



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 2017 - FR2017/32**

I acknowledge receipt of the financial report for the year ended 30 June 2017 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 27 December 2017.

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

Whilst the 2017 report has been filed the following should be addressed in the preparation of the next financial report.

Auditor's Statement

Should be addressed to members

The Auditor's Statement was not addressed to the members of the reporting unit. Item 22 of ASA700 states "The auditor's report shall be addressed as required by the circumstances of the engagement." Item A21 of ASA700 states "Law, regulation or the terms of the engagement may specify to whom the auditor's report is to be addressed in that particular jurisdiction. The auditor's report is normally addressed to those for whom the report is prepared...".

In this instance the report is prepared for the members of the reporting unit. Accordingly, the Auditor's statement is required to be addressed to the Members of the Construction, Forestry, Mining and Energy Union, Mining and Energy Division Queensland District Branch.

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', with a stylized flourish at the end.

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

Financial Report for the Financial Year Ended

30 June 2017

Financial Report for the Financial Year Ended

30 June 2017

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INDEPENDENT AUDITOR'S REPORT

Report on the audit of the financial report

Opinion

We have audited the financial report of the CFMEU Mining & Energy Division Queensland District Branch, which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2017, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the CFMEU Mining & Energy Division Queensland District Branch as at 30 June 2017 and its financial performance and its cash flows for the year ended on that date in accordance with:

- (a) the Australian Accounting Standards; and
- (b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

We declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

Basis for Opinion

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

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

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

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially consistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a

material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting, from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Reporting Unit.
- Conclude on the appropriateness of the Committee of Managements' use of the going concern basis of accounting and based, on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Reporting Unit audit. We are solely responsible for my audit opinion.

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

I declare that I am an approved auditor, a member of SRJ Walker Wayland and hold a current Public Practice Certificate.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of section 257(7) of the RO Act, we are required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act.

Nothing has come to our attention to indicate that there are any material deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act.

Report on the Recovery of Wages Activity financial report

The CFMEU Mining & Energy Division Queensland District Branch has not undertaken any recovery of wages activity. Refer to the Committee of Management Statement, and no opinion can be provided in relation to recovery of wages activity

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

.....

Jason Croston
SRJ Walker Wayland
Director

Date: 20 November 2017

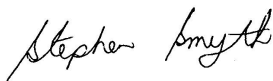
Address: Unit 3, 27 South Pine Road, BRENDALE QLD 4500

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

Certificate for the period ended 30 June 2017

I, Stephen Alan Smyth being the District 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 2017, referred to in s268 of the Fair Work (Registered Organisations) Act 2009; and
- The full report was presented to a committee of management meeting on 9th November 2017;
- That the full report was provided to the members of the reporting unit on 21st November 2017 via the Construction, Forestry, Mining and Energy Union, Mining and Energy Division website;
- The full report has been presented to the members at a series of meetings held in December 2017, in accordance with the rules of the union. The last meeting being held on 22nd December 2017 at 12pm.



.....
Stephen Alan Smyth
(President)
Prescribed designated officer

Dated: 22 December 2017
.....

Operating Report for the year ended 30 June 2017

The committee presents its report on the reporting unit for the financial year ended 30 June 2017.

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 maybe 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 (\$679,354). 2016: Loss of (\$2,777,980).

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

1. ongoing declining membership (Membership subscription revenue \$9,353,876 for 2017; \$9,654,602 for 2016),
2. declining cash interest rates (Interest revenue \$334,158 for 2017; \$391,977 for 2016); and
3. a significant rise in the cost of affiliation fees due to timing of invoices from the CFMEU Construction and General Division for ALP and QCU fees in 2016 and 2017.
4. the recognition of merchandise stock on hand as expenditure rather than as an asset has seen a significant rise in merchandise cost for the year.

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) for the rules of the organisation.

Other information:

- The number of members of the branch as at 30 June 2017 was 6,259. (2016: 6,369);

Operating Report for the year ended 30 June 2017

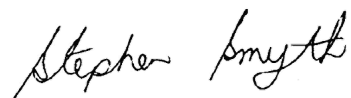
- The number of full-time equivalent employees of the branch at 30 June 2017 was:
 - Executives – 10;
 - Legal Officers – 2;
 - Office Staff – 11;
 - Lodge executives – 5.

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 2016 to 30 June 2017
Senior Vice President	Mitch Hughes	1 July 2016 to 30 June 2017
Secretary	Timothy Whyte	1 July 2016 to 30 June 2017
Division 1	Shaun Isaacs	1 July 2016 to 30 June 2017
Division 2	Simon West	1 July 2016 to 30 June 2017
Division 3	Jeff Scales	1 July 2016 to 30 June 2017
Division 4	Heath Timmins	1 July 2016 to 30 June 2017
Division 5	Steven Grant	1 July 2016 to 30 June 2017
Division 6	Michael Hartin	1 July 2016 to 30 June 2017
Division 7	Mark Zerner	1 July 2016 to 30 June 2017
Central Councillor	Jeff Pearce	1 July 2016 to 30 June 2017
Central Councillor	Luke Ludlow	1 July 2016 to 30 June 2017
Central Councillor	Brian Wise	1 July 2016 to 30 June 2017

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 an organisation.



Stephen Allan Smyth
(President)



Mitch Hughes
(Senior Vice President)

Dated: 20 November 2017

Dated: 20 November 2017

Committee of Management Statement for the year ended 30 June 2017

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 2017.

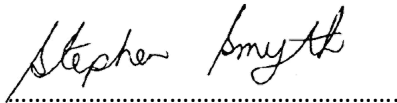
The Committee of Management declares that in its opinion:

1. The financial statements and notes comply with the Australian Accounting Standards;
2. The financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of The Fair Work (Registered Organisations) Act 2009 (the RO Act).
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 Commissioner duly made under s272 of the Registered Organisations Act has been provided to the member or Commissioner; and
 - vi. Where any order for inspection of financial records has been made by the Registered Organisation Commission under s273 of the Registered Organisation Act, there has been compliance.

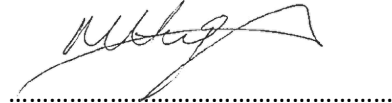
**Committee of Management Statement
for the year ended 30 June 2017**

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: 20 November 2017

Dated: 20 November 2017

**Statement of Comprehensive Income
for the year ended 30 June 2017**

	Notes	2017 \$	2016 \$
Revenue			
Membership subscription		9,353,876	9,654,602
Capitation Fees	3A	-	-
Levies	3B	1,846,944	1,936,505
Interest	3C	334,158	391,977
Rental revenue		113,858	130,143
Other Revenue		644,618	313,139
Total revenue		12,293,454	12,426,366
Other Income			
Grants and/or donations	3D	53,920	19,776
Net gains from sale of assets	3E	6,911	42,792
Total other income		60,831	62,568
Total Income		12,354,285	12,488,934
Expenses			
Employee Expenses	4A	4,288,170	4,561,478
Capitation Fees	4B	2,089,358	2,165,279
Affiliation Fees	4C	181,208	19,477
Administration Expenses	4D	1,574,063	1,501,780
Donations and Grants	4E	673,433	448,740
Depreciation	4F	299,069	316,596
Legal Expenses	4G	808,010	1,941,305
Auditors Remunerations	14	54,300	32,730
Share of net loss from associate	6E	-	-
Write-down and impairment of assets	4H	-	1,162,764
Telephone and Facsimile		231,008	277,595
Purchases - Union Merchandise		522,528	222,009
Net loss on sale of plant & equipment		15,070	781
Other Expenses	4I	2,297,422	2,616,380
Total expenses		13,033,639	15,266,914
Surplus (Deficit) for the year		(\$679,354)	(\$2,777,980)

Statement of Comprehensive Income for the year ended 30 June 2017

Other comprehensive income

Items that will not be subsequently

reclassified to profit and loss

- -

Gain on revaluation of land &
buildings

- -

Total comprehensive income for the year

(\$679,354)

(\$2,777,980)

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

ABN 73 089 711 903

Statement of Financial Position for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5A	12,253,711	13,417,263
Trade and Other receivables	5B	639,490	703,362
Other current assets	5C	265,086	397,791
Total current assets		13,158,287	14,518,416
Non-Current Assets			
Land and buildings	6A	1,896,250	1,930,000
Leasehold improvements	6A	15,565	16,019
Plant and equipment	6B	180,337	185,960
Motor vehicles	6B	390,236	468,326
Intangibles	6C	436,024	503,681
Secured loan to associates	6D	55,142	55,142
Other investments	6E	79,003	137,827
Total non-current assets		3,052,557	3,296,955
Total Assets		16,210,844	17,815,371
LIABILITIES			
Current Liabilities			
Trade payables	7A	2,866,868	3,368,300
Other payables	7B	521,153	788,365
Employee provisions	8	1,183,102	1,339,631
Total Current Liabilities		4,571,123	5,496,296
Non-Current Liabilities			
Employee provisions	8	-	-
Other non-current liabilities	9A	-	-
Total non-current liabilities		-	-
Total liabilities		4,571,123	5,496,296
Net Assets		\$ 11,639,721	\$ 12,319,075

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 2017**

Equity			
General funds	10A	11,639,721	12,319,075
Reserves		-	-
Total Equity		\$ 11,639,721	\$ 12,319,075

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

Statement of Changes in Equity for the year ended 30 June 2017

	Notes	Legal & Assistance Reserve	Asset Revaluation Reserve	General Funds	Total Equity
Balance as at 1 July 2015		-	326,713	14,770,342	15,097,055
(Deficit) for the year		(370,255)	(1,162,764)	(1,244,961)	(2,777,980)
Transfer - Retained earnings		370,255	836,051	(1,206,306)	-
Transfer to legal and assistance reserve		1,513,047	-	-	\$1,513,047
Transfer from the legal and assistance reserve	10A	(1,513,047)	-	-	(\$1,513,047)
Closing balance as at 30 June 2016		-	-	12,319,075	12,319,075
Surplus (Deficit) for the year		434,487	-	(1,113,841)	(679,354)
Transfers to Retained Earnings		-	-	434,487	434,487
Transfers to legal and assistance reserve		-	-	-	-
Transfers from legal and assistance reserve	10A	(434,487)	-	-	(434,487)
Closing balance as at 30 June 2017		-	-	11,639,721	11,639,721

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

The purpose of the legal and assistance fund is to provide financial and legal support to the members in relation to employment related legal matters.

Cash Flow Statement for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
OPERATING ACTIVITIES			
Cash Received			
Receipts from membership Dues		11,536,936	11,976,507
Receipts - CFMEU National Office	11B	3,562,950	145,868
Receipts - Levies		1,847,187	1,934,980
Interest received		291,690	407,085
Expenses recouped		196,861	97,638
Other income		269,877	304,878
Cash Used			
Payments to employees		(4,698,751)	(4,315,488)
Payments to suppliers		(5,855,860)	(6,510,802)
Payments to members for National Support		(3,331,145)	-
Payments to CFMEU National Office	11B	(4,838,822)	(3,891,813)
Net cash from (used by) operating activities	11A	(1,019,077)	148,853
INVESTING ACTIVITIES			
Cash Received			
Proceeds from sale of property, plant & equipment		27,004	301,555
Cash Used			
Payments for property, plant & equipment		(151,962)	(581,752)
Net cash from (used by) investing activities		(124,958)	(280,197)
FINANCING ACTIVITIES			
Cash Received			
Repayments of borrowings by members		140,111	177,457
Cash Used			
Loans to members		(159,628)	(113,326)
Net cash from (used by) financing activities		(19,517)	64,131
Net decrease in cash held		(1,163,552)	(67,213)
Cash at beginning of reporting period		\$ 13,417,263	\$ 13,484,476
Cash and cash equivalents at the end of the reporting period	5A	\$ 12,253,711	\$ 13,417,263

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

Index to the Notes of the Financial Statements

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Note 2	Events after the reporting period
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Note 6	Non-current assets
Note 7	Current liabilities
Note 8	Provisions
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Note 14	Remuneration of auditors
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Note 16	Fair value measurement
Note 17	Section 272 <i>Fair Work (Registered Organisations) Act 2009</i>

Notes to the financial statements for the year ended 30 June 2017

Note 1 - Summary 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, 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 2017

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.

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 - \$349,763 (2016 - \$423,458) 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.

Notes to the financial statements for the year ended 30 June 2017

1.7 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.

1.8 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, sick 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.

Provision is made for separation and redundancy benefit payments.

1.9 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.

1.10 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 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.

Notes to the financial statements for the year ended 30 June 2017

1.11 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.

1.12 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.

1.13 Available-for-sale assets

The reporting unit has no listed shares or listed redeemable notes. The reporting unit has investments in unlisted shares that are not traded in an active market but that are also classified as available-for-sale financial assets and stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the reporting unit right to receive the dividends is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

1.14 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.

Notes to the financial statements for the year ended 30 June 2017

1.15 *Impairment of financial assets*

Financial assets, are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is 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.

1.16 *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.

Notes to the financial statements for the year ended 30 June 2017

1.17 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.

1.18 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.

1.19 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.

1.20 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.

1.21 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.

Notes to the financial statements for the year ended 30 June 2017

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.

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:

	2017	2016
– Buildings	25 – 40 years	25 – 40 years
– Vehicles	3 – 5 years	3 – 5 years
– Furniture, fittings and equipment	3 – 10 years	3 – 10 years
– Leasehold improvements	40 years	40 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.

1.22 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.

Notes to the financial statements for the year ended 30 June 2017

1.23 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:

	2017	2016
– Film	10 years	10 years
– Software	2.5 years	2.5 years

Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit and loss when the asset is derecognised.

1.24 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.

1.25 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.

Notes to the financial statements for the year ended 30 June 2017

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

1.26 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.

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.

Notes to the financial statements for the year ended 30 June 2017

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.

1.27 *Going concern*

CFMEU Mining and Energy is not reliant on financial support of another reporting unit to continue as 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.

1.28 *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 2017, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the CFMEU.

Notes to the financial statements for the year ended 30 June 2017

	2017	2016
	\$	\$
Note 3 - Income		
Note 3A – Capitation fees	-	-
Note 3B - Levies		
Membership Support (voluntary)	396,786	423,458
Legal and Assistance (voluntary)	1,450,158	1,513,047
Total Levies	\$ 1,846,944	\$ 1,936,505
Note 3C - Interest		
Interest Received - Deposits	334,158	391,977
Total Interest	\$ 334,158	\$ 391,977
Note 3D: Grants or donations		
Grants	-	-
Donations	53,920	19,776
Total gifts and/or donations	\$ 53,920	\$ 19,776
Note 3E: Net gains from sale of assets		
Land and buildings	-	-
Plant and equipment	513	-
Motor vehicle	6,398	42,792
Intangibles	-	-
Total net gain from sale of assets	\$ 6,911	\$ 42,792

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

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Notes to the financial statements for the year ended 30 June 2017

	2017	2016
	\$	\$
Note 4 - Expenses		
Note 4A - Employee Expenses		
Board members and executives		
Wages and Salaries	1,852,721	1,773,670
Leave and other entitlements - Paid	390,986	258,273
Leave and other entitlements - Provision	(109,573)	122,017
Separations and redundancies	-	-
Superannuation - Statutory	198,612	167,488
Superannuation - Other	57,092	52,057
Other Employee Expenses (including payroll tax, FBT, amenities, health checks etc)	223,570	296,321
Subtotal board members and executives	\$ 2,613,408	\$ 2,669,826
Other Employees		
Wages and Salaries	1,117,995	1,164,688
Leave and other entitlements - Paid	208,363	287,992
Leave and other entitlements - Provision	(46,955)	112,602
Separations and redundancies	-	-
Superannuation - Statutory	225,317	128,931
Superannuation - Other	55,198	55,914
Other Employee Expenses (including payroll tax, FBT, amenities, health checks etc)	114,844	141,525
Subtotal other employees	1,674,762	\$ 1,891,652
Total employee expenses	\$4,288,170	\$ 4,561,478
Note 4B – Capitation fees		
CFMEU Mining and Energy National Office	2,089,358	\$ 2,165,279
	\$ 2,089,358	\$ 2,165,279
Note 4C - Affiliation Fees		
Australian Labour Party	78,703	957
Queensland Council of Unions	102,505	18,520
Total affiliation fees	\$ 181,208	\$ 19,477

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Notes to the financial statements for the year ended 30 June 2017

	2017	2016
	\$	\$
Note 4D - Administration Expenses		
Consideration to employers for payroll deductions	-	-
Compulsory levies	-	-
Fees/allowances - meetings and conferences	-	-
Conferences and Meetings	524,621	485,902
Office Requirements	10,473	10,553
Postage, Printing and Stationery	457,917	387,932
Property costs	447,247	500,705
Computer Maintenance	107,495	91,430
Purchases - subscriptions and periodicals	26,307	25,258
Total administration expenses	\$ 1,574,063	\$ 1,501,780
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	39,963	131,982
Total paid that exceeded \$1,000	633,470	316,758
Total donations and grants	\$ 673,433	\$ 448,740
Note 4F - Depreciation and Amortisation		
Depreciation:		
Land & Buildings	33,750	-
Leasehold Improvements	454	455
Plant & Equipment	72,955	96,190
Motor Vehicles	124,253	140,186
Total Depreciation	\$ 231,412	\$ 236,831
Amortisation:		
Software	10,778	22,886
"Blood on the Coal" Film	56,879	56,879
Total Amortisation	\$ 67,657	\$ 79,765
Total Depreciation and Amortisation	\$ 299,069	\$ 316,596

Notes to the financial statements for the year ended 30 June 2017

	2017	2016
	\$	\$
Note 4G - Legal Costs		
Litigation	44,607	-
Other legal matters paid from:		
General funds	-	39,775
Penalties	-	-
Legal and Assistance Fees	730,676	1,376,530
Legal and Assistance Fund Expenses	32,727	525,000
Total legal costs	\$ 808,010	\$ 1,941,305
Note 4H - Write-down and impairment of assets		
Asset write-downs and impairments of:		
Land and buildings	-	1,162,764
Total write-down and impairment of assets	\$ -	\$ 1,162,764
<p>The impairment of assets in 2016 was for the revaluation of land and buildings held by the CFMEU. Land and buildings were independently valued as at 30 June 2016</p>		
Note 4I - Other expenses		
Penalties - via RO Act or RO Regulations	-	-
Bank fees and charges	62,111	52,836
Advertising and public relations	313,242	370,708
Insurances Property, plant & equipment	35,694	2,543
Loans Written off	24,918	211,947
Executive Honoraria	26,000	28,833
Motor vehicle expenses	119,730	136,664
Functions and hospitality	588,203	353,111
Campaign administration costs	66,171	386,517
Retirements and tributes	297,226	307,936
Travel - airfares, accommodation and car hire	700,969	765,285
Consultancy fees	63,158	-
Total other expenses	\$ 2,297,422	\$ 2,616,380

Notes to the financial statements for the year ended 30 June 2017

	2017	2016
	\$	\$
Note 5 - Current Assets		
Note 5A - Cash and Cash Equivalents		
Cash at bank	776,625	2,226,230
Cash on hand	1,805	1,626
Short term deposits	11,475,281	11,189,407
Total cash and cash equivalents	\$ 12,253,711	\$ 13,417,263
Note 5B - Trade and Other Receivables		
Trade and Other Receivable	255,556	333,693
Loans - Members (unsecured)	251,859	246,344
Loans - Associates (unsecured)	6,808	9,545
Interest Receivable	132,448	89,980
CFMEU National Office	-	23,800
Less Provision for Doubtful Debts	(7,181)	-
Total trade and other receivables	\$ 639,490	\$ 703,362
Note 5C - Other current assets		
Stock on Hand	1,000	136,871
Short term investments	264,086	260,920
Total other current assets	\$ 265,086	\$ 397,791

Notes to the financial statements for the year ended 30 June 2017

	2017	2016
	\$	\$
Note 6 - Non-current Assets		
6A - Land and Buildings		
Land at valuation	580,000	580,000
Buildings at valuation	1,350,000	1,350,000
	\$1,930,000	\$ 1,930,000
Less: Accumulated depreciation	(33,750)	-
Total land and buildings	\$1,896,250	\$ 1,930,000
Leasehold improvements		
Improvements at cost	18,174	18,174
Less: Accumulated depreciation	(2,609)	(2,155)
Total leasehold improvements	\$15,565	\$ 16,019
Reconciliation of Opening and Closing Balances of Land and Buildings		
Property		
As at 1 July	1,930,000	3,076,901
Additions	-	-
Disposals	-	-
Fair value adjustment	-	(1,146,901)
	\$ 1,930,000	\$ 1,930,000
Less depreciation	(33,750)	-
Net book value 30 June	\$ 1,896,250	\$ 1,930,000
Leasehold Improvements		
As at 1 July	16,019	16,474
Additions	-	-
Disposals	-	-
Adjustments	-	-
	\$16,019	\$ 16,474
Less depreciation	(454)	(455)
Net book value 30 June	\$ 15,565	\$ 16,019

Notes to the financial statements for the year ended 30 June 2017

	2017 \$	2016 \$
6B - Plant and equipment		
Plant and equipment		
At cost	1,021,114	1,216,108
Less: Accumulated depreciation	(840,777)	(1,030,148)
Total plant and equipment	\$180,337	\$ 185,960
Motor vehicles		
At cost	660,183	658,068
Less: Accumulated depreciation	(269,947)	(189,742)
Total motor vehicles	\$390,236	\$ 468,326
Reconciliation of Opening and Closing Balances of Plant and equipment		
Plant & equipment		
As at 1 July	185,690	199,614
Add additions	71,635	83,587
Less disposals	(1,822)	(270)
Adjustments	-	-
	\$255,503	\$ 282,931
Gain or loss on sale of assets	(2,212)	(781)
Less depreciation	(72,955)	(96,190)
Net book value 30 June	\$180,336	\$ 185,960

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Notes to the financial statements for the year ended 30 June 2017

	2017 \$	2016 \$
Motor Vehicle		
As at 1 July	468,326	390,916
Add additions	95,602	425,264
Less disposals	(51,817)	(250,460)
Adjustments	-	-
	<u>\$512,111</u>	<u>\$ 565,720</u>
Gain or loss on sale of assets	2,378	42,792
Less depreciation	(124,253)	(140,186)
Net book value 30 June	<u><u>\$390,236</u></u>	<u><u>\$ 468,326</u></u>
 6C - Intangibles		
Software at cost:		
Internally Generated	57,215	57,215
Less: Accumulated amortisation	(57,215)	(46,437)
Total software	<u><u>\$-</u></u>	<u><u>\$ 10,778</u></u>
 Film at cost		
Internally Generated	568,791	568,791
Less: Accumulated amortisation	(132,767)	(75,888)
Total film	<u><u>\$ 436,024</u></u>	<u><u>\$ 492,903</u></u>
Total intangible assets	<u><u>\$436,024</u></u>	<u><u>\$ 503,681</u></u>
 Reconciliation of Opening and Closing Balances of Intangibles		
As at 1 July	503,681	583,446
Add additions	-	-
Less disposals	-	-
	<u>\$503,681</u>	<u>\$ 583,446</u>
Less depreciation	(67,657)	(79,765)
Net book value 30 June	<u><u>\$ 436,024</u></u>	<u><u>\$ 503,681</u></u>

Notes to the financial statements for the year ended 30 June 2017

	2017	2016
	\$	\$
Note 6D – Secured loan to Associates		
Secured property loan to associate	55,142	55,142
Total investments	\$55,142	\$ 55,142
Note 6E - 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
Total other investments	\$79,003	\$ 137,827
Note 7 -Current Liabilities		
Note 7A - Trade Payables		
Other Trade Payables	350,316	213,976
Subtotal trade creditors	\$350,316	\$ 213,976
Payables and other reporting units		
CFMEU National Office	853,297	1,540,396
CFMEUQ	1,663,255	1,613,928
Subtotal payables to other reporting units	\$2,516,552	\$ 3,154,324
Total trade payables	\$2,866,868	\$ 3,368,300

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 paid to the CFMEUQ is accumulated to the loan from the CFMEUQ.

Notes to the financial statements for the year ended 30 June 2017

Note 7B - Other Payables

Superannuation	34,561	39,453
Consideration to employers for payroll deductions		
Legal costs payable		
- Litigation	-	-
- Other Legal Matters	106,571	211,326
GST Payable	281,139	358,707
Other	98,882	178,879
Total other payables	\$521,153	\$ 788,365
Total other payables are expected to be settled in:		
No more than 12 months	414,582	788,365
More than 12 months	-	-
Total other payables	\$ 521,735	\$ 788,365

Note 8 - Provisions

Note 8 - Employee Provisions

Office Holders

Annual Leave	573,868	617,237
Sick Leave	315,742	381,946
Long Service Leave (Accrued by CFMEU National Office)	-	-
Separations and Redundancies	-	-
Other	-	-
Subtotal employee provisions - office holders	\$889,610	\$ 999,183

Employees other than Office Holders

Annual Leave	139,713	155,302
Sick Leave	88,832	115,171
Long Service Leave	64,947	69,975
Separations and Redundancies	-	-
Other	-	-
Subtotal employee provisions - employees other than office holders	\$293,492	\$ 340,448
Total current employee provisions	1,183,102	1,339,631

Notes to the financial statements for the year ended 30 June 2017

Note 9 - Non-current Liabilities

Note 9A - Other non-current liabilities	-	-
Total other non-current liabilities	\$ -	\$ -

Note 10 - Equity

Note 10A - Funds

General Funds

Balance as at start of year	12,319,075	14,770,345
Transfer to reserve	434,487	-
Loss for year	(1,113,841)	(\$2,451,270)
Balance as at end of year	\$11,639,721	\$ 12,319,075

Legal and Assistance Fund

Balance as at start of year	-	-
Profit for year	484,487	1,513,047
Transferred out of reserve	(484,487)	(1,513,047)
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	12,253,711	13,417,263
Balance sheet	12,253,711	13,417,263
Difference	\$-	\$ -

Notes to the financial statements for the year ended 30 June 2017

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.

Legal claims contingent liabilities

The estimate of the future financial effect of the contingent liability for legal matters with Hall Payne Lawyers on behalf of members is \$1,065,930. The future financial effect of the contingent liability for other legal matters with Hall Payne Lawyers is \$87,285. The legal settlements and associated costs are considered as contingent liabilities as there is uncertainty around the outflow of resources that will be required to settle the matters.

Notes to the financial statements for the year ended 30 June 2017

	2017	2016
	\$	\$
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	118,568	148,208
National Assistance payments	3,331,144	1,580,001
Recoupment of wages	112,995	-
Auscoal director fees	-	163,030
Expenses paid to CFMEU National Office includes the following:		
Union dues from members	2,473,479	2,165,279
National Assistance payments	1,640,968	1,045,894
Campaign payments	-	202,061
Member Support payments for NAF	-	23,800
Expenses paid to CFMEUQ includes the following:		
Rental of property	94,775	90,261
Expenses paid on behalf of CFMEUQ includes the following:		
Mortuary benefit payments	43,500	46,500
Property renovations	-	21,892
Expenses paid to CFMEU Construction and General Division includes the following:		
Affiliation fees for ALP and QCU	160,939	-
Advertising	17,592	-
Donations and election costs	3,750	-

Notes to the financial statements for the year ended 30 June 2017

	2017	2016
	\$	\$
Loans to related parties includes the following:		
Andrew Vickers - secured loan	55,142	55,142
Loan S Smyth	-	786
Loan C Roth	5,358	6,758
Loan K King	1,450	2,000
Loan W Sellings	8,000	-
CFMEUQ	1,663,255	1,613,928

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 2017, CFMEU has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2016: \$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 – repaid October 2017.

C Roth – three years. Repayments being paid from wages at \$25.00 per week.

K King – by 30 September 2017. Repayments being paid from wages at \$150 per week.

W Sellings – Repayments are made at \$1,000 per month via direct debit until loan is repaid.

CFMEUQ – No fixed terms of repayment

Notes to the financial statements for the year ended 30 June 2017

	2017	2016
	\$	\$
13B - Key management personnel remunerations for reporting period		
Short term employee benefits		
Salary (including annual leave taken)	2,088,749	2,031,943
Annual leave accrued	573,868	457,433
Performance bonus	-	-
Total short term employee benefits	2,662,617	2,489,376
Post-employment benefits		
Superannuation	255,254	219,545
Total post-employment benefits	255,254	219,545
Total key management personnel remuneration	2,917,871	\$ 2,708,921

13C - Transactions with key management personnel and their close family members

Loans to key management personnel

Loan S Smyth	-	786
Loan W Sellings	8,000	-
Membership support W Sellings	10,500	-
	\$18,500	\$ 786

Monies owed to the CFMEU by key management personnel are repaid within a month and are for small incidentals whilst travelling for union business.

Monies owed by key management personnel close family members are on loan agreement and are repaid via direct debit.

Note 14 - Auditors Remunerations

Auditing of Financial Reports	54,300	32,730
Other Services	-	-
	\$ 54,300	\$ 32,730

Notes to the financial statements for the year ended 30 June 2017

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 2017, 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 2017	\$61,257	(\$61,257)	\$61,257	(\$61,257)
30 June 2016	\$67,407	(\$67,407)	\$67,407	(\$67,407)

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 2017

	2017	2016
	\$	\$
Classes of financial assets		
Carrying amounts:		
• Cash and cash equivalents	12,253,711	13,417,263
• Secured Loan to associate	55,142	55,142
• Unsecured loans to members	251,859	246,344
• Unsecured loans to associates	6,808	9,545
• Unsecured loan to entity	-	-
• CFMEU National Office recoverable	-	23,800
• Trade and other receivables	248,374	333,693
Total	\$12,815,894	\$14,085,787

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 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 2017

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 2017				
Trade and other payables	1,726,848	-	-	1,663,255

Note 15G: Asset Pledged/or Held as Collateral

The reporting entity has cash pledged as collateral against the Commonwealth Bank Corporate Card facility.

	2017	2016
	\$	\$
Assets pledged as collateral		
Financial assets pledged as collateral:		
Cash at bank and in term deposit	750,000	750,000
Total assets pledged as collateral	750,000	750,000

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.

Notes to the financial statements for the year ended 30 June 2017

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

Fair value hierarchy –30 June 2017				
	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				0
Total		\$0	\$0	\$79,003
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				58,824
Total		\$0	\$0	\$79,003
Reconciliation of Sold Assets – QCU Rockhampton				
Opening Balance 2016				58,824
Proceeds from Sale				(50,767)
Loss on sale				(8,057)
Closing Balance 2017				\$0

The financial assets are not traded on an active market. The shares are in unlisted companies and are recorded at cost.

The QCU Mackay Property is recorded at the CFMEU Mining and Energy Division share of the value of the property as determined by an independent valuation.

The QCU Rockhampton Property was sold during 2017 on an active market.

Notes to the financial statements for the year ended 30 June 2017

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 2017				
	Date of valuation	Level 1	Level 2	Level 3
		\$	\$	\$
Assets measured at fair value				
Property, plant and equipment:				
• Land at valuation	30/06/2017			580,000
• Buildings at valuation	30/06/2017			1,350,000
Total		\$0	\$0	\$1,930,000
Total				\$1,930,000
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	30/06/2017			580,000
• Buildings at valuation	30/06/2017			1,350,000
Total		\$0	\$0	\$1,930,000
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 2017

Total gains and losses from unobservable assets	
Gains on sales	0
Losses on sales	(8,057)
Net loss on sales recorded to profit and loss	(\$8,057)

Note 16C: Description of Significant Unobservable Inputs

	Valuation technique	Significant unobservable inputs	Range (weighted average)
Shares in unlisted company	Cost		
QCU Mackay Property Trust	Market	<ul style="list-style-type: none"> Independent market valuation for similar properties in an active market - (1) 	3% - 5% (4%)
Land and Building	Market	<ul style="list-style-type: none"> Independent market valuation for similar properties in an active market - (2) 	3% - 5% (4%)

(1) A 4% increase (decrease) in the growth rate would result in an increase (decrease) in fair value by \$3,160.

(2) A 4% increase (decrease) in the WACC would result in a decrease (increase) in fair value by \$77,200.

Notes to the financial statements for the year ended 30 June 2017

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 a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1).

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

The organisation will provide a copy of the Financial Statements free of charge to any member who so requests in writing. A copy of the audited financial statements are available on the organisations website.