



Australian Government
Registered Organisations Commission

26 March 2018

Mr Stephen Smyth
President
Construction, Forestry, Mining and Energy Union
Mining and Energy Division Queensland District Branch

By e-mail: reception@cfmeuqld.asn.au

Dear Mr Smyth

Construction, Forestry, Mining and Energy Union
Mining and Energy Division Queensland District Branch
Financial Report for the year ended 30 June 2016 - FR2016/77

I acknowledge receipt of the amended financial report for the year ended 30 June 2016 for the Construction, Forestry, Mining and Energy Union, Mining and Energy Division Queensland District Branch. The financial report was lodged with the Registered Organisations Commission on 14 November 2017.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 9603 0707 or by email at ken.morgan@roc.gov.au

Yours faithfully

A handwritten signature in black ink, appearing to read 'K. Morgan'.

KEN MORGAN
Financial Reporting Advisor
Registered Organisations Commission

Construction, Forestry, Mining and Energy Union
Mining and Energy Division
Queensland District Branch

ABN 73 089 711 903

**Designated Officers Certificate
S268 of Fair Work (Registered Organisations) Act 2009**

Certificate for the period ended 30 June 2016

I, Stephen Allan Smyth being the President of the Construction, Forestry, Mining and Energy Union, Mining and Energy Division, Queensland District Branch certify:

- That the documentation lodged herewith are copies of the full report for the Construction, Forestry, Mining and Energy Union, Mining and Energy Division, Queensland District Branch for the period ended 30 June 2016, referred to in s268 of the Fair Work (Registered Organisations) Act 2009; and
- That the full report was provided to the members of the reporting unit on 14th November 2017 via the Construction, Forestry, Mining and Energy Union, Mining and Energy Division website;
- The full report was presented to the committee of management on 24th November 2017.

Note: This new full report has not been presented to members at meetings.



.....

Stephen Allan Smyth
(President)
Prescribed designated officer

Dated: 24/11/17.....

Construction, Forestry, Mining and Energy Union
Mining and Energy Division
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Stephen Allan Smyth
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Dated: 24/11/17.....

CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION

Mining and Energy Division

Queensland District Branch

ABN 73 089 711 903

Financial Report for the Financial Year Ended

30 June 2016

Construction, Forestry, Mining and Energy Union
Mining and Energy Division
Queensland District Branch

ABN 73 089 711 903

**Financial Report for the Financial Year Ended
30 June 2016**

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Independent Auditor's Report

To the members of the Construction, Forestry, Mining and Energy Union, Mining and Energy Division, Queensland District Branch

Report on the Financial Report

We have audited the accompanying financial report of the Construction, Forestry, Mining and Energy Union, Mining and Energy Division, Queensland District Branch, which comprises the statement of financial position as at 30 June 2016 the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by the committee of management.

Committee of Management's' Responsibility for the Financial Report

The committee of management are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009 and for such internal control as the management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the union's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the union's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee of management, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements.

Auditor's Declaration

We declare that we are an approved auditor, a member of Chartered Accountants Australian and New Zealand and hold a current Public Practicing Certificate.

Basis for Qualified Auditor's Opinion

We were unable to obtain sufficient appropriate evidence to verify that all of the credit card expenses (\$721,116) that have been included as business expenses in the union's annual financial statements have been incurred solely for business purposes.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report of the Construction, Forestry, Mining and Energy Union, Mining and Energy Division, Queensland District Branch is in accordance with the Fair Work (Registered Organisations) Act 2009, including:

- (a) giving a true and fair view of the union's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009.

Management's use of the going concern basis of accounting in the preparation of the Union's financial report is appropriate.

Emphasis of matter

We draw your attention to Note 18 of the financial report, which describes the changes that have been made to the financial statements issued on 5 December 2016 for the year ending 30 June 2016. The Members should be aware the financial report dated 5 December 2016 have been replaced by the financial report dated 9 November 2017.

Other matters

Subsequent to issuing the financial report on 5 December 2016, the financial report was sent to the Fair Work Commission on 30 January 2017 for lodgement. On 24 February 2017, the Fair Work Commission required that the Construction, Forestry, Mining and Energy Union, Mining and Energy Division, Queensland District Branch make amendments to the financial report before it could be accepted. These amendments have been made by the entity and have been described in note 18 of the attached financial statements, dated 9 November 2017. These changes were made to comply with the requirements of the Fair Work (Registered Organisations) Act 2009, Fair Work (Registered Organisations) Regulations 2009 and Australian Accounting Standards before the financial report could be accepted

We have performed audit procedures considered sufficient and appropriate to address the amendments described in note 18 of the financial statements. Our qualified auditor's opinion and the basis for the qualified auditor's opinion, as detailed above, have not changed since the issuing of our previous auditor's report dated, 5 December 2016.

A handwritten signature in black ink, appearing to read 'jcroston'.

.....
Jason Croston FCA
SRJ Walker Wayland
Director

Date: 13 November 2017

Address: Unit 3, 27 South Pine Road, BRENDALÉ QLD 4500

Operating Report for the year ended 30 June 2016

The committee of management presents its report on the reporting unit for the financial year ended 30 June 2016.

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

The principal activities of the organisation were:

- To improve the conditions and to protect the interest of the members of the District Branch.
- To uphold the rules of the District Branch and to regulate the conditions under which members may be employed.
- To obtain legislative enactments for the more efficient management of monies, whereby the lives and health of miners may be preserved and, if necessary, to take steps to obtain compensation for accidents where employers are liable.
- To secure and maintain an effective general agreement between the members of the Union and their employers embodying rates, wages and conditions to be settled by mutual agreement or by arbitration.

The loss from ordinary activities of the organisation was (\$2,777,980). 2015: Loss of (\$384,708).

The loss from ordinary activities was influenced by the following key matters:

1. ongoing declining membership (Membership subscription revenue \$9,654,602 for 2016; \$10,347,899 for 2015),
2. declining cash interest rates (Interest revenue \$391,977 for 2016; \$470,228 for 2015); and
3. an increase in legal related expenditure resulting from the level of industrial activity in serving our membership base
4. Campaign costs paid in relation to Black Lung
5. Legal matter settlements of \$525,000

There have been no significant changes to the principal activities of the organisation.

Significant changes in financial affairs:

There have been no significant changes to the financial affairs of the organisation.

Right of members to resign:

Members of the organisation have the right to resign from the organisation under s174 of the Fair Work (Registered Organisations) Act 2009 and rule 5(iv) of the Queensland District Branch rules.

Other information:

- The number of members of the branch as at 30 June 2016 was 6,369. (2015: 6,831);

Operating Report for the year ended 30 June 2016

- The number of full-time equivalent employees of the branch at 30 June 2016 was:
 - Executives – 10;
 - Legal Officers – 2;
 - Office Staff – 10;
 - Lodge executives – 5.

All member of the Committee of Management held their position for the entire financial year. The Committee of Management of the reporting entity were:

Position	Name	Period held position
President	Stephen Smyth	1 July 2015 to 30 June 2016
Senior Vice President	Mitch Hughes	1 July 2015 to 30 June 2016
Secretary	Timothy Whyte	1 July 2015 to 30 June 2016
Division 1	Barry Elliot	1 July 2015 to 30 June 2016
Division 2	Simon West	1 July 2015 to 30 June 2016
Division 3	Jeff Scales	1 July 2015 to 30 June 2016
Division 4	Bruce West	1 July 2015 to 30 June 2016
Division 5	Steven Grant	1 July 2015 to 30 June 2016
Division 6	Michael Hartin	1 July 2015 to 30 June 2016
Division 7	Michael Gleeson	1 July 2015 to 30 June 2016
Central Councillor	Frank Baker	1 July 2015 to 30 June 2016
Central Councillor	Scott Leggett	1 July 2015 to 30 June 2016
Central Councillor	Fredrick Hibble	1 July 2015 to 30 June 2016
Central Councillor	Brian Wise	1 July 2015 to 30 June 2016

Names of Committee of Management members as at 1 July 2016:

Position	Name
President	Stephen Smyth
Senior Vice President	Mitch Hughes
Secretary	Timothy Whyte
Division 1	Shaun Isaacs
Division 2	Simon West
Division 3	Jeff Scales
Division 4	Heath Timmins
Division 5	Steven Grant
Division 6	Michael Hartin
Division 7	Mark Zerner
Central Councillor	Jeff Pearce
Central Councillor	Luke Ludlow
Central Councillor	Brian Wise

Construction, Forestry, Mining and Energy Union
Mining and Energy Division
Queensland District Branch

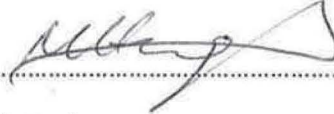
ABN 73 089 711 903

Trustee of Superannuation entity:

No officer or member of the reporting unit holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of a registered organisation.



Stephen Allan Smyth
(President)



Mitch Hughes
(Senior Vice President)

Dated: 9/11/17

Dated: 9-11-17

Committee of Management Statement for the year ended 30 June 2016

On 9 November 2017, the Committee of Management of the Construction, Forestry, Mining and Energy Union, Mining and Energy Division, Queensland Branch passed the following resolution in relation to the General Purpose Financial Report (GPFR) of the reporting unit for the financial year ended 30 June 2016.


The Committee of Management declares that in its opinion:

1. The financial statements and notes comply with the Australian Accounting Standards;
2. The financial statements and notes comply with the reporting guidelines of the General Manager;
3. The financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
4. There are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
5. During the financial year to which the GPFR relates and since the end of that year;
 - i. Meetings of the Committee of Management were held in accordance with the rules of the organisation including the rules of branch concerned;
 - ii. The financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of the branch concerned;
 - iii. The financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009;
 - iv. The financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation;
 - v. Where information has been sought in any request by a member of the reporting unit or General Manager duly made under s272 of the Registered Organisations Act has been provided to the member of General Manager; and
 - vi. Where any order for inspection of financial records has been made by the Registered Organisations Commission under s273 of the Registered Organisation Act, there has been compliance.

**Committee of Management Statement
for the year ended 30 June 2016**

6. No revenue has been derived from undertaking recovery of wages activity during the reporting period.

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



.....

Stephen Allan Smyth
(President)



.....

Mitch Hughes
(Senior Vice President)

Dated: 9-11-17

Dated: 9-11-17

Construction, Forestry, Mining and Energy Union
Mining and Energy Division
Queensland District Branch

ABN 73 089 711 903

**Statement of Comprehensive Income
for the year ended 30 June 2016**

	Notes	2016 \$	2015 \$
Revenue			
Membership subscription		9,654,602	10,347,899
Capitation Fees	3A	0	0
Levies	3B	1,936,505	2,206,899
Interest	3C	391,977	470,228
Rental revenue	3D	130,143	152,101
Other Revenue		313,139	281,058
Total revenue		12,426,366	13,458,185
Other Income			
Grants and/or donations	3E	19,776	24,536
Share of net profit from associates	6E	0	0
Net gains from sale of assets	3F	42,792	3,775
Total other income		62,568	28,311
Total Revenue		12,488,934	13,486,496
Expenses			
Employee Expenses	4A	4,561,478	4,331,101
Capitation Fees	4B	2,165,279	2,229,746
Affiliation Fees	4C	19,477	129,188
Administration Expenses	4D	1,501,780	1,725,670
Donations and Grants	4E	448,740	718,624
Depreciation	4F	316,596	351,815
Finance costs	4G	0	0
Legal Expenses	4H	1,941,305	2,318,275
Auditors Remunerations	14	32,730	70,491
Share of net loss from associate	6E	0	0
Write-down and impairment of assets	4I	1,162,764	0
Telephone and Facsimile		277,595	282,585
Purchases - Union Merchandise		222,009	184,194
Net loss on sale of assets	4J	781	0
Other Expenses	4K	2,616,380	1,529,515
Total expenses		15,266,914	13,871,204
Profit (loss) for the year		(\$2,777,980)	(\$384,708)

**Statement of Comprehensive Income
for the year ended 30 June 2016**

Other comprehensive income

Items that will not be subsequently reclassified to profit and loss	0	0
Gain on revaluation of land & buildings	0	0
Total comprehensive income for the year	<u>(\$2,777,980)</u>	<u>(\$384,708)</u>

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

Construction, Forestry, Mining and Energy Union
Mining and Energy Division
Queensland District Branch

ABN 73 089 711 903

**Statement of Financial Position
for the year ended 30 June 2016**

	Notes	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5A	13,417,263	13,484,476
Trade and Other receivables	5B	703,362	870,909
Other current assets	5C	397,791	349,279
Total current assets		14,518,416	14,704,664
Non-Current Assets			
Land and buildings	6A	1,930,000	3,076,901
Leasehold improvements	6A	16,019	16,474
Plant and equipment	6B	185,960	199,614
Motor vehicles	6B	468,326	390,916
Investment property	6C	0	0
Intangibles	6D	503,681	583,446
Secured loan to associates	6E	55,142	55,622
Other investments	6F	137,827	157,203
Other non-current assets	6G	0	0
Total non-current assets		3,296,955	4,480,176
Total Assets		17,815,371	19,184,840
LIABILITIES			
Current Liabilities			
Trade payables	7A	3,368,300	2,495,395
Other payables	7B	788,365	498,749
Employee provisions	8	1,339,631	1,093,641
Total Current Liabilities		5,496,296	4,087,785
Non-Current Liabilities			
Employee provisions	8	0	0
Other non-current liabilities	9A	0	0
Total non-current liabilities		0	0
Total liabilities		5,496,296	4,087,785
Net Assets		\$ 12,319,075	\$ 15,097,055

Construction, Forestry, Mining and Energy Union
Mining and Energy Division
Queensland District Branch

ABN 73 089 711 903

**Statement of Financial Position
for the year ended 30 June 2016**

Equity			
General funds	10A	12,319,075	14,770,342
Reserves		0	326,713
Total Equity		\$ 12,319,075	\$ 15,097,055

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

Construction, Forestry, Mining and Energy Union
Mining and Energy Division
Queensland District Branch

ABN 73 089 711 903

**Statement of Changes in Equity
for the year ended 30 June 2016**

	Notes	Legal & Assistance Reserve	Asset Revaluation Reserve	General Funds	Total Equity
Balance as at 1 July 2014		0	326,713	15,155,050	15,481,763
Adjustment for errors		0	0	0	0
Adjustment for changes in accounting policies		0	0	0	0
Loss for the year		0	0	(\$384,708)	(\$384,708)
Transfer - Retained earnings		765,719	0	0	765,719
Transfer to legal and assistance reserve		1,687,261	0	0	1,687,261
Transfer from the legal and assistance reserve	10A	(\$2,452,980)	0	0	(\$2,452,980)
Closing balance as at 30 June 2015		0	326,713	14,770,342	15,097,055
Adjustment for errors		0	0	0	0
Adjustment for changes in accounting policies		0	0	0	0
Loss for the year		(\$370,255)	(\$1,162,764)	(\$1,244,961)	(\$2,777,980)
Transfers - Retained Earnings		\$370,255	\$836,051	(\$1,206,306)	0
Transfers to legal and assistance reserve		\$1,513,047	0	0	1,513,047
Transfers from legal and assistance reserve	10A	(\$1,513,047)	0	0	(\$1,513,047)
Closing balance as at 30 June 2016		0	0	12,319,075	12,319,075

The legal and assistance reserve is for the sole purpose of supplying financial and legal assistance to the members of the CFMEU Mining and Energy Division Qld District Branch during employment related legal matters. There is a \$Nil balance in the legal and assistance fund as monies received by the fund have been fully expended during the year and additional funds provided from the CFMEU Mining and Energy Division general funds.

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

Construction, Forestry, Mining and Energy Union
Mining and Energy Division
Queensland District Branch

ABN 73 089 711 903

**Cash Flow Statement
for the year ended 30 June 2016**

	Notes	2016 \$	2015 \$
OPERATING ACTIVITIES			
Cash Received			
Receipts from membership Dues		11,976,507	11,652,392
Receipts - CFMEU National Office	11B	145,868	150,901
Receipts - Levies		1,934,980	2,233,761
Interest received		407,085	485,408
Expenses recouped		97,638	98,533
Other income		304,878	257,694
Cash Used			
Payments to employees		(4,315,488)	(4,406,438)
Payments to suppliers		(6,510,802)	(7,037,887)
Payments to CFMEU National Office	11B	(3,891,813)	(3,657,400)
Net cash from (used by) operating activities	11A	148,853	(223,036)
INVESTING ACTIVITIES			
Cash Received			
Proceeds from sale of property, plant & equipment		301,555	155,042
Cash Used			
Payments for property, plant & equipment		(581,752)	(306,997)
Net cash from (used by) investing activities		(280,197)	(151,955)
FINANCING ACTIVITIES			
Cash Received			
Repayments of borrowings by members		177,457	81,800
Cash Used			
Loans to members		(113,326)	(131,589)
Net cash from (used by) financing activities		64,131	(49,789)
Net decrease in cash held		(67,213)	(424,780)
Cash at beginning of reporting period		\$ 13,484,476	\$ 13,909,256
Cash and cash equivalents at the end of the reporting period	5A	\$ 13,417,263	\$ 13,484,476

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

ABN 73 089 711 903

Recovery of Wages Activity for the year ended 30 June 2016

	2016	2015
	\$	\$
Cash assets in respect of recovered money at beginning of year	\$ -	\$ -
Receipts		
Amounts recovered from employers in respect of wages etc.	-	-
Interest received on recovered money	-	-
Total receipts	\$ -	\$ -
Payments		
Deductions of amounts due in respect of membership for:		
12 months or less	-	-
Greater than 12 months	-	-
Deductions of donations or other contributions to accounts or funds of:		
The reporting unit	-	-
Other reporting unit	-	-
Other entity	-	-
Deduction of fees or reimbursement of expenses	-	-
Payments to workers in respect of recovered money	-	-
Total payments	\$ -	\$ -
Cash assets in respect of recovered money at the end of year	\$ -	\$ -
Number of workers in which the monies recovered relates	-	-
Aggregate payables to workers attributable to recovered monies but not yet distributed		
Payables balance	-	-
Number of workers payables relates to	-	-
Loans to members	-	-
Fund or account operated for recovery of wages		
Nil	-	-

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Notes to the financial statements for the year ended 30 June 2016

Note 1 - Statement of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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. For the purpose of preparing the general purpose financial statements, the CFMEU Mining and Energy Division, Queensland District Branch is a not-for-profit entity.

The financial statements have been prepared on an accruals basis and in accordance with the historical cost convention, 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 of the effects if changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

1.2 Principles in preparation of the financial statements

These financial statements have been prepared by combining the financial information and results of the District Office and all Queensland Lodges. In preparing these financial statements, all transactions and balances between these parties are eliminated.

1.3 Comparative amounts

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

1.4 Significant accounting judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimate is reviewed and in any future periods affected.

Notes to the financial statements for the year ended 30 June 2016

1.5 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date stated in the standard. The accounting policies adopted are consistent with those of the previous financial year.

Future Australian Accounting Standard Requirements

There are no new standards, amendments to standards or interpretations that were issued prior to the sign-off date are applicable to the future reporting period of the Construction, Forestry, Mining and Energy Union, Mining and Energy Division, Queensland Branch.

1.6 Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from subscriptions is accounted for on an accruals basis and is recorded as revenue in the year to which it relates.

Donation income is recognised when received.

Revenue from the sale of goods is recognised when, the risk and rewards of the ownership have been transferred to the buyer, the entity retains no managerial involvement or effective control over the goods, the revenue and transaction costs incurred can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the entity.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any Impairment allowance account. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised on a time proportion basis using the effective interest method.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Membership support levies (Voluntary - \$423,458 (2015 - \$519,638) were collected during the year and these were collected from those lodges that have made In-kind support payments in addition to the weekly \$700 Legal and Assistance support payments. In-kind support payments range from \$300 to \$700 and are included as donations paid in the income statement.

1.7 Gains

Sales of assets

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

Notes to the financial statements for the year ended 30 June 2016

1.8 Capitation fees and levies

Capitation fees and levies are recognised on an accrual basis and recorded as a revenue and/or expense in the year to which it relates.

1.9 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 reporting unit in respect of the 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.

Provision is made for separation and redundancy benefit payments. CFMEU Mining and Energy Division recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

1.10 Cash and cash equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts (if any) are shown within borrowings in the current liabilities on the Statement of Financial Position.

1.11 Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted

Notes to the financial statements for the year ended 30 June 2016

from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.12 Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit and loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. During the financial year, CFMEU had the following financial assets: held-to-maturity investments, available-for-sale assets and loans and receivables.

1.13 Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity dates that the reporting unit has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

1.14 Available-for-sale assets

Available-for-sale are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. Available-for-sale assets are measured at fair value.

1.15 Loan and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

1.16 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on the effective interest rate basis except for debt instruments other than those financial assets that are recognised at fair value through profit and loss.

1.17 Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is

Notes to the financial statements for the year ended 30 June 2016

objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the reporting units past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When trade receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.18 Derecognition of financial assets

The reporting unit derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the assets carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

1.19 Financial Liabilities

Financial liabilities are classified as either financial liabilities "at fair value through profit or loss" or other financial liabilities. Financial liabilities are recognised and derecognised upon "trade date". During the financial year, CFMEU only had other financial liabilities.

Notes to the financial statements for the year ended 30 June 2016

1.20 Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised costs using the effective interest method. With interest expense recognised on the effective yield basis.

1.21 Derecognition of financial liabilities

The reporting unit derecognises financial liabilities when, and only when, the reporting units obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

1.22 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.

1.23 Land, Buildings, Plant and Equipment

Asset Recognition Threshold

Purchase of land, buildings, plant and equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Revaluations – land and buildings

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of the assets do not differ materially from those would be determined using fair values as at reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of asset are recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

Notes to the financial statements for the year ended 30 June 2016

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over the 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:

– Buildings	25 – 40 years
– Vehicles	3 – 5 years
– Furniture, fittings and equipment	3 – 8 years
– Leasehold improvements	10 years

Derecognition

An item of land, buildings, plant and equipment is derecognised upon disposal of 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.

1.24 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit and loss in the period in which they arise.

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

1.25 Intangibles

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

Notes to the financial statements for the year ended 30 June 2016

- Film	10 years
- Software	2.5 years

1.26 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 CFMEU were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.27 Taxation

CFMEU is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligations for fringe benefits tax (FBT) and 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 the 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 financial activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

1.28 Fair value measurement

The CFMEU measures financial instruments, such as, non-financial assets for example land and buildings, at fair value every four years.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

Notes to the financial statements for the year ended 30 June 2016

The principal or the most advantageous market must be accessible by the CFMEU. The fair value of the asset or a liability is measured using the assumptions that the market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The CFMEU uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market price in active market for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the CFMEU determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the CFMEU has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

1.29 ***Going concern***

CFMEU Mining and Energy is not reliant on financial support from any reporting unit or entity to continue as a going concern.

CFMEU Mining and Energy has not agreed to provide financial support to another reporting unit to ensure they can continue on a going concern basis.

Notes to the financial statements for the year ended 30 June 2016

1.30 Investments

Non-current investments are measured on the cost basis. The carrying amount of investments is reviewed annually by the executive to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for shares in listed companies or the underlying net assets for other non-listed corporations. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

Dividends and interest is taken to income on an accruals basis.

Note 2 – Events after reporting date

There were no events that occurred after 30 June 2016, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the CFMEU.

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Notes to the financial statements for the year ended 30 June 2016

	2016	2015
	\$	\$
Note 3 - Income		
Note 3A - Capitation	-	-
Note 3B - Levies		
Membership Support (voluntary)	423,458	519,638
Legal and Assistance (voluntary)	1,513,047	1,687,261
Donations (voluntary)	-	-
Compulsory levies	-	-
Total Levies	\$ 1,936,505	\$ 2,206,899
Note 3C - Interest		
Interest Received - Deposits	391,977	470,228
Purchases - Union Merchandise	-	-
Total Interest	\$ 391,977	\$ 470,228
Note 3D - Rental revenue		
Properties	130,143	152,101
Other	-	-
Total rental revenue	\$ 130,143	\$ 152,101
Note 3E: Grants or donations		
Grants	-	-
Donations	19,776	24,536
Total gifts and/or donations	\$ 19,776	\$ 24,536
Note 3F: Net gains from sale of assets		
Land and buildings	-	-
Leasehold improvements	-	-
Plant and equipment	0	493
Motor vehicle	42,792	3,282
Intangibles	-	-
Total net gain from sale of assets	\$ 42,792	\$ 3,775

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Notes to the financial statements for the year ended 30 June 2016

	2016	2015
	\$	\$
Note 4 - Expenses		
Note 4A - Employee Expenses		
Board members and executives		
Wages and Salaries	1,773,670	2,240,965
Leave and other entitlements - Paid	258,273	319,148
Leave and other entitlements - Provision	122,017	55,405
Separations and redundancies	0	0
Superannuation - Statutory	167,488	164,243
Superannuation - Other	52,057	56,635
Other Employee Expenses (including payroll tax, FBT, work safety clothing and equipment and amenities)	296,321	222,675
Subtotal board members and executives	\$ 2,669,826	\$ 3,059,071
Other Employees		
Wages and Salaries	1,164,688	1,109,357
Leave and other entitlements - Paid	287,992	246,950
Leave and other entitlements - Provision	112,602	(485,342)
Separations and redundancies	0	109,532
Superannuation - Statutory	128,931	150,270
Superannuation - Other	55,914	52,512
Other Employee Expenses(including payroll tax, FBT, work safety clothing and equipment and amenities)	141,525	88,751
Subtotal other employees	\$ 1,891,652	\$ 1,272,030
Total employee expenses	\$ 4,561,478	\$ 4,331,101
Note 4B – Capitation fees		
CFMEU Mining and Energy National Office	2,165,279	2,229,746
	\$ 2,165,279	\$ 2,229,746
Note 4C - Affiliation Fees		
Australian Labour Party	957	58,823
Others including Union Shopper	18,520	70,365
Total affiliation fees	\$ 19,477	\$ 129,188

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Notes to the financial statements for the year ended 30 June 2016

	2016	2015
	\$	\$
Note 4D - Administration Expenses		
Consideration to employers for payroll deductions	-	-
Compulsory levies	-	-
Fees/allowances - meetings and conferences	-	-
Conferences and Meetings	485,902	654,707
Office Requirements	10,553	40,534
Postage, Printing and Stationery	387,932	509,867
Property costs	500,705	408,751
Computer Maintenance	91,430	96,051
Purchases - subscriptions and periodicals	25,258	15,760
Total administration expenses	\$ 1,501,780	\$ 1,725,670
Note 4E - Donations and Grants		
Grants:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	131,982	98,423
Donation Levies paid that were \$1,000 or less	0	299,900
Total paid that exceeded \$1,000	316,758	320,301
Total donations and grants	\$ 448,740	\$ 718,624
Note 4F - Depreciation and Amortisation		
Depreciation:		
Land & Buildings	0	59,686
Plant & Equipment	96,645	89,359
Motor Vehicles	140,186	160,875
Total Depreciation	\$ 236,831	\$ 309,920
Amortisation:		
Software	22,886	22,886
"Blood on the Coal" Film	56,879	19,009
Total Amortisation	\$ 79,765	\$ 41,895
Total Depreciation and Amortisation	\$ 316,596	\$ 351,815

Notes to the financial statements for the year ended 30 June 2016

	2016	2015
	\$	\$
Note 4G - Finance costs		
Finance leases	-	-
Overdrafts and loans	-	-
Unwinding of discount	-	-
Total finance costs	\$ -	\$ -
Note 4H - Legal Costs		
Litigation	-	-
Other legal matters paid from:		
General funds	39,775	85,548
Legal and Assistance Fees	1,376,530	1,515,168
Legal and Assistance Fund Expenses	525,000	717,559
Total legal costs	\$ 1,941,305	\$ 2,318,275
Note 4I - Write-down and impairment of assets		
Asset write-downs and impairments of:		
Land and buildings	1,162,764	-
Plant and equipment	-	-
Intangible assets	-	-
Other	-	-
Total write-down and impairment of assets	\$ 1,162,764	\$ -
Note 4J - Net losses from sale of assets		
Land and buildings	-	-
Plant and equipment	781	-
Intangibles	-	-
Total net losses from asset sales	\$ 781	\$ -

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Notes to the financial statements for the year ended 30 June 2016

	2016	2015
	\$	\$
Note 4K - Other expenses		
Penalties - via RO Act or RO Regulations	-	-
Bank fees and charges	52,836	43,634
Advertising and public relations	370,708	209,321
Insurances Property, plant & equipment	2,543	67,700
Leasing costs - operating	-	-
Loans Written off	211,947	5,000
Executive Honoraria	28,833	29,584
Motor vehicle expenses	136,664	117,542
Functions and hospitality	353,111	382,502
Campaign administration costs	386,517	24,560
Retirements and tributes	307,936	138,954
Loss on sale of plant and equipment	-	-
Travel - airfares, accommodation and car hire	765,285	455,274
Consultancy fees	0	55,444
Total other expenses	\$ 2,616,380	\$ 1,529,515

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Notes to the financial statements for the year ended 30 June 2016

	2016	2015
	\$	\$
Note 5 - Current Assets		
Note 5A - Cash and Cash Equivalents		
Cash at bank	2,226,230	456,182
Cash on hand	1,626	2,978
Short term deposits	11,189,407	13,025,316
Other	-	-
Total cash and cash equivalents	\$ 13,417,263	\$ 13,484,476
Note 5B - Trade and Other Receivables		
Trade and Other Receivable	333,693	473,562
Loans - Members (unsecured)	246,344	182,213
Loans - Associates (unsecured)	9,545	10,046
Other Receivables	0	100,000
Interest Receivable	89,980	105,088
CFMEU National Office	23,800	-
Less Provision for Doubtful Debts	-	-
Total trade and other receivables	\$ 703,362	\$ 870,909
Note 5C - Other current assets		
Stock on Hand	136,871	92,441
Short term investments	260,920	256,838
Total other current assets	\$ 397,791	\$ 349,279

Notes to the financial statements for the year ended 30 June 2016

	2016 \$	2015 \$
Note 6 - Non-current Assets		
6A - Land and Buildings		
Land at valuation	580,000	865,000
Buildings at valuation	1,350,000	2,424,125
Buildings at cost	0	28,396
	\$ 1,930,000	\$ 3,317,521
Less: Accumulated depreciation	0	(240,620)
Total land and buildings	\$ 1,930,000	\$ 3,076,901
Leasehold improvements		
Improvements at cost	18,174	18,174
Less: Accumulated depreciation	(2,155)	(1,700)
Total leasehold improvements	\$ 16,019	\$ 16,474
Reconciliation of Opening and Closing Balances of Land and Buildings		
Property		
As at 1 July	3,076,901	3,138,833
Additions	0	0
Disposals	0	0
Adjustments	(1,146,901)	(2,694)
	\$ 1,930,000	\$ 3,136,139
Less depreciation	0	(59,238)
Net book value 30 June	\$ 1,930,000	\$ 3,076,901
Leasehold Improvements		
As at 1 July	16,474	12,822
Additions	0	4,100
Disposals	0	0
Adjustments	0	(448)
	\$ 16,474	\$ 16,474
Less depreciation	(455)	(0)
Net book value 30 June	\$ 16,019	\$ 16,474

Notes to the financial statements for the year ended 30 June 2016

The property has been revalued to reflect market valuation.

- The effective date of revaluation was 30 June 2016.
- The valuations were performed by an independent valuers from Herron Todd White.
- The valuations were performed on a vacant possession basis and using the direct comparison method to form the opinion of the independent valuer.
- The fair value was determined by direct comparison to recent activities in an active market at arms length transactions.
- The revaluation surplus is \$0.00 as properties were revalued below carrying amount.

	2016	2015
	\$	\$
6B - Plant and equipment		
Plant and equipment		
At cost	1,216,108	1,156,018
Less: Accumulated depreciation	(1,030,148)	(956,404)
Total plant and equipment	\$ 185,960	\$ 199,614
Motor vehicles		
At cost	658,068	690,069
Less: Accumulated depreciation	(189,742)	(299,153)
Total motor vehicles	\$ 468,326	\$ 390,916
<i>Reconciliation of Opening and Closing Balances of Plant and equipment</i>		
Plant & equipment		
As at 1 July	199,614	344,035
Add additions	83,587	48,366
Less disposals	(270)	(1,178)
Adjustments		(102,743)
	\$ 282,931	\$ 288,480
Gain or loss on sale of assets	(781)	493
Less depreciation	(96,190)	(89,359)
Net book value 30 June	\$ 185,960	\$ 199,614

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Notes to the financial statements for the year ended 30 June 2016

	2016	2015
	\$	\$
Motor Vehicle		
As at 1 July	390,916	601,319
Add additions	425,264	101,054
Less disposals	(250,460)	(153,864)
Adjustments	0	0
	<u>\$ 565,720</u>	<u>\$ 548,509</u>
Gain or loss on sale of assets	42,792	3,282
Less depreciation	(140,186)	(160,875)
Net book value 30 June	<u>\$ 468,326</u>	<u>\$ 390,916</u>
 6C - Investment Property		
Opening balance as at 1 July 2015	-	-
Additions	-	-
Net gain from fair value adjustment	-	-
Total investment property	<u>\$ -</u>	<u>\$ -</u>
 6D - Intangibles		
Software at cost:		
Internally Generated	57,215	57,215
Less: Accumulated amortisation	(46,437)	(23,551)
Total software	<u>\$ 10,778</u>	<u>\$ 33,664</u>
 Film at cost		
Internally Generated	568,791	568,791
Less: Accumulated amortisation	(75,888)	(19,009)
Total film	<u>\$ 492,903</u>	<u>\$ 549,782</u>
Total Intangibles	<u>\$ 503,681</u>	<u>\$ 583,446</u>

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Notes to the financial statements for the year ended 30 June 2016

	2016	2015
	\$	\$
<i>Reconciliation of Opening and Closing Balances of Intangibles</i>		
As at 1 July	583,446	57,215
Add additions	0	568,791
Less disposals	-	(665)
	<u>\$ 583,446</u>	<u>\$ 625,341</u>
Less depreciation	(79,765)	(41,895)
Net book value 30 June	<u>\$ 503,681</u>	<u>\$ 583,446</u>
Note 6E – Secured loan to Associates		
Secured property loan to associate	55,142	55,622
Total investments	<u>\$ 55,142</u>	<u>\$ 55,622</u>
Share of net profit from associates	-	-
Share of net loss from associates	-	-
Note 6F - Other Investments		
Shares in Unlisted Corporations - at cost	2	2
QCU Mackay Property Unit Trust - at cost	79,001	79,001
QCU Rockhampton Property Unit Trust - at cost	58,824	78,200
Total other investments	<u>\$ 137,827</u>	<u>\$ 157,203</u>
Note 6G - Other non-current assets		
Deposits paid film and app production	-	-
Total other non-current assets	<u>\$ -</u>	<u>\$ -</u>

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Notes to the financial statements for the year ended 30 June 2016

	2016	2015
	\$	\$
Note 7 - Current Liabilities		
Note 7A - Trade Payables		
Other Trade Payables	213,976	371,298
Subtotal trade creditors	\$ 213,976	\$ 371,298
Payables and other reporting units		
CFMEU National Office	1,540,396	532,038
CFMEUQ	1,613,928	1,592,059
Subtotal payables to other reporting units	\$ 3,154,324	\$ 2,124,097
Total trade payables	\$ 3,368,300	\$ 2,495,395

Trade payables are made to suppliers usually within trading terms. CFMEU National Office payments are paid on an adhoc basis and CFMEUQ payments are made via mortuary benefit payments to members only. The balance of rent is accumulated to the loan account.

Note 7B - Other Payables

Superannuation	39,453	57,741
Consideration to employers for payroll deductions	0	0
Legal costs payable		
- Litigation	0	0
- Other Legal Matters	211,326	434,698
GST Payable	358,707	(11,557)
Other	178,879	17,867
Total other payables	\$ 788,365	\$ 498,749
Total other payables are expected to be settled in:		
No more than 12 months	788,365	498,749
More than 12 months	-	-
Total other payables	\$ 788,365	\$ 498,749

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Notes to the financial statements for the year ended 30 June 2016

Note 8 - Provisions

Note 8 - Employee Provisions

Office Holders

Annual Leave	617,237	459,795
Sick Leave	381,946	417,371
Long Service Leave (Accrued by CFMEU National Office)	-	-
Separations and Redundancies	-	-
Other	-	-
Subtotal employee provisions - office holders	\$ 999,183	\$ 877,166

Employees other than Office Holders

Annual Leave	155,302	69,732
Sick Leave	115,171	88,530
Long Service Leave	69,975	58,213
Separations and Redundancies	-	-
Other	-	-
Subtotal employee provisions - employees other than office holders	\$ 340,448	\$ 216,475

Total employee provisions

Current	1,339,631	1,093,641
Non-Current	-	-
Total employee provisions	\$ 1,339,631	\$ 1,093,641

Note 9 - Non-current Liabilities

Note 9A - Other non-current liabilities

Total other non-current liabilities	\$ -	\$ -
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Notes to the financial statements for the year ended 30 June 2016

Note 10 - Equity

Note 10A - Funds

General Funds

Balance as at start of year	14,770,345	15,155,050
Transfer to reserve	0	0
Transferred out of reserve	(\$2,451,270)	(\$384,708)
Balance as at end of year	\$ 12,319,075	\$ 14,770,342

Legal and Assistance Fund

Balance as at start of year	0	0
Transfer to reserve	1,513,047	2,452,980
Transferred out of reserve	(1,513,047)	(2,452,980)
Balance as at end of year	\$ -	\$ -

Note 11 - Cash Flow

Note 11A - Reconciliation of cash and cash equivalents per Balance Sheet to Cash Flow Statement

Cash and cash equivalents per:

Cash flow statement	13,417,263	13,484,476
Balance sheet	13,417,263	13,484,476
Difference	\$ -	\$ -

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Notes to the financial statements for the year ended 30 June 2016

	2016	2015
	\$	\$
Reconciliation of profit/(deficit) to net cash from operating activities:		
Profit/(deficit) for the year	(2,777,980)	(384,705)
Adjustments for non-cash items		
Depreciation/amortisation	316,596	351,815
Net write-down of non-financial assets	781	0
Fair value movements in investment property	1,162,764	0
Bed Debts Written Off	211,947	0
Transfers	(4,082)	27,928
Gain on disposal of assets	(42,792)	(3,775)
Changes in assets/liabilities		
(Increase)/decrease in net receivables	167,548	47,260
(Increase)/decrease in prepayments	0	0
(Increase)/decrease in stock on hand	(44,430)	(92,441)
(Increase)/decrease in cost of assets	(250,491)	(138,141)
(Increase)/decrease in secured loans	480	
Increase/(decrease) in supplier payables	872,905	105,206
Increase/(decrease) in other payables	289,617	182,528
Increase/(decrease) in employee provisions	245,990	(275,212)
Increase/(decrease) in other provisions	0	0
	\$148,853	(\$223,036)
Net cash from (used by) operating activities		
 Note 11B - Cash flow information		
Cash inflows - CFMEU National Office	145,868	150,901
Cash inflows - General	15,004,906	14,964,630
Total cash inflows	\$ 15,150,774	\$ 15,115,531
Cash outflows - CFMEU National Office	(3,891,813)	(3,657,400)
Cash outflows - General	(11,084,864)	(11,882,911)
Total cash outflows	(\$14,976,677)	(\$15,540,311)

Notes to the financial statements for the year ended 30 June 2016

Note 12 -Contingent Liabilities

Corporate Business Cards and Auto-Pay

The maximum exposure of the organisation for the usage of Commonwealth Bank Business Cards and the auto pay facility is \$750,000. This is secured by an undertaking in respect of the liquid assets of the organisation.

2016	2015
\$	\$

Note 13 - Related Party Disclosures

Note 13A - Related Party Transactions for the Reporting Period

The following table provides the total amount of transactions that have been entered into with related parties for the relevant year.

Revenue received from CFMEU National Office includes the following:

Rental, outgoings and administration costs	148,208	116,552
National Assistance payments	1,580,001	1,564,027
Recoupment of wages for Central Councillors	-	-
Members support payments from NAF	-	-
Auscoal director fees	163,030	50,004

Expenses paid to CFMEU National Office includes the following:

Union dues from members	2,165,279	2,741,891
National Assistance payments	1,045,894	1,557,608
Campaign payments	202,061	0
Member Support payments for NAF	23,800	0

Expenses paid to CFMEUQ includes the following:

Rental of property	90,261	89,367
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Expenses paid on behalf of CFMEUQ includes the following:

Mortuary benefit payments	46,500	0
Property renovations	21,892	0

Notes to the financial statements for the year ended 30 June 2016

	2016	2015
	\$	\$
Loans to related parties includes the following:		
Andrew Vickers - secured loan	55,142	55,622
Loan S Smyth	786	1,498
Loan M Hughes	0	400
Loan T Whyte	0	692
Loan C Roth	6,758	5,457
Loan K King	2,000	2,000

Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2016, CFMEU has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2015: \$Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Loan provided to related parties is repayable as follows:

Andrew Vickers - upon termination of employment with CFMEU.

S Smyth – paid in full as at 31 July 2016

C Roth – four years

K King – by 30 June 2017

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Notes to the financial statements for the year ended 30 June 2016

	2016 \$	2015 \$
13B - Key management personnel remunerations for reporting period		
Short term employee benefits		
Salary (including annual leave taken)	2,031,943	2,241,130
Annual leave accrued	457,433	459,795
Performance bonus	-	-
Total short term employee benefits	<u>2,489,376</u>	<u>2,700,925</u>
Post-employment benefits		
Superannuation	219,545	218,485
Total post-employment benefits	<u>219,545</u>	<u>218,485</u>
Other long term benefits		
Long service leave	-	-
Total other long term benefits	<u>-</u>	<u>-</u>
Termination benefits	<u>-</u>	<u>-</u>
Total key management personnel remuneration	<u>\$ 2,708,921</u>	<u>\$ 2,919,410</u>
13C - Transactions with key management personnel and their close family members		
Loans to key management personnel		
Loan S Smyth	786	1,498
Loan M Hughes	0	400
Loans T Whyte	0	692
	<u>\$ 786</u>	<u>\$ 2,590</u>
<p>Loan provided to key management personnel is interest free and is repayable after one month to two years.</p>		
Note 14 - Auditors Remunerations		
Auditing of Financial Reports	32,730	38,100
Other Services	0	32,391
	<u>\$ 32,730</u>	<u>\$ 70,491</u>

Notes to the financial statements for the year ended 30 June 2016

Note 15 - Financial Instruments

The CFMEU is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The CFMEU risk management focuses on minimising exposure to financial markets. The CFMEU risk management is focused on securing short and medium term cash flows by maintaining minimal exposure to risk and manages risk by maintaining highly liquid assets, minimal borrowing and creditors and minimal debtors.

The CFMEU does not actively engage in the trading of financial assets or write options. The most significant financial risks to which the CFMEU is exposed are detailed below.

Note 15A: Market risk analysis

The CFMEU is exposed to market risk through its use of financial instruments, specifically interest rate risk, which results from its investing activities.

Note 15B: Interest rate sensitivity

At 30 June 2016, the CFMEU is exposed to changes in the market interest rates through its investment in short and long term deposits. This is mitigated as all term deposits pay fixed interest rates.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 0.50% (2015: +/- 0.50%). This is based on the change in the average market interest rate for each period, and the financial instruments held at reporting date that are sensitive to changes in the interest rates. All other variables are held constant.

	(Loss) for the year		Equity	
	+0.5%	-0.5%	+0.5%	-0.5%
30 June 2016	\$67,078	(\$67,078)	\$67,078	(\$67,078)
30 June 2015	\$67,407	(\$67,407)	\$67,407	(\$6,7407)

Note 15C: Other price risk sensitivity

The CFMEU is not exposed to other price risk sensitivities.

Note 15D: Credit Risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the CFMEU. The CFMEU is exposed to this risk for various financial instruments, being monies held in term deposits, granting of loans to members and associates and receivables. The CFMEU's maximum exposure to risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

Notes to the financial statements for the year ended 30 June 2016

	2016	2015
	\$	\$
Classes of financial assets		
Carrying amounts:		
• Cash and cash equivalents	13,417,263	13,484,476
• Secured Loan to associate	55,142	55,622
• Unsecured loans to members	246,344	182,213
• Unsecured loans to associates	9,545	10,046
• Unsecured loan to entity	-	100,000
• CFMEU National Office	23,800	-
• Trade and other receivables	333,693	473,562
Total	\$14,085,786	\$14,305,919

The CFMEU credit risk for cash and cash equivalents is considered negligible as the counterparties are 2 reputable financial institutions with high quality external credit rating.

The CFMEU mitigates credit risk on loans to members and associates by loaning small amounts only. The CFMEU does not have loans with external parties who are not associated with the entity through the membership.

The CFMEU credit risk on the secured loan is mitigated by a mortgage over property.

There is minimal credit risk in respect to trade and other receivables that are not past due as it is interest income receivable on the maturity of term deposits held by financial institutions and dues from a large number of members that are paid on a weekly, monthly, quarterly or yearly basis. The majority of member dues are received via payroll from employers or direct debit from the members banks. Direct debits are instigated by the CFMEU.

The CFMEU considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

There are no unimpaired or past due trade or other receivables. All receivables are within terms.

The CFMEU loan to the Blackwater Mine Workers Fund was due in April 2015 and remained unpaid. This loan was impaired in the 2016 financial year.

The carrying amounts disclosed above are the CFMEU's maximum possible credit risk exposure in relation to the financial instruments.

Note 15E: Liquidity Risk

Liquidity risk is that the CFMEU might be unable to meet its obligations. The CFMEU manages its liquidity by monitoring its cash inflows on a daily basis and outflows on a week to week basis.

Notes to the financial statements for the year ended 30 June 2016

The objective of the CFMEU is to maintain cash in trading accounts to meet liquidity requirements for 14 days, and short-term deposits to meet liquidity requirements for a period of 3 months. The CFMEU also has the objective of maintaining short-term deposits to cover all obligations. These objectives were met for the reporting period.

The CFMEU considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The CFMEU's existing cash resources significantly exceed the current cash outflow requirements.

	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
30 June 2016				
Trade and other payables	\$2,542,737	\$1,613,928	-	-

Note 15G: Asset Pledged/or Held as Collateral

No assets of the CFMEU have been pledged or held as collateral.

Note 16 – Fair value measurement

Note 16A: Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

- **Level 1** – quoted prices (unadjusted) in active markets for identical assets for liabilities
- **Level 2** – inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly
- **Level 3** – unobservable inputs for the asset or liability.

The following tables provide an analysis of financial and assets and liabilities that are measured at fair value, by fair value hierarchy.

Notes to the financial statements for the year ended 30 June 2016

Fair value hierarchy –30 June 2016				
	Date of valuation	Level 1	Level 2	Level 3
		\$	\$	\$
Assets measured at fair value				
Shares in unlisted companies				2
QCU Mackay Property				79,001
QCU Rockhampton	30/06/2016			58,824
Total		\$0	\$0	\$137,827

Note 16B: Fair value measurement of non-financial instruments

The following tables provide an analysis of non- financial assets and liabilities that are measured at fair value, by fair value hierarchy.

Fair value hierarchy –30 June 2016				
	Date of valuation	Level 1	Level 2	Level 3
		\$	\$	\$
Assets measured at fair value				
Property, plant and equipment:				
• Land at valuation	30/06/2016	580,000		
• Buildings at valuation	30/06/2016	1,350,000		
Total		\$1,930,000	\$0	\$0
Total				\$1,930,000

The fair value of the organisations main property assets is estimated based on the appraisals performed by independent, professionally qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation process and fair value changes are reviewed by the Committee of Management.

Notes to the financial statements for the year ended 30 June 2016

Note 17 – Fair Work (Registered Organisations) Act 2009

Note 17A: Information to be provided to members

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of section 272, sub-sections (1), (2) and (3) of the Fair Work (Registered Organisations) Act 2009 which reads as follows:

- 1) A member of an organisation, or a General Manager of Fair Work Commission, may apply to the organisation for specified prescribed information in relation to the organisation.
- 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 organisation.
- 3) The organisation must comply with on an application made under sub-section (1).

Note 17B: Copies of audited financial statements to be provided to members

The organisation has already and will provide a copy of the Financial Statements free of charge to any member who so requests in writing. The financial statements are also available to all members on the CFMEU Mining and Energy Qld District Branch website.

Note 18: Copies of audited financial statements to be provided to members

The 2016 Financial Reports for the CFMEU Mining and Energy were reviewed by the Fair Work Commission and a number of items were identified as needing additional information or corrections made. The Fair Work Commission issued a letter to the CFMEU Mining and Energy detailing the changes that were require. As a result of the Fair Work Commission review the Financial Reports for CFMEU Mining and Energy have been re: issued with the corrected disclosures.

The CFMEU Mining and Energy Division has re-issued the financial reports for the year ended 30 June 2016 for the following adjustments:

- 1) The wording in the Designated Officers Certificate was updated to remove the wording “The full report will be presented to the members at meetings held during January”
- 2) The period of service during the financial year for each member of the Committee of Management was added to the Operating Report.
- 3) To meet the requirements for Subsection 254(2) of the RO Act, an additional note was made on the Operating Report that “No officer of member of the reporting unit holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of an organisation.”
- 4) Note 15 was expanded to include additional disclosures of the financial instruments of the CFMEU Mining and Energy. These additional disclosures were added to address the requirements for AASB 7.

Notes to the financial statements for the year ended 30 June 2016

- 5) Note 16 was added to the financial reports to disclose the fair value measurement of the CFMEU Mining and Energy in accordance with AASB 13.
- 6) Note 4A has been amended to disclose a \$0 value for separation and redundancies for officers in accordance with the Registered Organisations reporting guidelines.
- 7) Note 4F was updated for a typographical error in the amount recorded for depreciation/amortisation. The discrepancy between the amounts reported in Note 4F and Note 6 were rectified to reflect the correct amounts.
- 8) Note 16B includes the effective date for the revaluation of the Property, Plant and Equipment and that the valuation of the property was performed by an independent valuer. This is in accordance with AASB 116.
- 9) 2015 comparative information has been added to the Reconciliation of Opening and Closing Balances for Land and Buildings (Note 6A) and Plant and Equipment (Note 6B).
- 10) Note 4E was updated for a reallocation of a donation from donations less than \$1,000 to donations of \$1,000 or more. The amount recorded for donations of \$1,000 or more changed from \$313,758 to \$316,758 and the donations less than \$1,000 changed from \$134,982 to \$131,982..
- 11) Note 7B has been amended to separate the legal costs between litigation and other legal matters in accordance with the Reporting Guideline 20(b).
- 12) An additional paragraph (1.29) has been added to Note 1 in relation to going concern financial reports in accordance with item 13 of the Reporting Guidelines.
- 13) The auditors report has been amended to include a declaration that the managements use of the going concern basis of accounting in preparation of the financial statements is appropriate. This is in accordance with Item 39 of the Reporting Guidelines.
- 14) Note 13B was updated for a summation error in the total key management personnel remuneration amount from \$2,708,410 to \$2,708,921.
- 15) Note 11A was amended to provide more information and further allocation of items on the cashflow statement to improve reporting.
- 16) Statement of Cash Flows was amended for errors in the amounts recorded as interest received, proceeds and payments for property, plant and equipment and payments to suppliers.
- 17) Reclassification of National Office Dues paid to Capitation Fees.