

**From:** [ROC - Registered Org Commission](#)  
**To:** ["queries@fed.cfmeu.asn.au"](mailto:queries@fed.cfmeu.asn.au); ["achapman@cfmeu.org"](mailto:achapman@cfmeu.org)  
**Cc:** ["Michael Mundt"](mailto:Michael.Mundt)  
**Subject:** FR2016/346 CFMEU C&G National Office Financial Return 2016 [SEC=UNCLASSIFIED]  
**Date:** Tuesday, 15 August 2017 1:24:00 PM  
**Attachments:** [image006.png](#)  
[image007.jpg](#)  
[image008.jpg](#)  
[image009.jpg](#)  
[image010.jpg](#)  
[image011.png](#)  
[CFMEU C&G DIVISION FR2016 346 Letter 15082017.pdf](#)

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**UNCLASSIFIED**

Dear Mr Noonan,

Please see my letter attached in relation to the above financial report.

I have also copied the email to the reporting unit's auditor, Mr Mundt.

Yours sincerely

**DAVID VALE**

Principal Adviser  
Financial Reporting

**Registered Organisations Commission**

Tel: (02) 8293 4654  
[david.vale@roc.gov.au](mailto:david.vale@roc.gov.au)

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**From:** Ashleigh Chapman [mailto:[achapman@cfmeu.org](mailto:achapman@cfmeu.org)]  
**Sent:** Thursday, 29 June 2017 10:54 AM  
**To:** ROC - Registered Org Commission  
**Cc:** Jenny Adams; Chris Gambian; Tom Roberts  
**Subject:** FR2016/346 CFMEU C&G National Office Financial Return 2016

Good Morning,

Please find attached CFMEU C&G National Office Financial Return 2016.

**Kind regards,**

**Ashleigh Chapman**

Legal & Industrial Assistant



**Construction & General Division, National Office**

Level 9, 215-217 Clarence St, Sydney NSW 2000

**T:** 02 8524 5800 **F:** 02 8524 5801



[www.cfmeu.asn.au](http://www.cfmeu.asn.au)



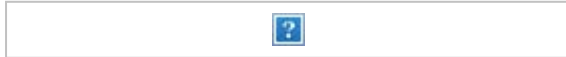
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15 August 2017

Mr Dave Noonan  
Construction and General Divisional Secretary  
Construction, Forestry, Mining and Energy Union  
[queries@fed.cfmeu.asn.au](mailto:queries@fed.cfmeu.asn.au)

CC: [mm@daley.com.au](mailto:mm@daley.com.au)

Dear Mr Noonan,

**Construction, Forestry, Mining and Energy Union-Construction and General Division  
Financial Report for the year ended 31 December 2016 - [FR2016/346]**

I acknowledge receipt of the financial report of the Construction and General Division of the Construction, Forestry, Mining and Energy Union. The documents were lodged with the Registered Organisations Commission (the ROC) on 29 June 2017.

The financial report has now been filed.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the year ending 31 March 2017 may be subject to an advanced compliance review.

I make the following comment to assist you when you next prepare a financial report. You are not required to take any further action in respect of the report lodged. The ROC will confirm this concern has been addressed prior to filing the next financial report.

**Designated officer's certificate**

I note that two (2) designated officer's certificates were included in the financial report lodged with the ROC. Each certificate provided a different date for when the full report was presented to a meeting of the Divisional Executive Committee. This same error occurred last year and in last year's correspondence to you it was requested that in future years only one (1) designated officer's certificate which accurately discloses the date of the meeting that the full report was presented at should be lodged.

Lodging two designated officer's certificates with different dates is incorrect and misleading and is not in accordance with section 268 of the RO Act.

**Reporting Requirements**

New Reporting Guidelines will apply to organisations and branches with financial years commencing on or after 1 July 2017. Updates and information on the new guidelines will be provided through the ROC website and the [subscription service](#).

On the ROC website is a number of factsheets in relation to the financial reporting process and associated timelines. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The ROC recommends reporting units use this model as it will assist in ensuring compliance with the RO Act, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

If you have any queries regarding this letter, please contact me on (02) 8293 4654 or via email at [david.vale@roc.gov.au](mailto:david.vale@roc.gov.au).

Yours faithfully



David Vale  
Principal Adviser, Financial Reporting  
Registered Organisations Commission



**From:** [Ashleigh Chapman](#)  
**To:** [ROC - Registered Org Commission](#)  
**Cc:** [Jenny Adams](#); [Chris Gambian](#); [Tom Roberts](#)  
**Subject:** FR2016/346 CFMEU C&G National Office Financial Return 2016  
**Date:** Thursday, 29 June 2017 10:54:10 AM  
**Attachments:** [image001.jpg](#)  
[image002.jpg](#)  
[image003.jpg](#)  
[image004.jpg](#)  
[image005.png](#)  
[Secretary's Certificate YE 31 Dec 2016.pdf](#)  
[C&G NAT Financial Return 2016.pdf](#)

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[FR2016/346](#)

Good Morning,

Please find attached CFMEU C&G National Office Financial Return 2016.

**Kind regards,**

**Ashleigh Chapman**

Legal & Industrial Assistant



**Construction & General Division, National Office**

Level 9, 215-217 Clarence St, Sydney NSW 2000

**T:** 02 8524 5800 **F:** 02 8524 5801

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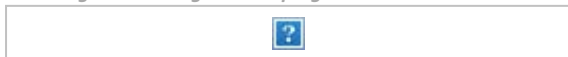
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**Construction, Forestry, Mining and Energy Union**

**(Construction and General Division)**

**FOR THE YEAR ENDED 31 DECEMBER, 2016**

**SECRETARY'S CERTIFICATE**

Pursuant to Section 268 of the *Fair Work (Registered Organisations) Act 2009*, I Dave Noonan, certify that the auditor's report, accounts and statements of the above named Division for the year ended 31 December, 2016, annexed hereto and provided to members on 11 April, 2017 are copies of the documents presented to the meeting of the Divisional Executive Committee on 22 June, 2017.



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Dave Noonan  
Divisional Secretary  
CFMEU Construction & General Division  
National Office

22 June 2017

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Date

**Construction Forestry Mining and Energy Union,  
Construction and General Division – National Office**

ABN 46 243 168 565

**Financial Statements**

**For the Year Ended 31 December 2016**

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN 46 243 168 565

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Financial Statements

For the Year Ended 31 December 2016

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# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN 46 243 168 565

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## Operating Report

**31 December 2016**

The Divisional Executive present their report on the Construction Forestry Mining and Energy Union, Construction and General Division – National Office ("the Union") for the financial year ended 31 December 2016.

### Divisional Executive

The names of the Divisional Executive in office at any time during the year are:

<b>Names</b>	<b>Position</b>	<b>Dates</b>
Dave Noonan	National Secretary	1/1/16 - 31/12/16
Frank O'Grady	Assistant National Secretary	1/1/16 - 31/12/16
Brad Parker	Assistant National Secretary	1/1/16 - 31/12/16
Joe McDonald	President	1/1/16 - 31/12/16
John Setka	Senior Vice-President	1/1/16 - 31/12/16
Shaun Reardon	Vice President	1/1/16 - 31/12/16
Elias Spervovasilis	VIC-TAS Divisional Executive Member	1/1/16 - 31/12/16
Rita Mallia	NSW Divisional Executive Member	1/1/16 - 31/12/16
Brian Parker	NSW Divisional Executive Member	1/1/16 - 31/12/16
Aaron Cartledge	SA Divisional Executive Member	1/1/16 - 31/12/16
Dean Hall	ACT Divisional Executive Member	1/1/16 - 31/12/16
Jade Ingham	QLD Divisional Executive Member	1/1/16 - 31/12/16
Michael Ravbar	QLD Divisional Executive Member	1/1/16 - 31/12/16
Mick Buchan	WA Divisional Executive Member	1/1/16 - 31/12/16

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN 46 243 168 565

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## Operating Report

31 December 2016

### Principal activities and significant changes in nature of activities

The principal activities of the Union during the financial 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.
- 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 of industrial issues, media issues etc.
- Provision of National Training Agenda by representing the Union on various Boards and Committees.

There were no significant changes in the nature of the Union's principal activities during the financial year.

### Operating results

The loss of the Union amounted to \$ 103,739 (2015: \$ 47,574).

### Review of operations

A review of the operations and results of the Union is performed in the meetings of the Executive Officers and also at each meeting of the Divisional Executive. Additionally, such matters are considered at the regular meeting of the General Officers of the Union.

### Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Union during the year.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN 46 243 168 565

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## Operating Report

31 December 2016

### Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Union, the results of those operations or the state of affairs of the Union in future financial years.

### Membership of the Union

There were 65,489 financial members of the Union as at 31 December 2016.

### 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 Fair Work (Registered Organisations) Act 2009).

### Employees of the Union

As at 31 December 2016 the Union employed 14 full time equivalent employees.

### Superannuation trustees

Mr Dave Noonan is the Divisional Secretary of the Union and 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 Divisional Assistant Secretary of the Union and is a director of United Super Pty Ltd which acts as Trustee of C Bus.

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

No other officer or member of the Union acts:

- i) as a trustee of a superannuation entity of 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

Signed in accordance with a resolution of the Divisional Executive:



DAVE NOONAN  
Divisional Secretary

Dated 11 April 2017

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN 46 243 168 565

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## Divisional Executive Statement

On 11 April 2017, the Divisional Executive of the Construction Forestry Mining and Energy Union, Construction and General Division – National Office ("the reporting unit"), passed the following resolution in relation to the general purpose financial report (GPFR) for the financial year ended 31 December 2016:

The Divisional 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 the reporting guidelines of the General Manager of the Fair Work Commission (the "General Manager");
- (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 Divisional Executive were held in accordance with the rules of the Union; and
  - ii) The financial affairs of the reporting unit have been managed in accordance with the rules of the Union; and
  - iii) The financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 ('The RO Act') and the Fair Work (Registered Organisations) Regulations 2009; 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 General Manager duly made under section 272 of the RO Act it has been provided to the member or General Manager; 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.
- (f) During the financial year ended 31 December 2016 no revenue has been derived by the reporting unit from undertaking recovery of wages activity during the reporting period.

This declaration is made in accordance with a resolution of the Divisional Executive.



DAVE NOONAN  
Divisional Secretary



BRAD PARKER  
Divisional Assistant Secretary

Dated 11 April 2017



# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN 46 243 168 565

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## Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2016

	Note	2016 \$	2015 \$
Revenue	4	4,667,747	4,759,793
Other income	4	324,183	340,849
Administration expenses		(428,036)	(399,183)
Affiliation fees		(1,684)	(60)
Capitation fees		(1,063,502)	(867,796)
Conference and meeting expenses		(65,727)	(240,710)
Depreciation and amortisation		(154,077)	(177,787)
Donation expense		(21,908)	(18,389)
Employee benefits expense	5	(2,459,207)	(2,338,073)
Legal fees		(163,854)	(123,051)
Travel expenses		(447,923)	(482,871)
Other expenses		(289,751)	(500,296)
<b>Result for the year</b>		<b>(103,739)</b>	<b>(47,574)</b>
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>(103,739)</b>	<b>(47,574)</b>

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The accompanying notes form part of these financial statements.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN 46 243 168 565

## Balance Sheet

As at 31 December 2016

	Note	2016 \$	2015 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	883,693	887,280
Trade and other receivables	7	1,663,615	1,506,948
Other financial assets	8	2,079,775	2,604,254
Other assets	9	170,620	109,386
<b>TOTAL CURRENT ASSETS</b>		<b>4,797,703</b>	<b>5,107,868</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	3,921,342	3,399,055
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,921,342</b>	<b>3,399,055</b>
<b>TOTAL ASSETS</b>		<b>8,719,045</b>	<b>8,506,923</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	1,492,216	1,357,974
Employee benefits	13	953,146	936,657
Other financial liabilities	12	138,748	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,584,110</b>	<b>2,294,631</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits	13	180,258	153,876
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>180,258</b>	<b>153,876</b>
<b>TOTAL LIABILITIES</b>		<b>2,764,368</b>	<b>2,448,507</b>
<b>NET ASSETS</b>		<b>5,954,677</b>	<b>6,058,416</b>
<b>EQUITY</b>			
Retained earnings		5,954,677	6,058,416
<b>TOTAL EQUITY</b>		<b>5,954,677</b>	<b>6,058,416</b>

The accompanying notes form part of these financial statements.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN 46 243 168 565

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## Statement of Changes in Equity

For the Year Ended 31 December 2016

	Retained Earnings	
	2016	2015
	\$	\$
Balance at 1 January	6,058,416	6,105,990
Result for the year	(103,739)	(47,574)
<b>Balance at 31 December</b>	<b>5,954,677</b>	<b>6,058,416</b>

The accompanying notes form part of these financial statements.

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# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN 46 243 168 565

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## Statement of Cash Flows

For the Year Ended 31 December 2016

	2016	2015
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Membership levies	4,548,308	4,134,789
Payments to suppliers and employees	(5,546,714)	(5,391,992)
Interest received	87,913	103,891
Other levies	577,662	388,880
Net cash used by operating activities	14 <u>(332,831)</u>	<u>(764,432)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of plant and equipment	7,273	11,819
Purchase of property, plant and equipment	(202,508)	(61,345)
Proceeds from investments	524,479	467,345
Net cash provided by investing activities	<u>329,244</u>	<u>417,819</u>
Net decrease in cash and cash equivalents held	(3,587)	(346,613)
Cash and cash equivalents at beginning of year	887,280	1,233,893
Cash and cash equivalents at end of financial year	6 <u>883,693</u>	<u>887,280</u>

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The accompanying notes form part of these financial statements.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN 46 243 168 565

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## Notes to the Financial Statements

### For the Year Ended 31 December 2016

The financial report covers the Construction Forestry Mining and Energy Union, Construction and General Division – National Office ("the Union") as an individual entity. The Union is a not-for-profit organisation.

Comparatives are consistent with prior years, unless otherwise stated.

#### 1 Basis of Preparation

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

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

#### 2 Summary of Significant Accounting Policies

##### (a) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Union and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

##### Membership subscriptions

All membership dues received from financial members are retained by the respective State Divisional Branches making up the Union

##### Capitation fees

Capitation fees revenue earned from the provision of services to the State Divisional Branches of the Union, are recognised on an accruals basis.

##### Other income

Other income is recognised on an accruals basis when the Union is entitled to it.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN 46 243 168 565

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## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2 Summary of Significant Accounting Policies

#### (a) Revenue and other income

##### Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

##### Donations

Donations and bequests are recognised as revenue when received.

##### Interest revenue

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

##### Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

##### Levies

On occasion, the Union is responsible for the collection of levies from state-based reporting units of the Construction and General Division, on behalf of the CFMEU National Office. Whilst the cash flows are facilitated (and reported) through this Union, the substance and nature of these transactions are such that the Union is merely the conduit for the levy collection and hence no income or expense is reported in this financial report.

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

#### (b) Property, plant and equipment

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

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN 46 243 168 565

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## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2 Summary of Significant Accounting Policies

#### (b) Property, plant and equipment

##### Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Union, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Land and Buildings	2%
Furniture, Fixtures and Fittings	10 - 20%
Motor Vehicles	20%
Computer Equipment	20 - 30%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

#### (c) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Union are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN 46 243 168 565

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## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2 Summary of Significant Accounting Policies

#### (d) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Union becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

#### *Financial Assets*

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Union's trade and most other receivables fall into this category of financial instruments.

Discounting is omitted where the effect of discounting is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.



# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN 46 243 168 565

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## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2 Summary of Significant Accounting Policies

#### (d) Financial Instruments

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Union renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Union does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

#### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Union's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

#### *Impairment of financial assets*

At the end of the reporting period the Union assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

#### *Financial assets at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2 Summary of Significant Accounting Policies

#### (d) Financial instruments

##### *Financial liabilities*

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Union uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Union's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

#### (e) Impairment of non-financial assets

At the end of each reporting period the Union determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

#### (f) Employee benefits

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2 Summary of Significant Accounting Policies

#### (f) Employee benefits

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

#### (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) Economic dependence

The principle source of income for Construction Forestry Mining and Energy Union, Construction and General Division – National Office is capitation fees from its Divisions. Accordingly, the Union is economically dependent on the ability of the Divisions to continue to service the needs of its members on industrial and workplace matters.

#### (i) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

#### (j) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the balance sheet.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2 Summary of Significant Accounting Policies

**(k) Income tax**

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

**(l) Related party disclosures**

Related party disclosures in this financial report are presented on an accruals basis. Whilst the financial records of the Union have been kept, as far as practicable, in a manner consistent with each of the other reporting units of the organisation, the balances and transactions reported in this financial report may differ to those recorded in the financial report of the counterparty reporting unit. This may arise due to timing differences in the respective recordkeeping of the related reporting units, for example, in the receipt of payments, correspondence in transit or the alternative categorisation of balances/transactions.

**(m) Adoption of new and revised accounting standards**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not been early adopted by the union.

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions:

**(n) New Accounting Standards and Interpretations**

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Union has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Union where the standard is relevant:

**AASB 9 Financial Instruments**

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting and a new impairment model. The standard is not applicable until 1 January 2018 but is available for early adoption.

Following the changes approved by the AASB in December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.

While the Group has yet to undertake a detailed assessment, it is expected that there will be no impact on the Union's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Union does not have any such liabilities.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN 46 243 168 565

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## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2 Summary of Significant Accounting Policies

#### (n) New Accounting Standards and Interpretations

##### AASB 9 Financial Instruments

The Group has not yet decided whether it should adopt AASB 9 before its mandatory date. Based on the transitional provisions in the completed AASB 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety.

##### AASB 15 Revenue from contracts with customers

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 July 2017), ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

At this stage, the Union is not able to estimate the impact of the new rules on the Union's financial statements. The Union will make more detailed assessments of the impact over the next twelve months.

##### AASB 16 Leases

The standard will affect primarily the accounting for the Group's operating leases. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.

The standard is mandatory for annual reporting periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN 46 243 168 565

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## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 3 Critical Accounting Estimates and Judgments

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

#### **Key estimates - impairment of property, plant and equipment**

The Union assesses impairment at the end of each reporting period by evaluating conditions specific to the Union that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

#### **Key estimates - provisions**

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

#### **Key estimates - receivables**

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 4 Revenue and Other Income

	Note	2016 \$	2015 \$
Membership subscriptions	2(a)	-	-
<b>Capitation fees by branch [as per note 2(a)]</b>			
- Victoria and Tasmania		1,700,100	1,622,676
- New South Wales		837,156	793,805
- Queensland		1,002,752	682,534
- South Australia		110,855	130,612
- Western Australia		395,568	477,564
- Australian Capital Territory		88,394	90,200
- Queensland Labourers		-	272,519
		<b>4,134,825</b>	<b>4,069,910</b>
Attendance Fees		327,729	310,346
Computer costs reimbursed		3,748	6,637
Wage reimbursements		50,270	82,620
Advertising revenue		94,079	69,614
Divisional conference sponsorship		-	209,091
Legal fee recoveries		57,096	36
Other revenue		-	11,539
		<b>4,667,747</b>	<b>4,759,793</b>
<b>Other revenue</b>			
Interest - investment		87,875	103,891
Rental income		231,302	227,217
Gain on disposal of assets		5,006	9,741
		<b>324,183</b>	<b>340,849</b>
<b>Total Revenue</b>		<b>4,991,931</b>	<b>5,100,642</b>

Please refer to note 2(l) for further commentary in relation to the consistency of transactions and balances between reporting units.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN 46 243 168 565

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 5 Result for the Year

The result for the year includes the following specific expenses:

	2016	2015
	\$	\$
<b>Employee expenses comprises:</b>		
<i>Holders of office:</i>		
- Wages and salaries	451,846	421,414
- Superannuation	48,536	45,987
- Leave and other entitlements	33,230	64,334
- Separation and redundancies	11,700	11,700
- Other employee expenses	50,667	38,113
	<u>595,979</u>	<u>581,548</u>
<i>Employees other than office holders:</i>		
- Wages and salaries	1,535,107	1,352,223
- Superannuation	170,286	162,440
- Leave and other entitlements	16,307	118,400
- Separation and redundancies	32,955	31,965
- Other employee expenses	108,573	91,497
	<u>1,863,228</u>	<u>1,756,525</u>
<b>Total employee expense</b>	<u>2,459,207</u>	<u>2,338,073</u>
Capitation fees: CFMEU National	1,063,502	867,796
<b>Affiliation fees</b>		
- ICTUR affiliation	1,624	-
- Asbestos disease foundation	60	60
	<u>1,684</u>	<u>60</u>
<b>Administration expenses</b>		
- Consideration to employers for payroll deductions	-	-
- Compulsory Levies - ACTU IR Levy	-	137,970
- Conference and meeting expenses	65,727	240,710
- Fees/ allowances - meeting and conferences	-	-



# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN 46 243 168 565

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 5 Result for the Year

The result for the year includes the following specific expenses:

	2016	2015
Note	\$	\$
<b>Grants or donations:</b>		
- Donations - total paid that were \$1,000 or less	1,908	1,389
- Donations - total paid that were more than \$1,000	20,000	17,000
- Grants - total paid that were \$1,000 or less	-	-
- Grants - total paid that were more than \$1,000	-	-
	<u>21,908</u>	<u>18,389</u>
<b>Depreciation and amortisation</b>		
- Land and buildings	100,031	123,082
- Property plant and equipment	54,046	54,705
	<u>154,077</u>	<u>177,787</u>
<b>Legal costs</b>		
- Litigation	117,986	104,685
- Other legal matters	45,868	9,070
- Royal Commission costs	552,747	1,022,695
- Costs reimbursed by CFMEU Branches	2(a) (552,747)	(1,013,399)
	<u>163,854</u>	<u>123,051</u>
Penalties - via RO act or RO regulations	-	-

### 6 Cash and Cash Equivalents

Cash on hand	1,554	1,554
Cash at bank	99,344	85,198
Other cash and cash equivalents	782,795	800,528
	<u>883,693</u>	<u>887,280</u>

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN 46 243 168 565

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 7 Trade and Other Receivables

	2016	2015
	\$	\$
CURRENT		
Capitation fees receivable	114,834	38,533
Other receivables	1,548,781	1,468,415
	<u>1,663,615</u>	<u>1,506,948</u>

#### (a) Receivables from other Reporting Units:

New South Wales Branch	59,625	224,244
Victoria and Tasmania Branch	681,288	443,390
Queensland Branch	43,314	435,681
South Australia Branch	17,832	34,850
Western Australia Branch	7,793	-
Australian Capital Territory Branch	3,158	-
CFMEU National	94,717	200,414
CFMEU Mining and Energy Division - Victoria	252	-
CFMEU Mining and Energy Division - National	150	-
CFMEU Forestry and Furnishing Products	376	-

The above balances exclude the campaign levy contributions collected on behalf of the CFMEU national office, in accordance with note 2(a) and disclosed at note 17(c)(ii).

*Please refer to note 2(l) for further commentary in relation to the consistency of transactions and balances between reporting units.*

### 8 Other Financial Assets

CURRENT		
Held-to-maturity financial assets	2,079,775	2,604,254

### 9 Other Assets

CURRENT		
Prepayments	166,894	105,622
Accrued income	3,726	3,764
	<u>170,620</u>	<u>109,386</u>

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 10 Property, Plant and Equipment

	2016	2015
	\$	\$
Freehold land - at cost	<u>250,000</u>	250,000
Buildings		
At cost	5,023,885	4,977,378
Accumulated depreciation	(1,577,167)	(1,477,136)
Impairment provision	-	(476,123)
	<u>3,446,718</u>	3,024,119
Total land and buildings	<u>3,696,718</u>	3,274,119
Furniture, fixtures and fittings		
At cost	89,089	105,694
Accumulated depreciation	(70,962)	(75,470)
	<u>18,127</u>	30,224
Motor vehicles		
At cost	118,344	96,902
Accumulated depreciation	(35,621)	(42,158)
	<u>82,723</u>	54,744
Computer equipment		
At cost	306,436	382,891
Accumulated depreciation	(182,662)	(342,923)
	<u>123,774</u>	39,968
Total plant and equipment	<u>224,624</u>	124,936
<b>Total property, plant and equipment</b>	<u><b>3,921,342</b></u>	<u><b>3,399,055</b></u>

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN 46 243 168 565

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 10 Property, Plant and Equipment

#### (a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land and buildings	Furniture, and Fixtures and Fittings	Motor Vehicles	Computer Equipment	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2015	3,397,201	44,778	34,828	40,767	3,517,574
Additions	-	-	41,998	19,347	61,345
Disposals	-	-	(2,077)	-	(2,077)
Depreciation expense	(123,082)	(14,554)	(20,005)	(20,146)	(177,787)
<b>Balance at 31 December 2015</b>	<b>3,274,119</b>	<b>30,224</b>	<b>54,744</b>	<b>39,968</b>	<b>3,399,055</b>
Additions	46,507	2,455	46,442	107,104	202,508
Disposals	-	-	-	(2,267)	(2,267)
Depreciation expense	(100,031)	(14,552)	(18,463)	(21,031)	(154,077)
Impairment reversal in equity	476,123	-	-	-	476,123
<b>Balance at 31 December 2016</b>	<b>3,696,718</b>	<b>18,127</b>	<b>82,723</b>	<b>123,774</b>	<b>3,921,342</b>

#### (b) Provision for Impairment

As at 31 December 2015, the Union has impairment loss of \$476,123 against the property situated at 276 Pitt Street Sydney.

An independent valuation of this property was sought in respect of the 31 December 2016 financial year-end. The valuation, effective 15 February 2017, indicated that the market value of the property at that date for financial reporting purposes was \$6,450,000. This was \$3,298,736 more than the carrying value as at 31 December 2016, resulting in the reversal of this previous impairment loss.

As at 31 December 2016 the Divisional Executive reviewed the key assumptions in respect of this property and concluded that the relevant assumptions made remain materially unchanged and, accordingly, the carrying value remains consistent with that valuation.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 11 Trade and Other Payables

	2016	2015
	\$	\$
CURRENT		
Trade payables	282,302	404,645
Sundry payables and accrued expenses	1,209,914	953,329
	<u>1,492,216</u>	<u>1,357,974</u>

#### (a) Payables to other reporting units:

Queensland Branch	8,764	-
Australian Capital Territory Branch	15,084	109,373
New South Wales Branch	18,522	9,894
CFMEU Mining and Energy Division	23,400	11,928
Victoria and Tasmania Branch	58	142
Western Australia Branch	17,339	113,334
South Australia Branch	6,504	-
CFMEU National Office	447,393	546,241

The above balances exclude the campaign levy contributions collected on behalf of the CFMEU national office, in accordance with note 2(a) and disclosed at note 17(c)(ii).

*Please refer to note 2(l) for further commentary in relation to the consistency of transactions and balances between reporting units.*

#### (b) Amounts included in trade payables:

Legal costs	-	757,531
Consideration to employers for payroll deductions	-	-

### 12 Other liabilities

CURRENT		
Amounts received in advance	138,748	-

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# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 12 Other liabilities

#### (a) Received in advance from other reporting units

	2016	2015
	\$	\$
South Australian Branch	24,462	-
Western Australian Branch	99,972	-
Australian Capital Territory Branch	6,089	-
New South Wales Branch	8,225	-
	<u>138,748</u>	<u>-</u>

### 13 Employee Benefits

#### CURRENT

Employee benefits	<u>953,146</u>	<u>936,657</u>
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#### NON-CURRENT

Employee benefits	<u>180,258</u>	<u>153,876</u>
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#### (a) Employee benefits attributable to:

##### Office Holders:

Annual leave	116,272	112,628
Long service leave	177,704	162,365
Separation and redundancies	-	-
Other	21,195	19,305
	<u>315,171</u>	<u>294,298</u>

##### Employees other than office holders:

Annual leave	320,891	309,708
Long service leave	455,596	459,333
Separation and redundancies	-	-
Other	33,738	27,194
	<u>810,225</u>	<u>796,235</u>
	<u>1,125,396</u>	<u>1,090,533</u>

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 14 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

	2016	2015
	\$	\$
Result for the year	(103,739)	(47,574)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	154,077	177,787
- write-back of impairment provision	(476,123)	-
- net (profit) on disposal of property, plant and equipment	(5,006)	(9,741)
Changes in assets and liabilities:		
- increase in amounts due from Branches	(89,196)	(380,645)
- increase in trade and other receivables	(80,366)	(646,336)
- (increase)/decrease in other assets	(61,234)	(16,759)
- increase in trade and other payables	134,242	177,250
- increase in provisions	42,871	143,644
- increase/(decrease) in subs in advance	151,643	(162,057)
Cashflow from operations	<u>(332,831)</u>	<u>(764,431)</u>

(b) Cash flow information

Net cash flows relating to reporting units (incl. GST):

Victoria and Tasmania Branch	2,605,270	2,291,989
New South Wales Branch	1,618,790	1,322,744
Queensland Branch	1,796,540	1,594,724
Western Australia Branch	528,974	868,882
Australian Capital Territory Branch	164,923	206,627
Queensland Labourers Branch	(1,214)	-
South Australia Branch	208,660	231,419
CFMEU National Office	(1,747,712)	(2,850,919)
CFMEU Mining and Energy Division	(6,256)	5,002
CFMEU Forestry and Furnishing Products	1,820	(7,898)
Total	<u>5,169,795</u>	<u>3,662,570</u>

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 14 Cash Flow Information

(b) **Cash flow information**

*Please refer to note 2(l) for further commentary in relation to the consistency of transactions and balances between reporting units.*

### 15 Interests of Key Management Personnel

The totals of remuneration paid to the key management personnel of the Union during the year are as follows:

	2016	2015
	\$	\$
Short-term employee benefits	495,081	495,814
Long-term benefits	12,477	24,882
Post-employment benefits	48,536	45,987
Termination benefits	11,700	11,700
	<u>567,794</u>	<u>578,383</u>

#### Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 17: Related Party Transactions.

### 16 Remuneration of Auditors

Remuneration of the auditor of the Union, Daley & Co, for:

- audit and other assurance services	30,500	29,700
- taxation services	-	850
- other accounting services	13,324	10,000
Total remuneration of Daley & Co	<u>43,824</u>	<u>40,550</u>



# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 17 Related Party Information

The Union's main related parties are as follows:

**(a) Key management personnel**

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Divisional Executive (whether executive or otherwise) of that entity are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 15: Interests of Key Management Personnel (KMP).

**(b) Other related parties**

All Reporting Units of the Construction Forestry Mining and Energy Union (CFMEU) are considered to be related parties. Reporting Units are defined in Section 242 of the Fair Work (Registered Organisations) Act 2009 ("the RO Act").

**(c) Related Party Transactions**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

From time to time the Union makes expenditures which relate to itself as well as other Reporting Units of the CFMEU. These expenditures are then reimbursed to the Union at cost hence they are not considered to be related party transactions.

*Please refer to note 2(l) for further commentary in relation to the consistency of transactions and balances between reporting units.*

**Transaction with related parties:**

*(i) Capitation fees charged (excluding GST)*

Refer to Note 4.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 17 Related Party Information

#### (c) Related Party Transactions

##### (ii) Campaign levies (incl GST)

	2016	2015
	\$	\$
Opening balance	41,361	122,057
<b>Received from reporting units:</b>		
New South Wales	42,479	202,522
Australian Capital Territory	-	19,750
Western Australia	-	124,802
Queensland Branch	-	122,230
Victoria and Tasmania	86,789	-
	<b>129,268</b>	<b>469,304</b>
Payment made to CFMEU National Office	<b>(170,629)</b>	<b>(550,000)</b>
Balance payable	-	41,361

This is represented by net amounts owing/(receivable) as follows:

New South Wales	96,813	(42,479)
Victoria and Tasmania	91,548	162,205
Queensland	(10,550)	(115,091)
Australian Capital Territory	226,131	122,064
South Australia	(27,314)	(17,435)
Western Australia	207,673	35,122
CFMEU National Office	(584,301)	(103,025)
Balance payable	-	41,361
 (iii) Rental income		
New South Wales Branch	72,923	71,295

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN 46 243 168 565

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 17 Related Party Information

#### (c) Related Party Transactions

*(iv) Amounts received for the reimbursement of employees wages*

	2016	2015
Note	\$	\$
Victoria and Tasmania Branch	-	50,270

*(v) Capitation fees expense*

CFMEU National Office	5	1,063,502	867,796
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*(vi) Rent expense and outgoings*

CFMEU Mining and Energy Division	124,894	118,086
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*(vii) Transfer of leave accrual*

Queensland Branch	2(a)	-	39,092
New South Wales Branch		7,277	-

*(viii) Impairment expense*

	-	-
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*(ix) Donations expense*

Queensland Branch	1,000	50
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*(x) Air fares expenses*

New South Wales Branch	15,253	6,801
Australian Capital Territory Branch	901	7,008
Western Australia Branch	77,552	86,882
Queensland Branch	7,403	16,177
South Australia Branch	-	5,817
	101,109	115,884

*(xi) Legal fees*

CFMEU National Office	17,253	13,328
CFMEU Forestry & Furnishing Products	-	9,264
	17,253	22,592

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN 46 243 168 565

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## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 17 Related Party Information

	Note	2016 \$	2015 \$
<i>(xii) Purchase of computer equipment</i>			
CFMEU National Office		80,888	-
<i>(xiii) National conference expenses</i>			
CFMEU National Office		21,643	-
<i>(xiv) Building – fit-out costs</i>			
Victoria and Tasmania Branch		46,506	-
<i>(xv) Other expenses</i>			
New South Wales Branch		3,902	163
Victoria and Tasmania Branch		6,495	2,285
Australia Capital Territory		2,104	-
Western Australia		1,858	-
		14,359	2,448

#### (d) Related Party Balances

##### *(i) Trade and other receivables*

Refer to Note 7(a).

##### *(ii) Trade and other payables*

Refer to Note 11(a).

### 18 Financial Risk Management

The main risks Construction Forestry Mining and Energy Union, Construction and General Division – National Office is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

The Union's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN 46 243 168 565

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## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 17 Related Party Information

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	2016 \$	2015 \$
<b>Financial Assets</b>			
Cash and cash equivalents	6	883,693	887,280
Held-to-maturity investments	8	2,079,775	2,604,254
Trade and other receivables	7	1,663,615	1,506,948
<b>Total financial assets</b>		<b>4,627,083</b>	<b>4,998,482</b>
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost			
- Trade and other payables	11	1,492,216	1,357,974
- Income in advance	12	151,642	-
<b>Total financial liabilities</b>		<b>1,643,858</b>	<b>1,357,974</b>

#### (a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Union.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN 46 243 168 565

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 18 Financial Risk Management

#### (a) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The Union has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

#### (b) Credit risk - Trade and Other Receivables

The following table details the Union's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Union and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Union.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			< 30	31-60	61-90	> 90	
			\$	\$	\$	\$	
<b>2016</b>							
Trade and term receivables	114,834	-	-	-	-	-	114,834
Other receivables	1,548,780	-	-	503	600	268,447	1,279,230
<b>Total</b>	<b>1,663,614</b>	<b>-</b>	<b>-</b>	<b>503</b>	<b>600</b>	<b>268,447</b>	<b>1,394,064</b>

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN 46 243 168 565

## Notes to the Financial Statements

For the Year Ended 31 December 2016

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			< 30	31-60	61-90	> 90	
			\$	\$	\$	\$	
<b>2015</b>							
Trade and term receivables	38,533	-	-	-	-	-	38,533
Other receivables	1,468,415	-	-	139,196	132,889	191,796	1,004,534
<b>Total</b>	<b>1,506,948</b>	<b>-</b>	<b>-</b>	<b>139,196</b>	<b>132,889</b>	<b>191,796</b>	<b>1,043,067</b>

The Union does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The other classes of receivables do not contain impaired assets.

### (c) Liquidity Risk - Financial Liability

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the balance sheet due to the effect of discounting.

#### Financial liability maturity analysis - Non-derivative

	Within 1 Year		1 to 5 Years		Over 5 Years	
	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$
<b>Financial liabilities due for payment</b>						
Trade and other payables	1,461,716	1,168,249	-	-	-	-

The timing of expected outflows is not expected to be materially different from contracted cashflows.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2016

### (d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

#### (i) Interest rate risk

Exposure to interest rate risk arises on financial assets recognised at the end of the reporting period. Whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Union is also exposed to earnings volatility on floating rate instruments.

#### *Sensitivity analysis*

The following sensitivity analysis is based on the interest rate risk exposures in existence at the end of the reporting period.

A 1% increase or decrease in interest rates would impact equity and profit or loss by the amounts shown below. This analysis assumes that other variables are held constant.

	Profit		Equity	
	1% increase	1% decrease	1% increase	1% decrease
2016	24,708	(24,708)	24,708	(24,708)
2015	29,720	(29,720)	29,720	(29,720)

The sensitivity analysis is performed on the same basis as in 2015.

## 19 Fair Value Measurement

### Net Fair Values

#### *Fair value estimation*

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.



# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN 46 243 168 565

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## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 20 Capital Management

Management controls the capital of the Union in order to safeguard their ability to continue as a going concern, so that they can fund its operations.

There are no externally imposed capital requirements.

### 21 Capital and leasing commitments

#### Operating leases

	2016	2015
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	120,143	131,065
- between one year and five years	-	120,293
	<u>120,143</u>	<u>251,358</u>

The Union has a lease for the premises it occupies at Level 9, 215-217 Clarence Street Sydney. The term of the lease is 5 years and expires on 30 November 2017.

### 22 Lessor Commitments

#### *Operating lease commitments receivable - Union as lessor*

Construction Forestry Mining and Energy Union, Construction and General Division – National Office leases out its investment property under commercial leases. These non-cancellable leases have terms between 3 and 10 years. All leases include an option for Construction Forestry Mining and Energy Union, Construction and General Division – National Office to increase rent to current market rental on an annual basis.

The future minimum lease payments under non-cancellable leases are:

	2016	2015
	\$	\$
- no later than 1 year	248,564	250,489
- between 1 year and 5 years	-	244,490
Total minimum lease payments	<u>248,564</u>	<u>494,979</u>

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN 46 243 168 565

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## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 23 Contingent Liabilities and Contingent Assets

Estimates of the potential financial effect of contingent liabilities that may become payable:

The Union has provided a guarantee to its bankers in relation to a banking facility	<u>51,000</u>	<u>51,000</u>
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In addition, as an organisation, the Construction Forestry Mining and Energy Union, Construction and General Division – National Office may be liable to contribute funds to the settlement of legal costs on behalf of branches.

### 24 Events after the end of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Union, the results of those operations, or the state of affairs of the Union in future financial years.

### 25 Additional disclosures required under the Fair Work (Registered Organisations) Act 2009

As required under the reporting guidelines provided for under section 255 of the Fair Work (Registered Organisations) Act 2009, it is confirmed that:

1. The Union's ability to continue as a going concern is not reliant on the agreed financial support of another reporting unit; and
2. The Union has not agreed or does not have an agreement to provide financial support to another reporting unit to ensure its ability as a going concern; and
3. The Union has not acquired an asset or liability as a result of amalgamation, restructure or alternative reporting unit determination or revocation.

### 26 Section 272 Fair Work (Registered Organisations) Act 2009

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

Information to be provided to members or the General Manager of the Fair Work Commission:

1. A member of a reporting unit, or the General Manager of the Fair Work Commission, 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.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2016

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).

**Independent Audit Report to the members of  
Construction Forestry Mining and Energy Union, Construction and General Division – National  
Office**

**Report on the Audit of the Financial Report**

We have audited the financial report of Construction Forestry Mining and Energy Union, Construction and General Division – National Office ("the Union"), which comprises the balance sheet as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Committee of Management Statement.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Union as at 31 December 2016 and of their financial performance and cash flows for the year then ended in accordance with:

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

The scope of our audit did extend to recovery of wages activity, however as noted in the Committee of Management Statement, no such activity was undertaken during the reporting period.

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

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Union 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 audit opinion.

**Responsibilities of Committee of Management for the Financial Report**

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

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

**Independent Audit Report to the members of  
Construction Forestry Mining and Energy Union, Construction and General Division – National  
Office**

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

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management'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 Union'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 Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

We declare that the auditor is a member of a firm where at least one member is an approved auditor. I declare that I am a member of the Chartered Accountants Australia and New Zealand and hold a current Public Practice Certificate.

*Daley & Co.*  
Daley & Co  
Chartered Accountants

*Michael Mundt*  
Michael Mundt  
Partner

11 April 2017

Wollongong

Liability limited by a scheme approved under Professional Standards Legislation

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN 46 243 168 565

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## Additional Disclosures Under the Rules of the Union

### For the Year Ended 31 December 2016

I, Dave Noonan, being the District President of the Construction Forestry Mining and Energy Union, Construction and General Division - National Office, certify:

- that the documents lodged herewith are copies of the full report for the Construction Forestry Mining and Energy Union, Construction and General Division - National Office for the period ended 31 December 2016 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 11 April 2017; and
- that the full report was presented to a meeting of the Divisional Executive of the reporting unit on 11 April 2017 in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.



Dave Noonan  
Divisional Secretary

Dated 11 April 2017

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN 46 243 168 565

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## Disclosures of Officer's Remuneration and Non-Cash Benefits

### For the Year Ended 31 December 2016

Pursuant to Rule 24B of the Union's Rules, the Divisional Executive make the following disclosures of Officer Remuneration and non-cash benefits received for the 2016 calendar year ("the disclosure period"):

(a) The two highest paid officers of the Association for the financial year, and their remuneration, were as follows:

	Dave Noonan (Divisional Secretary)	Brad Parker (Divisional Assistant Secretary)	Total
Salary and allowances	172,783	167,342	340,125
Movement in annual and long service leave provisions	10,340	(5,668)	4,672
Superannuation	16,924	16,389	33,313
Redundancy	3,900	3,900	7,800
	<u>203,947</u>	<u>181,963</u>	<u>385,910</u>

In addition, these officers are each provided with a fully maintained motor vehicle (non-cash benefit).

(b) No remuneration or non-cash benefits had been received by Officers of the Association from a Board position attained because of their position with the Union.

In accordance with Rule 24C, no Officers have any material personal interest in a matter acquired by the Officer, their relative or their business associates, which relate to the affairs of the Union.

In accordance with Rule 24D, refer to Note 14 for payments made by the Union to related parties. There were no payments made to a declared person or body of the Union during the disclosure period.