



Australian Government
Australian Industrial Registry

Level 8, Terrace Towers
80 William Street, East Sydney, NSW 2011
Telephone: (02) 8374 6666
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Ref: FR2005/564

Mr Peter Murray
General Secretary
CFMEU Mining and Energy Division
1st Floor, 365 Sussex Street
SYDNEY NSW 2000

Dear Mr Murray

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: **FR2005/544**

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

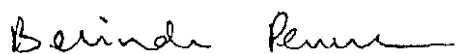
We encourage you to contact the Registry on (02) 8374 6666 or by e-mail at belinda.penna@air.gov.au as early as possible if you believe preparation or lodgment of your return will be delayed or if you have any queries. We can offer you advice on procedure but we cannot give you legal or accounting advice.

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
25 January 2006

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?	
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*

**CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
MINING & ENERGY DIVISION**

SECRETARY'S CERTIFICATE

I, Peter Murray, being the General Secretary of the Mining and Energy Division of the Construction, Forestry, Mining and Energy Union, 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 on 12 April 2006, after adoption of the accounts by the Central Council
- That the full report was supplied to members through the union website, and circulation at work sites. A series of general meetings were held by members of the Mining and Energy Division of the Construction, Forestry, Mining and Energy Union, the last meeting being on 26 May 2006; in accordance with section 266 of the RAO Schedule.



**Peter Murray
General Secretary**

8 June 2006



**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
MINING AND ENERGY DIVISION**

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

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- 5 Income Statement
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OPERATING REPORT

Your Board of Management of Construction, Forestry, Mining and Energy Union - Mining & Energy Division ("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 (COM) in office at any time during the year are:

Name	Position	Period of Appointment
Mr T Maher	General President	1/01/2005 to 31/12/2005
Mr R Coates	General Vice President	1/01/2005 to 31/12/2005
Mr B Watson	General Secretary	1/01/2005 to 12/08/2005
Mr P Murray	General Secretary	5/09/2005 to 31/12/2005
Mr A Drew	Central Councillor	1/01/2005 to 31/12/2005
Mr P Murray	Central Councillor	1/01/2005 to 5/09/2005
Mr A Vickers	Central Councillor	1/01/2005 to 31/12/2005
Mr W McAndrew	Central Councillor	1/01/2005 to 31/12/2005
Mr C Hinds	Central Councillor	1/01/2005 to 31/12/2005
Mr L Van der Meulen	Central Councillor	1/01/2005 to 31/12/2005
Mr R Whittaker	Central Councillor	1/01/2005 to 31/12/2005
Mr A Honeysett	Central Councillor	1/01/2005 to 31/12/2005
Mr G Wood	Central Councillor	1/11/2005 to 31/12/2005
Mr D Power	Central Councillor	1/01/2005 to 31/12/2005
Mr F Baker	Central Councillor	1/01/2005 to 31/12/2005
Mr G Power	Central Councillor	1/01/2005 to 31/12/2005
Mr R Smith	Central Councillor	1/01/2005 to 31/12/2005
Mr I Murray	Central Councillor	19/9/2005 to 31/12/2005

Principal Activities

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

- Adherence to the rules of the Division in furtherance of the objects of the Union consistent with the industrial relations legislation.
- Implementation of the decisions of the Division Executive and Committee of Management.
- Implementation of the Union's organising agenda, including assistance and advice on organising site projects, training and development of officials and planning and resourcing campaigns.
- Industrial support including assistance with legal and legislative matters.
- The administration and variation of federal and state awards.
- Negotiation and registration of certified industrial instruments on behalf of members consistent with the objects of the Workplace Relations Act and the Union rules.
- Media and other communications to members and to the broader local communities of the Division on issues affecting the rank and file.
- Monitoring and improving the health and safety of members.

Results of Activities

The result for the year was a profit of \$7,894,456 (2004: profit of \$151,558). Membership contributions in the current year amounted to \$4,604,607 being a \$709,826 increase on last year. The Union also received for the first time a distribution (including share of hedging gains) of \$5,582,507 from the United Joint Venture, representing the Union's share of joint venture profits.

The Division has been involved in lobbying and negotiating with different levels of Government and key industry organisations around issues of importance to the members, including but not limited to health and safety issues, industrial and compensation matters, superannuation entitlements and environmental matters impacting the mining industry.

The Division has successfully implemented certified agreements for the benefits of members.

OPERATING REPORT

Continued

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

During 2005, for the first time the Division received a cash distribution from the United Joint Venture representing its share of joint venture profits. As detailed in note 20 to the Financial Statements prior to the 2005 year the Union's share of joint venture profits has been applied (under the joint venture agreement) to repay capital costs owing to the joint venture.

During the 2004 year the Union has settled the National Assistance Fund onto a Trust. This process has seen no national assistance contributions received from members into the Union.

Membership of the Union

There were 17,527 members of the Union as at 31 December 2005 (2004: 16,240).

Rights of Members to Resign

All members of the Union have the right to resign in accordance with Rule 5 (iv)(a) of the Union Rules (and section 174 of the Workplace Relations Act), namely, by providing written notice addressed and delivered to either the District Secretary, or a Lodge Secretary or authorised delegate.

Employees of the Union

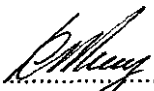
As at 31 December 2005 the Union employed 16 full time employees (2004: 13).

Superannuation Trustees

Mr B Watson was an executive of the Union until 12 August 2005 and held directorships of Auscoal And CoalSuper Services Pty Ltd during his tenure.

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.


.....
Peter Murray


Signed this 3rd day of April 2006.

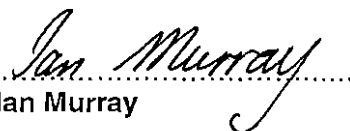
COMMITTEE OF MANAGEMENT STATEMENT

The Committee of Management of the Construction Forestry Mining and Energy Union – Mining and Energy Division (“the Union”), do state that in the opinion of the Central Council, that;

- (i) The financial report and notes comply with Australian Accounting Standards;
- (ii) The financial report and notes comply with the reporting guidelines of the Industrial Registrar;
- (iii) 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;
- (iv) 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
- (v) 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 organisation; and
 - (ii) The financial affairs of the Union have been managed in accordance with the rules of the organisation; and
 - (iii) The financial records of the Union have been kept and maintained in accordance with Schedule 1B to the Workplace Relations Act 1996 and the Workplace Relations (Registration and Accountability of Organisations) Regulations 2003; 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 by a Registrar duly made under section 272 of Schedule 1B to the Workplace Relations Act 1996; and
 - (vi) No orders have been made by the Industrial Registrar under section 273 of Schedule 1B to the Workplace Relations Act 1996.

This Statement is made in accordance with a resolution of the Committee of Management and is signed for and on behalf of the Central Council by:


.....
Tony Maher


.....
Ian Murray

Signed at Sydney, NSW this 3rd day of April 2006.

INDEPENDENT AUDIT REPORT TO THE MEMBERS

To the members of the Construction, Forestry, Mining and Energy Union - Mining & Energy Division.

SCOPE

We have audited the financial report comprising the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Financial Statements of the Union for the year ended 31 December 2005. The Union's Central Council is responsible for the preparation and presentation of the financial report and the information it contains. We have conducted an independent audit of this 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 and statutory requirements, so as to present a view 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 financial report is in accordance with:

- (a) The Workplace Relations Act 1996, including:
 - (i) giving a true and fair view of the Union's financial position as at 31 December 2005 and of its performance and cash flows for the year ended on that date; and
 - (ii) complying with other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of Schedule 1B of the Act.

- (b) The financial report has been prepared in accordance with Accounting Standards in Australia and other mandatory professional reporting requirements.

We have where necessary, obtained all the information and explanations that where necessary for the purposes of our audit.


.....
Daley & Co
Chartered Accountants
98 Kembla Street
Wollongong NSW 2500


.....
M L Gleeson
Registered Company Auditor

Dated this 3rd day of April 2006.

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

	NOTES	2005 \$	2004 \$
REVENUES	3	<u>13,675,292</u>	<u>7,915,314</u>
EXPENSES			
Employee Benefits Expense		2,053,964	1,622,662
Depreciation and Amortisation Expense		121,301	109,079
Unexpended Contributions/Interest	1(g)	-	1,367,444
National Assistance Expenditure		-	1,043,577
Legal Campaign Fund Expenses		879,857	1,016,672
Recruitment & Training Expenses		477,515	475,958
Operating Expenditure		2,248,199	2,106,221
Loss on Sale of Property, Plant and Equipment		-	22,143
		<u>5,780,836</u>	<u>7,763,756</u>
PROFIT ATTRIBUTABLE TO MEMBERS		<u>7,894,456</u>	<u>151,558</u>

The accompanying notes form part of this financial report

**BALANCE SHEET
AS AT 31 DECEMBER 2005**

	NOTES	2005 \$	2004 \$
CURRENT ASSETS			
Cash and Cash Equivalents	5	463,153	1,118,143
Trade and Other Receivables	6	5,258,116	1,688,451
Financial Assets	8	7,388,012	2,036,175
Prepayments		34,957	24,201
Inventories		54,966	78,322
TOTAL CURRENT ASSETS		<u>13,199,204</u>	<u>4,945,292</u>
NON-CURRENT ASSETS			
Interest in Joint Venture	7	5,185,795	5,156,578
Property, Plant and Equipment	9	1,485,866	1,391,155
TOTAL NON-CURRENT ASSETS		<u>6,671,661</u>	<u>6,547,733</u>
TOTAL ASSETS		<u>19,870,865</u>	<u>11,493,025</u>
CURRENT LIABILITIES			
Trade and Other Payables	10	668,946	689,161
Provisions	11	3,040,479	2,562,742
Grants in Advance		-	3,355
Unexpended Contributions	12	-	152,730
TOTAL CURRENT LIABILITIES		<u>3,709,425</u>	<u>3,407,988</u>
TOTAL LIABILITIES		<u>3,709,425</u>	<u>3,407,988</u>
NET ASSETS		<u>16,161,440</u>	<u>8,085,037</u>
ACCUMULATED FUNDS			
Members Funds		<u>16,161,440</u>	<u>8,085,037</u>

The accompanying notes form part of this financial report

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

	NOTES	2005 \$	2004 \$
EQUITY AT THE BEGINNING OF THE FINANCIAL YEAR		<u>8,085,037</u>	<u>2,771,919</u>
Net Gains on Available for Sale Financial Assets		-	4,982
Share of Equity in Joint Venture		29,217	5,156,578
Change in Accounting Policy	1 (f)	152,730	-
Profit Attributable to Members		<u>7,894,456</u>	<u>151,558</u>
		<u>8,076,403</u>	<u>5,313,118</u>
TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR		<u>16,161,440</u>	<u>8,085,037</u>
REPRESENTED BY:			
• General Funds		14,742,854	8,005,890
• Funeral and Eye Fund		(1,049)	(2,658)
• Recruitment & Training Fund		462,497	81,805
• Legal Development Fund		957,138	-
		<u>16,161,440</u>	<u>8,085,037</u>

The accompanying notes form part of this financial report

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

	NOTES	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Members		4,641,715	6,738,102
Receipts from Grants		160,000	81,725
Receipts from Interest and Dividends		192,037	694,966
Receipts from Rents		34,916	28,079
Distribution from National Assistance Fund		600,000	-
Balance of Income Received		1,105,076	567,504
Joint Venture Distribution		4,000,000	-
Transfer to National Assistance Trust		-	(13,899,610)
Payments to Suppliers and Employees		(5,160,138)	(7,439,573)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	13	5,573,606	(13,228,807)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Property, Plant and Equipment		(919,596)	(232,863)
Proceeds from Sale of Property, Plant and Equipment		33,000	56,067
Proceeds from Sales of Assets Available for Sale		88,308	-
Movements in Investments		(5,430,308)	11,752,933
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		(6,228,596)	11,576,137
NET INCREASE (DECREASE) IN CASH HELD		(654,990)	(1,652,670)
CASH AT THE START OF THE FINANCIAL YEAR		1,118,143	2,770,813
CASH AT THE END OF THE FINANCIAL YEAR	5	463,153	1,118,143

The accompanying notes form part of this financial report

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

1. STATEMENT OF 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 or 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(m) 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.

(a) 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 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 Union 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.

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.

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

continued

1. STATEMENT OF ACCOUNTING POLICIES

continued

(a) PROPERTY, PLANT & EQUIPMENT
CONTINUED

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	2.50 to 20.00
Furniture Fittings & Equipment	5.00 to 40.00
Motor Vehicles	22.50

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) EMPLOYEE BENEFITS

Provision is made in respect of the Union's liability for annual leave, sick leave and long service leave arising from services rendered by officers and employees to balance date. Long service leave is accrued in respect of all officers and employees with more than a years service. Related on-costs are included in these provisions.

Contributions are made to employee superannuation funds and are charged as expenses where incurred.

(c) INCOME TAX

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

(d) COMPARATIVE FIGURES

Where required, comparative figures have been adjusted to conform with changes in presentation in the current financial year.

(e) 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.

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

1. STATEMENT OF ACCOUNTING POLICIES
continued

(f) CHANGE IN ACCOUNTING POLICY

In the 2004 and prior years, unexpended contributions of certain internal Funds were carried forward at balance date to cover future expenditures. The only applicable Fund at reporting date is the Legal Development Fund. The Union has reviewed the application of AASB Standards during the 2005 year to the policy of carrying forward unexpended contributions. Contributions of the Legal Development Fund are now recognised as income in the year of receipt in compliance with the AASB Standards.

Notwithstanding the accounting policy above, the rules of the Union continue to apply in that no payments are made from these funds other than for the purposes for which the fund is operated.

The effect of the change in accounting policy is to reduce the unexpended contributions liability by \$152,730 at 1 January 2005. The change in policy sees \$796,394 in revenue recognised for the 2005 year.

(g) INVENTORIES

Inventory comprises saleable promotional items and is valued at cost price being the lower of cost and net realisable value.

(h) 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.

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.

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

continued

1. STATEMENT OF ACCOUNTING POLICIES

continued

(i) 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.

(j) 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.

(k) REVENUE

Revenue from membership contributions are recognised on an accruals basis.

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).

(l) 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.

(m) 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 adjusted 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.

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

continued

1. STATEMENT OF ACCOUNTING POLICIES

continued

(o) IMPACT OF FIRST TIME ADOPTION OF AIFRS

continued

	1 January 2004			31 December 2004		
	Previous GAAP \$	Effect of Transition to IFRS \$	IFRS \$	Previous GAAP \$	Effect of Transition to IFRS \$	IFRS \$
Assets						
Current Assets						
Investments (i)	13,060,659	20,495	13,081,154	2,031,193	4,982	2,036,175
All Other Current Assets	5,244,235	-	5,244,235	2,909,117	-	2,909,117
Total	18,304,894	20,495	18,325,389	4,940,310	4,982	4,945,292
Non-Current Assets (ii)	1,345,581	-	1,345,581	1,391,155	5,156,578	6,547,733
Total Assets	19,650,475	20,495	19,670,970	6,331,465	5,161,560	11,493,025
Liabilities						
Total Liabilities	16,899,051	-	16,899,051	3,407,988	-	3,407,988
Equity						
Members' Funds	2,751,424	20,495	2,771,919	2,923,477	5,161,560	8,085,037

The net adjustments, relating to receivables and investments, are further dissected and explained as follows:

	Note	As at 1/1/2004	From 1/1/2004 to 31/12/2004
Increase in Fair Value of Available for Sale Investments	(i)	20,495	4,982
Fair value adjustment of Interest in Joint Venture	(ii)	-	5,156,578
		<u>20,495</u>	<u>5,161,560</u>

(i) Under previous GAAP, listed securities were held at lower of cost and net realisable value and classified as other financial assets. Under AASB 139, these are classified as available-for-sale and carried at fair value. Movements in fair value are now accounted for in equity.

(ii) With the implementation of AIFRS, the definition of significant influence with respect to an investment in a Joint Venture has changed. Now applied to the Union's investments for the first time, this has resulted in an additional entity meeting the definition of a joint venture, thus requiring the application of equity accounting.

2. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

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

- (1) A member of a Union, or a Registrar, may apply to the Union for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) An application must be made 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 Union.
- (3) The Union must comply with an application made under subsection (1).

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

continued

	NOTES	2005 \$	2004 \$
3. REVENUE			
<i>Operating Activities</i>			
Administration Fees		60,068	63,247
Contributions		4,604,607	3,894,781
Contributions – National Assistance Fund		-	2,279,715
ACTU Campaign Levy		302,315	-
Donations Received		-	12,150
Distribution Received – National Assistance Fund		876,845	202,494
Interest Received		204,224	640,538
Grants Received		460,000	209,525
Rents Received		34,916	34,484
Refunds/Reimbursements		6,695	78,069
Income other than listed above		536,740	500,311
		<u>7,086,410</u>	<u>7,915,314</u>
<i>Non-Operating Activities</i>			
Joint Venture Distribution (Including Hedging Gains)		5,582,507	-
Receivable – Ableshore Pty Limited	4(b)	886,430	-
Profit on Sale of Property, Plant and Equipment		119,945	-
		<u>13,675,292</u>	<u>7,915,314</u>
4. PROFIT FROM ORDINARY ACTIVITIES			
(a) EXPENSES			
Depreciation of Non-Current Assets			
Buildings		32,618	7,767
Plant & Equipment		88,683	101,312
Total Depreciation		<u>121,301</u>	<u>109,079</u>
Movements In Employee Entitlements		301,097	188,607
Loss on Sale of Property, Plant and Equipment		-	22,143
Remuneration of Auditors			
- Auditing the Financial Report		26,710	23,970
- Accounting & Taxation Services		12,520	18,906

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

continued

	2005	2004
	\$	\$
4. PROFIT FROM ORDINARY ACTIVITIES		
continued		
(b) Significant Revenue and Expenses		
The following significant revenue items are relevant in explaining the financial performance:		
Receivable from Ableshore Pty Limited now able to be measured reliably	886,430	-
5. CASH AND CASH EQUIVALENTS		
Cash on Hand	400	400
Cash at Bank	462,753	1,117,743
	<u>463,153</u>	<u>1,118,143</u>
6. TRADE AND OTHER RECEIVABLES		
Current		
Contributions Receivable	988,577	1,025,685
Debtors	1,771,886	647,390
Loan Receivable – Ableshore (i)	2,468,937	-
Accrued Interest	28,716	15,376
	<u>5,258,116</u>	<u>1,688,451</u>
(i) The funds advanced have no set repayment date. Interest is not charged on the amount advanced.		
<i>Amounts Relating to:-</i>		
CFMEU – National Office	68,740	60,735
CFMEU – Construction & General Division	-	3,661
CFMEU – FFTS Division	-	2,040
CFMEU – Mining & Energy Division: -		
• Queensland District	200,316	196,710
• Northern District	422,358	443,861
• South Western District	189,064	370,499
• NSW Energy District	52,775	77,296
• Victorian District	10,000	11,710
• South Australian District	11,403	4,345
• Western Australian District	143,961	163,488
• Tasmanian District	7,786	6,414
	<u>1,106,403</u>	<u>1,340,759</u>

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

continued

	2005 \$	2004 \$
7. INTEREST IN JOINT VENTURE ENTITY		
Interest in Joint Venture Operation	<u>5,185,795</u>	<u>5,156,578</u>

The Union has a 5% interest in the United Collieries Joint Venture, whose principle activity is, exploration, mining and sale of coal. The equity method has been used to account for the Union's interest in this joint venture.

The 2005 year represents the first time recognition of the Union's interest in the United Joint Venture arising from a change in economic and operational circumstances of the joint venture that has enhanced the Union's ability to measure this asset reliably and it to be confident that asset will provide real economic benefits to the Union into the future. The 2005 year represents the first year of economic benefit and real return. Refer note 20 for Joint Agreement detail.

The following table illustrates summarised financial information relating to the Union's interest in Joint Venture:

Share of the Joint Venture's Balance Sheet

Total Assets	6,610,521	6,244,945
Total Liabilities	<u>1,424,726</u>	<u>1,088,367</u>
Net Assets	<u>5,185,795</u>	<u>5,156,578</u>

Share of the Joint Venture's Results

Revenue	<u>13,314,761</u>	<u>10,211,833</u>
Profit after Income Tax	<u>5,279,022</u>	<u>3,584,090</u>

8. FINANCIAL ASSETS

Held to Maturity Financial Assets	(a)	7,388,001	1,957,691
Available for Sale Financial Assets	(b)	<u>11</u>	<u>78,484</u>
		<u>7,388,012</u>	<u>2,036,175</u>

(a) ***Held-to-maturity Financial Assets Comprise:***

Term Deposits and Bank Bills held with Financial Institutions.	<u>7,388,001</u>	<u>1,957,691</u>
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(b) ***Available for Sale Financial Assets Comprise:***

Shares in Listed Corporations – at Fair Value	1	78,477
Shares in Unlisted Corporations – at Fair Value	<u>10</u>	<u>7</u>
	<u>11</u>	<u>78,484</u>

Available-for-sale financial assets comprise investments in the ordinary share capital of various entities. There are no fixed returns or fixed maturity date attached to these investments.

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

	2005 \$	2004 \$
9. PROPERTY, PLANT AND EQUIPMENT		
LAND		
At Cost	<u>280,000</u>	<u>776,566</u>
BUILDINGS		
At Cost	866,118	243,683
Accumulated Depreciation	<u>(20,262)</u>	<u>(32,618)</u>
	845,856	211,065
TOTAL LAND & BUILDINGS	<u>1,125,856</u>	<u>987,631</u>
FURNITURE, FITTINGS AND EQUIPMENT		
At Cost	562,722	553,141
Accumulated Depreciation	<u>(419,990)</u>	<u>(353,789)</u>
	142,732	199,352
MOTOR VEHICLES		
At Cost	322,136	320,513
Accumulated Depreciation	<u>(104,858)</u>	<u>(116,341)</u>
	217,278	204,172
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>1,485,866</u>	<u>1,391,155</u>

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	987,631	199,352	204,172	1,391,155
Additions	801,125	13,521	89,066	903,712
Disposals – Assets	(675,256)	(3,940)	(43,670)	(722,866)
Amort/Depreciation Expense	(13,133)	(68,314)	(39,854)	(121,301)
Disposals – Accum Dep'n	25,489	2,113	7,564	35,166
Balance at End of Year	<u>1,125,856</u>	<u>142,732</u>	<u>217,278</u>	<u>1,485,866</u>

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

continued

	2005 \$	2004 \$
10. TRADE AND OTHER PAYABLES		
Creditors and Accruals	517,456	562,591
Tax Payable (GST)	151,490	126,570
	<u>668,946</u>	<u>689,161</u>
<i>Amounts Relating to:-</i>		
CFMEU – National Office	10,379	25,000
CFMEU – Construction & General Division	-	7
CFMEU – Mining & Energy Division: -		
• Queensland District	84,439	24,797
• Northern District	63,301	35,121
• South Western District	23,326	46,025
• NSW Energy District	2,000	2,000
• Western Australian District	8,560	-
	<u>192,005</u>	<u>132,950</u>

11. PROVISIONS

	PROVISION FOR ANNUAL LEAVE \$	PROVISION FOR LSL \$	OTHER EMPLOYEE ENTITLEMENTS \$	NATIONAL CONVENTION \$	TOTAL \$
Opening balance at 1 January 2005	273,446	2,057,894	231,402	-	2,562,742
Additional provisions	254,868	414,804	101,138	176,640	947,450
Amounts used	(221,624)	(123,769)	(124,320)	-	(469,713)
Balance at 31 December 2005	<u>306,690</u>	<u>2,348,929</u>	<u>208,220</u>	<u>176,640</u>	<u>3,040,479</u>

(a) Analysis of ageing of provisions

Current	<u>3,040,479</u>	<u>2,562,742</u>
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(b) Number of Employees at Balance Date

• National Executives and staff	16	13
• District Executives (National LSL Fund)	28	26

(c) Total Employee Benefits Attributable to:

• Office holders	468,905	353,922
• District Executives (National LSL Fund)	1,861,549	1,667,922
• Staff	533,385	540,898
	<u>2,863,839</u>	<u>2,562,742</u>

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

Continued

	NOTES	2005 \$	2004 \$
12. UNEXPENDED CONTRIBUTIONS			
Opening Balance at Start of Year		152,730	13,170,295
Add: Unexpended Contributions for Year	1(f)		
• National Assistance Fund		-	1,236,138
• Recruitment & Training Fund		-	135,426
• Legal Fund		-	(19,619)
Less: Transfers – National Assistance Fund		-	(13,824,924)
Transfers – Recruitment & Training Fund		-	(544,586)
Less: Changes in Accounting Policy	1(f)	(152,730)	-
Closing Balance at End of Year		<u>-</u>	<u>152,730</u>
Represented by Fund Balances:			
• Legal Campaign Fund		-	152,730
		<u>-</u>	<u>152,730</u>
Represented by the Asset Balances:			
• Cash at Bank		-	152,730
		<u>-</u>	<u>152,730</u>

Notes:

(a) As described in Note 1(g) to the Financial Statements, following a review of all applicable A-IFRS accounting standards applying for the first time from 1 January 2005, the Union has changed its accounting policies as it relates to the previous treatment of carrying forward unexpended contributions of the Legal Development Fund.

(b) During the 2004 year the Union has settled the National Assistance Fund (which incorporated the Recruitment & Training Fund) on the National Assistance Trust. Accordingly the unexpended contributions were reduced by the amount of unexpended contributions transferred at this time.

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

continued

	2005 \$	2004 \$
13. CASH FLOW INFORMATION		
RECONCILIATION OF NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES TO OPERATING RESULT		
Net Operating Result from Ordinary Activities	7,894,456	151,558
Non Cash Items		
• Depreciation	121,301	109,079
• Provision for National Convention	176,640	(318,025)
• Loss on Sale of Property, Plant and Equipment	-	22,143
• Joint Venture Distribution	(1,582,507)	-
• Receivable – Ableshore Pty Limited	(886,430)	-
• Profit on Sale of Sale Available for Sale	(9,836)	-
• Profit on Sale of Property, Plant and Equipment	(119,945)	-
Changes in Assets and Liabilities		
Decrease in Contributions Receivable	37,108	168,454
(Increase) in Receivables	(346,136)	(208,433)
(Increase) Decrease in Prepayments	(12,456)	19,582
(Increase) Decrease in Inventories	23,356	(127)
(Decrease) in Accounts Payable	(23,041)	(344,080)
Increase in Provision for Employee Entitlements	301,096	188,607
(Decrease) in Unexpended Contributions/Interest	-	(13,017,565)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	5,573,606	(13,228,807)

(i) Net cash flows relating to another reporting unit of the organisation are as follows:

CFMEU – National Office

CFMEU – Mining & Energy Division: -

• Queensland District	2,079,475	2,387,818
• Northern District	1,462,650	2,035,395
• South Western District	808,433	548,165
• NSW Energy District	203,245	211,673
• Victorian District	181,094	97,888
• South Australian District	4,191	8,190
• Tasmanian District	1,880	7,645
• Western Australian District	200,170	100,330
	4,941,138	5,397,104

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

continued

14. CONTINGENT LIABILITIES

The Courts have handed down a decision regarding indemnity costs arising from the finalisation of a contempt of court matter. The Union is currently negotiating the quantum of the indemnity costs with the respondent.

15. OPERATING LEASE COMMITMENTS

An operating lease commitment exists in respect of the sub-lease of floor area within premises situated at Sussex Street, Sydney. The maximum amount committed plus the maximum extension of options is as follows :-

	2005 \$	2004 \$
The total operating lease commitments are:		
Due within 1 year	165,686	144,826
Due within 1-2 years	172,313	146,232
Due later than 2 years but not later than 5 years	559,409	438,697
Due later than 5 years.	913,250	36,558
	<u>1,810,658</u>	<u>766,313</u>

16. RELATED PARTY INFORMATION

(a) MEMBERS OF THE CENTRAL COUNCIL

Persons holding positions within the Union and as members of the Central Council during the year:

NATIONAL OFFICIALS

- Mr T Maher (General President)
- Mr B Watson (General Secretary – 1/1/05 to 12/8/05)
- Mr P Murray (General Secretary – since 5/9/05)
- Mr R Coates (General Vice President)

CENTRAL COUNCIL

- Mr A Drew (NSW Energy President)
- Mr P Murray (NSW Northern President – 1/1/05 to 5/9/05)
- Mr A Vickers (Queensland President)
- Mr W McAndrew (NSW South Western President)
- Mr G Wood (West Australian Secretary)
- Mr C Hinds (Tasmanian President)
- Mr L Van Der Meulen (Victorian President)
- Mr R Whittaker (Central Councilor North)
- Mr D Power (Central Councilor North)
- Mr F Baker (Central Councilor QLD)
- Mr G Power (Central Councilor QLD)
- Mr A Honeycutt (Central Councilor South Western)
- Mr R Smith (Central Councilor North)
- Mr I Murray (Central Councilor North – from 19/9/05)

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

continued

16. RELATED PARTY INFORMATION

continued

(b) RELATED PARTY TRANSACTIONS

Other related parties

- i) Residential housing was rented to the Construction, Forestry, Mining and Energy Union during the year. Commercial rent totaling \$21,060 (\$20,405) was charged by the Union.
- ii) Office space was rented to the CFMEU – Mining and Energy Division, New South Wales Energy District during the year. Commercial rent totaling \$12,000 (2004: \$12,000) was charged by the Union.
- iii) Administration fees were charged to Construction, Forestry, Mining and Energy Union during the year. Fees totaling \$22,727 (2004: \$22,727) were charged by the Union.
- iv) Sustentation fees totaling \$105,000 (2004: \$105,000) were charged by the Construction, Forestry, Mining and Energy Union during the year.
- v) Recruitment and training funding was paid to Unite Organising Pty Limited during the year. Total funding of \$400,000 (2004: \$300,000) was paid.
- vi) Sustentation fees were charged to the following Districts during the year:-

	2005	2004
	\$	\$
Queensland	1,940,458	1,721,072
Northern	1,429,545	1,220,439
South Western	693,028	602,071
NSW Energy	170,430	145,248
Western Australia	172,552	89,130
Victorian	162,879	85,581
Tasmanian	22,005	17,934
South Australia	13,710	10,770
	<u>4,604,607</u>	<u>3,892,245</u>

(c) RELATED PARTY BALANCES

Associated companies

- i) As at balance date there was a loan of \$2,468,937 advanced to Abelshore Pty Limited (2004: \$886,430).
- ii) As at balance date there was a receivable of \$5,815 receivable from Unite Organising Pty Limited (2004: \$6,416).

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

continued

17. KEY MANAGEMENT PERSONNEL REMUNERATION

Key Management Personnel

- Mr T Maher (General President)
- Mr R Coates (General Vice President)
- Mr B Watson (General Secretary – to 12/8/05)
- Mr P Murray (General Secretary – since 5/9/05)

Central Council

- Mr A Drew
- Mr P Murray (to 5/9/05)
- Mr A Vickers
- Mr W McAndrew
- Mr G Wood
- Mr C Hinds
- Mr L Van Der Meulen
- Mr R Whittaker
- Mr D Power
- Mr F Baker
- Mr G Power
- Mr A Honeysett
- Mr R Smith
- Mr I Murray (since 19/9/05)

	2005	2004
	\$	\$
Total Compensation		
- Short Term Benefits	829,743	712,197
- Post Employment Benefits	28,996	10,533
- Long Term Benefits	97,479	13,704
	<u>956,218</u>	<u>736,434</u>

18. 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 One, 365 Sussex Street, Sydney NSW 2000.

19. 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 3rd day of April 2006 by the Central Council.

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

continued

20. JOINT VENTURE AGREEMENT

In accordance with the terms of a joint venture agreement dated 27 May 1991 the Division has acquired land, the cost of which totaled \$1,516,294. This amount has been provided by the other party to the agreement.

The land is provided by the Division to the joint venture, free of charge, for the purpose of coal mining operations. The Joint Venture Agreement provided that certain royalties are payable to the Division in respect of such operations. These royalties are paid to the Mineworker's Trust, (a trust formed to directly or indirectly benefit Mineworker's, their families or dependants). Subject to the retention by the Division of 20% thereof as reimbursement of expenses incurred by the Division.

The Joint Venture and the operation of a related loan account are governed by a series of agreements covering the operations of the joint venture, sales of coal and the operation of a 'Called Sums' loan account.

The economic prosperity of the coal industry, repayment of the previous liability related loan from past performance, and benefits from past capital investments has seen the joint venture (for the first time) providing a cash return to the Division representing its share of 2005 year profits in the amount of \$5,582,507. Due to these changes in circumstances, and confidence of continuing economic benefits to the Division from its interest in the joint venture, the Division has recognised for the first time its interest on an equity basis. [See Note 7 to financial statements]

The 'value' recognised for the Division's interest in the joint venture includes the interest in Mount Thorely Coal Loading Limited, and Newcastle Coal Shippers Pty Limited. These shares are not separately included in the Financial Report.

At the date of this Report, the value of land is uncertain arising from undeterminable future economic benefit arising from a sale or use of land at the conclusion of the venture. The land is used in the operation of the joint venture, the life of which is not certain, is locating in a mining region, and will require restoration. Due to these uncertainties regarding the land and its value, the Division has thought it prudent not to formally recognise a value in the balance sheet.

At 31 December 2005, the Division has a loan amount receivable from the joint venture of \$2,468,938 (2004: \$886,430). Under the terms of the joint venture agreement this loan, which was previously a payable amount by the Division, was only repayable under certain conditions. Accordingly this loan in previous years was not included in the Financial Report. As the capital costs that created this loan (upon inception of the joint venture) have now been repaid in full, the Division is entitled to receive distribution payments of their share of joint venture profits and therefore the loan receivable has been formally recognised. [see Note 6 to financial statements]

Under the terms of the joint venture arrangement, the balance of this receivable to the Division may be called upon at any time. The joint venture will be required to undertake substantial environmental restoration costs upon completion of mining activities. Accordingly it is the Executives decision to retain a responsible level of cash within the joint venture to fund the Divisions share of these future restoration costs.

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

continued

21. FINANCIAL INSTRUMENTS

The Union's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivables and payable and loans to related parties.

The group does not have any derivative instruments at balance date.

The main risks the Union is exposed to through its financial instruments are interest rate risk and credit risk.

(a) Interest Rate Risk

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

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATES %	FLOATING INTEREST RATE \$	FIXED INTEREST RATE MATURING		NON INTEREST BEARING \$	TOTAL \$
			WITHIN 1 YEAR \$	BETWEEN 1 & 5 YEARS \$		
(i) 31 DECEMBER 2005						
Financial Assets						
Cash Assets	5.42	462,753	7,388,001	-	400	7,851,154
Other Financial Assets	-	-	-	-	5,185,806	5,185,806
Receivables	-	-	-	-	5,258,116	5,258,116
Total Financial Assets		462,753	7,388,001	-	10,444,322	18,295,076
Financial Liabilities						
Trade & Sundry Creditors	-	-	-	-	668,946	668,946
Total Financial Liabilities		-	-	-	668,946	668,946
(ii) 31 DECEMBER 2004						
	%	\$	\$	\$	\$	\$
Financial Assets						
Cash Assets	4.54	1,117,743	1,957,691	-	400	3,075,834
Other Financial Assets	-	-	-	-	78,484	78,484
Receivables	-	-	-	-	1,688,451	1,688,451
Total Financial Assets		1,117,743	1,957,691	-	1,767,335	4,842,769
Financial Liabilities						
Trade & Sundry Creditors	-	-	-	-	689,161	689,161
Total Financial Liabilities		-	-	-	689,161	689,161

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

continued

21. FINANCIAL INSTRUMENTS

continued

(b) Credit Risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount, 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.

(c) Net Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in note 1 to the financial statements. No financial assets or liabilities are readily traded on organised markets in standardised form.

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

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

continued

22. 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
	\$	\$
i) ITEMS OF REVENUE		
ACTU Campaign Levy	302,315	-
Donations or Grants Income	460,000	221,675
ii) ITEMS OF EXPENSE		
Affiliation fees/subscriptions to organisations with an interest in industrial matters.	66,180	41,589
<i>Donations or Grant Expenses.</i>		
• Australian Labor Party	-	470,000
• Child Labour Schools Company	30,000	-
• Mining and Maritime Union – USA Conference	13,272	-
• National Union of Workers Victoria	10,000	-
• AWU – Boeing Workers Donation	5,000	-
• Music Arts Dance Films – Bill Neidjie Film	10,000	-
• CFMEU – History Project	2,000	-
• CFMEU – Safari Dispute	-	5,000
• Maritime Union of Australia	-	5,000
• Panthers on the Prowl	-	3,740
• General Donations (individually less than \$1,000)	1,550	4,891
	<u>71,822</u>	<u>488,631</u>
Employee Benefits Expense:		
- Office Holders	761,859	563,514
- Employees (Other than Office Holders)	1,320,960	1,087,372
	<u>2,082,819</u>	<u>1,650,886</u>
Attendance Fees/Allowances – Conferences and Meetings	75,178	42,033
Expenses incurred in connection with meetings of members, councils, committees, panels to other bodies for which the Union was wholly or partly responsible.	120,547	550,966

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

continued

	2005	2004
	\$	\$
22. ADDITIONAL DISCLOSURES REQUIRED UNDER THE RAO SCHEDULE		
continued		
<i>Schedule of Campaign Expenses:</i>		
Accident Pay	48,311	-
Aspinall Inquest	-	4,000
AWU	37,620	
Gretley Inquiry	600	5,272
Derwinto	-	3,450
Blair Athol	33,706	178,481
BHP	48,150	1,056
Coal & Allied	23,310	-
Dyno Nobel	20,455	-
Endeavour Coal	30,250	-
Harnischfeger	28,210	-
General Expenditures	15,921	3,539
Newcrest Mining	11,400	4,600
PKCT	2,040	-
Superannuation Campaign	-	448,000
Occupational Health & Safety Campaign	1,600	34,126
Rio Tinto		
• General	7,885	28,881
• Hammersley Iron	-	25,893
Roche Mining	-	189
IR and Long Service Leave Campaign	559,736	-
Xstrata Coal	10,663	-
TOTAL	<u>879,857</u>	<u>737,487</u>



Australian Government
Australian Industrial Registry

Level 8, Terrace Towers
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Telephone: (02) 8374 6666
Fax: (02) 9380 6990
Email: sydney@air.gov.au

Mr Peter Murray
General Secretary
CFMEU Mining & Energy Division
PO Box Q1641
SYDNEY NSW 1230

Dear Mr Murray

**Lodgement of Financial Statements and Accounts for the CFMEU Mining & Energy Division,
Divisional Office for the year ending 31 December 2005 (FR2005/564)**

Receipt is acknowledged of the abovementioned financial statements and accounts, which were lodged in the Registry on 13 June 2006.

Committee of Management Statement

The date that the Committee of Management makes their resolution is required to be specified in the Statement. Please note this for preparation of future Statements. See point 26 of the enclosed copy of the Industrial Registrars Reporting Guidelines.

Statement of Loans, Grants and Donations Required

Note 22 to the accounts lists a number of "Donations or Grants Expenses" which exceed \$1,000. Under s237 of the *Workplace Relations Act 1996* the organisation must lodge a statement showing

- The amount of each donation exceeding \$1,000
- The name **and address** of the recipient of each donation
- The purpose of the donation

The statement must be signed by an officer of the organisation. I have enclosed for your information a copy of section 237, and a form you use to lodge the required information.

The financial statements and accounts have been filed, and may be viewed on the internet at www.e-airc.gov.au/105nmin/financial.

I look forward to receiving the Statement of Loans, Grants and Donations. If you have any enquiries relating to this letter please contact me on 02 8374 6618.

Yours sincerely,

A handwritten signature in cursive script that reads 'Belinda Penna'.

Belinda Penna
for Deputy Industrial Registrar

15 June 2006