



27 September 2017

Mr Andrew Vickers  
Secretary, Mining and Energy Division  
Construction, Forestry, Mining and Energy Union

Sent via email: [avickers@cfmeu.com.au](mailto:avickers@cfmeu.com.au)

cc. Mr Mark Watson, Finance Manager

Dear Mr Vickers

**Re: – Construction, Forestry, Mining and Energy Union, Mining and Energy Division - financial report for year ending 31 December 2016 (FR2016/347)**

I refer to the correspondence received on 5 September 2017 in relation to various disclosures in the financial report of the Mining and Energy Division, and to the correspondence received on 25 September 2017 in relation to the issue I raised in connection with the question of consistency in reporting intra-Divisional transactions in the various reports for the Division's reporting units.

Your clarification of the following disclosures has been duly noted and no further information is required in respect of:

- (1) Non-control of Auscoal Superannuation Pty Ltd
- (2) The application of Reporting guidelines 22 and 23, variously, to "compulsory campaign fund levy", the CFMEU Mining and Energy Employees Entitlement Trust, and the National Assistance Fund.

The Division's undertaking in respect of a process of regular communication between the Division's various reporting units and confirmation of intra-Divisional transaction disclosures to achieve consistency is also noted. Future reports from all the reporting units within the Division will be assessed taking this into account.

On the basis of the above, the financial report of the Division has been filed.

I will forward a copy of this letter to the Auditor and each District Branch secretary for their reference.

**Reporting Requirements**

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](#).

Please note that 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](#).

If you have any queries regarding this letter, please contact me via email at [stephen.kellett@roc.gov.au](mailto:stephen.kellett@roc.gov.au).

Yours faithfully

A handwritten signature in black ink that reads "Stephen Kellett". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Stephen Kellett  
Financial Reporting  
Registered Organisations Commission

**From:** Mark Watson [mailto:mwatson@cfmeu.com.au]  
**Sent:** Monday, 25 September 2017 4:33 PM  
**To:** KELLETT,Stephen  
**Cc:** 'Andrew Vickers'  
**Subject:** RE: Financial reporting - y/e 31 Dec 2016 - intra-Divisional transactions  
[SEC=UNCLASSIFIED]

Hi Stephen

Following our recent conversations, please find attached a letter outlining the Union's intentions with regards to improving intra-Divisional transactions.

Happy to discuss further if necessary.

Cheers  
Mark

**Mark Watson**

*Finance Manager*

*CFMEU Mining & Energy Division*

Level 11, 217 Clarence St, Sydney NSW 2000

PO Box Q1641, Sydney NSW 1230

Ph: (02) 9267 1035

Fax: (02) 9267 3198

Website: [www.cfmeu.com.au](http://www.cfmeu.com.au)



ROC Response -  
Stephen Kellett 2016

25 September 2017

Stephen Kellett  
Registered Organisations Commission  
By Email: [Stephen.Kellett@roc.gov.au](mailto:Stephen.Kellett@roc.gov.au)



Dear Stephen,

**Re: Construction, Forestry, Mining and Energy Union, Mining and Energy, financial report for the year ending 31 December 2016 (FR2016/347)**

Further to your correspondence of 28<sup>th</sup> August 2017, and subsequent phone calls, I can now provide further assurances on behalf of the National Office with regards to our statutory financial reporting.

Firstly, I have been authorised by General Secretary, Andrew Vickers to liaise on behalf of the National Office on this matter as Andrew will be retiring from office on Friday 29<sup>th</sup> September 2017. The position is unlikely to be filled until early November.

I have contacted the various Districts within the Mining and Energy Division and have discussed the Registered Organisations Commission's (ROC) concern with some inconsistencies with intra-divisional transaction disclosures. I have reiterated the importance of not only meeting our regulatory requirements, but the provision of accurate and appropriate information to our members. The District representatives acknowledge these shortcomings and agree that improvements can be made with the coordination of intra-divisional transaction disclosures.

We appreciate the importance of maintaining consistent reports, as required by the Act, and will take steps to ensure compliance.

We will implement a process whereby transactions and disclosures will be confirmed between CFMEU Mining Energy reporting units prior to lodgement with ROC. This should ensure a greater degree of accuracy and consistency across the group. This process will take the form of regular communication across the year between reporting units, and especially at year end reporting time. Discussions and confirmation with relevant finance staff and auditors will take place prior to lodgement of the financial statements to ensure disclosure consistency has been maintained (or make any necessary adjustments). We understand the difficulties encountered with being separate reporting units, with separate staff and different auditors, however we will endeavour to overcome these structural deficiencies by working more collaboratively in future.

Your feedback on this matter has been much appreciated, and further correspondence across the Division in regard to this matter is always welcomed. We look forward to working with you to achieve a mutually acceptable outcome.

Should you require any further information, please do not hesitate to contact me.

Yours sincerely,

A blue ink signature of Mark Watson.

**Mark Watson**  
Finance Manager

A blue ink signature of Andrew Vickers.

**Andrew Vickers**  
General Secretary

**CFMEU Mining & Energy** | t: +61 2 9267 1035 | f: +61 2 9267 3198 | e: [info@cfmeu.com.au](mailto:info@cfmeu.com.au)

[www.cfmeu.com.au](http://www.cfmeu.com.au) | Level 11, 215-217 Clarence Street Sydney NSW 2000 | PO Box Q1641, Sydney NSW 1230 Australia

5 September 2017



Stephen Kellett  
Financial Reporting  
Registered Organisations Commission

Via Email: [stephen.kellett@roc.gov.au](mailto:stephen.kellett@roc.gov.au)

Dear Stephen,

**Re: Construction, Forestry, Mining and Energy Union, Mining and Energy Division, financial report for the year ending 31 December 2016 (FR2016/347)**

Thank you for your letter dated 28 August 2017, and follow up conversation. We appreciate your feedback and candour.

Please find below clarification on the matters raised in your correspondence. We have attempted to cover off your questions with as much detail as necessary, but if you require further clarification on any matter, please do not hesitate to contact myself or our Finance Manager, Mark Watson and we will do our best to assist.

#### **Control of other entity**

Unfortunately, a typographical error was made in Note 3 (page 21) relating to the commentary surrounding Auscoal Superannuation Pty Ltd. There was an omission of the word “not”, which we acknowledge causes confusion in the first sentence of the note. As you rightly point out, in previous years the note has stated that the Committee of Management has determined that they do NOT control Auscoal. This is still the case, and whilst further in the note it does state that “it is not a controlled entity of the union”, the original omission should not have occurred.

#### **The correct note should read:**

The Committee of Management have determined that they do not control a company called Auscoal Superannuation Pty Ltd even though the Union holds 50% of the issued capital of this entity. Auscoal Superannuation Pty Ltd is the trustee of Mine Wealth & Wellbeing Superannuation Fund. It is not a controlled entity of the Union because the Union is not exposed, and has no right, to variable returns from this entity and is not able to use its power over the entity to affect those returns. The investment has a fair value of \$4 (2015: \$4) and is included in unlisted shares.

#### **Funds other than General Fund (Guidelines 22 & 23)**

##### **Note 4 – Compulsory Campaign Fund Levy.**

The notation ‘Compulsory Campaign Fund Levy’ in this instance does not signify the operation of a separate fund, and no monies were invested in assets during the reporting period. The “Campaign Levy” as it was referred to internally within the Union (and within our financial report), was not established to be set aside for a specific purpose, nor was it managed in that fashion. The intention of the income was to assist in offsetting the cost of campaign expenses that were being incurred by way of charge from the National Office of the CFMEU. The Mining & Energy Division had agreed to

**CFMEU Mining & Energy** | t: +61 2 9267 1035 | f: +61 2 9267 3198 | e: [info@cfmeu.com.au](mailto:info@cfmeu.com.au)

[www.cfmeu.com.au](http://www.cfmeu.com.au) | Level 11, 215-217 Clarence Street Sydney NSW 2000 | PO Box Q1641, Sydney NSW 1230 Australia

contribute a total of \$3m over 3 years to the CFMEU National Office campaigning costs. The 'levy' as it was described, was intended to offset these costs by raising additional revenue – it was effectively a short term increment to normal union dues. It is no longer being collected from members. This revenue was tracked as a separate revenue line item for reporting purposes, but all funds were maintained in the general bank account of the Union. The collection of the income did not coincide with the payment of campaign expense amounts to the CFMEU National Office. Whilst there was a loose connection behind the reason for collecting the additional revenue, the payment to the CFMEU National Office was not contingent on it.

The revenue uplift was for a limited timeframe only, and hence why it was accounted for internally as a separate revenue item. The terminology used may not be strictly correct and could probably just have been considered as ordinary union dues, but given its temporary nature, we considered it prudent to report on it as a separate line item in the financial statements. We apologise if the use of the word levy has caused confusion.

Given the above facts, we do not believe Guideline 22 applies in this instance, as it was not considered a formal levy & was not operated as a separate fund or account. It formed part of the general funds of the Union.

**Note 12(b) – CFMEU Mining & Energy Employees Entitlement Trust**

The Central Long Service Leave Fund referred to in Divisional Rule 11(i)(f), is effectively the CFMEU Mining & Energy Employees Entitlement Trust, as noted in the Financial Report.

Rule 11(i)(f) notes the various components that form the 'Federal Fund' of the Union. We take the view that this Federal Fund represents a single General Fund for the purposes of our operations & reporting. Included in our reporting is financial information relating to the CFMEU Mining & Energy Employee Entitlement Trust ("Trust").

By way of background information, the Trust is an ATO Approved Entitlement Trust that exists for the sole purpose of settling the Long Service Leave obligations of elected Officials of the entire Mining & Energy Division (it is not limited to the direct elected officials of the National Office). This was a commonly accepted modern day commercial business decision, to allow the Long Service Leave entitlements of employees to be protected in such a way so they cannot be used for any other purpose.

The Trust holds cash assets totalling \$3,993,430 at 31 December 2016. These assets are held in trust solely for the purpose of settling the Long Service Leave obligations of National Officials of the Division. Notes 12(a) & (b) outline the Right of Indemnity the Union holds over these assets, totalling \$3,451,136 at 31 December 2016. The excess of assets over corresponding LSL liabilities of \$542,294 is included in Note 8 in Held to Maturity Assets. We are happy to show this amount as a separate line item in future years (and adjust the 2016 comparative accordingly) if you believe this will provide more beneficial information to our members.

Our interpretation was that we were not required to show these amounts within the Changes of Equity Statement, as the amounts already formed part of the 'General Fund' of the Union, and separate disclosures were made within the Notes on the particulars of the Approved Entitlement Trust.

If you have a different view of the matter, or disagree, we are more than happy to discuss further.

**Note 25 (b) – National Assistance Fund.**

The National Assistance Fund as it is known, is a discretionary trust that has been deemed under Australian Accounting Standards to be controlled by the Union. The purpose of the trust is to provide financial assistance, under specific circumstances to trust contributors (beneficiaries). It also provides a one-off mortality benefit in the event that a trust contributor (beneficiary) is killed in specific circumstances. Not all members of the Union are contributors to the Trust. Members are not compelled to contribute to the Trust and contributions are made on a voluntary basis.

As noted in Note 25(b) of our 2016 Financial Statements, there is a trust income distribution made to the Union each year. This is the only payment made between the two entities.

The Trust is not something that is being operated as a requirement of the rules of the organisation. There were no transfers or withdrawals which were kept for a specific purpose by the Union to the Trust, other than the abovementioned trust income distribution.

Again, we interpreted that the Trust and its movements, were not affected by Guideline 22, however we note that the requisite pieces of information required under this Guideline (other than the above stated purpose) are contained in places the Financial Report already.

The Statement of Changes in Equity contains a Capital Reserve column which contains the movements in the Trust for the year. In future years we would be happy to add in additional commentary should you deem this appropriate. Notes 19 & 20 also contain further information on the assets and liabilities of the Trust. So whilst we may have interpreted that the Guideline was not applicable, we have endeavoured to provide relevant information to our members in our other disclosures.

If you have a different view of the matter, or disagree, we are more than happy to discuss further.

From the commentary above, you will note that we do not believe that the items were defined as Funds under Reporting Guideline 22, and therefore disclosure relating to activity that did not occur or apply in respect of the year ending 31 December 2016, was not applicable.

**Consistency in reporting.**

We acknowledge the differences between the various Branch & Divisional reports pointed out in your report.

As you would be aware, the CFMEU (including the Mining & Energy Division), is made up of a large number of individual reporting units for the purposes of the Act. Each of these reporting units effectively operates as an autonomous entity for their day to day operations.

As a result of this, there is no coordinated or centralised administration functions, in particular accounting function, across the group. In the case of the National Office of the CFMEU Mining & Energy Division, this means that we have no direct insight or control over the preparation of the financial reports, or day to day operations of any of the District Branches.

The anomalies noted are the likely result of timing issues (invoices being inputted in a different period to their counterparty), GST allocation issues (GST being incorrectly applied or omitted from invoices), or misallocation of revenue as capitation (when capitation is allocated as something else in

the counterparty chart of accounts). Differing cut offs in audit processes, including year-end accruals, also pose a problem to consistency.

By way of specific example, you note that the capitation income for the Northern Mining & NSW Energy District Branch differs from the Division, by an amount of \$42,139. The difference can be explained by different accruals used by each reporting unit during the both 2015 & 2016 financial year ends (caused by different cut offs for accounting information input). An accrual of December 2015 capitation income owing, was made in the books of the Division. As is normal procedure, this accrual was made on a best-estimate basis (being \$181,818 - This was based on previous month's capitation receipts). At the time the accrual was made in the Divisional accounts, the exact amount of capitation income owing from the Branch was not known. The Northern District Branch, in their corresponding accounts did not take up an equivalent payable accrual amount of \$181,818. They used the exact figure of \$228,064. As you can see, the resulting difference (circa \$46k) arises as the books of the Division were closed off prior to the Northern District calculating their Capitation owing, and the final preparation of their own accounts. A similar situation (circa \$4k in the other direction) occurred at the 2016 financial year end, giving the resultant \$42k difference in the disclosures.

As section 252(2) notes "Where an organisation consists of 2 or more reporting units, the financial records for each of the reporting units must, as far as practicable, be kept in a consistent manner". As noted above, this reporting problem reaches right across the CFMEU. Without a common chart of accounts for all reporting units, and a centralised accounting function, the maintenance of consistent records is not only impractical, but nigh on impossible. Ideally we would like to see the CFMEU administration functions rationalised, but as you may appreciate this is easier said than done.

We acknowledge this may be perceived to be a significant deficiency in the CFMEU structure, and is potentially an impediment in providing consistent information to our members and regulator. Moving forward we will endeavour to liaise more closely with each CFMEU reporting unit in an attempt to provide more consistent disclosures with regards to inter-group income, expenses, receivable, payables and cash flows. Achieving this will involve the participation and goodwill from a large number of reporting units, and may not be completely achievable given the degree of autonomy of the various reporting units, but we will endeavour regardless. If your expectations are that each reporting unit's disclosures should correspond to the dollar, then a fundamental shift in the administration of the Union will be required. An appreciation of the Union's structure, and its inherent differences to an ordinary corporate conglomerate, is helpful to understand the difficulties faced in this regard. We are more than happy to discuss this issue with you further to provide deeper insights.

Steps have already been undertaken to implement a common membership system across the Mining & Energy Division. This project is still being completed, but we are hopeful that once completed it will allow for more consistent membership data across our Division. It should be noted that this project is not a centralised accounting or administration function, but should at least assist in trying to achieve better consistency in reporting, through the use of a common platform.

We hope that the above information provides the clarification you are looking for, and will allow for the filing of our Financial Report. As noted throughout our responses, we acknowledge there are a number of areas that we could provide even greater insight to our members, and are more than willing to work with you to achieve this outcome.



Thank you and should you need to discuss anything further, please do not hesitate to contact me.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'A. Vickers', written in a cursive style.

**Andrew Vickers**  
*General Secretary*  
*CFMEU Mining & Energy Division*



28 August 2017

Mr Andrew Vickers  
General Secretary, Mining and Energy Division  
Construction, Forestry, Mining and Energy Union

Sent via email: [avickers@cfmeu.com.au](mailto:avickers@cfmeu.com.au)

Dear Mr Vickers

**Re: Construction, Forestry, Mining and Energy Union, Mining and Energy Division, financial report for year ending 31 December 2016 (FR2016/347)**

I refer to the financial report of the Mining and Energy Division reporting unit. The documents were lodged with the Registered Organisations Commission ('the ROC') on 25 May 2017. I apologise for the delay in corresponding.

Before filing the report, I am writing to seek your advice and clarification in relation to the following matters.

Control of other entity

At Note 3, on page 21 of the financial report, under the heading "Control assessment", a statement that "(T)he Committee of Management have determined that they do control a company called Auscoal Superannuation Pty Ltd even though the Union holds 50% of the issued capital of this entity..." is made. The corresponding note, on page 22 of the previous year's financial report,<sup>1</sup> contained the statement that "(T)he Committee of Management have determined that they do not control a company called Auscoal Superannuation Pty Ltd even though the Union holds 50% of the issued capital of this entity" (my underlined emphasis added).

Please clarify whether or not the Division controls Auscoal Superannuation Pty Ltd.

Changes in Equity - funds other than the general fund – Guidelines 22, 23

Reporting Guideline 22 requires the disclosure of:

- (a) the name and balance of each fund or account operated in respect of compulsory levies raised by the reporting unit or voluntary contributions collected from members of the reporting unit;
- (b) the name of any fund or account and the value of the assets, where monies, or the balance of monies referred to in subparagraph (a) have been invested in any assets;
- (c) the name and balance of each fund or account operated [other than the general fund or a fund referred to in (a)], the operation of which is required by the rules of the organisation; and
- (d) any amounts transferred to or withdrawn from any fund, account or controlled entity kept for a specific purpose and the name and specific purpose of such fund, account or

---

<sup>1</sup> FR2015/374

controlled entity.

Alternatively, Reporting Guideline 23 requires a statement of nil activity to be made in respect of any activity described in Reporting Guideline 22 that did not occur during the financial year.

I note that Note 4 refers to a “compulsory campaign fund levy”. Please clarify whether this signifies the operation of a separate fund, and whether or not any monies were invested in assets and if so, the balance of such monies as required by Reporting Guideline 22(b).

I note that Note 12(b) refers to “The CFMEU Mining and Energy Employees Entitlement Trust”. Please clarify whether this represents the “Central Long Service Leave Fund” referred to in Divisional rule 11(i)(f) and whether there are any disclosable balances for the purposes of Reporting Guideline 22(c).

I note that Note 25(b) discloses a distribution from the National Assistance Fund which is described as a subsidiary, and that Notes 19 and 20 disclose relevant balances. Please advise the specific purpose of the Fund as required by Reporting Guideline 22(d)(iii).

To the extent the report has not already done so, or that is not indicated by your advice in relation to the preceding matters, please indicate which activity items described in Reporting Guideline 22 did not occur or apply in respect of the year ending 31 December 2016.

#### Consistency in reporting [s252(2)]

The disclosures of transactions with other reporting units within the Division have been examined and the following material differences with the corresponding disclosures in Branch reports have been identified.

#### Capitation income

Notes 4 and 24 disclose:-

- (i) receipt of \$203,278 capitation from the Victorian District Branch. Notes 5 and 18(b) of the report of the Victorian District Branch (FR2016/379) disclosed capitation to the Division of \$255,767;
- (ii) receipt of \$2,441,839 capitation from the Northern Mining and NSW Energy District Branch. Note 4B of the Northern Mining and NSW Energy District Branch report (FR2016/368) disclosed capitation to the Division of \$2,399,700;
- (iii) receipt of \$28,404 capitation from the Tasmanian District Branch. Notes 4(b) and 13 of the Tasmanian District Branch report (FR2016/345) disclosed capitation to the Division of \$58,804.
- (iv) receipt of \$963,465 capitation from the South Western District Branch. Notes 5 and 22 of the South Western District Branch report (FR2016/339) disclosed capitation to the Division of \$1,087,351.
- (v) receipt of \$447,076 capitation from the Western Australia District Branch. Note 3 of the Western Australia District Branch report (FR2016/342) disclosed capitation to the Division of \$357,449.

#### Outstanding balances – receivables/payables

Note 7(c) discloses:-

- (i) a receivable of \$7,786 from the Tasmanian District Branch. Note 7(a) of the Tasmanian District Branch report disclosed a nil payable to the Division.

- (ii) a receivable of \$444,867 from the Northern Mining and NSW Energy District Branch. Note 7A of the Northern Mining and NSW Energy District Branch report disclosed a payable of \$449,461 to the Division.
- (iii) a receivable of \$20,000 from the Victorian District Branch. Note 12 of the Victorian District Branch report disclosed a payable of \$35,310 to the Division.
- (iv) a receivable from the South Western District Branch of \$245,425. Note 11(a) of the South Western District Branch report disclosed a payable to the "CFMEU Mining and Energy National Office" (i.e. the Division) of \$306,087.

Note 11 discloses:-

- (i) a payable of \$91,860 to the Northern Mining and NSW Energy District Branch. Note 5B of the Northern Mining and NSW Energy District Branch report disclosed a receivable from the Division of \$101,560.

### Cash flows

Note 25(b) discloses:-

- (i) a cash outflow to the Tasmanian District Branch of \$31,975. Note 10(b) of the Tasmanian District Branch's report disclosed a cash inflow from the Division of \$56,975.
- (ii) a cash inflow from the Northern Mining and NSW Energy District Branch of \$3,101,360. Note 10B of the Northern Mining and NSW Energy District Branch's report disclosed a cash outflow to the Division of \$2,219,233.
- (iii) a cash outflow to the Northern Mining and NSW Energy District Branch of \$644,009. Note 10B of the Northern Mining and NSW Energy District Branch's report disclosed a cash inflow from the Division of \$276,574.
- (iv) a cash inflow from the Victorian District Branch of \$300,232. Note 19 of the Victorian District Branch's report disclosed a cash outflow to the Division of \$239,628.
- (v) a cash outflow to the Victorian District Branch of \$136,343. Note 19 of the Victorian District Branch report disclosed no cash inflow from the Division.

Please provide your advice as to the reasons that would explain these differences.

If you have any queries, please contact me via email at [stephen.kellett@roc.gov.au](mailto:stephen.kellett@roc.gov.au).

Yours faithfully



Stephen Kellett  
Financial Reporting  
Registered Organisations Commission



25 May 2017

Registered Organisations Commission  
GPO Box 2983  
Melbourne, Victoria 3001

By Email: [regorgs@roc.gov.au](mailto:regorgs@roc.gov.au)

To whom It May Concern,

**Re: CFMEU Mining & Energy Division**

Please find enclosed the annual Secretary's statement & audited financial statements for our organisation for the year ended 31 December 2016.

Should you require any further information please do not hesitate to contact me.

Regards,

A handwritten signature in blue ink, appearing to read "Mark Watson".

Mark Watson  
Finance Manager

**CFMEU Mining & Energy** | t: +61 2 9267 1035 | f: +61 2 9267 3198 | e: [info@cfmeu.com.au](mailto:info@cfmeu.com.au)

[www.cfmeu.com.au](http://www.cfmeu.com.au) | Level 11, 215-217 Clarence Street Sydney NSW 2000 | PO Box Q1641, Sydney NSW 1230 Australia

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

**SECRETARY'S CERTIFICATE**

**Certificate for the period ended 31 December 2016**

I, Andrew Vickers, 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 for the Mining and Energy Division of the Construction, Forestry, Mining and Energy Union, for the period ended 31 December 2016, referred to in s.268 the Fair Work (Registered Organisations) Act 2009; and
- That the full report, was provided to members of the reporting unit on 17<sup>th</sup> March 2017, 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 meetings were held by members of the Mining and Energy Division of the Construction, Forestry, Mining and Energy Union, the last meeting being on 19<sup>th</sup> May 2017; in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.



**Andrew Vickers  
General Secretary**

25 May 2017

**Construction Forestry Mining and Energy Union**  
**Mining and Energy Division**

**Financial Statements**

**For the Year Ended 31 December 2016**

# Construction Forestry Mining and Energy Union Mining and Energy Division

---

For the Year Ended 31 December 2016

## Financial Statements

<b>Contents</b>	<b>Page</b>
Operating Report	1
Committee of Management Statement	5
Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Consolidated Balance Sheet	7
Consolidated Statement of Changes in Equity	8
Consolidated Statement of Cash Flows	9
Notes to the Financial Statements	10
Recovery of Wages Activity	49
Independent Audit Report	50



# Construction Forestry Mining and Energy Union Mining and Energy Division

---

## Operating Report

31 December 2016

The Committee of Management present their report, together with the financial statements of the Group, being the Group and its controlled entities, for the financial year ended 31 December 2016.

### Information on Committee of Management

The names of each person who has been on the Committee of Management during the year are:

<b>Name</b>	<b>Position</b>	<b>Period of Appointment</b>
Mr A Maher	General President	1/1/2016 - 31/12/2016
Mr A Vickers	General Secretary	1/1/2016 - 31/12/2016
Ms L Usher	General Vice-President	1/1/2016 - 14/7/2016
Mr C Hinds	Central Councillor	1/1/2016 - 31/12/2016
Mr L Van der Meulen	Central Councillor	1/1/2016 - 30/6/2016
Mr M Dobie	Central Councillor	1/1/2016 - 31/12/2016
Mr J Porter	Central Councillor	1/1/2016 - 30/6/2016
Mr A Honeysett	Central Councillor	1/1/2016 - 31/12/2016
Mr G Wood	Central Councillor	1/1/2016 - 31/12/2016
Mr F Baker	Central Councillor	1/1/2016 - 30/6/2016
Mr S Smyth	Central Councillor	1/1/2016 - 31/12/2016
Mr P Jordan	Central Councillor	1/1/2016 - 31/12/2016
Mr B Wise	Central Councillor	1/1/2016 - 31/12/2016
Mr F Hibble	Central Councillor	1/1/2016 - 30/6/2016
Mr D McLachlan	Central Councillor	1/1/2016 - 31/12/2016
Mr D Haile	Central Councillor	1/1/2016 - 30/6/2016
Mr S Leggett	Central Councillor	1/1/2016 - 30/6/2016
Mr W Small	Central Councillor	1/1/2016 - 30/6/2016
Mr K Wild	Central Councillor	1/1/2016 - 30/6/2016
Mr M Schofield	Central Councillor	1/1/2016 - 31/12/2016
Mr P Compton	Central Councillor	1/7/2016 - 31/12/2016
Mr S Mepham	Central Councillor	1/7/2016 - 31/12/2016
Mr G Pearce	Central Councillor	1/7/2016 - 31/12/2016
Mr L Ludlow	Central Councillor	1/7/2016 - 31/12/2016
Mr T Williams	Central Councillor	1/7/2016 - 31/12/2016

# Construction Forestry Mining and Energy Union Mining and Energy Division

---

## Operating Report

31 December 2016

### Principal activities

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

- 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 Divisional Executive and Committee of Management.
- Implementation of the Union's organised 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 communication 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.

No significant change in the nature of these activities occurred during the year.

### Operating results

The consolidated surplus of the Group amounted to \$ 2,616,505 (2015: deficit of \$ 1,574,212)

### Review of operations

A review of the operations and results of the Group is performed in the meetings of the Executive Officers and by the Committee of Management. Additionally, such matters are considered periodically at a regular meeting of the General Officers of the Union. The Committee of Management believe that they have furthered the interests of their members throughout the financial year through the conducting of the Union's principal activities.

### Significant changes in state of affairs

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

### 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 Group, the results of those operations or the state of affairs of the Group in future financial years.

### Right 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 Fair Work (Registered Organisations) Act 2009], namely, by providing written notice addressed and delivered to either the District Secretary, a Lodge Secretary or authorised delegate.

# Construction Forestry Mining and Energy Union Mining and Energy Division

---

## Operating Report

31 December 2016

### Superannuation Trustees

- Mark Watson (Finance Manager) is a Director of Auscoal Superannuation Pty Ltd, which acts as trustee for the Mine Wealth & Wellbeing Superannuation Fund (formerly Auscoal Superannuation Fund).
- Anthony Maher is an Alternate Director of Auscoal Superannuation Pty Ltd appointed on 26 May 2015. Auscoal Superannuation Pty Ltd acts as Trustee for the Mine Wealth & Wellbeing Superannuation Fund (formerly Auscoal Superannuation Fund).

Both these positions are held because of a criterion which requires that the reporting unit nominate a director of this entity.

No other officer or employee 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.

### Number of members

There were 19,914 members of the Union as at 31 December 2016 (2015: 20,789).

### Number of employees

As at 31 December 2016 the Union had 25 full-time equivalent employees (2015: 27).

# Construction Forestry Mining and Energy Union Mining and Energy Division

---

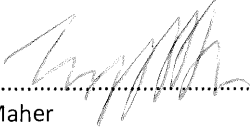
## Operating Report

31 December 2016

### Officers and employees who are directors of a company or a member of a board

- Andrew Vickers, Anthony Maher, Andrew Honeysett, Peter Jordan and Stephen Smyth are directors of Unite Organising Pty Ltd
- Andrew Vickers, Anthony Maher, Andrew Honeysett, Peter Jordan and Stephen Smyth are directors of NMEAF Pty Ltd
- Andrew Vickers is a director of United Collieries Pty Ltd
- Andrew Vickers is a director of United Coal Sales Pty Ltd
- Andrew Vickers is a director of Coal Mining Industry (Long Services Leave Funding) Corporation
- Andrew Vickers is a director of Maritime, Mining & Power Credit Union Ltd
- Anthony Maher is an alternate director for Auscoal Superannuation Pty Ltd
- Andrew Honeysett is a director of Coal Services Pty Ltd
- Peter Jordan is a director of Coal Services Pty Ltd
- Mark Watson is a director of Auscoal Superannuation Pty Ltd
- Mark Watson is a director of Maritime, Mining & Power Credit Union Ltd
- Mark Watson is a director of Mine Wealth Wellbeing Services Pty Ltd

Signed in accordance with a resolution of the Committee of Management:

  
.....  
Anthony Maher  
General President

7 March 2017

# Construction Forestry Mining and Energy Union Mining and Energy Division

---

## Committee of Management Statement

For the year ended 31 December 2016

On 7 March 2017 the Committee of Management of the Construction Forestry Mining and Energy Union - Mining and Energy Division passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2016:

The Committee of Management 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;
- (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 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 RO Act; and
  - iv) where the organisation consists of two or more reporting units, 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) No Revenue has been derived from undertaking recovery of wages activity during the reporting period.

This declaration is made in accordance with a resolution of the Committee of Management.



Anthony Maher  
General President



Andrew Vickers  
General Secretary

Dated: 7 March 2017  
Sydney

# Construction Forestry Mining and Energy Union Mining and Energy Division

## Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2016

	Note	2016 \$	2015 \$
Revenue	4	11,442,294	10,811,890
Other income	4	-	90,852
Employee benefits expense	5	(5,392,317)	(5,627,612)
Legal campaign fund expense	5	(1,258,326)	(1,192,042)
Campaign expenses		(1,076,159)	(1,052,301)
Travel and accommodation costs		(775,666)	(795,238)
Operating expenditure		(727,393)	(678,022)
Depreciation and amortisation expense	10(a)	(717,923)	(722,104)
Conference and meeting expense		(872,665)	(361,466)
Affiliation fees	5	(540,965)	(437,163)
Property expenses		(470,106)	(453,605)
Share of net profits of equity-accounted associates and joint ventures		(260,000)	(367,978)
Common cause expenses		(204,315)	(239,092)
Professional fees		(140,335)	(173,225)
Advertising expenses		(140,952)	(169,991)
Investment costs		(132,458)	(36,028)
Motor vehicle expenses		(96,705)	(115,946)
Insurance expenses		(92,427)	(106,697)
Donations	5	(77,094)	(93,184)
Loss on sale of property, plant and equipment		(43,240)	(38,822)
Royal Commission costs	5	(35,435)	(543,453)
Reversal of prior impairment expense	10(a)	4,228,692	-
Reversal of prior year provision		-	727,015
<b>Result for the year</b>		<b>2,616,505</b>	<b>(1,574,212)</b>
<b>Other comprehensive income:</b>			
<b>Items that will be reclassified to profit or loss when specific conditions are met</b>			
Net fair value movements for available-for-sale financial assets		52,842	(161,883)
<b>Total comprehensive income for the year</b>		<b>2,669,347</b>	<b>(1,736,095)</b>

The accompanying notes form part of these financial statements.

# Construction Forestry Mining and Energy Union Mining and Energy Division

## Consolidated Balance Sheet As at 31 December 2016

	Note	2016 \$	2015 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	6,842,990	7,379,955
Trade and other receivables	7	2,380,661	2,809,841
Other financial assets	8	41,978,650	42,624,595
Other assets	9	81,768	373,517
<b>TOTAL CURRENT ASSETS</b>		<b>51,284,069</b>	<b>53,187,908</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets	8	2,878,443	2,844,829
Property, plant and equipment	10	25,440,682	21,742,232
<b>TOTAL NON-CURRENT ASSETS</b>		<b>28,319,125</b>	<b>24,587,061</b>
<b>TOTAL ASSETS</b>		<b>79,603,194</b>	<b>77,774,969</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	684,935	1,434,743
Employee benefits	12	2,613,970	2,711,444
Other financial liabilities		45,579	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,344,484</b>	<b>4,146,187</b>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>3,344,484</b>	<b>4,146,187</b>
<b>NET ASSETS</b>		<b>76,258,710</b>	<b>73,628,782</b>
<b>EQUITY</b>			
Reserves	13	38,523,916	38,510,493
Retained earnings		37,734,794	35,118,289
<b>TOTAL EQUITY</b>		<b>76,258,710</b>	<b>73,628,782</b>

The accompanying notes form part of these financial statements.

# Construction Forestry Mining and Energy Union Mining and Energy Division

---

## Consolidated Statement of Changes in Equity For the Year Ended 31 December 2016

	Retained Earnings	Capital Reserve	Financial Assets Reserve	Total
	\$	\$	\$	\$
<b>Balance at 1 January 2016</b>	<b>35,118,289</b>	<b>38,658,190</b>	<b>(147,697)</b>	<b>73,628,782</b>
Result for the year	2,616,505	-	-	2,616,505
Other comprehensive income for the year	-	-	52,842	52,842
Capital contributions to the fund	-	2,074,349	-	2,074,349
Capital distributions from the fund	-	(2,113,768)	-	(2,113,768)
<b>Balance at 31 December 2016</b>	<b>37,734,794</b>	<b>38,618,771</b>	<b>(94,855)</b>	<b>76,258,710</b>

	Retained Earnings	Capital Reserve	Financial Assets Reserve	Total
	\$	\$	\$	\$
<b>Balance at 1 January 2015</b>	<b>36,692,501</b>	<b>35,229,123</b>	<b>14,186</b>	<b>71,935,810</b>
Result for the year	(1,574,212)	-	-	(1,574,212)
Other comprehensive income for the year	-	-	(161,883)	(161,883)
Capital contributions to the fund	-	3,706,025	-	3,706,025
Capital Distributions from the fund	-	(276,958)	-	(276,958)
<b>Balance at 31 December 2015</b>	<b>35,118,289</b>	<b>38,658,190</b>	<b>(147,697)</b>	<b>73,628,782</b>

The accompanying notes form part of these financial statements.



# Construction Forestry Mining and Energy Union Mining and Energy Division

## Consolidated Statement of Cash Flows For the Year Ended 31 December 2016

	2016	2015
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers and contributions	10,892,214	10,216,184
Capital Contributions from fund members	2,074,349	3,706,025
Payments to suppliers and employees	(15,816,336)	(16,665,438)
Dividends received	693,563	121,508
Interest received	1,335,788	1,703,200
Net cash provided by/(used by) operating activities	25 <u>(820,422)</u>	<u>(918,521)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of plant and equipment	102,000	45,000
Net proceeds from sale of held to maturity investments	1,385,950	652,438
Purchase of property, plant and equipment	(333,121)	(431,226)
Receipts from related party loan	260,000	277,500
Net proceeds/(purchase of) of available-for-sale investments	<u>(1,131,372)</u>	46,457
Net cash provided by investing activities	<u>283,457</u>	<u>590,169</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net cash used by financing activities	<u>-</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents held	(536,965)	(328,352)
Cash and cash equivalents at beginning of year	<u>7,379,955</u>	<u>7,708,307</u>
Cash and cash equivalents at end of financial year	6 <u><u>6,842,990</u></u>	<u><u>7,379,955</u></u>

The accompanying notes form part of these financial statements.

# Construction Forestry Mining and Energy Union Mining and Energy Division

---

## Notes to the Financial Statements For the Year Ended 31 December 2016

The financial report covers Construction Forestry Mining and Energy Union Mining and Energy Division and controlled entities ("the Group") the Group.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

### 1. Basis of Preparation

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

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

### 2. Summary of Significant Accounting Policies

#### (a) Basis of consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a December financial year end.

A list of controlled entities is contained in Note 19 to the financial statements.

#### *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

# Construction Forestry Mining and Energy Union Mining and Energy Division

---

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 2. Summary of Significant Accounting Policies

#### (a) Basis of consolidation

##### *Joint Arrangements*

AASB 11 *Joint Arrangements* defines a joint arrangement as an arrangement of which two or more parties have joint control and classifies these arrangements as either joint ventures or joint operations.

Construction Forestry Mining and Energy Union Mining and Energy Division has determined that it has only joint ventures.

Joint ventures:

Joint ventures are those joint arrangements which provide the venturer with right to the net assets of the arrangements. Interests in joint ventures are accounted for using the equity method in accordance with AASB 128 *Investments in Associates and Joint Ventures*. Under this method, the investment is initially recognised as cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

If the venturer's share of losses of a joint venture equals or exceeds its interest in the joint venture, the venturer discontinues recognising its share of further losses.

The venturer's share in the joint ventures gains or losses arising from transactions between a venturer and its joint venture are eliminated.

Adjustments are made to the joint ventures accounting policies where they are different from those of the venturer for the purpose of the consolidated financial statements.

##### *Associates*

Interests in associates, where the investor has significant influence over the investee, are accounted for using the equity method in accordance with AASB 128 *Investments in Associates and Joint Ventures*. Under this method, the investment is initially recognised as cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

#### (b) Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

# Construction Forestry Mining and Energy Union Mining and Energy Division

---

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 2. Summary of Significant Accounting Policies

#### (b) Business combinations

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

#### (c) Income tax

The Union (being a registered industrial trade union) is exempt from income tax under section 50.1 of the *Income Tax Assessment Act 1997*.

#### (d) Leases

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.

#### (e) 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 Group 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.

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

# Construction Forestry Mining and Energy Union Mining and Energy Division

---

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 2. Summary of Significant Accounting Policies

#### (e) Revenue and other income

##### Rendering of Services

Revenue from subscriptions and capitations is accounted for on an accruals basis and is recorded as revenue in the year to which it relates.

##### Rental income

Rental 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.

##### Dividend revenue

Dividends are recognised when the entity's right to receive payment is established.

##### Other income

Other income is recognised on an accrual basis when the group is entitled to it.

#### (f) 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 consolidated balance sheet.

Cash flows in the consolidated 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.

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

Each class of property, plant and equipment is carried at cost, where applicable, any accumulated depreciation and impairment.

Under cost model, 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 Mining and Energy Division

---

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 2. Summary of Significant Accounting Policies

#### (g) 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 Group, commencing when the asset is ready for use.

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

Fixed asset class	Depreciation rate
Buildings	2 - 20 %
Furniture, Fixtures and Fittings	5 - 40%
Motor Vehicles	22.5%

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.

#### (h) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that Group 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;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; 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 consolidated statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

# Construction Forestry Mining and Energy Union Mining and Energy Division

---

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 2. Summary of Significant Accounting Policies

#### (h) Financial instruments

##### *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 Group's trade and most other receivables fall into this category of financial instruments.

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.

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.

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future or
- designated by the entity to be carried at fair value through profit or loss upon initial recognition.

Assets included within this category are carried in the consolidated balance sheet at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

##### *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 Group'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.

# Construction Forestry Mining and Energy Union Mining and Energy Division

---

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 2. Summary of Significant Accounting Policies

#### (h) Financial instruments

##### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. The Group's available-for-sale financial assets comprise listed securities.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

##### *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.

The Group's financial liabilities include trade and other payables, which are measured at amortised cost using the effective interest rate method.

##### *Impairment of financial assets*

At the end of the reporting period the Group 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 Mining and Energy Division

---

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 2. Summary of Significant Accounting Policies

#### (h) Financial instruments

##### *Available-for-sale financial assets*

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

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

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

Where an indicator exists and regardless for goodwill, 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, except for goodwill.

#### (j) 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.

# Construction Forestry Mining and Energy Union Mining and Energy Division

---

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 2. Summary of Significant Accounting Policies

#### (k) Employee benefits

##### *Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

##### *Other long-term employee benefit obligations*

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

#### (l) Provisions

Provisions are recognised when the Group the Group 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.

#### (m) Foreign currency transactions and balances

##### **Transaction and balances**

Foreign currency transactions are recorded at the spot rate on the date of transaction.

At the end of the reporting period

- Foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

# Construction Forestry Mining and Energy Union Mining and Energy Division

---

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 2. Summary of Significant Accounting Policies

#### (m) Foreign currency transactions and balances

##### Transaction and balances

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income.

#### (n) Adoption of new and revised accounting standards

During the current year, there have been no new or revised accounting standards that have become mandatory, which have had a material impact (in the current year or retrospectively) upon the measurement of assets, liabilities, equity, income or expenses, nor upon the disclosures required in this financial report.

#### (o) 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 Group has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Group 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.

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.

# Construction Forestry Mining and Energy Union Mining and Energy Division

---

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 2. Summary of Significant Accounting Policies

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

##### **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.

### 3. Critical Accounting Estimates and Judgments

The Committee of Management 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.

# Construction Forestry Mining and Energy Union Mining and Energy Division

---

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 3. Critical Accounting Estimates and Judgments

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

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may be indicative of impairment triggers.

#### 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.

#### Control assessment

The Committee of Management have determined that they do control a company called Auscoal Superannuation Pty Ltd even though the Union holds 50% of the issued capital of this entity. Auscoal superannuation Pty Ltd is the trustee of Mine Wealth & Wellbeing Superannuation Fund. It is not a controlled entity of the Union because the Union is not exposed, and has no right, to variable returns from this entity and is not able to use its power over the entity to affect those returns. The investment has a fair value of \$4 (2015: \$4) and is included in unlisted shares.

The Committee Management have determined that they do not control a company called Coal Services Pty Limited even though the union holds 50% of the issued capital of this entity. It is not a controlled entity of the Union because the Union is not exposed, and has no right, to variable returns from this entity and is not able to use its power over the entity to affect those returns. The investment has a fair value of \$1 (2015: \$1) and is included in unlisted shares.

The Committee Management have determined that they control a company called NMEAF Pty Limited even though the union owns no shares in the company. As both the parent and subsidiary are not-for-profit entities, control has been determined in accordance with the implementation guidance for not-for-profit entities included in AASB 10 *Consolidated Financial Statements*. NMEAF Pty Limited is the trustee of the National Assistance Fund and therefore the Union is deemed to also control this trust. The Union is the income beneficiary of the trust and receives the net income of the trust on an annual basis. The Union will receive the repository assets of the fund at the vesting date of the trust. Refer to note 19 for further information regarding the restriction of the assets and capital reserve of the fund.

# Construction Forestry Mining and Energy Union Mining and Energy Division

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 4. Revenue and other income

#### Revenue from continuing operations

	2016	2015
	\$	\$
<b>Capitation fees by branch</b>		
- Northern District	2,441,839	2,515,797
- Queensland District	1,871,650	1,923,346
- South West District	963,465	1,049,197
- Tasmanian District	28,404	28,581
- Victorian District	203,278	273,234
- Western Australian District	447,076	352,388
	<b>5,955,712</b>	<b>6,142,543</b>
- Compulsory campaign fund levy	1,366,746	1,606,423
- Rental Income	1,283,623	1,142,756
- Interest Received	984,410	1,351,822
- Dividend received	693,563	121,508
- Gain on sale of investments	342,935	236,011
- Other income	412,233	210,827
- Sponsorship	54,545	-
- National Convention recovery	104,350	-
- Special Administration contributions	244,177	-
- Memberships subscriptions	-	-
- Grants	-	-
- Donations	-	-
	<b>11,442,294</b>	<b>10,811,890</b>
<b>Other Income</b>		
- Net gain on disposal of assets	-	374
- Gain on revaluation of Investment	-	90,478
	<b>-</b>	<b>90,852</b>

# Construction Forestry Mining and Energy Union Mining and Energy Division

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 5. Result for the year

#### (a) Employee benefits expense comprises:

	2016	2015
	\$	\$
<b>Office holders:</b>		
- Wages and salaries	663,492	1,310,278
- Superannuation	61,962	82,662
- Leave and other entitlements	331,388	(270,287)
- Separation and redundancies	49,699	(4,722)
- Other employee expenses (including FBT, payroll tax and other expenses)	288,567	208,410
	<u>1,395,108</u>	<u>1,326,341</u>
<b>Employees other than office holders:</b>		
- Wages and salaries	2,470,501	3,334,270
- Superannuation	444,267	449,840
- Leave and other entitlements	742,551	124,516
- Separation and redundancies	-	191,393
- Other employee expenses (including payroll tax, uniforms and other expenses)	339,890	201,252
	<u>3,997,209</u>	<u>4,301,271</u>
<b>Total employee benefits expense</b>	<u><u>5,392,317</u></u>	<u><u>5,627,612</u></u>

#### (b) Other expense disclosures

##### Capitation Fees

Capitation Fees

- -

##### Affiliation Fees

Affiliation Fees - CFMEU

395,207 302,727

Affiliation Fees - IndustriALL Global Union

120,258 109,436

Affiliation Fees - The McKell Institute

25,000 25,000

Sydney May Day Committee

500 -

**Total**

540,965 437,163

# Construction Forestry Mining and Energy Union Mining and Energy Division

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 5. Result for the year

	2016	2015
	\$	\$
Conference and meeting expenses	872,665	361,466
Operating Lease rentals- Minimum lease payments	6,344	6,590
Donations - total paid that were less \$1,000 or less	3,231	3,411
Donations - total paid that exceeded \$1,000	73,863	89,773
Legal costs - litigation	1,177,479	1,114,847
Legal costs - other legal matters	80,847	32,195
Legal costs - Royal Commission costs	35,435	543,453
Legal costs - Penalties	-	45,000
Legal costs - reversal of prior year provision	-	(727,015)
Consideration to employers for payroll deductions	-	-
Compulsory levies	-	-
Fees/allowances - meetings and conferences	132,324	150,464
Grants - total paid that were \$1,000 or less	-	-
Grants - total paid that exceeded \$1,000	-	-
Penalties - via RO Act or RO Regulations	-	-

### 6. Cash and cash equivalents

Cash on hand	862	464
Cash at bank	6,842,128	7,379,491
	<u>6,842,990</u>	<u>7,379,955</u>

#### Restricted cash

The Group has restricted cash balance of \$5,702,669 (2015: \$3,932,393) which is held for a specific purpose and cannot be used to settle the liabilities of the Group. Refer note 19 for further information.



# Construction Forestry Mining and Energy Union Mining and Energy Division

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 7. Trade and other receivables

	2016	2015
	\$	\$
Trade Receivables	1,742,282	1,390,319
Other Receivables (a)	-	-
Other receivables	638,379	1,419,522
	<u>2,380,661</u>	<u>2,809,841</u>

#### (a) Impairment of receivables

Reconciliation of changes in the provision for impairment of receivables is as follows:

Balance at beginning of the year	-	-
Additional impairment loss recognised	-	-
Reversal of impairment	-	-
<b>Balance at end of the year</b>	<u>-</u>	<u>-</u>

#### (b) Aged analysis

The ageing analysis of receivables is as follows:

0-30 days	1,736,683	1,269,730
31-60 days	724	8,599
61-90 days (past due not impaired)	440	-
61-90 days (considered impaired)	-	-
91+ days (past due not impaired)	4,435	111,990
91+ days (considered impaired)	-	-
	<u>1,742,282</u>	<u>1,390,319</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

# Construction Forestry Mining and Energy Union Mining and Energy Division

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 7. Trade and other receivables

#### (c) Receivables from other reporting units

	Note	2016 \$	2015 \$
Northern District		444,867	371,966
Queensland District Office		711,562	862,233
South Western District		245,425	181,227
Tasmanian District		7,786	7,787
Victorian District		20,000	39,189
Western Australian District		40,560	110,436
CFMEU C&G National Office		23,400	11,928
CFMEU C&G NSW Branch		-	1,344
		<b>1,493,600</b>	<b>1,586,110</b>

Receivables from other reporting units are not considered impaired (2015: Nil).

### 8. Other financial assets

#### CURRENT

Available for sale financial assets	(a)	14,990,797	13,840,197
Held-to-maturity financial assets	(b)	26,797,893	28,334,438
Loans and receivables		189,960	449,960
Total current assets		<b>41,978,650</b>	<b>42,624,595</b>

#### NON-CURRENT

Available for sale financial assets	(a)	2,878,443	2,844,829
-------------------------------------	-----	-----------	-----------

# Construction Forestry Mining and Energy Union Mining and Energy Division

---

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 8. Other financial assets

#### (a) Available-for-sale financial assets

	2016	2015
	\$	\$
CURRENT		
Listed investments - fair value		
Shares in listed entities	<u>14,990,797</u>	<u>13,840,197</u>
NON-CURRENT		
Listed investments - fair value		
Shares in listed entities	<u>2,878,429</u>	<u>2,833,800</u>
NON-CURRENT		
Unlisted investments		
Shares in other corporations	<u>14</u>	<u>11,029</u>
(b) Held-to-maturity investments comprise:		
Term deposits	<u>26,797,893</u>	<u>28,334,438</u>

# Construction Forestry Mining and Energy Union Mining and Energy Division

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 9. Other Assets

	2016	2015
	\$	\$
Prepayments	<u>81,768</u>	<u>373,517</u>

### 10. Property, plant and equipment

Land & buildings		
At cost	28,208,561	28,207,477
Accumulated depreciation and impairment	<u>(3,547,858)</u>	<u>(7,275,872)</u>
Total land & buildings	<u>24,660,703</u>	<u>20,931,605</u>
Capital works in progress		
At cost	257,550	226,050
Furniture, fixture and fittings		
At cost	769,154	747,846
Accumulated depreciation	<u>(693,229)</u>	<u>(595,339)</u>
Total furniture, fixture and fittings	<u>75,925</u>	<u>152,507</u>
Motor vehicles		
At cost	731,649	770,261
Accumulated depreciation	<u>(285,145)</u>	<u>(338,191)</u>
Total motor vehicles	<u>446,504</u>	<u>432,070</u>
<b>Total property, plant and equipment</b>	<u><b>25,440,682</b></u>	<u><b>21,742,232</b></u>

# Construction Forestry Mining and Energy Union Mining and Energy Division

## 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:

	Capital Works in Progress	Land & Buildings	Furniture, Fixtures and Fittings	Motor Vehicles	Total
	\$	\$	\$	\$	\$
<b>Year ended 31 December 2016</b>					
Balance at the beginning of year	226,050	20,931,605	152,507	432,070	21,742,232
Additions	31,500	28,189	21,308	252,124	333,121
Disposals - written down value	-	-	-	(145,440)	(145,440)
Depreciation expense	-	(527,783)	(97,890)	(92,250)	(717,923)
Impairment reversal in profit or loss	-	4,228,692	-	-	4,228,692
<b>Balance at the end of the year</b>	<b>257,550</b>	<b>24,660,703</b>	<b>75,925</b>	<b>446,504</b>	<b>25,440,682</b>

# Construction Forestry Mining and Energy Union Mining and Energy Division

---

## 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

	Capital Works in Progress	Buildings	Furniture, Fixtures and Fittings	Motor Vehicles	Total
	\$	\$	\$	\$	\$
<b>Year ended 31 December 2015</b>					
Balance at the beginning of year	68,350	21,421,216	228,237	423,858	22,141,661
Additions	157,700	37,900	28,808	206,817	431,225
Disposals - written down value	-	-	(1,517)	(107,033)	(108,550)
Depreciation expense	-	(527,511)	(103,021)	(91,572)	(722,104)
<b>Balance at the end of the year</b>	<b>226,050</b>	<b>20,931,605</b>	<b>152,507</b>	<b>432,070</b>	<b>21,742,232</b>

# Construction Forestry Mining and Energy Union Mining and Energy Division

---

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 11. Trade and other payables

	2016	2015
	\$	\$
Trade Payables	316,768	905,637
Other Payables	368,167	529,106
Consideration to employers for payroll deductions	-	-
	<u>684,935</u>	<u>1,434,743</u>

All amounts are short term and the carrying values are considered to be a reasonable approximations of fair value.

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

Queensland District office	1,000	66,102
Northern District	91,860	118,392
South Western District	70,147	137,841
CFMEU National Office	-	408,720
<b>Total</b>	<u>163,007</u>	<u>731,055</u>

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

Legal fees payable - litigation	144,059	146,000
Legal fees payable - other legal matters	2,248	133,720
Legal fees payable - penalties	-	45,000
<b>Total</b>	<u>146,307</u>	<u>324,720</u>

# Construction Forestry Mining and Energy Union Mining and Energy Division

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 12. Employee benefits

	2016	2015
	\$	\$
CURRENT		
Provision for employee benefits	<u>2,613,970</u>	<u>2,711,444</u>
<b>(a) Total employee benefits attributable to:</b>		
<b>Office Holders - Current:</b>		
Annual leave	214,209	454,818
Long service leave	393,788	551,661
Less: Right of indemnity (note (b))	(393,788)	(551,661)
Separations and redundancies	283,288	366,608
Personal leave	212,968	228,966
Other	-	-
	<u>710,465</u>	<u>1,050,392</u>
<b>Employees other than Office Holders - Current:</b>		
Annual leave	700,884	551,392
Long service leave	822,960	744,427
Separation and redundancies	-	-
Personal leave	379,661	365,233
Other	-	-
	<u>1,903,505</u>	<u>1,661,052</u>
<b>National Officers other than Office Holders - Current:</b>		
Long service leave	3,057,348	2,810,386
Less: Right of indemnity (note(b))	(3,057,348)	(2,810,386)
	<u>-</u>	<u>-</u>
<b>Total</b>	<u><u>2,613,970</u></u>	<u><u>2,711,444</u></u>

### (b) Right of indemnity

All long service leave entitlements relation to National Officers are the responsibility of 'The CFMEU Mining & Energy Employees' Entitlement Trust' from which all relevant long service leave entitlements and obligations are settled from. Accordingly, the provision for long service leave is reduced by the fair value of trust assets available and set aside to settle those entitlements.



# Construction Forestry Mining and Energy Union Mining and Energy Division

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 13. Reserves

	2016	2015
	\$	\$
<b>Capital reserve</b>		
Opening balance	38,658,190	35,229,123
Capital contributions	2,074,349	3,706,025
Capital distributions	(2,113,768)	(276,958)
<b>Closing balance</b>	<u>38,618,771</u>	<u>38,658,190</u>
<b>Financial assets reserve</b>		
Opening balance	(147,697)	14,186
Other comprehensive income	52,842	(161,883)
<b>Closing balance</b>	<u>(94,855)</u>	<u>(147,697)</u>

#### Capital reserve

The capital reserve are restricted funds. Refer note 19.

#### Financial asset reserve

Change in the fair value of available for sale investments are recognised in other comprehensive income - financial asset reserve. Amounts are reclassified to profit or loss on disposal of the investment or when an impairment arises.

### 14. Capital and leasing commitments

#### Contracted commitments

Contracted commitments for:

Membership software	<u>68,000</u>	<u>47,350</u>
---------------------	---------------	---------------

#### Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

Payable - minimum lease payments:

- no later than 1 year	6,228	2,595
- between 1 year and 5 years	<u>21,279</u>	-
	<u>27,507</u>	<u>2,595</u>

Operating leases have been taken out for office equipment for a period up to 5 years.

# Construction Forestry Mining and Energy Union Mining and Energy Division

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 15. Lessor Commitments

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

The Group leases out its property under commercial leases. These non-cancellable leases have terms between 1 and 10 years. All leases include an option for the Group 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	750,647	860,404
- between 1 year and 5 years	2,437,274	2,230,317
- greater than 5 years	800,359	1,090,782
Total minimum lease payments	<u>3,988,280</u>	<u>4,181,503</u>

### 16. Financial risk management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and equity price risk.

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable and leases.

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:

#### **Financial Assets**

Cash and cash equivalents	6	6,842,990	7,379,955
Trade receivables	7	1,742,282	1,390,319
Other receivables	7	638,379	1,419,522
Loans and receivables	8	189,960	449,960
Held-to-maturity investments	8	26,797,893	28,334,438
Available-for-sale financial assets - at fair value:			
- listed investments	8	17,869,226	16,673,997
- unlisted investments	8	14	11,029

#### **Total financial assets**

54,080,744    55,659,220

#### **Financial Liabilities**

Financial liabilities at amortised cost			
- Trade and other payables	11	684,935	1,434,743

# Construction Forestry Mining and Energy Union Mining and Energy Division

---

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 16. Financial risk management

#### Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due.

The Group's liabilities have contractual maturities which are summarised below:

	Less than 1 year	
	2016	2015
	\$	\$
Trade and other payables (excluding estimated annual leave)	<b>684,935</b>	<b>1,434,743</b>

#### Credit risk

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

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

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

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.

# Construction Forestry Mining and Energy Union Mining and Energy Division

---

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 16. Financial risk management

#### Market risk

The following table illustrates the sensitivity of the net result for the year and equity in regards to the Group's financial assets and the United States Dollar – Australian Dollar exchange rate. There have been no changes in the assumptions calculating this sensitivity from prior years.

It assumes a +/- 10% change of the Australian Dollar / United States Dollar exchange rate for the year ended 31 December 2016 (31 December 2015: 10%). This percentage has been determined based on the average market volatility in exchange rates in the previous 12 months.

If the Australian Dollar had strengthened and weakened against the United States Dollar by 10% (31 December 2015: 10%) then this would have had the following impact:

	2016		2015	
	+10%	-10%	+10%	-10%
<b>USD</b>				
Net results	419	(419)	-	-
Equity	-	-	120,690	(120,690)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

#### (a) Other price risk

The Group is exposed to equity securities price risk. This arises from listed and unlisted investments held by the Group and classified as available-for-sale on the consolidated balance sheet.

The Group is not exposed to commodity price risk.

# Construction Forestry Mining and Energy Union Mining and Energy Division

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 16. Financial risk management

#### (a) Other price risk

At reporting date, if the Australian Stock Exchange index had increased / decreased by 5.00% with all other variables held constant and all of the Group's equity instruments moved according to the historical correlation with the index, the impact on profit and equity is shown in the table below:

	2016		2015	
	+5.00%	-5.00%	+5.00%	-5.00%
<b>ASX Index</b>				
Impact on equity	<b>717,485</b>	<b>(717,485)</b>	584,849	(584,849)
<b>International Markets</b>				
Impact on equity	<b>207,741</b>	<b>(207,741)</b>	270,734	(270,734)

There is no profit impact, except for investments held at fair value through profit or loss. Equity would increase / decrease as a result of fair value movements through the investment reserve.

The price risk for the unlisted securities held by the Group is immaterial in terms of the possible impact on profit or loss or total equity. It has therefore not been included in the sensitivity analysis.

#### (b) Net income and expense from Financial Assets

	2016	2015
	\$	\$
<b>Held-to-maturity investments</b>		
Interest revenue	<b>984,410</b>	1,351,822
<b>Available for sale investments</b>		
(Loss)/gain recognised in equity	<b>52,842</b>	(161,883)
Dividends	<b>693,563</b>	121,508
Gain on sale of investments	<b>342,935</b>	236,011
Brokerage fees	<b>(132,548)</b>	(36,028)

# Construction Forestry Mining and Energy Union Mining and Energy Division

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 17. Key Management Personnel Disclosures

Key management personnel remuneration included within employee expenses for the year is shown below:

	2016	2015
	\$	\$
Salary (including annual leave taken)	1,087,270	1,418,381
Leave accrued	112,483	149,977
	<u>1,199,753</u>	<u>1,568,358</u>
<b>Long-term benefits</b>		
Long service leave	205,989	257,038
<b>Post-employment benefits</b>		
Superannuation	52,242	71,794
<b>Termination benefits</b>	133,019	145,254
	<u>1,591,003</u>	<u>2,042,444</u>

### 18. Auditor's remuneration

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

- auditing the financial report	48,210	43,671
- taxation services	3,300	4,090
	<u>51,510</u>	<u>47,761</u>

### 19. Interests in Subsidiaries

	Principal place of business / Country of Incorporation	Percentage Owned (%)*	Percentage Owned (%)*
		2016	2015
<b>Subsidiaries:</b>			
Unite Organising Pty Limited	Australia	100	100
NMEAF Pty Limited	Australia	-	-
National Assistance Fund	Australia	-	-

\*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries. Refer note 3 for further information regarding control assessment.

# Construction Forestry Mining and Energy Union Mining and Energy Division

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 19. Interests in Subsidiaries

#### Significant restrictions relating to subsidiaries

The assets and capital reserve of the National Assistance Fund are restricted by the terms and provisions of its Trust Deed and cannot be used to settle the liabilities of the other entities within the Group. The total assets of the restricted assets as at balance date are \$40,028,563 (2015: \$39,685,561) and the restricted capital funds as at balance date are \$38,572,225 (2015: \$38,556,070).

### 20. Material subsidiaries

The amounts disclosed below are prior to any inter-entity eliminations.

	2016	2015
	\$	\$
<b>National Assistance Fund</b>		
<b>Summarised Balance Sheet</b>		
Current Assets	39,960,054	39,629,884
Non-current assets	68,509	55,677
Current liabilities	(1,456,338)	(1,129,491)
Non-current liabilities	-	-
<b>Net Assets</b>	<b>38,572,225</b>	<b>38,556,070</b>
<b>Summarised Statement of profit or loss and other comprehensive income</b>		
Revenue	1,569,109	1,135,460
Profit / (loss)	1,453,339	1,077,410
Total comprehensive income	1,508,913	992,655

### 21. Interests in Joint Ventures

#### Material joint ventures

The following information is provided for joint ventures that are material to the Group and is the amount per the Joint Venture financial statements, adjusted for fair value adjustments at acquisition date and differences in accounting policies, rather than the Group's share.

# Construction Forestry Mining and Energy Union Mining and Energy Division

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 21. Interests in Joint Ventures

#### Material joint ventures

2016	Ableshore Joint Venture
<b>Summarised consolidated balance sheet</b>	
Cash and cash equivalents	139,865
Other current assets	2,082,350
Non-current assets	76,125,843
Other current liabilities	(5,058,030)
Non-current financial liabilities (excluding trade and other payables and provisions)	<u>(20,530,524)</u>
<b>Net assets</b>	<b><u>52,759,504</u></b>
<b>Summarised consolidated statement of profit or loss and other comprehensive income</b>	
<b>Revenue</b>	280,178
Interest income	8,815
Finance costs	(1,511,978)
Profit / (loss) from continuing operations	(4,144,524)
<b>2015</b>	
<b>Summarised consolidated balance sheet</b>	
Cash and cash equivalents	133,642
Other current assets	3,525,094
Non-current assets	73,442,835
Other current liabilities	(6,365,986)
Other non-current liabilities	<u>(19,018,546)</u>
<b>Net assets</b>	<b><u>51,717,039</u></b>
<b>Summarised consolidated statement of profit or loss and other comprehensive income</b>	
<b>Revenue</b>	289,817
Interest income	7,781
Finance costs	(1,430,173)
Profit / (loss) from continuing operations	(7,359,557)



# Construction Forestry Mining and Energy Union Mining and Energy Division

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 21. Interests in Joint Ventures

Reconciliation of carrying amount of interest in joint venture to summarised financial information for joint ventures accounted for using the equity method:

	2016	2015
	\$	\$
<b>Ableshore Joint Venture</b>		
Group's share of 5% of net assets	2,637,975	2,585,852
Provision for diminution	(2,637,975)	(2,585,852)
Carrying amount	-	-

### 22. Fair Value Measurement

The Group measures its financial assets, being listed shares at fair value on a recurring basis.

#### Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Group:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>31 December 2016</b>				
<b>Recurring fair value measurements</b>				
<b>Financial assets</b>				
Listed shares	17,869,226	-	-	17,869,226

# Construction Forestry Mining and Energy Union Mining and Energy Division

---

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 22. Fair Value Measurement

#### Fair value hierarchy

	Level 1	Level 2	Level 3	Total
31 December 2015	\$	\$	\$	\$
<b>Recurring fair value measurements</b>				
<b>Financial assets</b>				
Listed shares	16,673,997	-	-	16,673,997

### 23. Contingencies

In the opinion of the Committee of Management, the Union did not have any contingencies as at 31 December 2016 (31 December 2015: None)

### 24. Related parties

#### (a) The Group's main related parties are as follows:

The ultimate parent entity, which exercises control over the Group, is Construction Forestry Mining and Energy Union - Mining and Energy Division.

#### (b) 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 director (whether executive or otherwise) of that entity is considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 17.: Key Management Personnel Disclosures.

#### (c) Joint venture entities that are accounted for under the equity method

The Group has a 5% interest in the joint venture entity, Ableshore Joint Venture. The interest in joint venture is accounted for in these consolidated financial statements of the Group, using the equity method of accounting. For details of interests held in joint venture entities, refer to Note 21.: Interests in Joint Ventures.

#### (d) Transactions with related parties

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

# Construction Forestry Mining and Energy Union Mining and Energy Division

---

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 24. Related parties

#### (d) Transactions with related parties

The following transactions occurred with related parties:

	2016	2015
	\$	\$
<b>(i) Purchase of goods and services:</b>		
Affiliation fees paid to CFMEU	395,207	302,727
Campaign fees paid to CFMEU	1,050,000	1,000,000
CFMEU M&E Tasmania Recruitment Contribution	50,000	50,000
Conference fees paid to Unions NSW	1,080	960
Donation to Unions NSW	-	2,500
Payments to Maritime Union of Australia for seconded employee	23,731	4,419
Function fees paid to Australian Workers' Union	-	1,610
Training fees paid to Australian Manufacturing Workers Union	840	240
Conference fees paid to ACTU	3,077	3,550
Legal fees paid to ACTU	628	-
<b>(ii) Revenue:</b>		
<b>Capitation fees</b>		
Northern District	2,441,839	2,515,797
Queensland District Office	1,871,650	1,923,346
South Western District	963,465	1,049,197
Tasmanian District	28,404	28,581
Victorian District	203,278	273,234
Western Australia District	447,076	352,388
<b>Rental income</b>		
CFMEU C&G National Office	140,592	131,842
<b>Alliance fees</b>		
Australian Workers' Union Western Australia Branch	126,476	6,495

# Construction Forestry Mining and Energy Union Mining and Energy Division

---

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 24. Related parties

	2016	2015
	\$	\$
<b>(iii) Trade and other receivables:</b>		
Northern District	444,867	371,966
Queensland District Office	711,562	862,233
South Western District	245,425	181,227
Tasmanian District	7,786	7,787
Victorian District	20,000	39,187
Western Australian District	40,560	110,436
CFMEU C&G National Office	23,400	11,928
CFMEU C&G NSW Branch	-	1,344
<i>Receivables from Committee of Management:</i>		
Wayne McAndrew	-	491
Stephen Smyth	359	2,335
Gary Wood	500	-

Receivables from other reporting units are not considered impaired (2015: Nil).

The above receivables from Committee of Management members are amounts owing to the Union at balance date. They relate to personal travel costs that were booked in conjunction with business related travel and are to be reimbursed to the Union. They are considered ordinary trade receivables, are not considered impaired, and are at arm's length, with terms no more favourable than other receivables. All amounts have been repaid since balance date.

### (iv) Loans to other related parties:

Loan to Ableshore Pty Limited	186,960	449,960
-------------------------------	---------	---------

### (v) Trade and other payables:

Northern District	91,860	118,392
Queensland District Office	1,000	66,102
South Western District	70,147	137,841
CFMEU National Office	-	408,720

# Construction Forestry Mining and Energy Union Mining and Energy Division

---

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 25. Cash flow information

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

Reconciliation of net income to net cash provided by operating activities:

	2016	2015
	\$	\$
Result for the year	2,616,505	(1,574,212)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	717,923	722,104
- net capital fund reserve movement	(39,419)	3,429,067
- reversal of impairment of land and buildings	(4,228,692)	-
- net gain/(loss) on disposal of property, plant and equipment	43,442	63,544
Changes in assets and liabilities:		
- decrease in trade and other receivables	(351,963)	(434,582)
- (increase)/decrease in other assets	781,143	(300,946)
- (increase)/decrease in prepayments	292,500	(202,515)
- increase/(decrease) in trade and other payables	(704,232)	405,118
- increase/(decrease) in provisions	-	(2,677,015)
- increase/(decrease) in employee benefits	52,371	(349,084)
Cashflow from operations	<u>(820,422)</u>	<u>(918,521)</u>

# Construction Forestry Mining and Energy Union Mining and Energy Division

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 25. Cash flow information

#### (b) Cash flow information - other reporting units

	2016	2015
	\$	\$
<b>Cash inflows</b>		
Queensland District	2,818,870	1,587,465
Northern District	3,101,360	3,031,454
South Western District	1,309,138	1,305,094
Victorian District	300,232	364,464
Tasmanian District	59,582	54,905
Western Australian District	479,091	390,170
CFMEU National Office	-	-
CFMEU C&G National Office	9,801	4,091
CFMEU C&G South Australian Branch	577	-
CFMEU C&G New South Wales Branch	1,799	-
AWU Western Australian Branch	125,765	-
	<b>8,206,215</b>	<b>6,737,643</b>
<b>Cash outflows</b>		
Queensland District	(396,678)	(253,522)
Northern District	(644,009)	(205,350)
South Western District	(589,549)	(89,866)
Victorian District	(136,343)	-
Tasmanian District	(31,975)	(77,707)
Western Australian District	(41,869)	(9,424)
CFMEU National Office	(3,785,182)	(2,335,080)
CFMEU C&G National Office	(4,131)	(4,946)
ACTU	(3,550)	-
AMWU	(240)	-
AWU	(2,980)	-
Maritime Union of Australia	(8,837)	-
Unions NSW	(6,920)	-
	<b>(5,652,263)</b>	<b>(2,975,895)</b>

The parent entity received a trust distribution of \$1,077,410 (2015: \$1,135,518) from a subsidiary, the National Assistance Fund, which has been eliminated on consolidation for the purposes of this financial report.

# Construction Forestry Mining and Energy Union Mining and Energy Division

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 26. 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 could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

### 27. Parent entity

The following information has been extracted from the books and records of the parent, Construction Forestry Mining and Energy Union Mining and Energy Division and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Construction Forestry Mining and Energy Union Mining and Energy Division has been prepared on the same basis as the consolidated financial statements except as disclosed below.

#### *Investments in subsidiaries, associates and joint ventures*

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the parent entity. Dividends received from associates are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

	2016	2015
	\$	\$
<b>Balance Sheet</b>		
Assets		
Current assets	12,830,973	14,614,569
Non-current assets	28,213,451	24,507,860
Total Assets	<u>41,044,424</u>	<u>39,122,429</u>
Liabilities		
Current liabilities	3,341,483	4,019,106
Total Liabilities	<u>3,341,483</u>	<u>4,019,106</u>
Equity		
Retained earnings	37,728,983	35,112,981
Assets-available-for-sale reserve	(26,042)	(9,658)
Total Equity	<u>37,702,941</u>	<u>35,103,323</u>
<b>Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>		
Total profit or loss for the year	2,616,470	(1,575,322)
Other comprehensive income	(16,384)	(60,949)
<b>Total comprehensive income</b>	<u>2,600,086</u>	<u>(1,636,271)</u>

# Construction Forestry Mining and Energy Union Mining and Energy Division

---

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 28. 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 Act (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;
2. The CFMEU Tasmanian Branch has been provided with a Recruitment Contribution of \$50,000 (2015: \$50,000) for which that Branch believes is required for it to remain financially viable, however, 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.
4. The financial affairs of the Union are not administered by a third party.

### 29. 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 Sub-sections (1) to (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.
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).



# Construction Forestry Mining and Energy Union Mining and Energy Division

---

## Recovery of Wages Activity

For the Year Ended 31 December 2016

No recovery of Wages activity was carried out by the Union for the year ended 31 December 2016 (2015: Nil).

The accompanying notes form part of these financial statements.

---

## Independent Auditor's Report to the members of Construction Forestry Mining and Energy Union Mining and Energy Division

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Construction Forestry Mining and Energy Union Mining and Energy Division (the Union and its subsidiaries (the Group)), which comprises the consolidated balance sheet as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the statement of cash flows for the year ended, and 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 Group as at 31 December 2016 and of their performance and cashflows 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 scope of our work did extend to the 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 Group'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 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 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.

50.

Wollongong  
98 Kembla Street  
Wollongong  
NSW 2500  
Ph: (02) 4229 6477  
Fax: (02) 4229 5720

Bowral  
Suite 12, The Grand Arcade  
295 Bong Bong Street  
Bowral NSW 2576  
Ph: (02) 4862 1082  
Fax: (02) 4862 2326

Sydney  
Suite 2, Level 10  
56 Clarence Street  
Sydney NSW 2000  
Ph: (02) 8236 8177  
Fax: (02) 8236 8120

Correspondence  
PO Box 333  
Wollongong NSW 2520  
daley@daley.com.au  
www.daley.com.au  
ABN 43 152 844 291



**CHARTERED ACCOUNTANTS**  
AUSTRALIA + NEW ZEALAND

Liability limited by a Scheme  
approved under Professional  
Standards Legislation

In preparing the financial report, the Committee of Management are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level 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 Group'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 Group 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  
Chartered Accountants



Stephen Milgate  
Partner

Wollongong  
7 March 2017

Liability limited by a scheme approved under Professional Standards Legislation.