



Australian Government
Registered Organisations Commission

9 December 2019

Mr Michael O'Connor
National Secretary
Construction, Forestry, Maritime, Mining and Energy Union

By e-mail: nationalcompliance@cfmeu.org

Dear Mr O'Connor

Construction, Forestry, Maritime, Mining and Energy Union
Financial Report for the year ended 31 December 2018 - FR2018/336

I acknowledge receipt of the amended financial report for the year ended 31 December 2018 for the Construction, Forestry, Maritime, Mining and Energy Union (**the reporting unit**). The financial report was lodged with the Registered Organisations Commission (**ROC**) on 6 December 2019.

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 Specialist
Registered Organisations Commission

**CONSTRUCTION FORESTRY MARITIME
MINING AND ENERGY UNION
NATIONAL OFFICE
ABN 17 402 743 835**

**FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2018**

CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
NATIONAL OFFICE

ABN 17 402 743 835

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER
CERTIFICATE FOR THE YEAR ENDED 31 DECEMBER 2018

I, Michael O'Connor, being the National Secretary of the Construction, Forestry, Maritime, Mining and Energy Union certify:

- that the documents lodged herewith are copies of the full report for the Construction, Forestry, Maritime, Mining and Energy Union for the period ended referred to in s 268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on Wednesday 4 December 2019; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on Thursday 5 December 2019 in accordance with s 266 of the *Fair Work (Registered Organisations) Act 2009*.



Signature of prescribed designated officer:

Name of prescribed designated officer: MICHAEL O'CONNOR

Title of prescribed designated officer: NATIONAL SECRETARY

Dated: 06/12/19

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

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REPORT REQUIRED UNDER SUBSECTION 255(2A)

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 31 December 2018.

Categories of expenditures	2018 \$	2017 \$
Remuneration and other employment related costs and expenses	1,481,305	1,341,478
Advertising	-	-
Operating costs	1,729,525	677,404
Donations to political parties	52,000	18,549
Legal costs	335,076	102,194

Signature of designated officer: 

Name and title of designated officer: Michael O'Connor – National Secretary

Dated: 04/12/2019

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

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OPERATING REPORT

In accordance with Section 254 of the Fair Work (Registered Organisations) Act 2009 ("Act") the National Executive present their Operating Report on Construction, Forestry, Maritime, Mining and Energy Union National Office ("the Union"), the relevant Reporting Unit for the financial year ended 31 December 2018.

Principal Activities

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

- Implementation of decisions of the National Executive Committee
- Maintenance of Union rules, registrations and affiliations
- Conducting activities for parliamentary, Divisional and Divisional Branch elections, including assisting with statutory requirements.
- Representing the Union's interest on various national committees and organisations.
- Co-ordinating the involvement of the Union in relevant international trade union bodies and conferences.

Providing prime responsibility for initiating and leading the conduct of legal action launched in defence of the Union's work.

Operating Result

The results of the principal activities of the Union during the financial year was to further the interests of CFMMEU workers through improvements in wages and conditions, health and safety, legal rights and company compliance with Australian labour standards.

The operating loss of the Union for the financial year was \$83,634 (2017: \$62,522 loss). No provision for tax was necessary as the Union is exempt from income tax.

Change of name

On 27 March 2018, as a result of an amalgamation, the Construction, Forestry, Mining and Energy Union changed its name to the Construction, Forestry, Maritime, Mining and Energy Union, which is identified on a revised certificate of registration under the *Fair Work (Registered Organisations) Act 2009*. As a result, the Union is now referred to as the Construction Forestry Maritime Mining and Energy Union.

Significant change in financial affairs

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

**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
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OPERATING REPORT continued

Rights of Member to Resign

Pursuant to the Reporting Unit Rule 21 and Section 174 of the *Fair Work (Registered Organisations) Act 2009*, members have the right to resign from membership by providing written notice addressed to and delivered to the Secretary of the Reporting Unit.

A notice of resignation from membership of the Union takes effect:

- (a) where the member ceases to be eligible to become a member of the Union
 - (i) on the day on which the notice is received by the Union
 - (ii) on the day specified in the notice which is a day not earlier than the day when the member ceases to be eligible to become a member;whichever is the later, or

- (b) in any other case:
 - (i) at the end of two weeks after the notice is received by the Union, or
 - (ii) on the day specified in the noticewhichever is the later.

Superannuation Officeholders

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

Mr Frank O'Grady is a director of United Super Pty Ltd which acts as Trustee of C Bus.

Mr Alex Millar is a director of the FIRST Superannuation Fund.

Mr Anthony Maher is an alternate director of Auscoal Superannuation Pty Ltd which acts as Trustee of Mine Superannuation Fund.

Mr Michael O'Connor is a director of the FIRST Superannuation Fund

Mr Grahame Kelly is a director of Mine (Auscoal) Superannuation Fund.

Ms Denise Campbell-Burns is a director of the FIRST Superannuation Fund.

Ms Rita Mallia is a director of United Super Pty Ltd which acts as Trustee of C Bus.

Mr Pdraig Crumlin is a director of Maritime Financial Services Pty Ltd.

Mr Jamie Newlyn is a director of Maritime Financial Services Pty Ltd.

Mr Will Tracey is a director of Maritime Financial Services Pty Ltd.

Superannuation Officeholders

No other officer or member of the reporting entity is:

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

Other Prescribed Information

In accordance with Regulation 159 of the *Fair Work (Registered Organisations) Regulations 2009* ("Regulations"):

- (a) the number of persons that were, at the end of the financial year to which the report relates, recorded in the register of members for Section 230 of the Act and who are taken to be members of the Union under section 244 of the Act was 97,543 (2017: 90,467)

- (b) the number of persons who were, at the end of the financial year to which the report relates, employees of the Union, where the number of employees includes both full-time and part-time employees, measured on a full-time equivalent basis was 10.

**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
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OPERATING REPORT continued

Other Prescribed Information continued

- (c) the names of each person who have been a member of the National Executive of the Union at any time during the reporting period, and the period for which he or she held such a position were;

Name	
Tony Maher	National President
Michael O'Connor	National Secretary
Dave Noonan	National Assistant Secretary
Paddy Crumlin	International President, Appointed 27 March 2018
Michael Ravbar	National Vice-President
Grahame Kelly	National Vice – President
Christy Cain	National Vice – President, Appointed 27 March 2018
Leo Skourdoubis	National Vice-President
Mick Buchan	National Executive Member
Aaron Cartledge	National Executive Member, Resigned 27 June 2018
Nigel Davies	National Executive Member
Dean Hall	National Executive Member, Resigned 20 March 2018
Brian Parker	National Executive Member, Resigned 2 March 2018
Jade Ingham	National Executive Member, Appointed 2 July 2018
Rita Mallia	National Executive Member
Jason O'Mara	National Executive Member, Appointed 27 March 2018
John Setka	National Executive Member
Andrew Sutherland	National Executive Member
Gary Wood	National Executive Member, Resigned 23 March 2018
Denise Campbell-Burns	National Executive Member, Appointed 9 May 2018
Jane Calvert	National Executive Member, Resigned 3 May 2018
Brad Coates	National Executive Member
Dave Kirner	National Executive Member
Jenny Kruschel	National Executive Member, Appointed 16 December 2018
Beth Macpherson	National Executive Member, Appointed 27 March 2018
Michele O'Neil	National Executive Member, Appointed 27 March 2018 Resigned 16 July 2018
Scott McLean	National Executive Member
Alex Millar	National Executive Member
Craig Smith	National Executive Member
Frank Vari	National Executive Member
Ian Bray	National Executive Member, Appointed 27 March 2018
Jason Campbell	National Executive Member, Appointed 27 March 2018
Bob Carnegie	National Executive Member, Appointed 27 March 2018
Joe Italia	National Executive Member, Appointed 27 March 2018
Garry Keane	National Executive Member, Appointed 27 March 2018
Thomas Mayor	National Executive Member, Appointed 27 March 2018
Paul McAleer	National Executive Member, Appointed 27 March 2018
Mich-Elle Myers	National Executive Member, Appointed 27 March 2018
Jamie Newlyn	National Executive Member, Appointed 27 March 2018

**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
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OPERATING REPORT continued

Other Prescribed Information continued

Warren Smith	National Executive Member, Appointed 27 March 2018
Will Tracey	National Executive Member, Appointed 27 March 2018
Glen Williams	National Executive Member, Appointed 27 March 2018
David Bean	National Executive Member, Resigned 2 November 2018
Greg Busson	National Executive Member, Appointed 23 March 2018
Ricky Gale	National Executive Member, Appointed 2 November 2018
Andy Honeysett	National Executive Member
Peter Jordan	National Executive Member
Stephen Smyth	National Executive Member
Trevor Williams	National Executive Member

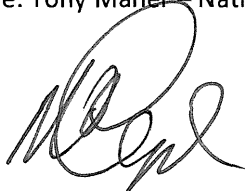
National Executive members have been in office since the start of the financial year to the date of this report unless otherwise stated.

Signed in accordance with a resolution of the National Executive.

For the National Executive:



Signature: Tony Maher – National President



Signature: Michael O'Connor – National Secretary

Dated: 04/12/2019

Melbourne

**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
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**NATIONAL EXECUTIVE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The National Executive of the Construction, Forestry, Maritime, Mining and Energy Union passed the following resolution in relation to the general purpose financial report (GPFR) for the financial year ended 31 December 2018.

The National Executive declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) 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
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the National Executive were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - (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; and
 - (v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act, it has been provided to the member or to the Commissioner; and
 - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

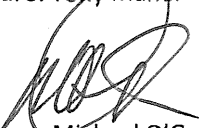
That Michael O'Connor and Tony Maher authorise the GPFR for the year ended 31 December 2018 on behalf of the National Executive.

This declaration is made in accordance with a resolution of the National Executive passed on 04/12/2019.

For the National Executive:



Signature: Tony Maher - National President



Signature: Michael O'Connor - National Secretary

Dated: 04/12/2019
Melbourne

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

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 \$	2017 \$
Revenue			
Membership subscription		-	-
Capitation fees	3A	1,825,901	1,695,142
Levies	3B	4,115,750	952,320
Interest	3C	129	100
Other revenue	3E	1,097,841	1,091,141
Total revenue		<u>7,039,621</u>	<u>3,738,703</u>
Other Income			
Grants and/or donations	3D	25,000	-
Total other income		<u>25,000</u>	<u>-</u>
Total income		<u>7,064,621</u>	<u>3,738,703</u>
Expenses			
Employee expenses	4A	1,481,305	1,341,478
Affiliation fees	4C	489,512	413,299
Administration expenses	4D	1,729,525	677,404
Grants or donations	4E	2,065,100	18,549
Depreciation and amortisation	4F	54,254	57,224
Legal costs	4G	335,076	102,194
Audit fees	14	14,850	14,850
Other expenses	4H	978,633	1,176,227
Total expenses		<u>7,148,255</u>	<u>3,801,225</u>
Loss for the year		<u>(83,634)</u>	<u>(62,522)</u>
Total comprehensive loss for the year		<u>(83,634)</u>	<u>(62,522)</u>

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

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

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**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

	Notes	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5A	962,978	119,684
Trade and other receivables	5B	829,235	539,522
Other current assets	5C	10,110	3,594
Total current assets		<u>1,802,323</u>	<u>662,800</u>
Non-Current Assets			
Land and buildings	6A	-	-
Plant and equipment	6B	48,529	52,928
Intangibles	6C	80,822	115,459
Total non-current assets		<u>129,351</u>	<u>168,387</u>
Total assets		<u>1,931,674</u>	<u>831,187</u>
LIABILITIES			
Current Liabilities			
Trade payables	7A	1,818,523	767,459
Other payables	7B	49,204	(16,061)
Employee provisions	8A	400,394	350,091
Total current liabilities		<u>2,268,121</u>	<u>1,101,489</u>
Non-Current Liabilities			
Employee provisions	8A	18,683	1,194
Total non-current liabilities		<u>18,683</u>	<u>1,194</u>
Total liabilities		<u>2,286,804</u>	<u>1,102,683</u>
Net (liabilities)		<u>(355,130)</u>	<u>(271,496)</u>
EQUITY			
Retained earnings (accumulated deficit)		(355,130)	(271,496)
Total equity		<u>(355,130)</u>	<u>(271,496)</u>

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

CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Retained earnings	Total equity
	\$	\$
Balance as at 1 January 2017	(208,974)	(208,974)
Loss for the year	(62,522)	(62,522)
Closing balance as at 31 December 2017	(271,496)	(271,496)
Loss for the year	(83,634)	(83,634)
Closing balance as at 31 December 2018	(355,130)	(355,130)

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

**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 \$	2017 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from other reporting units/controlled entity(s)	10B	6,518,407	4,755,217
Interest		129	100
Other		239,326	216,994
Cash used			
Suppliers and employees		(5,472,055)	(4,187,554)
Payment to other reporting units/controlled entity(s)	10B	(427,295)	(231,895)
Net cash from (used by) operating activities	10A	<u>858,512</u>	<u>552,862</u>
INVESTING ACTIVITIES			
Cash received			
		-	-
Cash used			
Purchase of plant and equipment		(15,218)	(46,629)
Purchase of land and buildings		-	-
Other		-	-
Net cash from (used by) investing activities		<u>(15,218)</u>	<u>(46,629)</u>
FINANCING ACTIVITIES			
Cash received			
Loan from CFMEU – Construction & General VIC/TAS Divisional Branch		-	-
Cash used			
Repayment of loan from CFMEU – Construction & General VIC/TAS Divisional Branch		-	(1,000,000)
Net cash from (used by) financing activities		<u>-</u>	<u>(1,000,000)</u>
Net increase (decrease) in cash held		<u>843,294</u>	<u>(493,767)</u>
Cash & cash equivalents at the beginning of the reporting period		119,684	613,451
Cash & cash equivalents at the end of the reporting period	5A	<u>962,978</u>	<u>119,684</u>

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 1 Summary of significant accounting policies

1.1 Basis of preparation of the financial statements

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the Fair Work (Registered Organisation) Act 2009. For the purpose of preparing the general purpose financial statements, the reporting unit is a not-for-profit entity.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

1.2 Comparative amounts

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

1.3 Significant accounting judgements and estimates

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Note 1 Summary of significant accounting policies

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of *AASB 9 Financial Instruments* for the year commencing 1 January 2018.

AASB 9 Financial Instruments
Effective 1 January 2018

Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using IFRS 9 are to be measured at fair value.

Amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income.

Impairment of assets is now based on expected losses in AASB 9 which requires entities to measure:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

Future Accounting Standards

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period that are expected to have a future financial impact on the reporting unit include:

AASB 15 Revenue from contracts with customers
Effective 1 January 2019

AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

Impacts on the reported financial position and performance have not yet been determined.

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AASB 16 Leases

Effective 1 January 2019

The standard will affect primarily the accounting for the reporting unit's operating leases. However, the reporting unit has not yet determined to what extent these commitments will result in the recognition of a liability for future payments.

The standard is mandatory for annual reporting periods beginning on or after 1 January 2019.

AASB 1058: Income for Not-for-profit entities

AASB 2016-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-For-Profit Entities

Effective 1 January 2019

AASB 1058 and AASB 2016-8 will defer income recognition in some circumstances for not-for profit entities, particularly where there is a performance obligation or any other liability. In addition, certain components in an arrangement, such as donations, may be separated from other types of income and recognised immediately.

The standard also expands the circumstances in which not-for-profit entities are required to recognise income for goods and services received for consideration that is significantly less than the fair value of the asset principally to enable the entity to further its objectives (discounted goods and services), including for example, peppercorn leases.

The reporting unit is currently still quantifying the impact that AASB 1058 will have on the financial statements for the financial year commencing 1 January 2019.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 1 Summary of significant accounting policies

1.5 Revenue

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

Donation income is recognised when it is 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 end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

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.

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

1.6 Gains

Sale of assets

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

1.7 Capitation fees and levies

See above Note 1.5

1.8 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, personal 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 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 services provided by employees up to reporting date.

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

**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
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ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 1 Summary of significant accounting policies

1.9 Cash

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

1.10 Financial instruments

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

1.11 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (**OCI**), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the reporting unit's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the [reporting unit] initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (**SPPI**) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The reporting unit's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the reporting unit commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 1 Summary of significant accounting policies

1.11 Financial assets continued

- Investments in equity instruments designated at fair value through other comprehensive income
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss

Financial assets at amortised cost

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

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

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

The reporting unit's financial assets at amortised cost includes trade receivables and loans to related parties.

Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The reporting unit has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - a) the reporting unit has transferred substantially all the risks and rewards of the asset, or
 - b) the reporting unit has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the reporting unit has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

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Note 1 Summary of significant accounting policies

1.11 Financial assets continued

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the [reporting unit] continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment

(i) Trade receivables

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

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

The reporting unit considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the [reporting unit] may also consider a financial asset to be in default when internal or external information indicates that the [reporting unit] is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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Note 1 Summary of significant accounting policies

1.12 Financial Liabilities

Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The reporting unit's financial liabilities include trade and other payables.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

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Note 1 Summary of significant accounting policies

1.13 Building improvement and Plant & Equipment

Asset Recognition Threshold

Purchases 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.

Depreciation

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

Class of Fixed Asset	2018	2017
Office Equipment	3-10 years	3-10 years
Furniture and Fittings	10 years	10 years
Motor Vehicles	4 years	4 years
Building Improvements	-	-

Derecognition

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

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Note 1 Summary of significant accounting policies

1.14 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 life of reporting unit intangible assets are:

	2018	2017
Intangibles	5 years	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.

1.15 Impairment for 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 reporting unit were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

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Note 1 Summary of significant accounting policies

1.16 Taxation

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

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

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

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

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

1.17 Fair value measurement

The reporting unit measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 16A.

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 reporting unit. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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Note 1 Summary of significant accounting policies

1.17 Fair value measurement continued

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 reporting unit 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 prices in active markets 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 [reporting unit] 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 and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the [reporting unit] 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.

1.18 Going concern

As at 31 December 2018, the entity is in a net current liability and net liability position of \$465,798 (2017: \$438,689) and \$355,130 (2017: \$271,496) respectively and for the year then ended has also incurred losses of \$83,634 (2017: \$62,522). The net current liability and net liability position is due to losses incurred over the current and previous financial year-ends. Notwithstanding this factor, the financial report has been prepared on the basis that the entity is a going concern, which assumes continuity of normal business activities and the realisation and the settlement of liabilities in the normal course of business.

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Note 1 Summary of significant accounting policies

1.18 Going concern continued

To continue as a going concern, the entity requires:

- to generate sufficient funds from future operating activities; and
- to acquire financial support from its related branches.

The National Executive believes that the entity will generate sufficient funds in the future years to ensure the continuation of operations via the raising of fees and levies to related branches.

The National Executive believes that under National Rule 23 (i) financial support is required to be provided by each related branch in proportion to the total membership base. National Rule 23 (i) states that, "Each Division shall pay to the National Office and/or National Conference of the Union, on a basis which is proportionate to the respective financial membership of each Division, an amount that is determined by the National Conference or National Executive to enable it to fulfil its functions. Provided that each Division/Divisional Branch is responsible to meet all costs associated with the operation of its Division/Divisional Branch, including all costs associated with the attendance and participation by their representatives at meetings, including National Conference National Executive Committee unless decided otherwise by the National Executive Committee."

The related divisions are as follows:

- Construction and General Division;
- Manufacturing Division;
- Mining and Energy Division; and
- Maritime Union of Australia Division

Based on its review of the financial position of the respective related divisions, the National Executive is satisfied that each division is able to provide such financial support for at least 12 months from the date of signing of the financial statements. As at the date of signing of this financial report, the entity has not determined or called upon its related divisions for financial support.

If the entity is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial report.

Note 2 Events after the reporting period

There are no events that have occurred after the reporting period up to the date of signing the financial statements.

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	2018	2017
	\$	\$
Note 3 Income		
Note 3A: Capitation fees*		
CFMMEU – Construction and General Division – National Office	1,151,150	1,115,730
CFMMEU – Manufacturing Division	212,520	234,067
CFMMEU – Mining and Energy Division – National Office	345,345	345,345
Maritime Union of Australia	116,886	-
Total capitation fees	1,825,901	1,695,142
 Note 3B: Levies*		
Levies		
CFMMEU – Construction and General Division – National Office	2,000,000	630,000
CFMMEU – Manufacturing Division	630,000	127,320
CFMMEU – Mining and Energy Division – National Office	1,023,750	195,000
Maritime Union of Australia	462,000	-
Total levies	4,115,750	952,320
 Note 3C: Interest		
Deposits	129	100
Total interest	129	100
 Note 3D: Grants or donations*		
Grants	-	-
Donations		
CFMMEU – Construction & General Division – VIC/TAS Divisional Branch	25,000	-
Other Donations	-	-
Total grants or donations	25,000	-

*As required by the Reporting Guidelines. Item to remain even if 'nil'

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	2018	2017
	\$	\$
Note 3E: Other Income		
Campaign – CFMMEU National Campaign		
CFMMEU – Manufacturing Division	92,397	185,528
CFMMEU – Construction & General Division – National Office	-	555,952
CFMMEU – Construction & General Division – WA Divisional Branch	18,182	-
CFMMEU – Construction & General Division – VIC/TAS Divisional Branch	1,650	-
CFMMEU – Mining & Energy QLD Divisional Branch	22,600	66,064
Maritime Union of Australia	2,404	-
Other	-	-
Conference – CFMEU National Conference		
CFMMEU – Construction & General Division – National Office	166,571	(327)
CFMMEU – Manufacturing Division	59,181	-
CFMMEU – Mining & Energy National Office	83,974	-
Maritime Union of Australia	151,420	-
Other	423,736	-
Reimbursement from divisional branches – Other		
CFMMEU – Construction & General Division – VIC/TAS Divisional Branch	22,727	42,727
CFMMEU – Construction & General Division – ACT Divisional Branch	35,000	21,000
CFMMEU – Manufacturing Division	-	64,795
Reimbursement – Slater and Gordon	-	109,885
Reimbursement - Other	12,949	-
GST Refund	-	45,455
Sundry Income	5,050	62
Total other income	1,097,841	1,091,141

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	2018	2017
	\$	\$
Note 4 Expenses		
Note 4A: Employee expenses*		
Holders of office:		
Wages and salaries	218,553	198,465
Superannuation	20,542	32,577
Leave and other entitlements	33,893	40,100
Separation and redundancies	-	-
Other employee expenses	23,233	21,425
Subtotal employee expenses holders of office	296,221	292,567
Employees other than office holders:		
Wages and salaries	871,829	794,770
Superannuation	121,214	101,723
Leave and other entitlements	33,899	66,715
Separation and redundancies	29,400	-
Other employee expenses	128,742	85,703
Subtotal employee expenses employees other than office holders	1,185,084	1,048,911
Total employee expenses	1,481,305	1,341,478
 Note 4B: Capitation fees*		
Nil capitation fees for the year	-	-
Total capitation fees	-	-

*As required by the Reporting Guidelines. Item to remain even if 'nil'.

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	2018	2017
	\$	\$
Note 4C: Affiliation fees*		
Affiliation fees:		
Australian Council of Trade Union	489,512	411,473
Australian Fair Trade & Investment Network	-	-
Australian People for Health, Education and Development Abroad	-	1,826
Total affiliation fees/subscriptions	489,512	413,299
Note 4D: Administration expenses		
Included in administration expense		
Compulsory levies		
ACTU - Growth & Campaign levy*	212,000	212,000
Fees/allowances - meeting and conferences	10,956	17,089
Conference and meeting expenses	761,426	34,188
Contractors/consultants	96,236	126,915
Office expenses	636,390	269,484
Information communications technology	12,517	17,728
Total administration expenses	1,729,525	677,404

*As required by the Reporting Guidelines. Item to remain even if 'nil'.

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	2018	2017
	\$	\$
Note 4E: Grants or donations*		
Grants:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	2,065,100	18,549
Total grants or donations	2,065,100	18,549

Note 4F: Depreciation and amortisation

Depreciation		
Land & buildings	-	11,354
Property, plant and equipment	19,617	11,233
Total depreciation	19,617	22,587
Amortisation		
Intangibles	34,637	34,637
Total amortisation	34,637	34,637
Total depreciation and amortisation	54,254	57,224

Note 4G: Legal costs*

Litigation		
Other legal matters	335,076	102,194
Total legal costs	335,076	102,194

Note 4H: Other expenses

Campaign expenses	978,733	1,176,227
Total other expenses	978,733	1,176,227

*As required by the Reporting Guidelines. Item to remain even if 'nil'.

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	2018	2017
	\$	\$
Note 4H: Other expenses continued		
Campaign expenses can be broken down as follows		
Advertising	17,075	115,404
Media	455,351	717,023
Campaign operating expenses	198,047	278,105
Other	308,160	65,695
Total campaign expenses	978,633	1,176,227
Note 5 Current Assets		
Note 5A: Cash and Cash Equivalents		
Cash at bank	962,828	119,534
Cash on hand	150	150
Total cash and cash equivalents	962,978	119,684
Note 5B: Trade and other receivables		
Receivables from other reporting units		
CFMMEU – Manufacturing Division	61,636	119,751
CFMMEU – Construction & General Division – National Office	170	316,736
CFMMEU – Mining & Energy National Office	-	103,213
Maritime Union of Australia National Office	575,132	-
Total receivables from other reporting units	636,938	539,700
Other Receivables		
Other Receivables	192,297	(178)
Total other receivables	192,297	(178)
Total trade and other receivables	829,235	539,522

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	2018	2017
	\$	\$
Note 5C: Other current assets		
Prepayments	10,110	3,594
Total other current assets	10,110	3,594

Note 6 Non-current Assets

Note 6A: Building Improvements

Building Improvements:		
At Cost	22,714	22,714
accumulated depreciation	(22,714)	(22,714)
Total Building Improvements	-	-

Reconciliation of the Opening and Closing Balances of Building Improvements

As at 1 January		
Gross book value	-	-
Accumulated depreciation and impairment	-	-
Net book value 1 January	-	13,079
Additions:		
By purchase	-	-
Depreciation expense	-	(11,354)
Write off	-	(1,725)
Net book value 31 December	-	-
Net book value as of 31 December represented by:		
Gross book value	-	-
Accumulated depreciation and impairment	-	-
Net book value 31 December	-	-

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	2018	2017
	\$	\$
Note 6B: Plant and equipment		
Plant and equipment:		
At cost	98,729	83,512
Accumulated depreciation	(50,200)	(30,584)
Total plant and equipment	48,529	52,928

Reconciliation of the Opening and Closing Balances of Plant and Equipment

As at 1 January		
Gross book value	83,512	36,883
Accumulated depreciation and impairment	(30,584)	(19,351)
Net book value 1 January	52,928	17,532
Additions:		
By purchase	15,218	46,629
Depreciation expense	(19,617)	(11,233)
Other	-	-
Net book value 31 December	48,529	52,928
Net book value as of 31 December represented by:		
Gross book value	98,729	83,512
Accumulated depreciation and impairment	(50,200)	(30,584)
Net book value 31 December	48,529	52,928

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	2018	2017
	\$	\$
Note 6C: Intangibles		
Website development at cost:		
Purchased	173,188	173,188
accumulated amortisation	(92,366)	(57,729)
Total intangibles	80,822	115,459

Reconciliation of the Opening and Closing Balances of Intangibles

As at 1 January		
Gross book value	173,188	173,188
Accumulated amortisation and impairment	(57,729)	(23,092)
Net book value 1 January	115,459	150,096
Additions:		
By purchase	-	-
Amortisation	(34,637)	(34,637)
Net book value 31 December	80,822	115,459
Net book value as of 31 December represented by:		
Gross book value	173,188	173,188
Accumulated amortisation and impairment	(92,366)	(57,729)
Net book value 31 December	80,822	115,459

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	2018	2017
	\$	\$
Note 7 Current Liabilities		
Note 7A: Trade payables		
Trade creditors and accruals	1,447,136	249,707
Income in advance:		
CFMMEU – Construction & General National Office	-	287,787
CFMMEU – Manufacturing Division	-	53,131
CFMMEU – Mining & Energy National Office	-	86,336
Subtotal trade creditors	1,447,136	676,961
Payables to other reporting unit[s]*		
CFMMEU – Construction & General National Office	290	39,149
CFMMEU – Construction & General VIC/TAS Divisional Branch	101,100	-
CFMMEU – Construction & General QLD/NT Divisional Branch	12,300	
CFMMEU – Mining & Energy National Office	-	43,974
CFMMEU – Manufacturing Division	255,877	7,055
CFMMEU – Manufacturing Division Social	1,820	320
Subtotal payables to other reporting unit[s]	371,387	90,498
Total trade payables	1,818,523	767,459
Settlement is usually made within 30 days.		
Note 7B: Other payables		
Superannuation	-	-
Consideration to employers for payroll deductions*	-	-
Legal costs*		
Litigation	-	-
Other legal matters	84,588	52,750
GST payable	(35,384)	(68,811)
Other	-	-
Total other payables	49,204	(16,061)
Total other payables are expected to be settled in:		
No more than 12 months	49,204	(16,061)
More than 12 months	-	-
Total other payables	49,204	(16,061)

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Note 8: Provisions

Note 8A: Employee Provisions*

	2018	2017
	\$	\$
Office Holders:		
Annual leave	37,709	18,321
Long service leave	85,664	80,008
Separation and redundancies	-	-
Personal leave	76,684	67,835
Subtotal employee provisions—office holders	200,057	166,164
Employees other than office holders:		
Annual leave	128,910	109,240
Long service leave	16,195	1,196
Separation and redundancies	-	-
Personal leave	50,738	44,940
Rostered day off	23,177	29,745
Subtotal employee provisions—employees other than office holders	219,020	185,121
Total employee provisions	419,077	351,285
Current	400,394	350,091
Non Current	18,683	1,194
Total employee provisions	419,077	351,285

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	2018	2017
	\$	\$
Note 9 Equity		
Note 9: Other Specific disclosures - Funds*		
Compulsory levy/voluntary contribution fund – if invested in assets	-	-
Other fund(s) required by rules		
Balance as at start of year	-	-
Transferred to reserve	-	-
Transferred out of reserve	-	-
Balance as at end of year	-	-
*As required by Reporting Guidelines. Items to be disclosed even if nil.		
Note 10 Cash Flow		
Note 10A: Cash Flow Reconciliation		
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement:		
Cash and cash equivalents as per:		
Cash flow statement	962,978	119,684
Balance sheet	962,978	119,684
Difference	-	-
Reconciliation of profit/(deficit) to net cash from operating activities:		
Profit/(deficit) for the year	(83,634)	(62,522)
Adjustments for non-cash items		
Depreciation/amortisation	54,254	57,224
Loss on write off of fixed assets	-	1,725
Changes in assets/liabilities		
(Increase)/Decrease in net receivables	(289,713)	449,212
(Increase)/Decrease in prepayments	(6,516)	103,365
Increase/(Decrease) in supplier payables	1,051,064	(113,591)
Increase in other payables	65,265	33,607
Increase in employee provisions	67,792	83,842
Net cash from (used by) operating activities	858,512	552,862

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

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018	2017
	\$	\$
Note 10 Cash Flow continued		
Note 10B: Cash flow information*		
Cash inflows		
CFMMEU – Construction & General National Office	3,449,493	3,122,287
CFMMEU – Construction & General QLD/NT Divisional Branch	-	574
CFMMEU – Construction & General VIC/TAS Divisional Branch	76,315	97,240
CFMMEU – Construction & General WA Divisional Branch	20,000	55,000
CFMMEU – Construction & General ACT Divisional Branch	38,500	23,100
CFMMEU – Mining & Energy National Office	1,606,619	658,807
CFMMEU – Mining & Energy QLD Divisional Branch	24,860	-
CFMMEU – Manufacturing Division	1,071,771	798,209
Maritime Union of Australia	230,849	-
Total cash inflows	6,518,407	4,755,217
Cash outflows		
CFMMEU – Construction & General National Office	41,830	52,298
CFMMEU – Construction & General VIC/TAS Divisional Branch	36,675	65,625
CFMMEU – Construction & General WA Divisional Branch	-	3,400
CFMMEU – Construction & General QLD/NT Divisional Branch	31,255	-
CFMMEU – Mining & Energy National Office	49,396	2,131
CFMMEU – Manufacturing Division	264,654	104,281
CFMMEU – Manufacturing Division Social	3,485	4,160
Total cash outflows	427,295	231,895

*As required by the Reporting Guidelines. Item to remain even if 'nil'.

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

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018	2017
	\$	\$
Note 11 Related Party Disclosures		
Note 11A: 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 related parties includes the following:		
CFMMEU – Construction & General ACT Divisional Branch	35,000	21,000
CFMMEU – Construction & General VIC/TAS Divisional Branch	48,927	42,727
CFMMEU – Construction & General WA Divisional Branch	18,182	-
CFMMEU – Construction & General National Office	3,317,721	2,301,355
CFMMEU – Mining & Energy National Office	1,453,069	606,409
CFMMEU – Mining & Energy QLD Divisional Branch	22,600	-
CFMMEU – Manufacturing Division	994,098	611,710
Maritime Union of Australia	732,710	-
Expenses paid to related parties includes the following:		
CFMMEU – Construction & General National Office	2,701	39,748
CFMMEU – Construction & General VIC/TAS Divisional Branch	125,249	59,659
CFMMEU – Construction & General QLD/NT Divisional Branch	40,501	-
CFMMEU – Manufacturing Division	515,854	85,732
CFMMEU – Mining & Energy National Office	4,929	41,914
Maritime Union of Australia	6,545	-
Amounts owed by related parties include the following:		
CFMMEU – Manufacturing Division	61,637	119,751
CFMMEU – Construction & General National Office	170	316,736
CFMMEU – Mining & Energy National Office	-	103,213
Maritime Union of Australia	575,132	-
Amounts owed to related parties Branch include the following:		
CFMMEU – Construction & General National Office	290	39,149
CFMMEU – Construction & General QLD/NT Divisional Branch	12,300	-
CFMMEU – Construction & General VIC/TAS Divisional Branch	101,100	-
CFMMEU – Mining & Energy National Office	-	43,974
CFMMEU – Manufacturing Division	257,697	7,375

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

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 11A: Related Party Transactions for the Reporting Period continued

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 31 December 2018, the reporting unit has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2017: \$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.

No property was transferred to related parties during the financial year ended 31 December 2018.

Note 12 Contingent Liabilities, Assets and Commitments

There were no contingent liabilities, asset and commitments as at 31 December 2018 (2017: nil)

Note 13 Key Management Personnel Remuneration for the Reporting Period

	2018	2017
	\$	\$
Short-term employee benefits		
Salary (including annual leave taken)	218,553	221,438
Annual leave accrued	19,388	(5,937)
Other	8,849	11,744
Total short-term employee benefits	<u>246,790</u>	<u>227,245</u>
Post-employment benefits:		
Superannuation	20,542	32,577
Total post-employment benefits	<u>20,542</u>	<u>32,577</u>
Other long-term benefits:		
Long-service leave	5,656	11,320
Total other long-term benefits	<u>5,656</u>	<u>11,320</u>
Total	<u>272,988</u>	<u>271,142</u>

Note 13A: Transactions with key management personnel and their close family members

Loans to/from key management personnel	-	-
Other transactions with key management personnel	-	-

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

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018	2017
	\$	\$
Note 14 Remuneration of Auditors		
Value of the services provided		
Financial statement audit services	14,850	14,350
Other services	-	500
Total remuneration of auditors	14,850	14,850

During the financial year the auditors of the financial services provided services including preparation of financial reports and other accounting services.

Note 15 Financial Instruments

The financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans to and from related unions.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Note 15A: Categories of Financial Instruments

Financial Assets

Financial liabilities:

Trade and other payables	1,867,727	751,398
Total	1,867,727	751,398
Carrying amount of financial liabilities	1,867,727	751,398

Note 15B: Net Income and Expense from Financial Assets

Held-to-maturity

Interest revenue	129	100
Net gain/(loss) from financial assets	129	100

The net income/expense from financial assets not at fair value from profit and loss is \$Nil (2017:\$Nil).

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

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 15 Financial Instruments continued

Note 15C: Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss.

Credit risk is managed through maintaining procedures (such as the utilisation of systems for the approval, granting and removal of credit limits, regular monitoring of exposure against such limits and monitoring of the financial stability of significant customers and counterparties) ensuring, to the extent possible, that members and counterparties to transactions are of sound credit worthiness.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that are cleared as being financially sound.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

There is no collateral held by the entity securing trade and other receivables.

The entity has no significant concentrations of credit risk with any single counterparty or group of counterparties

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 5B.

The following table illustrates the reporting entity's gross exposure to credit risk, excluding any collateral or credit enhancements.

	2018	2017
	\$	\$
Financial assets		
Cash and cash equivalents	962,978	119,684
Trade and other receivables	829,235	584,977
Total	<u>1,792,213</u>	<u>704,661</u>
Financial liabilities		
Trade and other payables	1,867,727	751,398
Total	<u>1,867,727</u>	<u>751,398</u>

In relation to the entity's gross credit risk the following collateral is held: \$Nil (2017: \$Nil)

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

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 15 Financial Instruments continued

Note 15C: Credit Risk continued

Ageing of financial assets that were past due but not impaired for 2018

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$	\$	\$	\$	\$
Cash and cash equivalents	962,978	-	-	-	962,978
Trade and other receivables	-	829,235	-	-	829,235
Total	962,978	829,235	-	-	1,792,213

Ageing of financial assets that were past due but not impaired for 2017

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$	\$	\$	\$	\$
Cash and cash equivalents	119,684	-	-	-	119,684
Trade and other receivables	-	584,977	-	-	584,977
Total	-	584,977	-	-	704,661

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

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 15 Financial Instruments continued

Note 15D: Liquidity Risk

Liquidity risk arises from the possibility that the reporting entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. This risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timings of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward.

Contractual maturities for financial liabilities 2018

	On Demand	< 1 year \$	1– 2 years \$	2– 5 years \$	>5 years \$	Total \$
Trade and other payables	-	1,867,727	-	-	-	1,867,727
Total	-	1,867,727	-	-	-	1,867,727

Maturities for financial liabilities 2017 -

	On Demand	< 1 year \$	1– 2 years \$	2– 5 years \$	>5 years \$	Total \$
Trade and other payables	-	751,398	-	-	-	751,398
Total	-	751,398	-	-	-	751,398

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

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 15 Financial Instruments continued

Note 15E: Market Risk

(i) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows. The financial instruments that expose the entity to interest rate risk is limited to cash and cash equivalents.

Sensitivity analysis of the risk that the entity is exposed to for 2018

Risk variable	Change in risk variable %	Effect on	
		Profit and loss \$	Equity \$
Interest rate risk	- + 0.1%	963	(963)
Interest rate risk	- - 0.1%	(963)	963

Sensitivity analysis of the risk that the entity is exposed to for 2017

Risk variable	Change in risk variable %	Effect on	
		Profit and loss \$	Equity \$
Interest rate risk	- + 0.1%	120	(120)
Interest rate risk	- - 0.1%	(120)	120

(ii) Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held.

The reporting entity is not exposed to securities price risk on available-for-sale investments

Note 15F: Asset Pledged/or Held as Collateral

There were no assets pledged or held as collateral as at 31 December 2018 (2017: \$Nil).

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

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 16 Fair Value Measurement

Note 16A: Financial Assets and Liabilities

Management of the reporting entity assessed that cash, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values:

- Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 31 December 2018 was assessed to be insignificant.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the reporting entity based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2018 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The following table contains the carrying amounts and related fair values for the reporting entity's financial assets and liabilities:

	Carrying amount 2018 \$	Fair value 2018 \$	Carrying amount 2017 \$	Fair value 2017 \$
Financial Assets				
Cash and cash equivalents	962,978	962,978	119,684	119,684
Trade and other receivables	829,235	829,235	539,522	584,977
Total	1,792,213	1,792,213	659,206	659,206
Financial Liabilities				
Trade and other payables	1,867,727	1,867,727	751,398	751,398
Total	1,867,727	1,867,727	751,398	751,398

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

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 17 Section 272 Fair Work (Registered Organisations) Act 2009

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

Information to be provided to members or Commissioner:

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

Note 18 Disclosure requirements under the rules

In terms of the rules of the Construction Forestry Maritime Mining and Energy Union National Office, the union is required to provide additional disclosures for the financial year ended 31 December 2018.

(a). CFMEU Rule 24B – Remuneration paid to the Elected Official of the Union for the financial year ended 31 December 2018.

	2018	2017
	\$	\$
██████████	██████████	██████████
Salary	██████████	██████████
Annual Leave Accrual	██████████	██████████
Superannuation	██████████	██████████
Total	██████████	██████████

There is only one Elected Official disclosed as there is only one Elected Official in this Union who receives remuneration directly from the Union. In addition, this Elected Official is provided with a fully maintained motor vehicle (non-cash benefit). The Elected Official was entitled to receive director's fees during the period of disclosure but elected not to receive those fees which were instead directed to and paid to the Union.

(b). CFMEU Rule 24C – Elected Officials' Material Personal Interests.

None of the Elected Officials have disclosed any material personal interests in a matter that the Elected Official has or acquires; or a relative of the Elected Official has or acquires; that relates to the affairs of the union.

(c). CFMEU Rule 24D – Payments to related parties and declared person or body of the Union.

Payments to related parties are disclosed under Note 13. No payments were made by the Union to a declared person or body of the Union.

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

ABN 17 402 743 835

OFFICER DECLARATION STATEMENT

I, Michael O'Connor, being the National Secretary of the Construction, Forestry, Maritime, Mining and Energy Union, declare that the following activities did not occur during the reporting period ending 31 December 2018.

The reporting unit did not:

- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- have a balance within the general fund
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit
- derive revenue from undertaking recovery of wages activity during the reporting period.

Signed by the officer:



Michael O'Connor – National Secretary

Dated: 04/12/2019



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION NATIONAL OFFICE

Report on the Financial Report

Opinion

I have audited the financial report of Construction Forestry Maritime Mining and Energy Union National Office (the Reporting Unit), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2018, notes to the financial statements, including a summary of significant accounting policies; and the National Executive Statement, the subsection 255(2A) report and the Officer Declaration Statement..

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Reporting Unit as at 31 December 2018, and its financial performance and its cash flows for the year ended on that date in accordance with:

- a.
 - (i) the Australian Accounting Standards; and
 - (ii) 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).
- b. properly and fairly report all information in relation to recovery of wages activity required by the reporting guidelines of the Commissioner of the Fair Work Commission including:
 - (i) any fees charged to or reimbursements of expenses claimed from, members and others for recovery of wages activity; and
 - (ii) any donations or other contributions deducted from recovered money

Basis for Opinion

We conducted the 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 my 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION NATIONAL OFFICE

Material Uncertainty related to going concern

We draw attention to Note 1.18 in the financial report, which indicates that the Reporting Unit incurred a net loss of \$83,634 during the year ended 31 December 2018 and, as of that date, the Reporting Unit is in a net current liability and net liability position of \$465,798 and \$355,130 respectively. As stated in Note 1.18, these events or conditions, along with other matters as set forth in Note 1.18, indicate that a material uncertainty exists that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

The National Executive 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 my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

National Executive's Responsibility for the Financial Report

The National Executive of the Reporting Unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the National Executive 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 National Executive 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 National Executive either intend to liquidate the Reporting Unit or to cease operations, or have no realistic alternative but to do so.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION NATIONAL OFFICE

Auditor's Responsibilities for the Audit of the Financial Report

Our objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. we also:

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION NATIONAL OFFICE

Auditor's Responsibilities for the Audit of the Financial Report continued

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

We communicate with the National Executive 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 my audit.

I declare that I am an auditor registered under the RO Act, a member of Chartered Accountants Australia and New Zealand and hold a current Public Practice Certificate.

Morrrows

MORROWS AUDIT PTY LTD

L.S. WONG
Director

Melbourne: 4 December 2019

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/21

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COMPILATION REPORT TO THE CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION NATIONAL OFFICE

Scope

We have compiled the accompanying special purpose financial statements of the Construction Forestry Maritime Mining and Energy Union National Office which comprises the attached Detailed Income and Expenditure statement for the year ended 31 December 2018 on pages 53 to 55. The specific purposes for which the special purpose financial statements have been prepared is to provide information relating to the performance of the entity that satisfies the information needs of the National Executive.

The Responsibility of the National Executive

The National Executive is solely responsible for the information contained in the special purpose Detailed Income and Expenditure statement, the reliability, accuracy and completeness of the information and for the determination that the basis used is appropriate to meet their needs and for the purpose that the special purpose Detailed Income and Expenditure statement was prepared.

Our Responsibility

On the basis of information provided by the National Executive we have compiled the accompanying Detailed Income and Expenditure statement in accordance with the basis of accounting and APES 315: Compilation of Financial Information.

We have applied our expertise in accounting and financial reporting to compile the special purpose Detailed Income and Expenditure statement in accordance with the requirements of the National Executive.

Assurance Disclaimer

Since a compilation engagement is not an assurance engagement, we are not required to verify the reliability, accuracy or completeness of the information provided to us by the National Executive to compile the special purpose Detailed Income and Expenditure statement. Accordingly, we do not express an audit opinion or a review conclusion on the special purpose Detailed Income and Expenditure statement.

The special purpose Detailed Income and Expenditure statement was compiled exclusively for the benefit of the National Executive, who are responsible for the reliability, accuracy and completeness of the information used to compile them. We do not accept responsibility for the contents of the special purpose Detailed Income and Expenditure statement.

Morrrows

MORROWS AUDIT PTY LTD

Melbourne: 4 December 2019

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**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
NATIONAL OFFICE
ABN 17 402 743 835**

**DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

Revenue	2018	2017
	\$	\$
<u>Capitation Fees</u>		
CFMMEU – Construction and General Division – National Office	1,151,150	1,115,730
CFMMEU – Manufacturing Division	212,520	234,067
CFMMEU – Mining and Energy Division – National Office	345,345	345,345
Maritime Union of Australia	116,886	-
	1,825,901	1,695,142
 <u>Levy Fees</u>		
CFMMEU – Construction and General Division – National Office	2,000,000	630,000
CFMMEU – Manufacturing Division	630,000	127,320
CFMMEU – Mining and Energy Division – Mining and Energy	1,023,750	195,000
Maritime Union of Australia	462,000	-
	4,115,750	952,320
 <u>Interest</u>		
	129	100
 <u>Other Income</u>		
Campaign - CFMMEU National Campaign	137,233	807,544
Conference	884,883	(327)
Reimbursement from sub-branches – Other	70,675	128,522
Reimbursement – Slater and Gordon	-	109,885
Sundry Income	5,050	62
GST Refund	-	45,455
	1,097,841	1,091,141
 <u>Grants and Donations</u>		
Donations National Campaign	25,000	-
 TOTAL REVENUE	7,064,621	3,738,703
 Expenses		
<u>Administration and general expense</u>		
ACTU Levy	212,000	212,000
Fees/allowances - meeting and conferences	10,956	17,089
Conference and meeting expenses	761,426	34,188
Contractors/consultants	96,236	126,915
Office expenses	636,390	267,759
Information communications technology	12,517	17,728
Loss on sale of property, plant and equipment	-	1,725
	1,729,525	677,404

**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
NATIONAL OFFICE
ABN 17 402 743 835**

**DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018	2017
Expenses continued	\$	\$
<u>Depreciation</u>		
Property, plant and equipment	54,254	57,224
<u>Audit Fees</u>		
Audit expense and preparation of accounts	14,850	14,850
<u>Other Expenses</u>		
Campaign Expenses	978,633	1,176,227
 <u>Affiliation fees</u>		
Australian Council of Trade Unions	489,512	411,473
Australian Fair Trade & Investment Network	-	-
Australian People for Health, Education and Development Abroad	-	1,826
	489,512	413,299
 <u>Employee expenses</u>		
Salaries and allowances:		
- elected officials	218,553	221,438
- employees	871,829	794,770
Superannuation contributions:		
- elected officials	20,542	40,833
- employees	121,214	93,467
Provision for annual leave:		
- elected officials	19,388	(5,937)
- employees	19,669	57,380
Provision for long service leave:		
- elected officials	5,656	11,320
- employees	15,001	1,194
Provision for RDO:		
- employees	(6,568)	1,658
Provision for personal leave:		
- elected officials	8,849	11,744
- employees	5,797	6,483
Termination – employees		
Other:		
- payroll tax	58,116	54,130
- employee overheads	77,693	8,894
- fringe benefit tax	3,603	3,350
- redundancy fund contributions	29,400	28,950
- workcover	12,563	11,804
	1,481,305	1,341,478

CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
NATIONAL OFFICE
ABN 17 402 743 835

DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
Expenses continued	\$	\$
<u>Donation and Grant Expenses</u>		
Donations – Political Contributions	2,065,100	18,549
<u>Legal Expenses</u>		
Legal costs	335,076	102,194
TOTAL EXPENSES	<u>7,148,255</u>	<u>3,801,225</u>
NET LOSS	<u>(83,634)</u>	<u>(62,522)</u>



2 September 2019

Mr Michael O'Connor
National Secretary
Construction, Forestry, Maritime, Mining and Energy Union

By e-mail: nationalcompliance@cfmeu.org

Dear Mr O'Connor

**Construction, Forestry, Maritime, Mining and Energy Union
Financial Report for the year ended 31 December 2018 - FR2018/336**

I acknowledge receipt of the financial report for the year ended 31 December 2018 for the Construction, Forestry, Maritime, Mining and Energy Union (**the reporting unit**). The financial report was lodged with the Registered Organisations Commission (**ROC**) on 28 June 2019.

The financial report has not been filed. I have examined the report and identified a number of matters, the details of which are set out below, that you are required to address before the report can be filed.

The committee of management statement, general purpose financial report (GPFR) and auditor's statement will require amendments. The amended report will need to be provided to members, presented to a meeting of the committee of management, republished on the reporting unit's website and lodged with the ROC.

The matters identified should be read in conjunction with the *Fair Work (Registered Organisations) Act 2009* (the RO Act), *Fair Work (Registered Organisations) Regulations 2009* (the RO Regs), the 5th edition of the Reporting Guidelines (RG) made under section 255 of the RO Act and Australian Accounting Standards.

1. Non-compliance with previous requests

While we filed last year's financial report (refer letter dated 22 August 2018), we raised certain issues for the reporting unit to address in the preparation of future reports. I note that these errors have appeared again in the current report.

The ROC aims to assist reporting units in complying with their obligations under the RO Act and reporting guidelines by providing advice about the errors identified in financial reports. Failure to address these issues may lead to the Commissioner exercising his powers under section 330 of the RO Act.

2. Committee of management statement

Date of resolution

Item 27 of the reporting guidelines requires that the committee of management statement be made in accordance with such resolution as is passed by the committee of management. Such statement must also specify the date of passage of the resolution. I note that the date of the resolution was not provided.

Please amend the committee of management statement to include the date of the resolution.

Reference to s.272 & s.273

Following the enactment of the *Fair Work (Registered Organisations) Amendment Act 2016*, with effect from 1 May 2017, section 272 refers to Commissioner of the ROC instead of the General Manager, Fair Work Commission. However, section 273 continues to refer to the Fair Work Commission.

The reporting unit's committee of management statement, at reference (e)(vi), refers to the 'Registered Organisations Commission'.

Please amend the abovementioned reference from Registered Organisations Commission to Fair Work Commission.

3. General Purpose Financial Report (GPFR)

Going concern

I note that the Auditor's Report includes a 'Material Uncertainty related to going concern' as follows:

We draw attention to Note 1.18 in the financial report, which indicates that the Reporting Unit incurred a net loss of \$83,634 during the year ended 31 December 2018 and, as of that date, the Reporting Unit is in a net current liability and net liability position of \$465,798 and \$355,130 respectively. As stated in Note 1.18, these events or conditions, along with other matters as set forth in Note 1.18, indicate that a material uncertainty exists that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In addition, the following is noted from the CFMMEU financial reports:

- i. The Statement of Profit or Loss has disclosed losses during the past eleven financial years of 2018 (\$83,634), 2017 (\$62,522), 2016 (\$54,146), 2015 (\$25,414), 2014 (\$54,162), 2013 (\$75,503), 2012 (\$54,209), 2011 (\$151,715), 2010 (\$149,615), 2009 (\$8,835) and 2008 (\$17,768).
- ii. The Statement of Financial Position discloses Net Liabilities as at 31 December 2018 of \$355,130.

Note 1.18 to the CFMMEU 2018 GPFR refers to the net liability and states:

The National Executive believes that the entity will generate sufficient funds in future years to ensure the continuation of operations via the raising of fees and levies to related branches.

The general purpose financial reports for 2016, 2017 and 2018 have included this statement by the National Executive. However, the reporting unit's increasing net liability is not consistent with the view of the National Executive.

I remind the officers of the union of their duties under sections 285 and 287 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act) in relation to the financial management of the union. These sections require officers to exercise their powers and discharge their duties with care and diligence, in the best interest of the organisation and not to cause detriment to the organisation (these are civil penalty provisions). It is incumbent on the officers of the union to take appropriate steps to address the net liability and ensure its ongoing solvency.

Subsection 255(2A) report

The subsection 255(2A) report is required to show the total expenditure incurred by the reporting unit during the financial year in relation to each of the following:

- a) remuneration, and other employment-related costs and expenses, in respect of employees;
- b) advertising;
- c) operating costs;
- d) donations to political parties;
- e) legal costs.

The subsection 255(2A) report disclosed expenditure for all categories except for advertising.

Please amend the subsection 255(2A) expenditure report to include advertising.

New Australian Accounting Standards

Australian Accounting Standard *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors* paragraph 28 requires that the entity disclose new Australian Accounting Standards adopted during the period.

Australian Accounting Standard *AASB 9 Financial Instruments* applies to reporting periods commencing on or after 1 January 2018. However, Note 1.4 to the GPFR states that "The accounting policies adopted are consistent with those of the previous financial year".

The GPFR will require amendment to ensure that AASB 9 is adopted from 1 January 2018.

Future Australian Accounting Standards

Australian Accounting Standard *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors* paragraph 30 requires that the entity disclose Australian Accounting Standards issued but not yet effective with an assessment of the future impact on the entity.

Note 1.4 to the GPFR refers to *AASB 9 Financial Instruments* (refer above) and *AASB 15 Revenue from Contracts with Customers*. However, this note does not list the following accounting standards that could be relevant to the reporting unit including:

- AASB 1058 Income of Not-for-Profit Entities*; and
- AASB 16 Leases*

with an assessment of whether or not the future impact of these standards is known or reasonably estimable. In this regard, the information outlined in paragraph 31 of AASB 108 is considered relevant to members.

Please amend the GPFR to include AASB 1058 and AASB 16.

Notice setting out sections 272(1), (2) & (3)

Note 17 to the reporting unit's GPFR setting out section 272 subsections (1), (2) and (3) incorrectly refers to Commission instead of Commissioner.

Please amend Note 17 accordingly.

Disclosure of employee expenses for office holders

The reporting guidelines require reporting units to disclose in the statement of comprehensive income or in the notes to the financial statements employee expenses to holders of office (item 14(f)). It also requires these expenses to be separately disclosed as follows:

- Wages and salaries;
- Superannuation;
- Leave and other entitlements;
- Separation and redundancies; and
- Other employee expenses.

The employee expense note to the financial statements has disclosed office holder's wages and salaries, superannuation, leave and other entitlements, and other employee expenses but has not separately disclosed separation and redundancies.

Item 21 of the reporting guidelines states that if any of the activities identified within items 10-20 of the reporting guidelines have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement.

Please amend the GPFR accordingly.

Disclosure of employee provisions to office holders and other employees

The reporting guidelines require either the statement of financial position or the notes to disclose any liability for employee benefits in respect of office holders and other employees (items 16(c) and 16(d)). Item 16(c) and 16(d) of the reporting guidelines also requires these provisions to be separately disclosed as follows:

- Annual leave;
- Long service leave;
- Separation and redundancies; and
- Other employee provisions.

The employee provisions note to the financial statements has disclosed annual leave and long service leave and other employee provisions separately for office holders and employees, but does not separately disclose separation and redundancies provided for officers and employees.

Item 21 of the reporting guidelines states that if any of the activities identified within items 10-20 of the reporting guidelines have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement.

Officer remuneration disclosures

Note 18 to the GPFR contains information relating to the remuneration of an individual officer of the reporting unit.

The ROC will be redacting this information before publishing the financial report on its website to ensure compliance with the requirements under the *Privacy Act 1988*. Similar information was contained in previous financial reports and this appears to reflect the requirement of the organisation's rules (24B, 24C & 24D) that such information be disclosed in the financial

statements of the branch. [Please note that the ROC has also redacted this information from the published reports for 2014 to 2017].

Part 2A of Chapter 9 contains new provisions which supersede those former provisions of the RO Act which had required organisations and branches to have, and comply with, their own rules concerning similar disclosure in relation to officer remuneration.

Section 293J of Part 2A now requires an organisation and each branch of an organisation to provide its members and lodge with the ROC a copy of an officer and related party disclosure statement in respect of certain remuneration¹ and payments² paid during the relevant financial year. This requirement applied to the financial year ending 31 December 2018. The statement is required to be lodged with the ROC within the period of 6 months starting at the end of the financial year, i.e. in this case no later than 30 June.

Please note that the officer and related party disclosure statement is separate from, and does not form part of, the general purpose financial report required under section 253 of Part 3 of Chapter 8.

Further information about officer and related party statements may be found on the ROC website at the following link: <http://www.roc.gov.au/running-a-registered-organisation/disclosure-obligations>.

The ROC takes its obligations relating to privacy seriously and endeavours to ensure compliance with the requirements under the *Privacy Act 1988* (**Privacy Act**). The redactions have been effected in accordance with the ROC privacy policy to protect the personal information of persons identified in the financial report. A copy of the ROC privacy policy can be found via [this link](#).

Revenue recognition

Australian Accounting Standard *AASB 101 Presentation of Financial Statements* paragraph 117 and *AASB 118: Revenue* paragraph 35(a) requires the entity to disclose the measurement basis or bases used in recognising revenue.

Note 1.5 to the GPFR discloses the revenue policy but does not include the accounting policy for capitation fees and levies.

Please amend Note 1.5 to include the policy for capitation fees and levies.

Difference in figure reporting in LGD statement and financial report

A loans, grants and donations statement for the reporting unit was lodged with the ROC under subsection 237(1) of the RO Act on 29 March 2019.

A figure for donations that exceeded \$1,000 was also disclosed in the financial report at Note 4E (\$2,065,100), however this figure is different to the donations disclosed in the loans, grants and donations statement (\$1,052,000).

If items reported in the loans, grants and donations statement are incorrect or incomplete please lodge an amended statement.

¹ see section 293BC

² see section 293G

Nil disclosures disclosed more than once

The **officer's declaration statement (ODS)** provides reporting units with an option to disclose nil activities not reported elsewhere within the financial report.

Reporting guideline 21 states that if any activity described within items 10-20 of the reporting guidelines has not occurred in the reporting period, a statement to this effect must be included in the financial statements, the notes **or** in an ODS. Nil activities should be disclosed only **once**.

I note that the reporting unit's ODS includes the following items for which there was already a disclosure in the body of the notes.

- Item 14(e)(i) – pay a grants that was \$1,000 or less - is disclosed in both the officer's declaration statement and Note 4E;
- Item 14(e)(ii) – pay a grant that exceeded \$1,000 - is disclosed in both the officer's declaration statement and Note 4E;
- Item 16(a) – have a payable to employer as consideration for that employer making payroll deductions of membership subscriptions - is disclosed in both the officer's declaration statement and Note 7B;

Please amend the officer's declaration statement accordingly.

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



KEN MORGAN
Financial Reporting Specialist
Registered Organisations Commission