



Australian Government
Australian Industrial Registry

Level 8, Terrace Towers
80 William Street, East Sydney, NSW 2011
Telephone: (02) 8374 6666
Fax: (02) 9380 6990

Ref: FR2005/560

Mr John Sutton
Divisional Secretary
CFMEU Construction and General Division
Level 12, 276 Pitt Street
SYDNEY NSW 2000

Dear Mr Sutton

Financial Return - year ending 31 December, 2005

Our records show your organisation's financial year ended recently. This letter outlines some of the things you must do to meet your financial reporting obligations and when you have to do them. For simplicity, we will call the documents you have to lodge with us your *financial return*.

Legislation

This letter is intended as guide to the law applicable on the date of this letter and should not be used as a substitute for legal or accounting advice. We only summarise some of the reporting requirements in this letter. More detailed information is at the end of this letter.

In May 2003 the Industrial Registrar wrote to all organisations forwarding a number of facts sheets outlining the major changes made by Schedule 1B of the Workplace Relations Act 1996 ('RAO'¹). While the immediate changes affected the rules and elections in organisations, the changes affecting financial returns involve a longer lead time.

The key differences under the new legislation affecting financial returns are:

- **a reduced financial reporting cycle (now maximum periods of 5 or 6 months depending on internal arrangements of organisation)**
- **a greater emphasis given to Australian Accounting Standards**
- **the introduction of a new report, known as an Operating Report (broadly similar in concept to a Director's Report under the corporations legislation)**
- **extensions of time are limited to one month**
- **restructured penalty provisions involving more extensive use of Civil Penalties**
- **the introduction of the Industrial Registrar's Reporting Guidelines**
- **organisations and their branches to report according to their financial structures, known as 'reporting units'.**

We recommend you discuss the new requirements with your accountant or auditor.

¹ Registration and Accountability of Organisations Schedule (RAO) (Schedule 1B to the *Workplace Relations Act 1996*)

Reporting Unit

One of the new concepts of the RAO legislation is that reporting entities are known as "*reporting units*". Where an organisation is **not** divided into branches the reporting unit is the whole of the organisation. Where an organisation is divided into branches each branch will be a reporting unit unless the Industrial Registrar has determined a division of the organisation into reporting units on an alternative basis. We can discuss this with you if you need more information.

For simplicity, we will refer to your organisation as a reporting unit in this letter.

Industrial Registrar's Guidelines

The Industrial Registrar's reporting guidelines set out certain disclosure requirements in addition to those prescribed by Australian Accounting Standards having in mind the nature of organisations registered under the Workplace Relations Act.

The disclosure requirements prescribed by the reporting guidelines are directed towards providing members of the reporting unit with information to enable them to gauge the performance of the committee of management and other holders of office in relation to the financial management of the reporting unit. In addition, the reporting guidelines seek to improve the quality of information available to users of the financial report about the reporting unit's economic support of, or economic dependency on, other reporting units of the organisation.

Timeline Planner and Checklist

We have attached a Timeline/Planner (*Attachment A*) to help you **plan** your financial return and carry out all the necessary steps. We have also attached a Document Checklist (*Attachment B*) to **check** your documents before lodging them in the Registry. Both documents are abbreviated summaries of the relevant provisions of the RAO Schedule, RAO Regulations and the Industrial Registrar's Reporting Guidelines.

In the following section we describe some of the documents your reporting unit must prepare and the sequence of their preparation and completion.

Three Reports

Your reporting unit must prepare two reports as soon as practicable after its financial year, which, together with the Auditor's Report, comprise the reporting unit's financial return.

1. **General Purpose Financial Report** - this must comply with the Australian Accounting Standards and the Industrial Registrar's Reporting Guidelines. The GPFR consists of:

Financial Statements containing:

- a profit and loss statement, or other operating statement; and
- a balance sheet; and
- a statement of cash flows; and
- any other statements required by the Australian Accounting Standards; and

Notes to the Financial Statements containing:

- notes required by the Australian Accounting Standards; and
- information required by the Industrial Registrar's *Reporting Guidelines* under section 255); and

Committee of Management Statement as required by the Registrar's Reporting Guidelines (a sample certificate for illustrative purposes is at Attachment C)

2. **Operating Report** - this report includes a review of your reporting unit's principal activities for the year and other specified information.

Your reporting unit must appoint an auditor to audit the GPFR and to provide:

3. an **Auditor's Report**.

First Meeting (Committee of Management)

For simplicity, we will call the meeting at which the committee of management first considers the GPFR the first meeting. At the first meeting your committee, if satisfied that all is in order, will resolve to express its opinion on the GPFR and complete a Committee of Management Statement.

The Auditor

After the first meeting, the auditor takes the GPFR and the Committee of Management Statement and prepares a report on the GPFR. In practice, your auditor may have already completed most of his or her examination of your accounts. The auditor may only be waiting on the Committee to pass the required resolution and make the Statement before signing the report the same day.

Informing Your Members

Your reporting unit must provide free of charge to the general membership, copies of the GPFR, the Operating Report and the Auditor's Report. RAO calls these the "full report". Under certain circumstances, your reporting unit can provide a more limited *concise report*.

The reporting unit can meet its obligation to provide copies of the full or concise report to members by publishing the report in a journal that is available to the members free of charge.

A reporting unit may meet this obligation in whole or in part by publication of the report in a journal published on a web site on the Internet dependent on:

- a. the extent of the accessibility of the members of the reporting unit to the Internet; and
- b. that the members are notified by the reporting unit in the usual manner in which it communicates with its members that the report has been so published at a specified Internet address.

The report must be provided within 5 or 6 months from the end of the financial year, depending on the internal arrangements of the organisation for the presentation of its financial reports.

The Second Meeting - if it is a General Meeting of Members

After providing the full report to members it must be presented to a general meeting of members. For simplicity this is referred to as the *second meeting*.

Your reporting unit must always allow a minimum of 21 days for members to receive the full report before presenting it to a general meeting of members (s265(5)). The purpose of the interval and the second meeting is to enable the members to have time to consider the report and, if they wish, to attend the second meeting to discuss it.

If the rules of the organisation permit a general meeting to be a series of meetings held at different locations, the full report may be presented to such a series of meetings. In this case the 'date' of the general meeting is taken to be the date of the last meeting in the series (see s266(2)).

The Second Meeting - if it is a Committee of Management Meeting

If the rules of your organisation contain a provision that allows up to 5% of members to demand a general meeting to be held consider the report (see s266(3)), it is permissible to present the report directly to a Committee of Management meeting.

Lodge full report within 14 days of meeting

You must lodge a copy of the full report and any concise report in the Industrial Registry within 14 days of the second meeting. For your convenience you are encouraged to lodge the material electronically (see eFiling Tab at www.airc.gov.au). When lodging the financial return please quote: **FR2005/560**.

The Secretary (or another officer appropriately authorised under the rules of the organisation) must *certify* that the full report is a copy of the one provided to members and presented to the second meeting and provide the date of the meeting (a sample certification for illustrative purposes is at *Attachment D*).

When we receive your return we will check that it includes the information you must provide your members and that you have provided it to them correctly.

Complying with time limits

This letter has outlined some of the steps in preparing and lodging your return. Many of the steps must be completed within fixed time limits.

Failure to complete them in time could make your reporting unit or its officers liable to financial or "civil penalties".

Extensions of Time

We appreciate that sometimes circumstances beyond your reporting unit's control may delay completion of a financial return. If you believe your reporting unit is going to be unable to meet a time limit tell us as soon as you know. We can advise you if the step is one for which you may apply under RAO to the Industrial Registrar for extra time to complete. The maximum extra time allowed can be no more than one month.

Reduced Reporting Requirements

If your reporting unit meets certain conditions, some of these reporting requirements can be reduced. Such conditions might be where the annual income of the reporting unit (where the reporting unit is the whole of the organisation) is less than \$100,000, or where the reporting unit has no financial affairs in the financial year, or where the financial affairs of the reporting unit are encompassed by the financial affairs of its counterpart State industrial association.

Contact the Registry

We encourage you to contact the Registry on (02) 8374 6666 or by e-mail at belinda.penna@air.gov.au as early as possible if you believe preparation or lodgment of your return will be delayed or if you have any queries. We can offer you advice on procedure but we cannot give you legal or accounting advice.

Information on AIRC Website

We recommend you and your accountant/auditor refer to the following documents on the Commission's website at www.airc.gov.au:

- [RAO Schedule and RAO Regulations](#)
- [Registrar's Reporting Guidelines](#) - All GPFR's must comply with these Guidelines. Please note that the Guidelines set out requirements that are *in addition* to those required by the Australian Accounting Standards.
- [RAO Fact Sheets](#) - These Fact Sheets explain the new requirements of the RAO Schedule - many of them deal with financial reporting matters.

Yours sincerely



For Deputy Industrial Registrar
24 January 2006

TIMELINE/ PLANNER

Financial reporting period ending:	/ /	
FIRST MEETING: Prepare General Purpose Financial Report (including Committee of Management Statement in accordance with C of M resolution) and Operating Report - s253(1), s254(1)	/ /	as soon as practicable after end of financial year
Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /	within a reasonable time of having received the GPFR
Provide full report free of charge to members. (a) if the report is to be presented before a General Meeting (which must be held within 6 months after the end of the financial year), the report must be provided to members 21 days before the General Meeting, or (b) in any other case including where the report is presented to a Committee of Management meeting, the report must be provided to members within 5 months of end of financial year. <i>(obligation to provide full report may be discharged by provision of a concise report s265(1))</i>	/ / / /	
SECOND MEETING: Present full report to: (a) General Meeting of Members - s266 (1),(2), or (b) where rules of organisation allow, a Committee of Management meeting - s266 (3)	/ / / /	within 6 months of end of financial year within 6 months of end of financial year
Lodge full report (including any concise report) in the Industrial Registry together with secretary's certificate (or other officer authorised by the rules of the organisation) - s268	/ /	within 14 days of meeting

Note: The legislation makes limited provision for extensions of time concerning the provision of the full report to members and the presentation of the full report to a general meeting etc however the maximum extra time allowed can be no more than one month.

Documents Checklist

You can use this checklist as soon as possible after the financial year ends to ensure you have all the necessary documents prepared and that those documents contain all information required by RAO.

You can also use this checklist to ensure all documents in your financial return are complete before lodging them in the Registry.

No	Document	✓
1	General Purpose Financial Report	
	Does the report contain a Profit and Loss Statement?	
	Does the report contain a Balance Sheet?	
	Does the report contain a Statement of Cash Flows?	
	Does the report contain notes to the financial statements as required by AAS and the reporting guidelines?	
	Does the report contain all other information required by the reporting guidelines?	
2	Committee of Management Statement	
	Is the statement signed by the officer responsible for undertaking functions necessary to enable the reporting unit to comply with RAO?	
	Is the statement dated?	
	Is the statement in accordance with a resolution of the committee?	
	Does the statement specify the date of the resolution?	
	Does the statement contain declarations required by the reporting guidelines?	
3	Auditor's Report	
	Is the Report dated and signed by the auditor?	
	Is the name of the auditor clear?	
	Are the qualifications of the auditor on the report?	
	Has the auditor expressed an opinion on all matters required?	
4	Operating Report	
	Is the report signed and dated?	
	Does the report provide the number of members?	
	Does the report provide the number of employees?	
	Does the report contain a review of principal activities?	
	Does the report give details of significant changes?	
	Does the report give details of right of members to resign?	
	Does the report give details of superannuation trustees?	
	Does the report give details of membership of the committee of management?	
5	Concise report*	
6	Certificate of Secretary or other Authorised Officer	
	Is the certificate signed and dated?	
	Is the signatory the secretary or another officer authorised to sign the certificate?	
	Is the date that the report was provided to members stated?	
	Is the date of the Second Meeting at which the report was presented stated?	
	Does the certificate state that the documents are copies of those provided to members?	
	Does the certificate state that the documents are copies of those presented to the Second Meeting?	

* This is an optional way of providing documents to members (see RAO s265(3) and RAO Reg. 161).

Committee Of Management Statement

On *[date of meeting]* the Committee of Management of *[name of reporting unit]* passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended *[date]*:

The Committee of Management declares in relation to the GPFR that in its opinion:

- (a) the financial statements and notes comply* with the Australian Accounting Standards;
- (b) the financial statements and notes comply* with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view* of the financial performance, financial position and cash flows of the 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;
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the committee of management were held* in accordance with the rules of the organisation 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 RAO Schedule and the RAO Regulations; and
 - #(iv) where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been* kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
 - #(v) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been* furnished to the member or Registrar; and
 - #(vi) there has been* compliance with any order for inspection of financial records made by the Commission under section 273 of the RAO Schedule.

For Committee of Management: *[name of designated officer per section 243 of the RAO Schedule]*

Title of Office held:

Signature:

Date:

* Where compliance or full compliance has not been attained - set out details of non compliance instead.

Where not relevant these may be modified accordingly (e.g. in (vi) "No orders have been made by the Commission under section 273 of the RAO Schedule during the period."

Certificate of Secretary or other Authorised Officer¹

s268 of Schedule 1B *Workplace Relations Act 1996*

I *[name]* being the *[title of office]* of the *[name of the organisation]* certify:

- that the documents lodged herewith are copies of the full report, *[and the concise report]*², referred to in s268 of the RAO Schedule; and
- that the *[full report OR concise report]*³, was provided to members on *[insert date]*; and
- that the full report was presented to *[a general meeting of members OR the last of a series of general meetings of members OR a meeting of the committee of management]*³ of the reporting unit on *[insert date]*; in accordance with section 266 of the RAO Schedule.

Signature

Date:

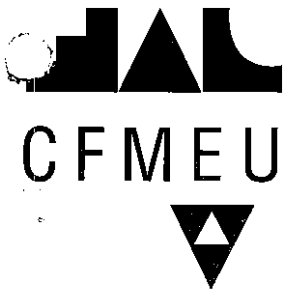
¹*RAO regulation 162 prescribes the designated officer for the purpose of RAO schedule s268 as:*

(a) the secretary; or

(b) an officer of the organisation other than the secretary who is authorised by the organisation or by the rules of the organisation to sign the certificate mentioned in that paragraph.

²*Only applicable where a concise report is provided to members*

³*Insert whichever is applicable*



TR/nd.returns

CONSTRUCTION

FORESTRY

MINING

ENERGY

UNION

22nd June, 2006

Industrial Registrar
Australian Industrial Registry
Level 8
80 William Street
SYDNEY NSW 2011

Dear Sir/Madam,

Re: Financial Returns

Please find enclosed herewith the financial returns of the Construction Forestry Mining and Energy Union, Construction & General Division, National Office, for the year ending 31st December, 2005.

Please confirm receipt at your earliest convenience.

Yours faithfully,

TOM ROBERTS
National Legal Officer

Encl.



CONSTRUCTION &
GENERAL DIVISION
ABN 46 243 168 565

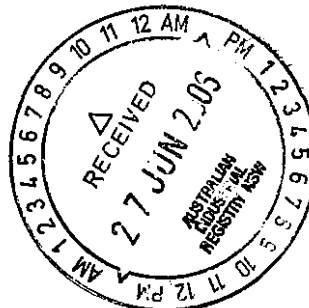
JOHN SUTTON
National Secretary

FEDERAL OFFICE
LEVEL 12
276 PITT STREET
SYDNEY NSW 2000

PO BOX Q235
QUEEN VICTORIA BLDG
POST OFFICE
SYDNEY NSW 1230

PH: (02) 8524 5800
FAX: (02) 8524 5801
WEB:

www.cfmeu.asn.au/construction



Certificate of Secretary
S268 of Schedule 1B Workplace Relations Act 1996

I John Sutton being the National Secretary of the Construction Forestry Mining and Energy Union Construction & General Division, certify:

- that the documents lodged herewith are copies of the full report referred to in s268 of the RAO Schedule; and
- that the full report was provided to members via our website on 1 June 2006; and
- that the full report was presented to a meeting of the Divisional Executive of the reporting unit on 20 June 2006 in accordance with section 266 of the RAO Schedule.



Signature

22. 6. 06

Date

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION – NATIONAL OFFICE**

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2005**

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OPERATING REPORT

The Committee of Management of the Construction Forestry Mining and Energy Union, Construction and General Division, National Office (The Union) present their Operating Report on the Union for the year ended 31 December 2005.

Committee of Management

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

NAME	POSITION	PERIOD OF APPOINTMENT
John Sutton	National Secretary	1/1/05 to 31/12/05
Chris Price	President	1/1/05 to 31/12/05
Albert Littler	Senior Vice President	1/1/05 to 31/12/05
Peter McClelland	Senior Vice President	1/1/05 to 31/12/05
Paul Waters	Senior Vice President	1/1/05 to 31/12/05
Lindsay Fraser	Assistant Secretary	1/1/05 to 31/12/05
Dave Noonan	Assistant Secretary	1/1/05 to 31/12/05
Peter Close	Vice President	1/1/05 to 31/12/05
Bill Oliver	Vice President	1/1/05 to 31/12/05
John Cummins	Vice President	1/1/05 to 31/12/05
Andrew Ferguson	COM Member	1/1/05 to 31/12/05
Brian Parker	COM Member	1/1/05 to 17/10/05
Barry Hemsworth	COM Member	1/1/05 to 17/10/05
Martin Kingham	COM Member	1/1/05 to 31/12/05
Wally Trohear	COM Member	1/1/05 to 31/12/05
Greg Simcoe	COM Member	1/1/05 to 31/12/05
Tony Benson	COM Member	1/1/05 to 31/12/05
Ben Carslake	COM Member	1/1/05 to 31/12/05
Martin O'Malley	COM Member	1/1/05 to 31/12/05
Kevin Reynolds	COM Member	1/1/05 to 31/12/05
Joe McDonald	COM Member	1/1/05 to 31/12/05
George Wason	COM Member	1/1/05 to 31/12/05
Trevor Melksham	COM Member	1/1/05 to 31/12/05
Glenn Parry	COM Member	1/1/05 to 31/12/05
Tom Watson	COM Member	1/1/05 to 31/12/05
Brett Gay	COM Member	17/10/05 to 31/12/05
Brian Fitzpatrick	COM Member	17/10/05 to 31/12/05

Principal Activities

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

- Implementation of Divisional Executive Decisions.
- Maintenance of Union Rules, Registrations and Affiliations.
- Organising Executive Meetings and Divisional Conferences as well as National Safety Officer Meetings.
- Conducting Activities for Parliamentary, Divisional and Divisional Branch elections, including assisting with statutory requirements.

OPERATING REPORT (Continued)

Principal Activities (Continued)

- Co-ordinating seminars / education courses for Branch Officers to inform them of current developments or to seek collective input in the development of national policies.
- Representing the Division's interest on various national committees and organisations.
- Co-ordinating the involvement of the Union in relevant international trade union bodies and conferences.
- Responsibility for servicing national awards and enterprise agreements and maintaining related information services. Divisional Office also advises Branches on industrial matters.
- Provision to Branches with economic and industrial research.
- Provision to Branches of assistance with administration and financial management.
- Provision to Branches of a National Library including information service / library through an electronic data base.
- Co-ordinating O H & S nationally and maintaining a national policy database and information service.
- Providing prime responsibility of initiating and leading the conduct of legal action launched in defence of the Division's constitutional work.
- Providing a National Computer Department to service each Branch and Divisional Office.
- Provision of National Publicity Services in respect of the national newspaper, safety newsletter and various brochures on industrial issues, media issues etc
- Provision of a National Training Agenda by representing the Union on various Boards and Committees.

Results of Activities

The result for the year was a loss of \$189,561 (2004 was a loss of \$4,149).

Significant Changes in Nature of Activities

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

Significant Changes in Financial Affairs

There were no significant changes in the financial affairs of the Union during the year apart from the Union acquiring and moving to owned premises in Pitt Street, Sydney.

OPERATING REPORT (Continued)

Membership of the Union

There were 76,710 financial members of the Union as at 31 December 2005.

Rights of Members to Resign

All members of the Union have the right to resign in accordance with Rule 11 of the Union Rules (and section 174 of the RAO Schedule).

Employees of the Union

As at 31 December 2005 the Union employed 13 full time employees.

Superannuation Trustees

Mr John Sutton is the National Secretary of the Union and is a director of United Super Pty Ltd which acts as Trustee of C Bus. Mr Andrew Ferguson is a Committee of Management Member of the Union, and holds an alternate directorship (on behalf of Mr John Sutton) of United Super Pty Ltd which acts as Trustee of C Bus.

Mr Albert Littler is the Joint Divisional Senior Vice-President of the Union and is a director of United Super Pty Ltd which acts as Trustee of C Bus. Mr Martin Kingham is a Committee of Management Member of the Union, and holds an alternate directorship (on behalf of Mr Albert Littler) of United Super Pty Ltd which acts as Trustee of C Bus.

Mr George Wason is a Committee of Management Member of the Union and is a director of United Super Pty Ltd which acts as Trustee of C Bus. Mr Ben Carslake is a Committee of Management Member of the Union, and holds an alternate directorship (on behalf of Mr George Wason) of United Super Pty Ltd which acts as Trustee of C Bus.

Mr Wallace Trohear and Mr Gregory Simcoe are members of the Committee of Management of the Union and are directors of BUSS (Queensland) Pty Ltd which acts as Trustee of BUSS[Q].

No other officer or member of the Union acts:

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



JOHN SUTTON
NATIONAL SECRETARY

Signed this 23rd day of May 2006.

COMMITTEE OF MANAGEMENT STATEMENT

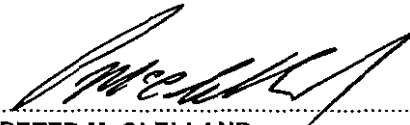
The Committee of Management of the Union, do state that in the opinion of the Committee, that:

- (a) The financial report and notes for the financial year ended 31 December 2005 comply with Australian Accounting Standards;
- (b) The financial report and notes for the financial year ended 31 December 2005 comply with the reporting guidelines of the Industrial Registrar;
- (c) The financial report and notes give a true and fair view of the financial performance, financial position and cash flows of the Union for the year ended 31 December 2005;
- (d) There are reasonable grounds to believe that the Union will be able to pay its debts as and when they become due and payable; and
- (e) During the financial year ended 31 December 2005 and since the end of the financial year:-
 - (i) Meetings of the Committee of Management were held in accordance with the rules of the Union; and
 - (ii) The financial affairs of the Union have been managed in accordance with the rules of the Union; and
 - (iii) The financial records of the Union have been kept and maintained in accordance with RAO Schedule and RAO Regulations; and
 - (iv) The financial records of the Union have been kept, as far as practicable, in a consistent manner to each other reporting unit of the organisation; and
 - (v) No information has been sought in any request of a member of the Union or a Registrar duly made under section 272 of the RAO Schedule; and
 - (vi) No orders have been made by the Commission, in regard to inspection of financial records under section 273 of the RAO Schedule during the year.

This Statement is made in accordance with a resolution of the Committee of Management passed on the 23rd of May 2006 and is signed for and on behalf of the Committee of Management by:



JOHN SUTTON
NATIONAL SECRETARY



PETER McCLELLAND
SENIOR VICE PRESIDENT

Dated this 23rd day of May 2006.

**INDEPENDENT AUDIT REPORT TO THE MEMBERS
OF THE CONSTRUCTION FORESTRY MINING AND ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION – NATIONAL OFFICE**

SCOPE

We have audited the general purpose financial report comprising the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Financial Statements of the Construction Forestry Mining and Energy Union – Construction and General Division, National Office (‘the Union’) for the year ended 31 December 2005. The Union’s Committee of Management are responsible for the preparation and presentation of the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Union.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements in Australia, statutory requirements and the Workplace Relations Act 1996, so as to present a view of the Union, which is consistent with our understanding of the Union’s financial position and the results of its operations and cash flows.

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

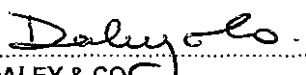
AUDIT OPINION

We have received all the information and explanations required for the purposes of our audit.

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

- (a) The Workplace Relations Act 1996, including:
 - (i) Giving a true and fair value of the Union’s financial position as at 31 December 2005 and of its performance for the year ended on that date; and
 - (ii) Complying with Accounting Standards in Australia and other mandatory professional reporting requirements.
- (b) The requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of Schedule 1B of the Workplace Relations Act 1996.

We have received all the information and explanations required for the purposes of our audit.


DALEY & CO
Chartered Accountants
98 Kembla Street
Wollongong NSW 2500


M L Gleeson
Registered Company Auditor

Dated this 23rd day of May 2006.

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

	NOTE	2005 \$	2004 \$
Revenue	2(a)	<u>3,596,722</u>	<u>3,964,582</u>
Wages and Related Costs		(1,373,510)	(1,188,494)
Depreciation and Amortisation Expenses		(118,937)	(84,507)
Donations		(21,750)	(525,925)
Other Expenses		<u>(2,272,086)</u>	<u>(2,169,805)</u>
		<u>(3,786,283)</u>	<u>(3,968,731)</u>
Net Loss Attributable to Members		<u>(189,561)</u>	<u>(4,149)</u>

The accompanying notes form part of these financial statements.

**BALANCE SHEET
AS AT 31 DECEMBER 2005**

	NOTE	2005 \$	2004 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	422,992	463,434
Trade and Other Receivables	4	1,000,141	1,546,331
Financial Assets	5	3,155,111	7,230,585
Other Current Assets	6	20,721	32,168
TOTAL CURRENT ASSETS		<u>4,598,965</u>	<u>9,272,518</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	7	5,162,362	805,993
TOTAL NON-CURRENT ASSETS		<u>5,162,362</u>	<u>805,993</u>
TOTAL ASSETS		<u>9,761,327</u>	<u>10,078,511</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	334,295	320,138
Short Term Provisions	9(a)	577,444	559,567
Other Current Liabilities	10	-	189,415
TOTAL CURRENT LIABILITIES		<u>911,739</u>	<u>1,069,120</u>
NON-CURRENT LIABILITIES			
Long Term Provisions	9(a)	29,758	-
TOTAL NON-CURRENT LIABILITIES		<u>29,758</u>	<u>-</u>
TOTAL LIABILITIES		<u>941,497</u>	<u>1,069,120</u>
NET ASSETS		<u>8,819,830</u>	<u>9,009,391</u>
ACCUMULATED FUNDS			
Accumulated Members' Funds		<u>8,819,830</u>	<u>9,009,391</u>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2005**

	2005	2004
	\$	\$
Opening Balance as at 1 January	9,009,391	9,013,540
Loss Attributable to Members	(189,561)	(4,149)
Closing Balance as at 31 December	<u>8,819,830</u>	<u>9,009,391</u>

The accompanying notes form part of these financial statements.

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005**

	NOTE	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Membership Levies		3,777,377	3,916,458
Interest Received		239,086	391,336
Sundry Income		618,142	272,416
Payments to Suppliers and Employees		(4,274,755)	(4,056,760)
NET CASH PROVIDED BY OPERATING ACTIVITIES	14(b)	<u>359,850</u>	<u>523,450</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Property, Plant and Equipment		-	45,273
Net (Increase) / Decrease in Investments		4,075,474	(372,881)
Purchase of Property, Plant and Equipment		(4,475,766)	(113,418)
NET CASH USED IN INVESTING ACTIVITIES		<u>(400,292)</u>	<u>(441,026)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Construction Training Fund Receipts		-	6,399
NET CASH PROVIDED BY FINANCING ACTIVITIES		<u>-</u>	<u>6,399</u>
NET (DECREASE) / INCREASE IN CASH HELD		(40,442)	88,823
CASH AT THE START OF YEAR		463,434	374,611
CASH AT THE END OF YEAR	14(a)	<u>422,992</u>	<u>463,434</u>

The accompanying notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Basis of Preparation

First-time Adoption of Australian Equivalents to International Financial Reporting Standards.

The Union has prepared these financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 December 2005.

In accordance with the requirements of the AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the accounts resulting from the introduction of AIFRS have been applied retrospectively to 2005 comparative figures. These accounts are the first financial statements of the Union to be prepared in accordance with AIFRS.

Reconciliations of the transition from previous Australian GAAP to AIFRS have been included in Note 1(l) to this report.

Reporting Basis and Conventions

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

Accounting Policies

(a) PROPERTY, PLANT & EQUIPMENT

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

Property, Plant and Equipment

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *Continued*

(a) PROPERTY, PLANT & EQUIPMENT *CONTINUED*

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

Depreciation

The depreciation amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Union. The depreciation rates used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Buildings	2%
Office Furniture and Fittings	10 - 20%
Computer Equipment	20 - 30%
Motor Vehicles	20%

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

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

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

(b) INCOME TAX

No provision for income tax is necessary, as the Union (being a registered Industrial Trade Union) is exempt from tax under s.50-15 of the Income Tax Assessment Act.

(c) LEASES

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(d) FINANCIAL INSTRUMENTS

Recognition

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

Loans and Receivables

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *Continued*

(d) FINANCIAL INSTRUMENTS *CONTINUED*

Held-to-Maturity Investments

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

Available-for-Sale Financial Assets

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

Financial Liabilities

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

Impairment

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

(e) IMPAIRMENT OF ASSETS

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

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

(f) EMPLOYEE BENEFITS

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits, inclusive of related on-costs.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

(g) PROVISIONS

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

(h) CASH AND CASH EQUIVALENTS

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

(i) REVENUE

Revenue from membership contributions are recognised upon receipt, which is reflective of the timing and nature of the benefits provided to members.

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

Revenue from the rendering of a service is recognised upon the delivery of the services to the customers.

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

(j) GOODS AND SERVICES TAX (GST)

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

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

(k) COMPARATIVE FIGURES

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

(I) IMPACT OF FIRST TIME ADOPTION OF AIFRS

These are the Union's first financial statements prepared in accordance with AIFRS. The accounting policies set out in Note 1 have been applied for the year ended 31 December 2005, the comparative information for the year ended 31 December 2004 and in the preparation of an opening Balance Sheet as at 1 January 2004 (the Union's date of transition).

In preparing its opening AIFRS Balance Sheet, the Union has not been required to adjust any amounts reported previously in accordance with its old basis of accounting (previous GAAP). An explanation of how the transition from previous GAAP to AIFRS has affected the Union's financial position is set out in the following table.

With the exception of adjustments to presentation and disclosure formatting of these financial statements, the only other change has been in relation to the following reclassification in the Income Statement for the year ended 31 December 2004: under Australian equivalents to IFRS the sale of non-current assets must be reflected as a gain or loss on sale and not separately split between proceeds and cost of disposal. This reclassification has no effect on the net result for the 2005 financial year.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2005**

	NOTE	2005 \$	2004 \$
2. OPERATING RESULT FROM ORDINARY ACTIVITIES			
Result from ordinary activities is arrived at after taking into account:			
(a) REVENUE:			
<i>Operating Activities</i>			
Membership Levies		2,979,701	3,357,178
Interest Received		225,664	405,909
Computer Costs Reimbursed		60,523	19,719
Distributions - Scanrock		13,057	-
Meetings & Conferences		23,717	23,635
Attendance Fees		84,645	69,234
Wages Reimbursements		20,000	20,000
Sundry Income		-	2,532
		<u>3,407,307</u>	<u>3,898,207</u>
<i>Non-Operating Activities</i>			
Training Funds Held in Trust taken to Income	10	189,415	-
Write Back of Provision for Diminution in Value	7(b)	-	66,375
		<u>189,415</u>	<u>166,375</u>
		<u>3,596,722</u>	<u>3,964,582</u>
(b) EXPENSES			
Depreciation of Non-Current Assets			
Buildings		45,911	10,000
Plant & Equipment		73,026	74,507
Total Depreciation		<u>118,937</u>	<u>84,507</u>
Movements in Employee Entitlements		60,971	35,177
Loss on Disposal of Assets		460	7,338
Loan Written Off – Tasmanian Branch		-	153,970
Legal Expenses		43,644	90,296
Remuneration of Auditors			
- Auditing the Financial Report		9,975	9,500
- Other Services		9,025	10,077
		<u>19,000</u>	<u>19,577</u>

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2005**

	NOTE	2005 \$	2004 \$
3. CASH			
Deposits at Call		62,662	105,930
Cash on Hand		1,500	1,500
Cash at Bank – Main Account		161,914	166,589
Cash at Bank - Other		196,916	189,415
		<u>422,992</u>	<u>463,434</u>
4. RECEIVABLES			
Current			
Debtors		17,163	144,108
Less: Provision for Doubtful Debts		-	-
		<u>17,163</u>	<u>144,108</u>
Interest Receivable		21,324	34,746
		<u>38,487</u>	<u>178,854</u>
Amounts due from Branches – Membership Levies	11	961,654	1,367,477
		<u>1,000,141</u>	<u>1,546,331</u>
5. INVESTMENTS			
Current			
Held-to-Maturity: Commercial Bank Bills		3,155,111	7,230,585
		<u>3,155,111</u>	<u>7,230,585</u>
6. OTHER CURRENT ASSETS			
Prepayments		20,721	32,168
		<u>20,721</u>	<u>32,168</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

	2005 \$	2004 \$
7. PROPERTY, PLANT & EQUIPMENT		
Land – At Cost	250,000	250,000
Buildings – At Cost	4,946,140	500,000
Less Accumulated Depreciation	(183,411)	(137,500)
	<u>4,762,729</u>	<u>362,500</u>
TOTAL LAND & BUILDINGS	<u>5,012,729</u>	<u>612,500</u>
Office Furniture and Equipment - At Cost	137,839	136,124
Less Accumulated Depreciation	(102,775)	(107,248)
	<u>35,064</u>	<u>28,876</u>
Computer Equipment - At Cost	172,716	157,327
Less Accumulated Depreciation	(128,280)	(86,442)
	<u>44,436</u>	<u>70,885</u>
Motor Vehicles - At Cost	117,994	117,994
Less Accumulated Depreciation	(47,861)	24,262
	<u>70,133</u>	<u>93,732</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>5,162,362</u>	<u>805,993</u>

- (a) Valuation of the land and buildings at 500 Swanston Street Carlton, Victoria was carried out on 15 December 2004 by independent valuers – Landmark White (VIC) Pty Ltd. The valuer was Mr Nicholas Diamantopoulos AAPI – Certified Practising Valuer. The basis of valuation was market value subject to vacant possession. Based on the National Office's 15.36% equity, the valuations are:-

	\$
Land	307,200
Buildings	<u>384,000</u>
	<u>691,200</u>

The book value of the above assets as at 31 December 2004 was \$612,500.

During the 2005 year, the Union moved to new premises which it acquired in Pitt St, Sydney.

- (b) As a consequence of the above valuation, the Provision for Diminution in value amounting to \$66,375 applicable to the above asset, was no longer required and thus was reversed in the 2004 year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

7. PROPERTY, PLANT & EQUIPMENT

(c) Movements In Carrying Amounts

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

	LAND & BUILDINGS \$	FURNITURE, FITTINGS & EQUIPMENT \$	MOTOR VEHICLES \$	TOTAL \$
Balance at Start of Year	612,500	99,761	93,732	805,993
Additions	4,446,140	29,626	-	4,475,766
Disposals	-	(460)	-	(460)
Amortisation / Depreciation	(45,911)	(49,427)	(23,599)	(118,937)
Balance at End of Year	<u>5,012,729</u>	<u>79,500</u>	<u>70,133</u>	<u>5,162,362</u>
			2005	2004
			\$	\$

8. ACCOUNTS PAYABLE

Payables – Legal Matters	32,099	38,047
Payables – Other	302,196	282,091
	<u>334,295</u>	<u>320,138</u>

(a) The bank overdraft account is actually in funds with the Union's bankers, however it goes into overdraft upon the reconciliation of unrepresented cheques. There are no overdraft facilities made available and accordingly no rate of interest payable.

9. PROVISIONS

	PROVISION FOR ANNUAL LEAVE \$	PROVISION FOR LSL \$	OTHER EMPLOYEE ENTITLEMENTS \$	TOTAL \$
Opening balance at Start of Year	254,712	271,342	33,513	559,567
Additional provisions	149,717	69,212	-	218,929
Amounts used / written back	(131,267)	(6,514)	(33,513)	(171,294)
Balance at End of Year	<u>273,162</u>	<u>334,040</u>	<u>-</u>	<u>607,202</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

9. PROVISIONS

(Continued)

(a) Analysis of ageing of provisions

Current	577,444	559,567
Non-Current	29,758	-
	<u>607,202</u>	<u>559,567</u>

(b) Number of Employees at Balance Date

<u>13</u>	<u>15</u>
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(c) Employee Benefits Attributable to:

Office Holders	253,170	182,282
Staff	354,032	377,285
	<u>607,202</u>	<u>559,567</u>

10. OTHER LIABILITIES

Borrowings

Funds Held in Trust	<u>-</u>	<u>189,415</u>
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During the year, the Union has reassessed the ownership of funds held in a Training Fund account. Given there are no longer any beneficiaries of these funds and also given the nature of control of these funds, it has been determined that such funds are now the property of the Union, and accordingly there is no liability to any third party.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

11. AMOUNTS DUE FROM BRANCHES - MEMBERSHIP LEVIES (INCL GST)

	BALANCE OWING 1/1/05 \$	ADD AMOUNTS CHARGED \$	LESS CASH RECEIVED \$	BALANCE OWING 31/12/05 \$
New South Wales	176,125	593,704	595,441	174,388
Victoria	629,089	1,044,318	1,399,089	274,318
Queensland	141,500	492,662	522,236	111,926
South Australia	58,978	111,399	101,174	69,203
Western Australia	170,701	346,319	345,828	171,192
Tasmania	21,064	40,396	39,064	22,396
Australian Capital Territory	13,018	56,054	41,618	27,454
BTP Division	28,447	56,352	61,447	23,352
Queensland Labourers	92,159	264,896	275,476	81,579
Victoria FEDFA	36,396	254,446	284,996	5,846
TOTAL	1,367,477	3,260,546	3,666,369	961,654

The amount of GST included in the "Amounts Charged" is \$296,412 (2004: \$337,257).

12. CONTINGENT LIABILITY

Pursuant to Section 7 of the BLF (De-Recognition Act, 1985) and pursuant to an Order in Council made thereunder, a Custodian was appointed by the Victorian Government on 13 October 1987. The Custodian seized all funds and property of the BLF and placed a Queen's Caveat over the land and buildings held in the name of the Trustees of the BLF.

On the 30 March 1994, the BLF merged into the CFMEU and proceedings in the Industrial Relations Court of Australia taken by, or on behalf of, the CFMEU determined that the assets of the former BTF, including title in funds and real estate passed on that merger to the CFMEU. An appeal by the Victorian Government to the High Court was successful and further proceedings resulted in which a Full Court of the Industrial Relations Court of Australia determined that the funds did not so pass. An appeal was lodged by the CFMEU to that finding.

Before the appeal, or leave to appeal, could be determined, the Victorian Government issued another Order in Council granting to the Custodian the power to determine to whom the funds and property previously seized should be distributed. Pursuant to that further Order in Council, the Custodian has determined that the funds and assets ought to be distributed to the CFMEU.

Two sets of proceedings are extant. The CFMEU appeal to the High Court has not yet been determined or withdrawn. The proceedings by certain respondents to the above proceedings seeking the recovery of funds has not been finalised.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

		2005	2004
		\$	\$
13. LEASING COMMITMENTS			
<p>An operating lease commitment did exist in respect of the sub-lease of floor area within the Wentworth Avenue premises. The maximum amount committed including GST is as follows:-</p>			
Due within 1 year		-	28,829
14. STATEMENT OF CASHFLOWS			
(a) RECONCILIATION OF CASH			
<p>For the purposes of the Cash Flow Statement, cash includes cash on hand and at call deposits with banks and other financial institutions. Cash at end of the financial year as shown in the Cash Flow Statement is reconciled to items in the Balance Sheet:</p>			
Cash	3	<u>422,992</u>	<u>463,434</u>
(b) RECONCILIATION OF CASHFLOWS FROM OPERATIONS WITH NET RESULT FOR YEAR			
Net Operating Result		(189,561)	(4,149)
Non-Cash Flows in Net Result			
Depreciation		118,937	84,507
Loss on Disposal of Non-Current Assets		460	7,338
Training Funds Held in Trust taken to Income		(189,415)	-
Write Off Tasmanian Branch Loan		-	153,970
Write back of Provision for Diminution in Value		-	(66,375)
Changes in Assets and Liabilities			
(Increase)/Decrease in Amounts Due from Branches		405,823	208,751
(Increase)/Decrease in Accrued Interest		13,422	(14,573)
(Increase)/Decrease in Prepayments		11,447	(13,884)
(Increase)/Decrease in Sundry Debtors		126,945	128,688
Increase/(Decrease) in Employee Entitlements		47,635	35,177
Increase/(Decrease) in Creditors and Accruals		14,157	4,000
CASH FLOWS FROM OPERATIONS		<u>359,850</u>	<u>523,450</u>

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2005**

15. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

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

2005	WEIGHTED AVERAGE EFFECTIVE INTEREST RATES	FLOATING INTEREST RATE	FIXED INTEREST RATE MATURING		NON INTEREST BEARING	TOTAL
			WITHIN 1 YEAR	BETWEEN 1 & 5 YEARS		
	%	\$	\$	\$	\$	\$
Financial Assets						
Cash at Bank	3.86	421,492	-	-	1,500	422,992
Investments	5.54	-	3,155,111	-	-	3,155,111
Receivables	-	-	-	-	1,000,141	1,000,141
Total Financial Assets		<u>421,492</u>	<u>3,155,111</u>	<u>-</u>	<u>1,001,641</u>	<u>4,578,244</u>
Financial Liabilities						
Trade & Sundry Creditors	-	-	-	-	334,295	334,295
Total Financial Liabilities		<u>-</u>	<u>-</u>	<u>-</u>	<u>334,295</u>	<u>334,295</u>
2004						
	WEIGHTED AVERAGE EFFECTIVE INTEREST RATES	FLOATING INTEREST RATE	FIXED INTEREST RATE MATURING		NON INTEREST BEARING	TOTAL
	%	\$	WITHIN 1 YEAR	BETWEEN 1 & 5 YEARS	\$	\$
Financial Assets						
Cash at Bank	2.78	461,934	-	-	1,500	463,434
Investments	5.34	-	7,230,585	-	-	7,230,585
Receivables	-	-	-	-	1,546,331	1,546,331
Total Financial Assets		<u>461,934</u>	<u>7,230,585</u>	<u>-</u>	<u>1,547,831</u>	<u>9,240,350</u>
Financial Liabilities						
Trade & Sundry Creditors	-	-	-	-	320,138	320,138
Total Financial Liabilities		<u>-</u>	<u>-</u>	<u>-</u>	<u>320,138</u>	<u>320,138</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

15. FINANCIAL INSTRUMENTS
(Continued)

(b) Credit Risk

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

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

(c) Net Fair Values

The net fair values of all assets and liabilities approximate their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds net fair values have not been written down as the company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date are disclosed in the Balance Sheet and in the Notes to the Financial Statements.

16. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

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

- (1) A member of a reporting unit, or a Registrar, 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).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

17. RELATED PARTY INFORMATION

(a) MEMBERS OF THE COMMITTEE OF MANAGEMENT

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

Mr. John Sutton (National Secretary)	Mr. Chris Price (President)
Mr. Albert Littler (Senior Vice President)	Mr. Peter McLelland (Senior Vice President)
Mr. Paul Waters (Senior Vice President)	Mr. Lindsay Fraser (Assistant Secretary)
Mr. Dave Noonan (Assistant Secretary)	Mr. Peter Close (Vice President)
Mr. Bill Oliver (Vice President)	Mr. John Cummins (Vice President)

Persons appointed and holding honorary positions as members of the Committee of Management for the financial year:

Andrew Ferguson	Tony Benson	Trevor Melksham
Brian Parker	Ben Carslake	Glenn Parry
Barry Hemsworth	Martin O'Malley	Tom Watson
Martin Kingham	Kevin Reynolds	Brett Gay
Wally Trohear	Joe McDonald	Brian Fitzpatrick
Greg Simcoe	George Wason	Trevor Melksham

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

17. RELATED PARTY INFORMATION

(Continued)

(b) RELATED PARTY TRANSACTIONS

Other related parties

- i) Capitation fees totaling \$481,775 (2004: \$483,525) were paid to the Construction, Forestry, Mining and Energy Union during the year.
- ii) Levies totaling \$27,509 (2004: \$9,548) were paid to Construction, Forestry, Mining and Energy Union during the year.
- iii) A debt of \$49,620 was forgiven during the year which was owed by Construction, Forestry, Mining and Energy Union, Construction and General Division, Brick Tile, Pottery, Construction Materials and Related Products Industry Divisional Branch.
- iv) Membership Levies (sustentation fees) were charged (including GST) to the following Branches during the year:-

	2005	2004
	\$	\$
New South Wales	593,704	974,753
Victoria	1,044,318	1,129,280
Queensland	492,662	466,019
South Australia	111,399	123,214
Western Australia	346,319	327,204
Tasmania	40,396	37,706
Australian Capital Territory	56,054	56,772
BTP Division	56,352	67,400
Queensland Labourers	264,896	278,164
Victoria FEDFA	254,446	249,319
	<u>3,260,546</u>	<u>3,709,831</u>

- v) Assistance was provided to the Tasmanian branch for the payment of organizers expenses for \$60,000 (2004: \$20,000).

(c) RELATED PARTY BALANCES

Other related parties

- i) As at balance date, sustentation fees payable to the Construction, Forestry, Mining and Energy Union were \$69,993.
- ii) As at balance date, membership levies due from the branches was \$961,654 (2004: \$1,367,477); refer Note 11.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

18. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Key Management Personnel

Mr. John Sutton (National Secretary)
Mr. Albert Littler (Senior Vice President)
Mr. Lindsay Fraser (Assistant Secretary)
Mr. Dave Noonan (Assistant Secretary)

Refer to note 17(a) for the names of the members of the Committee of Management. Other than those members listed above as 'Key Management Personnel' none are paid any remuneration by the Union.

	2005
	\$
(b) Total Compensation of Key Management Personnel	
Short Term Benefits	315,882
Post Employment Benefits	68,107
Other Long Term Benefits	4,339
Termination benefits	9,989
	<u>398,317</u>

19. ORGANISATION DETAILS

The Union is a Trade Union registered and domiciled in Australia. The registered office and principle place of business of the Union is: Level 12, 276 Pitt Street, Sydney, NSW, 2000.

20. EVENTS SUBSEQUENT TO BALANCE DATE

- (a) No matter or circumstance has arisen since the end of the year that has significantly affected or may significantly affect:
- (i) the operations of the Union;
 - (ii) the results of those operations; or
 - (iii) the state of affairs of the Union, in subsequent financial years.
- (b) The financial report was authorised for issue on 23rd of May 2006 by the Committee of Management.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2005**

21. ADDITIONAL DISCLOSURES REQUIRED UNDER THE RAO SCHEDULE

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

	2005	2004
	\$	\$
PROFIT AND LOSS DISCLOSURES		
ITEMS OF REVENUE		
(a) Voluntary contributions raised from members Membership	2,979,701	3,357,178
(b) Donations or Grants Income	-	-
ITEMS OF EXPENSE		
Expenses paid to employers for payroll deduction costs incurred relating to membership contributions	-	-
Affiliation fees/subscriptions to organisations with an interest in industrial matters	51,000	*
Compulsory levies imposed on the Union (capitation fees).	481,775	483,525
Donations or Grant Expenses	21,750	525,925
Employee Benefits Expense:		
- Office Holders	307,056	301,462
- Employees (Other than Office Holders)	785,227	739,248
Attendance Fees/Allowances – Conferences and Meetings	-	*
Legal Costs and Related Expenses	43,644	90,296
Expenses incurred in connection with meetings of members, councils, committees, panels to other bodies for which the Union was wholly or partly responsible	187,268	*
Penalties imposed under the Act or Regulations	-	-

* Comparative disclosures not required in this, the first year of RAO disclosures, as noted under the Determination of reporting guidelines for the purposes of section 253 of RAO Schedule.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

25. ADDITIONAL DISCLOSURES REQUIRED UNDER THE RAO SCHEDULE CONTINUED...

	2005	2004
	\$	\$
OTHER BALANCES		
Transfers to a fund or account kept for specific purposes	-	-
BALANCE SHEET DISCLOSURES		
LIABILITIES		
Amounts payable to employees as consideration for costs relating to payroll deductions for membership contributions	-	-
EQUITY		
Balance of funds operated in respect of voluntary contributions collected from members	-	-

CONSTRUCTION FORESTRY MINING & ENERGY UNION

CONSTRUCTION AND GENERAL DIVISION

NATIONAL OFFICE

FOR THE YEAR ENDED 31 DECEMBER 2005

In pursuance of the provisions of Section 269 of the Workplace Relations Act, 1996 donations exceeding \$1,000 for the financial year ended 31st December 2005 were:-

1.	Union Aid Abroad APHEA – Tsunami Appeal	Humanitarian Donation	\$15,000
2.	CFMEU/Master Builders Queensland Childrens Hospital Appeal	Bi-annual Donation	\$2,000
3.	Union Aid Abroad APHEDA – Pakistan Earthquake	Humanitarian Donation	\$2,500
			<hr/>
			\$19,500
			<hr/>



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JOHN SUTTON
National Secretary
CFMEU Construction and General Division
National Office

Signed this 23rd day of May 2006.



Australian Government
Australian Industrial Registry

Level 8, Terrace Towers
80 William Street, East Sydney, NSW 2011
Telephone: (02) 8374 6666
Fax: (02) 9360 6990
Email: sydney@air.gov.au

Mr Tom Roberts
National Legal Officer, Construction and General Division
Construction, Forestry, Mining and Energy Union
PO Box Q235 Queen Victoria Building Post Office
SYDNEY NSW 1230

Dear Mr Roberts

Re: Lodgement of Financial Statements and Accounts – Construction and General Division, National Office – for year ending 31 December 2005 (FR2005/560)

I refer to the abovementioned financial statements and accounts which were lodged in the Registry on 27 June 2006.

I note that the financial report did not contain any separate Recovery of Wages Activity report referred to in paragraph 16 of the amended Industrial Registrar's Guidelines applying to financial years commencing after 11 November 2004. Paragraph 16 provides:

Where the reporting unit has undertaken recovery of wages activity (and has derived revenues for the financial year in respect of such activity) the reporting unit must cause to be prepared for purposes of paragraph 253(2)(c) of the RAO Schedule a financial report in which is disclosed financial information associated with such activity.

Paragraphs 17-23 describe what such a report must contain, and paragraph 25(f) requires that the Committee of Management Statement contain various declarations in relation to such recovery wages activity.

From the absence of such a report I assume there was no such wages activity in the financial year ending 31 December 2005. My purpose in drawing the above provisions to your attention is so that if such activity occurs in future years, you are aware that it should be reported in accordance with these Guidelines.

The legislative requirements in respect of the above financial report having been met, the documents have been filed.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Stephen Kellett', with a horizontal line extending to the right.

Stephen Kellett
for Deputy Industrial Registrar

2 August 2006