFIT FROM ORDINARY ACTIVITIES			

Profit from ordinary activities is arrived at after taking into account:

(a) REVENUE:

Operating Activities:

Capitation Fees	797,017	714,329
Sitting Fees	22,654	51,636
Interest Received	4,715	2,133
Other Income	256,387	1,199
	<u>1,080,773</u>	<u>769,297</u>

(b) EXPENSES:

Depreciation of Non-Current Assets:

Motor Vehicles	4,848	7,948
Plant & Equipment	2,784	5,166
Total Depreciation	<u>7,630</u>	<u>13,114</u>

Movements in Employee Entitlements	149,106	(67,336)
Bad Debts Receivables	9,456	-
Remuneration of Auditors:		
- Auditing the Financial Report	10,790	6,799
- Accounting & Taxation Services	2,870	2,070

4. CASH AND CASH EQUIVALENTS

Cash on Hand	400	400
Cash at Bank	58,543	98,676
ITURCF Fund	-	99,832
Business Direct Savings	292,794	-
	<u>351,737</u>	<u>199,708</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

Continued

	NOTES	2006 \$	2005 \$
5. TRADE AND OTHER RECEIVABLES			
Current			
Sundry Debtors		102,742	162,764
Accounts Due from Branches - Capitation Fees	14	35,131	107,565
TOTAL RECEIVABLES		<u>137,873</u>	<u>330,329</u>
(j) The funds advanced have no set repayment date. Interest is not charged on the amount advanced.			
Amounts Relating to-			
CFMEU - Construction & General Division		28,896	208,844
CFMEU - REDFA Division		-	225
CFMEU - FFTS Division		95,131	70,940
CFMEU - Mining & Energy Division		-	41,385
CFMEU - Forest & Forestry Products Division		14,040	10,260
CFMEU - Construction & General Division, NSW Branch		-	2,377
CFMEU - FFTS Division - NSW Branch		-	99
		<u>137,873</u>	<u>329,150</u>
6. OTHER			
Prepayments		4,520	3,369
7. PROPERTY, PLANT & EQUIPMENT			
FURNITURE, FITTINGS & EQUIPMENT			
At Cost		4,420	25,325
Accumulated Depreciation		(2,783)	(19,300)
		<u>1,637</u>	<u>6,025</u>
MOTOR VEHICLES			
At Cost		28,016	38,271
Accumulated Depreciation		(576)	(6,912)
		<u>27,440</u>	<u>31,359</u>
TOTAL PROPERTY, PLANT & EQUIPMENT		<u>29,097</u>	<u>37,384</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

Continued

	2006 \$	2005 \$
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7. PROPERTY, PLANT & EQUIPMENT

Continued

Movements in Carrying Amounts

Movements in the carrying amounts (written down values) for each class of property, plant and equipment between the start and end of the current financial year.

	FURNITURE, FITTINGS & EQUIPMENT	MOTOR VEHICLES	TOTAL
Balance at Start of Year	6,025	31,359	37,384
Additions	1,865	29,016	29,881
Disposals - Assets	(22,770)	(38,271)	(61,041)
Amount/Depreciation Expense	(2,784)	(4,846)	(7,630)
Disposals - Accum Dep'n	19,321	11,182	30,503
Balance at End of Year	<u>1,657</u>	<u>27,440</u>	<u>29,097</u>

8. TRADE AND OTHER PAYABLES

Sundry Creditors

55,220

178,317

Amounts Relating to:-

CFMEU - Mining & Energy Division

3,000

83,412

CFMEU - Mining & Energy Division, Qld Branch

805

CFMEU - Mining & Energy Division, NSW Energy

2,286

CFMEU - Construction & General Division

21,563

24,563

88,265

9. PROVISIONS

	Provision for Annual Leave \$	Other Employee Entitlements \$	TOTAL \$
Opening balance at 1 January 2006	17,211	-	17,211
Amounts Transferred In:	28,644	56,887	85,731
Additional provisions	8,010	1,088	9,098
Amounts Paid Out	(17,211)	-	(17,211)
Balance at 31 December 2006	<u>27,654</u>	<u>57,175</u>	<u>94,829</u>

(a) Analysis of ageing of provisions:

Current

94,829

17,211

(b) Number of Employees at Balance Date:

2

1

(c) Total Employee Benefits Attributable to:

Office Holders

91,182

17,211

Staff

3,637

94,829

17,211

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

Continued

2006

2005

\$

\$

10. CONTINGENT LIABILITIES

A contingent liability may exist in relation to debts incurred by the Divisions of the Union for which the National Office may become liable under the rules of the Union. Disclosure for such liabilities are not brought to account in the National Office on the basis that each Division is a separate reporting entity responsible for disclosing its own contingent and other liabilities.

The Union and specified officials are being sued for as yet unspecified damages in an action arising from an alleged industrial dispute. The National Executive is of the opinion that the action can be successfully defended by the Union which is challenging the action. Given the complex nature of this action and advice of legal counsel, it is not practicable to estimate the potential financial impact, if any, of this action at this time.

The information usually required by AASB 137 Provisions, Contingent Liabilities and Contingent Assets, is not disclosed on the grounds it can be expected to prejudice seriously the outcome of the litigation.

11. ECONOMIC DEPENDENCE

The principal source of income for the Union is capitation fees from its Divisions. Accordingly, the National Office is economically dependent on the ability of the Divisions to continue to service the needs of its members on industrial and workplace matters.

12. CASH FLOW INFORMATION

(A) RECONCILIATION OF CASH FLOWS FROM OPERATIONS WITH OPERATING RESULT

Net Operating Result	(3,624)	56,982
Non-Cash Flows In Net Result		
Depreciation	7,630	13,114
Increase (Decrease) in Employee Benefits	77,516	(94,150)
Loss on Sale of Fixed Assets	7,533	7,008
Changes in Assets and Liabilities		
(Increase) Decrease in Sundry Debtors	192,455	(174,663)
(Increase) Decrease in Prepayments	(1,151)	9,304
Increase (Decrease) in Sundry Creditors	(121,098)	68,408
Increase in Tax Liability	540	-
Decrease in Other Assets	-	33,335
CASH FLOWS FROM OPERATIONS	159,904	(80,747)

(B) RECONCILIATION OF CASH

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to terms in the Balance Sheet as follows:

• Cash [Note 4]	351,737	198,709
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

	2006 \$	2005 \$
12. CASH FLOW INFORMATION		
(C) NET CASH FLOWS (EXCLUDING GST) RELATING TO ANOTHER REPORTING UNITS OF THE ORGANISATION ARE AS FOLLOWS:		
CFMEU – Construction and General Division	679,580	429,044
CFMEU – Mining and Energy Division	301,156	43,142
CFMEU – Forest and Forest Products Division	142,467	105,232
CFMEU – Construction and General Division – WA Branch	10,000	-
CFMEU – Mining and Energy Division – QLD Branch	-	(1,167)
CFMEU – Construction and General Division – SA Branch	-	(826)
	<u>1,113,203</u>	<u>575,425</u>

13. LEGAL AND PROFESSIONAL FEES & EXPENSES

Amounts received, or due and receivable, by the auditor for:

• Auditing	10,790	6,799
• Accounting fees	2,870	2,070
• Legal Expenses	35,058	-
TOTAL	<u>48,718</u>	<u>8,869</u>

Legal Expenses relate to the following matters:

• Duties of Officers	5,066	-
• Liability of Unions under Work Choices	15,260	-
• Policy Report	12,000	-
• Union Rules	2,722	-
	<u>35,058</u>	<u>-</u>

14. AMOUNTS DUE FROM DIVISIONS - CAPITATION FEES -
(Amounts are inclusive of GST)

	BALANCE OWING (31.12.05)	AMOUNTS CHARGED	CASH RECEIVED	BALANCE OWING (31.12.06)
Construction and General Division	132,488	606,154	(738,642)	-
Forest & Forest Products Division	35,077	140,471	(144,417)	31,131
Mining & Energy Division	-	130,093	(130,093)	-
	<u>167,565</u>	<u>876,718</u>	<u>(1,013,152)</u>	<u>31,131</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

Continued

15. ORGANISATION DETAILS

The Union is a Trade Union registered and domiciled in Australia. The registered office and principle place of business of the Union is, Pitt Street, Sydney NSW 2000.

16. EVENTS SUBSEQUENT TO BALANCE DATE

(a) No matter or circumstance has arisen since the end of the year that has significantly affected or may significantly affect:

- (i) the operations of the Union;
- (ii) the results of those operations; or
- (iii) the state of affairs of the Union in subsequent financial years.

(b) The financial report was authorised for issue in May 2007 by the Board of Management.

17. KEY MANAGEMENT PERSONNEL COMPENSATION

Key Management Personnel:

- Mr John Sutton (National Secretary – from 1 July 2006)
- Mr John Maitland (National Secretary – up to 30 June 2006)
- Mr Dave Kelly

	2006 \$	2005 \$
Total Compensation:		
- Short Term Benefits	200,060	190,605
- Post Employment Benefits	18,849	7,708
- Long Term Benefits	10,294	-
	232,211	201,243

18. RELATED PARTY INFORMATION

(a) MEMBERS OF THE BOARD OF MANAGEMENT

Persons holding positions within the Union and as members of the Board of Management during the year:

Name	Position
Trevor Smith	National President
Tony Maher	Acting National President
John Sutton	National Secretary – from 1 July 2006
John Maitland	National Secretary – to 30 June 2006
John Sutton	Assistant National Secretary – to 30 June 2006
Tony Maher	National Executive Committee
Trevor Smith	National Executive Committee
Bruce Watson	National Executive Committee
Peter Murray	National Executive Committee
George Coates	National Executive Committee
Michael O'Connor	National Executive Committee
Leo Skourdumbis	National Executive Committee
Alben Little	National Executive Committee
Tim Woods	National Executive Committee
Dave Noonan	National Executive Committee
Lindsay Fraser	National Executive Committee
Chris Price	National Executive Committee

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

18. RELATED PARTY INFORMATION

Continued

(B) RELATED PARTY TRANSACTIONS

Other related parties

- i) Rent and Outgoings were paid to the Construction, Forestry, Mining and Energy Union - Mining and Energy Division totaling \$11,060 (2005: \$21,060).
- ii) Administration fees were paid to the Construction, Forestry, Mining and Energy Union - Mining and Energy Division totaling \$11,363 (2005: \$22,727).
- iii) Rent and Administration charges were paid to Construction, Forestry, Mining and Energy Union - Construction and General Division totaling \$21,563 (2005: nil).
- iv) Directors fees were received from Eraring Energy Ltd for Mr John Mallard \$13,955 (2005: \$58,548).
- v) Directors fees were received from Construction & Building Industry Super (CBUS) for Mr John Sutton \$6,699 (2005: nil).

19. OPERATING LEASE AND CAPITAL EXPENDITURE COMMITMENTS

(a) Operating Lease Commitment

A commitment exists in respect of the sub-lease of floor area within premises situated at Pitt Street, Sydney. The maximum amount committed plus the maximum extension of options is as follows:-

	2006 \$	2005 \$
The total operating lease commitments are:		
Due within 1 year	65,889	-
Due within 1-2 years	-	-
	65,889	-

(b) Capital Expenditure Commitment

A capital commitment exists for the redevelopment of the CFMEU website. The total commitment for the National Office is 70% of the full costs of \$53,410 of which 50% is due in the 2007 year.

The total capital expenditure projects are:

Due within 1 year	5,341	-
Due within 1-2 years	-	-
	5,341	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

20. FINANCIAL INSTRUMENTS

The Union's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivables and payable and loans to related parties.

The group does not have any derivative instruments at balance date.

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

(a) Interest Rate Risk

The Union's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

2006	WEIGHTED AVERAGE EFFECTIVE INTEREST RATES %	FLOATING INTEREST RATE \$	FIXED INTEREST RATE MATURING		NON INTEREST BEARING \$	TOTAL \$
			WITHIN 1 YEAR \$	BETWEEN 1 & 5 YEARS \$		
Financial Assets:						
Cash at Bank	5.38%	951,737	-	-	-	951,737
Receivables	-	-	-	-	138,702	138,702
Total Financial Assets		951,737	-	-	138,702	490,439
Financial Liabilities:						
Trade & Sundry Creditors	-	-	-	-	55,220	55,220
Total Financial Liabilities		-	-	-	55,220	55,220

2005	WEIGHTED AVERAGE EFFECTIVE INTEREST RATES %	FLOATING INTEREST RATE \$	FIXED INTEREST RATE MATURING		NON INTEREST BEARING \$	TOTAL \$
			WITHIN 1 YEAR \$	BETWEEN 1 & 5 YEARS \$		
Financial Assets:						
Cash at Bank	0.85%	198,708	-	-	-	198,708
Receivables	-	-	-	-	330,329	330,329
Total Financial Assets		198,708	-	-	330,329	529,037
Financial Liabilities:						
Trade & Sundry Creditors	-	-	-	-	176,317	176,317
Total Financial Liabilities		-	-	-	176,317	176,317

20. FINANCIAL INSTRUMENTS

b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the Balance Sheet and Notes to the Financial Statements.

The Union does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Union.

(c) Net Fair Values

The net fair values of all assets and liabilities approximate their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

21. ADDITIONAL DISCLOSURES REQUIRED UNDER THE RAO SCHEDULE

In accordance with the requirements of Section 255 of Schedule 1B (the Registration and Accountability of Organisations (RAO) schedule), the following necessary disclosures are made:

	2006 \$	2005 \$
(i) ITEMS OF REVENUE		
Donations or Grants Income	2	2
(ii) ITEMS OF EXPENSE		
Affiliation fees/subscriptions to organizations with an interest in industrial matters	282,419	243,306
Donations and Grant Expenses		
- General (≤ \$1,000)	350	750
Employee Benefits Expense:		
- Office Holders	132,397	138,162
- Employees (Other than Office Holders)	39,587	98,097
Expenses incurred in connection with meetings of members, councils, committees, panels to other bodies for which the Union was wholly or partly responsible	91,639	61,433