Australian Government
Registered Organisations Commission

7 June 2019

Grahame Kelly
General Secretary
Construction, Forestry, Maritime, Mining and Energy Union-Mining and Energy Division

Sent via email: gkelly@cfmeu.com.au
smilgate@daley.com.au

Dear Grahame Kelly,

Construction, Forestry, Maritime, Mining and Energy Union-Mining and Energy Division Financial Report for the year ended 31 December 2018 – (FR2018/302)

I acknowledge receipt of the financial report of the Construction, Forestry, Maritime, Mining and Energy Union-Mining and Energy Division (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 27 May 2019.

The financial report has now been filed.

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

Please note that the financial report for the year ending 31 December 2019 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged. I make the following comments to assist you when you next prepare a financial report. The ROC will confirm these concerns have been addressed prior to filing next year's report.

General purpose financial report (GPFR)

Disclosures of donation expenses

It appears that the figure for donations that exceed $1,000 and donations that were $1,000 or less under Note 5 *Result for the year* have been disclosed against the incorrect line item.

Officer's declaration statement – to include all nil activity disclosures not elsewhere disclosed

Item 21 of the reporting guidelines (**RGs**) states that if any of the activities identified within items 10-20 of the RGs have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement. I note that the officer's declaration statement includes the following nil activity disclosures for which there was already an equivalent form of disclosure in the body of the notes:

- “Agreeing to receive financial support from another reporting unit to continue as a going concern”, “acquiring an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission” and “having another entity administer the financial affairs of the reporting unit” are disclosed in both Note 29 and the officer’s declaration statement.

Please note that nil activities only need to be disclosed once.

References to legislation and the ROC

Following the enactment of the *Fair Work (Registered Organisations) Amendment Act 2016*, the ROC is the new regulator for registered organisations, with effect from 1 May 2017. All references to the Fair Work Commission and General Manager must be changed to the Registered Organisations Commission and Commissioner except in relation to declaration (e)(vi) in the committee of management statement.

I note that Note 30 *Section 272 Fair Work (Registered Organisations) Act 2009* still refers to the Fair Work Commission and the General Manager instead of the Registered Organisations Commission and the Commissioner.

Operating report

Prescribed information in Operating report

Regulation 159(c) requires an operating report to contain the name of each person who has been a member of the committee of management of the reporting unit at any time during the reporting period, and the period for which he or she held such a position. The ROC takes the words “at any time” to mean that all persons, whether they held their position for the full year or for part of the year, must be included.

I note that the names of D McLachlan appeared in the previous year’s operating report but did not appear in this year’s operating report. There was no indication that D McLachlan had resigned during, or at the end of, the previous year, and without any such indication the question arises whether their names have been inadvertently omitted.

In future years, please ensure that all persons are included and the periods for which they held their position are clearly indicated.

Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 RGs and a model set of financial statements.

The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 RGs and Australian Accounting Standards. Access to this information is available via this link.

If you have any queries regarding this letter, please contact me on (03) 9603 0764 or via email at kylie.ngo@roc.gov.au.

Yours sincerely,

Kylie Ngo
Registered Organisations Commission

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

DESIGNATED OFFICER CERTIFICATE

Certificate for the period ended 31 December 2018

I, Grahame Kelly, being the General Secretary of the Mining and Energy Division of the Construction, Forestry, Maritime, 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, Maritime, Mining and Energy Union, for the period ended 31 December 2018, 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 14th March 2019, after adoption of the accounts by the Central Council; and

- 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, Maritime, Mining and Energy Union, the last meeting being on 20th May 2019; in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

Grahame Kelly
General Secretary

27 May 2019

Construction Forestry Maritime Mining and Energy Union

Mining and Energy Division

Financial Statements

For the Year Ended 31 December 2018

Construction Forestry Maritime Mining and Energy Union Mining and Energy Division

For the Year Ended 31 December 2018

Financial Statements

Contents

Operating Report

31 December 2018

The Committee of Management present their report, together with the financial statements of the Reporting Unit, being the Construction Forestry Maritime Mining and Energy Union Mining and Energy Division and its controlled entities, for the financial year ended 31 December 2018.

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

Name	Position	Period of Appointment
Mr A Maher	General President	1/1/2018 - 31/12/2018
Mr G Kelly	General Secretary	1/1/2018 - 31/12/2018
Mr M Dobie	Central Councillor	1/1/2018 - 31/12/2018
Mr A Honeysett	Central Councillor	1/1/2018 - 31/12/2018
Mr G Wood	Central Councillor	1/1/2018 - 23/3/2018
Mr S Smyth	Central Councillor	1/1/2018 - 31/12/2018
Mr P Jordan	Central Councillor	1/1/2018 - 31/12/2018
Mr B Wise	Central Councillor	1/1/2018 - 31/12/2018
Mr M Schofield	Central Councillor	1/1/2018 - 31/12/2018
Mr P Compton	Central Councillor	1/1/2018 - 31/12/2018
Mr S Mepham	Central Councillor	1/1/2018 - 31/12/2018
Mr G Pearce	Central Councillor	1/1/2018 - 31/12/2018
Mr L Ludlow	Central Councillor	1/1/2018 - 31/12/2018
Mr T Williams	Central Councillor	1/1/2018 - 31/12/2018
Mr D Bean	Central Councillor	1/1/2018 - 2/11/2018
Mr D Hopkins	Central Councillor	1/1/2018 - 31/12/2018
Mr R Gale	Central Councillor	2/11/2018 - 31/12/2018
Mr G Busson	Central Councillor	23/3/2018 - 31/12/2018
Ms S Smoothy	Central Councillor	24/8/2018 - 31/12/2018

Operating Report

31 December 2018

Principal activities
The principal activities of the Reporting Unit 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 organising agenda, including assistance and advice on organising site projects, training and development of officials and planning and resourcing campaigns.
- Industrial Support including assistance with legal and legislative matters.
- The administration and variation of federal and state awards.
- Negotiation and registration of certified industrial instruments on behalf of members consistent with the objects of the *Fair Work (Registered Organisations) Act 2009* and the Union rules.
- Media and other communication to members of the Division and to the broader local communities 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.

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

Operating results
The consolidated loss of the Reporting Unit amounted to $ 713,394 (2017: consolidated surplus of $ 557,184)

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 Reporting Unit 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 Reporting Unit, the results of those operations or the state of affairs of the Reporting Unit 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.

Operating Report

31 December 2018

Superannuation Trustees

- 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 Superannuation Fund.
- Grahame Kelly is a Director of Auscoal Superannuation Pty Ltd, which acts as a trustee for the Mine Superannuation Fund.
- Mark Watson (Finance Manager) is a Director of Auscoal Superannuation Pty Ltd, which acts as trustee for the Mine Superannuation Fund.

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 20,198 members of the Union as at 31 December 2018 (2017: 19,738).

Number of employees

As at 31 December 2018 the Union had 24 full-time equivalent employees (2017: 24).

Operating Report

31 December 2018

Officers and employees who are directors of a company or a member of a board in connection with their role as a member of the Reporting Unit

- Anthony Maher, Andrew Honeysett, Peter Jordan, Stephen Smyth and Grahame Kelly are directors of Unite Organising Pty Ltd
- Anthony Maher, Andrew Honeysett, Peter Jordan, Stephen Smyth and Grahame Kelly are directors of NMEAF Pty Ltd
- Anthony Maher is an alternate director for Auscoal Superannuation Pty Ltd
- Anthony Maher is a director of Unity Law Pty Ltd
- Grahame Kelly is a director of Unity Bank Ltd
- Grahame Kelly is a director of Auscoal Superannuation Pty Ltd
- Andrew Honeysett is a director of Coal Services Pty Ltd
- Peter Jordan is a director of Coal Services Pty Ltd
- Peter Jordan is a director of United Collieries Pty Ltd
- Peter Jordan is a director of United Coal Sales Pty Ltd
- Mark Watson is a director of Auscoal Superannuation Pty Ltd
- Mark Watson is a director of Unity Bank Ltd

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

Anthony Maher
General President
13 March 2019

Grahame Kelly
General Secretary

Committee of Management Statement

For the year ended 31 December 2018

On 13 March 2019 the Committee of Management of the Construction Forestry Maritime 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 2018:

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 any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);
(c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
(d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
(e) during the financial year to which the General Purpose Financial Report 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 Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
   vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

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

....	....
Anthony Maher	Grahame Kelly
General President	General Secretary

Dated: 13 March 2019
Sydney

Construction Forestry Maritime Mining and Energy Union Mining and Energy Division

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2018

	Note	2018 $	2017 $
Revenue	4	**11,465,225**	9,986,643
Employee benefits expense	5	**(4,937,626)**	(5,479,301)
Legal campaign fund expense	5	**(620,003)**	(1,338,859)
Campaign expenses		**(3,574)**	(10,000)
Depreciation and amortisation expense	10(a)11(a)	**(912,735)**	(769,161)
Operating expenditure		**(502,629)**	(574,637)
Travel and accommodation costs		**(529,957)**	(566,678)
Property expenses		**(518,013)**	(551,489)
Affiliation fees	5	**(424,241)**	(436,048)
Conference and meeting expense	5	**(90,473)**	(15,717)
Levies	5	**(1,365,000)**	(195,000)
Share of net profits of equity-accounted associates and joint ventures		**-**	(189,960)
Advertising expenses		**(345,047)**	(176,660)
Investment costs		**(141,702)**	(142,314)
Common cause expenses		**-**	(122,927)
Motor vehicle expenses		**(103,336)**	(104,193)
Insurance expenses		**(106,894)**	(99,843)
Donations	5	**(78,437)**	(71,850)
Professional fees		**(107,420)**	(72,898)
Loss on sale of property, plant and equipment		**(12,216)**	(14,586)
Fair value gain/(loss) on equity investments	4	**(1,379,316)**	1,502,662
Result for the year		**(713,394)**	557,184
Other comprehensive income for the year		**-**	-
Total comprehensive income/(loss) for the year		**(713,394)**	557,184

The accompanying notes form part of these financial statements.

Construction Forestry Maritime Mining and Energy Union Mining and Energy Division

Consolidated Balance Sheet

As at 31 December 2018

	Note	2018 $	2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	**10,034,459**	8,609,439
Trade and other receivables	7	**2,192,257**	1,555,772
Other financial assets	8	**21,435,534**	25,507,103
Other assets	9	**237,710**	183,591
TOTAL CURRENT ASSETS		**33,899,960**	35,855,905
NON-CURRENT ASSETS			
Investment in joint venture	22	**-**	-
Financial assets	8	**3,237,883**	3,048,305
Property, plant and equipment	10	**24,265,868**	24,938,247
Intangible assets	11	**204,930**	299,550
TOTAL NON-CURRENT ASSETS		**27,708,681**	28,286,102
TOTAL ASSETS		**61,608,641**	64,142,007
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	**1,383,468**	1,205,733
Employee benefits	13	**2,674,413**	2,623,370
Other financial liabilities		**25,965**	56,115
TOTAL CURRENT LIABILITIES		**4,083,846**	3,885,218
TOTAL NON-CURRENT LIABILITIES		**-**	-
TOTAL LIABILITIES		**4,083,846**	3,885,218
NET ASSETS		**57,524,795**	60,256,789
EQUITY			
Reserves	14	**20,041,066**	22,059,666
Retained earnings		**37,483,729**	38,197,123
TOTAL EQUITY		**57,524,795**	60,256,789

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2018

	Retained Earnings	Capital Reserve	Financial Assets Reserve	Total
	$	$	$	$
Balance at 31 December 2017	**38,197,123**	**22,059,666**	**-**	**60,256,789**
Result for the year	**(713,394)**	**-**	**-**	**(713,394)**
Capital distributions to the fund	**-**	**1,662,852**	**-**	**1,662,852**
Capital distributions from the fund	**-**	**(3,681,452)**	**-**	**(3,681,452)**
Balance at 31 December 2018	**37,483,729**	**20,041,066**	**-**	**57,524,795**
Balance at 31 December 2016	37,734,794	38,618,771	(94,855)	76,258,710
Adjustment on adoption of AASB 9	(94,855)	-	94,855	-
Balance at 1 January 2017	37,639,939	38,618,771	-	76,258,710
Result for the year	557,184	-	-	557,184
Capital distributions to the fund	-	3,134,987	-	3,134,987
Capital distributions from the fund	-	(19,694,092)	-	(19,694,092)
Balance at 31 December 2017	38,197,123	22,059,666	-	60,256,789

The accompanying notes form part of these financial statements.

Construction Forestry Maritime Mining and Energy Union Mining and Energy Division

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2018

	Note	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and contributions		**13,353,942**	10,213,203
Capital Contributions from fund members		**1,662,852**	3,134,987
Payments to suppliers, beneficiaries and employees		**(17,119,218)**	(30,384,280)
Dividends received		**764,226**	607,162
Interest received		**418,494**	1,006,891
Net cash provided by/(used by) operating activities	26	**(919,704)**	(15,422,037)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		**32,018**	50,455
Net proceeds from sale of financial assets at amortised cost		**4,386,940**	16,183,992
Purchase of property, plant and equipment and intangibles		**(189,970)**	(666,316)
Receipts from related party loan		**-**	189,960
Net proceeds/(purchase of) of finanical assets at FVTPL		**(1,884,264)**	1,430,395
Net cash provided by investing activities		**2,344,724**	17,188,486
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net cash used by financing activities		**-**	-
Net (decrease)/increase in cash and cash equivalents held		**1,425,020**	1,766,449
Cash and cash equivalents at beginning of year		**8,609,439**	6,842,990
Cash and cash equivalents at end of financial year	6	**10,034,459**	8,609,439

The accompanying notes form part of these financial statements.

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

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 20 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.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of consolidation (Continued)

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 Maritime 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.

2. Summary of Significant Accounting Policies (Continued)

(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.

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.

2. Summary of Significant Accounting Policies (Continued)

(e) Revenue and other income (Continued)

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).

Rendering of Services

Revenue from member subscriptions, capitations and campaign fees are 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.

2. Summary of Significant Accounting Policies (Continued)

(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.

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

The Group elected to early adopt the requirements of AASB 9 Financial Instruments from 1 January 2017 as the new accounting policies provided more reliable and relevant information for users. This was disclosed as a change in accounting policy in the financial report for the year ended 31 December 2017.

The Group classifies its financial assets in the following measurement categories:
- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity instrument at fair value through other comprehensive income.

2. Summary of Significant Accounting Policies (Continued)

(h) Financial instruments (Continued)

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. All the Group's debt instruments are classified as Amortised cost, whereby all assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. These are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

The Group subsequently measures all equity instruments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in the statement of profit or loss and other comprehensive income as applicable.

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been significant increase in credit risk. Note 17 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(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.

2. **Summary of Significant Accounting Policies (Continued)**

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

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) Intangibles

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and three years.

(k) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, on-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.

(l) Employee benefits

Defined contribution schemes

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

2. **Summary of Significant Accounting Policies (Continued)**

(l) Employee benefits (Continued)

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.

(m) Provisions

Provisions are recognised when 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.

(n) 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.

2. Summary of Significant Accounting Policies (Continued)

(n) Foreign currency transactions and balances (Continued)

Transaction and balances (Continued)

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 thorough profit or loss, except where they relate to an item of other comprehensive income.

(o) New Accounting Standards and Interpretations

As disclosed in note 2(h) the Group elected to early adopt the requirements of AASB 9 Financial Instruments from 1 January 2017.

During the current period, 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.

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 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 January 2019), 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.

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

2. Summary of Significant Accounting Policies (Continued)

(o) New Accounting Standards and Interpretations (Continued)

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.

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.

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 - useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain property, plant and equipment.

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.

Key estimates - employee entitlements

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 after taking into account a range of possible outcomes, probabilities and assumptions and will vary as further information is obtained.

3. Critical Accounting Estimates and Judgments (Continued)

Control assessment

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 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 (2017: $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 (2017: $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 20 for further information regarding the restriction of the assets and capital reserve of the fund.

The Committee Management have determined that they control a company called Unity Law Pty Limited, incorporated in July 2017, even though the union owns no shares in the company. Control has been determined in accordance with the implementation guidance included in AASB 10 *Consolidated Financial Statements*. Unity Law Pty Limited is currently dormant.

Notes to the Financial Statements
For the Year Ended 31 December 2018

4. Revenue and other income

	2018	2017
	$	$
Capitation fees by branch		
- Northern Mining and NSW Energy District	**2,482,024**	2,358,000
- Queensland District	**1,876,467**	1,930,592
- South West District	**996,376**	968,843
- Tasmanian District	**33,210**	21,317
- Victorian District	**170,858**	205,238
- Western Australian District	**259,150**	281,065
- AWU WA Branch	**209,420**	193,410
	6,027,505	5,958,465
- Campaign and special administration funds received	**2,564,417**	1,117,089
- Rental Income	**1,430,615**	1,335,367
- Interest Received	**418,494**	757,567
- Dividend received	**764,226**	607,162
- Other income	**259,968**	210,993
	11,465,225	9,986,643
Other Income		
Fair value (loss)/gain to financial assets through profit or loss	**(1,379,316)**	1,502,662

5. Result for the year

(a) Employee benefits expense comprises:

	2018 $	2017 $
Office holders:		
- Wages and salaries	**597,897**	569,410
- Superannuation	**52,400**	45,269
- Leave and other entitlements	**112,258**	(115,973)
- Separation and redundancies	**-**	560,243
- Other employee expenses (including FBT, payroll tax and other expenses)	**95,472**	110,896
	858,027	1,169,845
Employees other than office holders:		
- Wages and salaries	**2,635,536**	2,732,691
- Superannuation	**420,092**	449,603
- Leave and other entitlements	**576,573**	672,645
- Separation and redundancies	**141,843**	195,297
- Other employee expenses (including FBT, payroll tax, uniforms and other expenses)	**305,555**	259,220
	4,079,599	4,309,456
Total employee benefits expense	**4,937,626**	5,479,301

(b) Other expense disclosures

	2018	2017
Affiliation Fees		
CFMMEU	**345,345**	345,345
IndustriALL Global Union	**53,396**	65,703
The McKell Institute	**25,000**	25,000
Unions NSW - Sydney May Day Committee	**500**	-
Total	**424,241**	436,048

5. Result for the year (Continued)

	2018 $	2017 $
Conference and meeting expenses	**90,473**	15,717
Operating Lease rentals- Minimum lease payments	**6,239**	6,239
Donations - total paid that were less $1,000 or less	**73,202**	1,350
Donations - total paid that exceeded $1,000	**5,235**	70,500
	78,437	71,850
Legal costs - litigation	**545,154**	1,293,116
Legal costs - other legal matters	**74,849**	45,743
	620,003	1,338,859
Compulsory levies - paid to CFMMEU National Office for campaigning purposes	**1,365,000**	195,000

6. Cash and cash equivalents

	2018 $	2017 $
Cash on hand	**361**	852
Cash at bank	**10,034,098**	8,608,587
	10,034,459	8,609,439

Restricted cash

The Group has restricted cash balance of $1,778,129 (2017: $4,014,338) which is held for a specific purpose and cannot be used to settle the liabilities of the Group. Refer note 20 for further information.

7. Trade and other receivables

	2018	2017
	$	$
Trade Receivables	**1,487,026**	988,799
Provision for impairment	-	-
Other receivables	**705,231**	566,973
	2,192,257	1,555,772

(a) Aged analysis

	2018	2017
The ageing analysis of trade receivables is as follows:		
0-30 days	**1,483,756**	984,379
31-60 days	**2,324**	4,000
61-90 days (past due not impaired)	**946**	-
61-90 days (considered impaired)	-	-
91+ days (past due not impaired)	-	420
91+ days (considered impaired)	-	-
	1,487,026	988,799

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.

7. Trade and other receivables (Continued)

(b) Impairment of receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 December 2018 is determined as follows, the expected credit losses incorporate forward looking information.

31 December 2018	Current	< 30 days overdue	< 90 days overdue	> 90 days overdue	Total
Expected loss rate (%)	-	-	-	-	-
Gross carrying amount ($)	1,221,095	262,661	3,270	-	1,487,026
ECL provision	-	-	-	-	-

(c) Receivables from other reporting units

	2018 $	2017 $
Northern Mining and NSW Energy District	253,987	423,667
Queensland District Office	901,678	220,660
South Western District	192,836	169,063
Tasmanian District	22,000	9,086
Victorian District	23,670	27,527
Western Australian District	60,924	28,422
AWU Western Australian Branch	1,098	-
CFMEU C&G National Office	-	1,102
Unions NSW	664	1,504
	1,456,857	881,031

Receivables from other reporting units are not considered impaired (2017: Nil).

8. Other financial assets

	Note	2018 $	2017 $
CURRENT			
Financial assets at fair value through profit or loss	(a)	**15,208,573**	14,893,202
Other financial assets at amortised cost	(b)	**6,226,961**	10,613,901
Total current assets		**21,435,534**	25,507,103
NON-CURRENT			
Financial assets at fair value through profit or loss	(a)	**3,237,883**	3,048,305

(a) Financial assets at fair value through profit or loss comprise:

	2018	2017
CURRENT		
Listed investments, at fair value		
- shares in listed corporations	**15,208,573**	14,893,202
NON-CURRENT		
Listed investments - fair value		
- shares in listed corporations	**3,237,868**	3,048,290
Unlisted investments		
- shares in other corporations	**15**	15
	3,237,883	3,048,305

(b) Other financial assets at amortised cost comprise:

	2018	2017
Term deposits	**6,226,961**	10,613,901

(c) Classification of financial assets at fair value through profit or loss

The Group classifies equity investments for which the Group has not elected to recognise fair value gains and losses through other comprehensive income as fair value through profit or loss.

Notes to the Financial Statements
For the Year Ended 31 December 2018

9. Other Assets

	2018 $	2017 $
Prepayments	**237,710**	183,591

10. Property, plant and equipment

	2018	2017
Land & buildings		
At cost	**28,647,184**	28,616,421
Accumulated depreciation and impairment	**(4,846,204)**	(4,193,043)
	23,800,980	24,423,378
Furniture, fixture and fittings		
At cost	**829,825**	789,671
Accumulated depreciation	**(763,901)**	(730,225)
	65,924	59,446
Motor vehicles		
At cost	**733,822**	731,893
Accumulated depreciation	**(334,858)**	(276,470)
	398,964	455,423
Total property, plant and equipment	**24,265,868**	24,938,247

10. Property, plant and equipment (Continued)

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

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

	Land & Buildings	Furniture, Fixtures and Fittings	Motor Vehicles	Total
	$	$	$	$
Year ended 31 December 2018				
Balance at the beginning of year	**24,423,378**	**59,446**	**455,423**	**24,938,247**
Additions	**30,763**	**41,867**	**75,340**	**147,970**
Disposals - written down value	**-**	**-**	**(44,234)**	**(44,234)**
Depreciation expense	**(653,161)**	**(35,389)**	**(87,565)**	**(776,115)**
Balance at the end of the year	**23,800,980**	**65,924**	**398,964**	**24,265,868**

	Land & Buildings	Furniture, Fixtures and Fittings	Motor Vehicles	Total
	$	$	$	$
Year ended 31 December 2017				
Balance at the beginning of year	24,660,703	75,925	446,504	25,183,132
Additions	407,860	20,517	195,939	624,316
Disposals - written down value	-	-	(100,040)	(100,040)
Depreciation expense	(645,185)	(36,996)	(86,980)	(769,161)
Balance at the end of the year	24,423,378	59,446	455,423	24,938,247

Notes to the Financial Statements
For the Year Ended 31 December 2018

11. Intangible Assets

	2018	2017
	$	$
Computer software		
Work in progress	-	299,550
At cost	341,550	-
Accumulated amortisation	(136,620)	-
	204,930	299,550

(a) Movements in carrying amounts of intangible assets

	Computer software
	$
Year ended 31 December 2018	
Balance at the beginning of the year	299,550
Additions	42,000
Amortisation	(136,620)
Closing value at 31 December 2018	204,930

	Computer software
	$
Year ended 31 December 2017	
Balance at the beginning of the year	257,550
Additions	42,000
Closing value at 31 December 2017	299,550

Notes to the Financial Statements
For the Year Ended 31 December 2018

12. Trade and other payables

	2018	2017
	$	$
Trade Payables	**492,947**	610,533
Other Payables	**890,521**	595,200
	1,383,468	1,205,733

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

	2018	2017
(a) Payables to other reporting entities:		
Queensland District office	**-**	161
Northern Mining and NSW Energy District	**22,869**	72,179
South Western District	**-**	72,179
CFMMEU National Office	**-**	94,970
Total	**22,869**	239,489

	2018	2017
(b) Amounts included in payables:		
Legal fees payable - litigation	**88,283**	335,409
Legal fees payable - other legal matters	**24,484**	-
Total	**112,767**	335,409

13. Employee benefits

	2018	2017
	$	$
CURRENT		
Provision for employee benefits	**2,674,413**	2,623,370

(a) Total employee benefits attributable to:

	2018	2017
Office Holders - Current:		
Annual leave	**192,508**	197,335
Long service leave	**385,137**	371,537
Less: Right of indemnity (note (b))	**(385,137)**	(371,537)
Separations and redundancies	**241,628**	233,296
Personal leave	**224,909**	209,969
Other	-	-
	659,045	640,600
Employees other than Office Holders - Current:		
Annual leave	**701,426**	727,834
Long service leave	**946,741**	905,267
Separation and redundancies	-	-
Personal leave	**367,201**	349,669
Other	-	-
	2,015,368	1,982,770
National Officers other than Office Holders - Current:		
Long service leave	**2,661,057**	2,697,174
Less: Right of indemnity (note(b))	**(2,661,057)**	(2,697,174)
	-	-
Total	**2,674,413**	2,623,370

(b) Right of indemnity

All long service leave entitlements relating 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. The Trust is an ATO approved Employee Entitlement Trust.

Notes to the Financial Statements
For the Year Ended 31 December 2018

14. Reserves

	2018 $	2017 $
Capital reserve		
Opening balance	**22,059,666**	38,618,771
Capital contributions	**1,662,852**	3,134,987
Capital distributions	**(3,681,452)**	(19,694,092)
Closing balance	**20,041,066**	22,059,666
Financial assets reserve		
Opening balance	-	(94,855)
Transfer to retained earnings on adoption of AASB 9	-	94,855
Closing balance	-	-
Total	**20,041,066**	22,059,666

Capital reserve

The capital reserve are restricted funds. Refer note 20.

15. Capital and leasing commitments

Contracted commitments

	2018 $	2017 $
Contracted commitments for:		
Membership software	**68,000**	68,000

Operating lease commitments

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

	2018 $	2017 $
Payable - minimum lease payments:		
- no later than 1 year	**6,228**	6,228
- between 1 year and 5 years	**8,823**	15,051
	15,051	21,279

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

16. 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:

	2018 $	2017 $
- no later than 1 year	**1,019,889**	1,137,504
- between 1 year and 5 years	**2,326,895**	2,985,373
- greater than 5 years	**76,373**	187,595
Total minimum lease payments	**3,423,157**	4,310,472

17. 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, short-term investments, accounts receivable and payable and leases.

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

	Note	2018 $	2017 $
Financial Assets			
Cash and cash equivalents	6	**10,034,459**	8,609,439
Trade receivables	7	**1,487,026**	988,799
Other receivables	7	**705,231**	566,973
Other financial assets at amortised cost	8	**6,226,961**	10,613,901
Financial assets at fair value through profit or loss			
- listed investments	8	**18,446,441**	17,941,492
- unlisted investments	8	**15**	15
Total financial assets		**36,900,133**	38,720,619
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	12	**1,383,468**	1,205,733

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.

17. Financial risk management (Continued)

Liquidity risk (Continued)

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

	Less than 1 year	
	2018	2017
	$	$
Trade and other payables (excluding estimated annual leave)	1,383,468	1,205,733

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.

The Group does not have any material credit risk exposure to any single receivable or group of receivables.

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 2018 (31 December 2017: 10%).This percentage has been determined based on the average market volatility in exchange rates in the previous 12 months.

17. Financial risk management (Continued)

Market risk (Continued)

If the Australian Dollar had strengthened and weakened against the United States Dollar by 10% (31 December 2017: 10%) then this would have had the following impact:

	2018		2017	
	+10%	-10%	+10%	-10%
USD				
Net results	**661**	**(661)**	672	(672)

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. There are no other material exposures to foreign exchange risk.

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 financial assets at fair value through profit or loss on the consolidated balance sheet.

The Group is not exposed to commodity 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:

	2018		2017	
	+5.00%	-5.00%	+5.00%	-5.00%
ASX Index				
Impact on result	**817,441**	**(817,441)**	892,200	(892,200)
International Markets				
Impact on result	**51,256**	**(51,256)**	2,512	(2,512)

17. Financial risk management (Continued)

Other price risk (Continued)

In the prior period 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.

Net income and expense from Financial Assets

	2018	2017
	$	$
Financial assets at amortised cost		
Interest revenue	**418,494**	757,567
Financial assets held at fair value through profit or loss		
Gain/(loss) recognised in profit or loss	**(1,379,316)**	1,502,662
Dividends	**764,226**	607,162
Brokerage fees	**(141,702)**	(142,314)

18. Key Management Personnel Disclosures

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

Salary (including annual leave taken)	**500,063**	608,048
Leave accrued	**74,988**	85,404
	575,051	693,452
Long service leave	**13,540**	247,960
Superannuation	**42,744**	39,578
Termination benefits	**-**	187,472
	631,335	1,168,462

19. Auditor's remuneration

	2018 $	2017 $
Remuneration of the auditor of the Union, Daley & Co Chartered Accountants, for:		
- auditing the financial report	**44,200**	42,580
- taxation services	**1,500**	1,100
- accounting services	**350**	3,770
- secondment of staff for non-assurance services	**24,670**	21,280
	70,720	68,730

20. Interests in Subsidiaries

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2018	Percentage Owned (%)* 2017
Subsidiaries:			
Unite Organising Pty Limited	Australia	**100**	100
NMEAF Pty Limited	Australia	**-**	-
National Assistance Fund	Australia	**-**	-
Unity Law Pty Limited	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.

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 $19,576,964 (2017: $25,643,793) and the restricted capital funds as at balance date are $20,041,066 (2017: $22,059,666).

Notes to the Financial Statements
For the Year Ended 31 December 2018

21. Material Subsidiaries

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

	2018	2017
	$	$
National Assistance Fund		
Summarised Balance Sheet		
Current Assets	**19,491,235**	25,557,391
Non-current assets	**85,729**	86,402
Current Liabilities	**(7,000)**	(3,630,671)
Non-current liabilities	**-**	-
Net Assets	**19,569,964**	22,013,122
Summarised Statement of profit or loss and other comprehensive income		
Revenue	**759,352**	2,299,114
Profit/(Loss)	**(424,610)**	2,170,332
Total comprehensive income	**(424,610)**	2,170,332

22. 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.

2018	Ableshore Joint Venture
Summarised consolidated balance sheet	
Cash and cash equivalents	1,444,723
Other current assets	1,772,021
Non-current assets	86,276,088
Other current liabilities	(4,723,724)
Other non-current liabilities	(12,732,184)
Net assets	72,036,924
Summarised consolidated statement of profit or loss and other comprehensive income	
Revenue	123,132
Interest income	10,487
Depreciation and amortisation	(23,421)
Finance costs	(1,131,947)
Profit / (loss) from continuing operations	(455,263)

On 20 December 2018, this Joint Venture became a party to the United Wambo Joint Venture. At the date of this report, the United Wambo Joint Venture is still requiring the necessary approvals to commence operations. Therefore, the Union has fully impaired its investment in the joint venture.

22. Interests in Joint Ventures (Continued)

Material joint ventures (Continued)

2017	**Ableshore Joint Venture**
Summarised consolidated balance sheet	
Cash and cash equivalents	549,309
Other current assets	1,930,294
Non-current assets	81,750,567
Other current liabilities	(4,831,833)
Non-current financial liabilities (excluding trade and other payables and provisions)	(13,906,151)
Net assets	65,492,186
Summarised consolidated statement of profit or loss and other comprehensive income	
Revenue	108,735
Interest income	5,781
Finance costs	(8,832,491)
Profit / (loss) from continuing operations	(5,432,683)

22. Interests in Joint Ventures (Continued)

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

	2018	2017
	$	$
Ableshore Joint Venture		
Group's share of 5% of net assets	**3,601,846**	3,274,609
Provision for impairment	**(3,601,846)**	(3,274,609)
Carrying amount	**-**	-

23. Fair Value Measurement

The Group measures its financial assets, being 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
31 December 2018	$	$	$	$
Recurring fair value measurements				
Financial assets				
Listed shares	**18,446,441**	**-**	**-**	**18,446,441**
Unlisted shares	**-**	**-**	**15**	**15**

	Level 1	Level 2	Level 3	Total
31 December 2017	$	$	$	$
Recurring fair value measurements				
Financial assets				
Listed shares	17,941,492	-	-	17,941,492
Unlisted shares	-	-	15	15

23. Fair Value Measurement (Continued)

Level 3 measurements

The Committee of Management believe that the fair value of these shares is equal to the cost that was paid for them, as they have no right to variable return for the entities.

24. Contingencies

In the opinion of the Committee of Management, the Union did not have any contingencies as at 31 December 2018 (31 December 2017: None)

25. Related parties

(a) Parent entity

The ultimate parent entity, which exercises control over the Group, is Construction Forestry Maritime 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 18: 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 22: Interests in Joint Ventures.

25. Related parties (Continued)

(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.

The following transactions occurred with related parties and other reporting units

	2018	2017
	$	$
(i) Purchase of goods and services:		
CFMMEU - National Office		
- Affiliation fees	**259,008**	345,345
- Levies	**1,023,750**	195,000
- Conferences and advertising	**51,491**	-
CFMMEU FFPD National Office		
- Donation for Carter Holt Harvey dispute	**-**	60,000
Northern Mining and NSW Energy District		
- Director fees	**91,556**	65,617
- Legal officer costs	**93,005**	-
- Travel costs	**9,953**	-
- Central council wages	**9,791**	-
- ISHR funding	**25,000**	-
Queensland District		
- Legal officer costs	**85,326**	-
- Travel costs	**10,281**	-
- Central council wages	**9,424**	-
- LSL entitlements payment	**136,359**	-
- Office rental expenses	**32,293**	-
South Western District		
- Director fees	**91,556**	65,617
- ISHR funding	**65,000**	-
- LSL entitlement payment	**42,546**	-
- Central council wages	**10,770**	-
- Travel	**3,696**	-

Notes to the Financial Statements
For the Year Ended 31 December 2018

25. Related parties (Continued)

	2018 $	2017 $
Tasmanian District		
- Training	**45**	-
- Recruitment contribution	**-**	113,636
Victorian District		
- Central council wages	**10,770**	6,585
- Travel	**2,027**	-
Western Australia District		
- Travel	**1,275**	-
- Central council wages	**10,097**	-
- LSL entitlement payment	**153,452**	-
Unions NSW		
- Training	**1,045**	-
- Donations	**500**	-
- Conference fees	**-**	760
- Project fees	**-**	26,850
ACTU		
- Conference fees	**-**	2,250
Australian Manufacturing Workers Union		
- Training	**109**	-
Maritime Union of Australia		
- Function costs	**1,132**	-

Notes to the Financial Statements
For the Year Ended 31 December 2018

25. Related parties (Continued)

	2018	2017
	$	$
(ii) Revenue:		
Northern Mining and NSW Energy District		
- Capitation fees	**2,482,024**	2,358,000
- Campaign and special administration fees	**1,082,968**	449,159
Queensland District		
- Capitation fees	**1,876,467**	1,930,592
- Campaign and special administration fees	**742,856**	317,862
South Western District		
- Capitation fees	**996,376**	968,843
- Campaign and special administration fees	**438,326**	186,913
- Legal assistant fees	**91,444**	88,996
Tasmanian District		
- Capitation fees	**33,210**	21,317
- Campaign and special administration fees	**4,740**	-
Victorian District		
- Capitation fees	**170,858**	205,238
- Campaign and special administration fees	**132,960**	15,725
Western Australia District		
- Capitation fees	**259,150**	281,065
- Campaign and special administration fees	**162,568**	143,112
CFMMEU C&G National Office		
- Rental income	**142,563**	152,547
Australian Workers' Union Western Australia Branch		
- Alliance fees	**209,420**	193,410

25. Related parties (Continued)

	2018	2017
	$	$
(iii) Trade and other receivables:		
Northern Mining and NSW Energy District	**253,987**	423,667
Queensland District Office	**901,678**	220,660
South Western District	**192,836**	169,063
Tasmanian District	**22,000**	9,086
Victorian District	**23,670**	27,527
Western Australian District	**60,924**	28,422
CFMMEU C&G National Office	-	1,102
Unions NSW	**664**	1,504
Australian Workers' Union Western Australia Branch	**1,098**	-

Receivables from other reporting units are not considered impaired (2017: Nil).

(iv) Trade and other payables:

	2018	2017
Northern Mining and NSW Energy District	**22,869**	72,179
Queensland District Office	-	161
South Western District	-	72,179
CFMMEU National Office	-	94,970

26. 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:

	2018	2017
	$	$
Result for the year	**(713,394)**	557,184
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	**912,735**	769,161
- net capital fund reserve movement	**(2,018,600)**	(16,641,711)
- net gain/(loss) on disposal of property, plant and equipment	**12,216**	49,585
- unrealised gain/(losses) on fair value through profit and loss financial assets	**1,379,315**	(1,502,662)
Changes in assets and liabilities:		
- decrease in trade and other receivables	**(498,227)**	753,483
- (increase)/decrease in other assets	**(138,258)**	164,548
- (increase)/decrease in prepayments	**(54,119)**	(101,822)
- increase/(decrease) in trade and other payables	**147,585**	520,797
- increase/(decrease) in employee benefits	**51,043**	9,400
Cashflow from operations	**(919,704)**	(15,422,037)

26. Cash flow information (Continued)

(b) Cash flow information - other reporting units

	2018	2017
	$	$
Cash inflows		
Queensland District	**2,475,943**	3,064,299
Northern Mining and NSW Energy District	**4,156,521**	3,315,920
South Western District	**1,649,328**	1,468,091
Victorian District	**352,283**	244,699
Tasmanian District	**55,871**	49,150
Western Australian District	**445,565**	485,934
CFMMEU National Office	**-**	2,131
CFMMEU C&G National Office	**154,680**	48,856
CFMMEU C&G South Australian Branch	**-**	-
CFMMEU C&G New South Wales Branch	**-**	-
AWU Western Australian Branch	**209,420**	193,410
AMWU	**-**	10,382
	9,499,611	8,882,872
Cash outflows		
Queensland District	**(277,141)**	(145,045)
Northern Mining and NSW Energy District	**(297,771)**	(505,668)
South Western District	**(311,124)**	(85,042)
Victorian District	**(12,873)**	(10,376)
Tasmanian District	**-**	(177,334)
Western Australian District	**(164,824)**	(19,491)
CFMMEU National Office	**-**	(658,806)
CFMMEU C&G National Office	**-**	(5,401)
ACTU	**-**	(2,550)
AMWU	**-**	(120)
Maritime Union of Australia	**(1,245)**	(42)
CFMMEU FFPD National Office	**-**	(60,000)
Unions NSW	**(1,700)**	(30,255)
	(1,066,678)	(1,700,130)

26. Cash flow information (Continued)

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

In the prior year, the parent entity was entitled to receive a trust distribution of $2,170,332 (2018: $Nil) from a subsidiary, the National Assistance Fund, which has been eliminated on consolidation for the purposes of this financial report.

27. 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.

28. Parent entity

The following information has been extracted from the books and records of the parent, Construction Forestry Maritime 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 Maritime 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.

Notes to the Financial Statements
For the Year Ended 31 December 2018

28. Parent entity (Continued)

	2018	2017
	$	$
Balance Sheet		
Assets		
Current assets	**14,460,683**	13,975,472
Non-current assets	**27,575,486**	28,150,714
Total Assets	**42,036,169**	42,126,186
Liabilities		
Current liabilities	**4,076,846**	3,878,218
Total Liabilities	**4,076,846**	3,878,218
Equity		
Retained earnings	**37,959,323**	38,247,968
Total Equity	**37,959,323**	38,247,968
Consolidated Statement of Profit or Loss and Other Comprehensive Income		
Total profit or loss for the year	**(288,645)**	545,076
Total comprehensive income	**(288,645)**	545,076

29. 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 Union has agreed to provide financial support as necessary to the Construction, Forestry, Maritime, Mining and Energy Union (CFMMEU) National Office. The support will be in proportion to the Divisions membership of the CFMMEU in accordance with the National Rule 23(i).

3. In the prior year the CFMMEU Mining & Energy Tasmanian Branch was provided with a Recruitment Contribution of $113,636 (2018: $Nil) for which that Branch believes is required for it to remain financially viable, however, other than disclosed above, 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

4. The Union has not acquired an asset or liability as a result of amalgamation, restructure or alternative reporting unit determination or revocation.

5. The financial affairs of the Union are not administered by a third party.

30. 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 Maritime Mining and Energy Union Mining and Energy Division

Report required under subsection 255(2A)

For the Year Ended 31 December 2018

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

Categories of expenditure	2018 $	2017 $
Remuneration and other employment-related costs and expenses - employees	**4,937,626**	5,479,301
Advertising	**161,865**	176,660
Operating costs	**4,128,735**	2,963,592
Donations to political parties	**26,123**	-
Legal costs	**650,003**	1,338,859

....

Grahame Kelly
General Secretary

Dated: 13 March 2019

Construction Forestry Maritime Mining and Energy Union Mining and Energy Division

Officer Declaration Statement

I, Grahame Kelly, being the General Secretary of the Construction Forestry Maritime Mining and Energy Union Mining and Energy Division (the Union and its subsidiaries), declare that the following activities did not occur during the reporting period ending 31 December 2018.

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern
- ~~agree to provide financial support to another reporting unit to ensure they continue as a going concern~~
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- receive periodic or membership subscriptions
- ~~receive capitation fees from another reporting unit~~
- ~~receive any other revenue from another reporting unit~~
- receive revenue via compulsory levies
- receive donations or grants
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay capitation fees to another reporting unit
- ~~pay any other expense to another reporting unit~~
- ~~pay affiliation fees to other entity~~
- ~~pay compulsory levies~~
- pay a grant that was $1,000 or less
- pay a grant that exceeded $1,000
- ~~pay a donation that was $1,000 or less~~
- ~~pay a donation that exceeded $1,000~~
- ~~pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit~~
- ~~incur expenses due to holding a meeting as required under the rules of the organisation~~
- ~~pay legal costs relating to litigation~~
- ~~pay legal costs relating to other legal matters~~
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- ~~have a receivable with another reporting unit(s)~~
- ~~have a payable with other reporting unit(s)~~
- have a payable to an employer as consideration for that employer making payroll deductions of membership subscriptions
- ~~have a payable in respect of legal costs relating to litigation~~
- ~~have a payable in respect of legal costs relating to other legal matters~~

Construction Forestry Maritime Mining and Energy Union Mining and Energy Division

Officer Declaration Statement

- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- ~~have a balance within the general fund~~
- ~~provide cash flows to another reporting unit and/or controlled entity~~
- ~~receive cash flows from another reporting units and/or controlled entity~~
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

....
Grahame Kelly
General Secretary

Dated: 13 March 2019

Independent Audit Report to the Members of Construction Forestry Maritime 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 Maritime Mining and Energy Union Mining and Energy Division (the Union and its subsidiaries (the Group or Reporting Unit)), which comprises the consolidated balance sheet as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2018, notes to the financial statements, including a summary of significant accounting policies, and the Committee of Management Statement, the subsection 255(2A) report and the Officer Declaration Statement.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Group as at 31 December 2018 and their financial performance and their cashflows for the year then ended on that date in accordance with:

(a) the Australian Accounting Standards; and

(b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations)* Act 2009 (the RO Act).

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

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

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

The Committee of Management of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee of Management are responsible for assessing the 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 objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

I declare that I am an auditor registered under the RO Act.

Daley & Co
Chartered Accountants

Stephen Milgate
Partner

Wollongong
13 March 2019

Registration number (as registered by the RO Commissioner under the RO Act): AA 2017/127

Liability limited by a Scheme approved under Professional Standards Legislation.

Australian Government
Registered Organisations Commission

21 January 2019

Mr Grahame Patrick Kelly
General Secretary (M&E Division)
Construction, Forestry, Maritime, Mining and Energy Union-Mining and Energy Division
By Email: gkelly@cfmeu.com.au

Dear Mr Kelly,

Re: Lodgement of Financial Report - [FR2018/302]
***Fair Work (Registered Organisations) Act 2009* (the RO Act)**

The financial year of the Construction, Forestry, Maritime, Mining and Energy Union-Mining and Energy Division (the reporting unit) ended on 31 December 2018. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

Loans Grants and Donations Statement

The reporting unit is required to lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding $1,000 for the reporting unit during its financial year. Section 237 of the RO Act requires this statement to be lodged with the Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, namely on or before 31 March 2019.

The attached fact sheet *Loans Grants and Donations* (FS 009) summarises the requirements of the Loans Grants and Donations Statement. A sample statement of loans, grants or donations is available on our website.

It should be noted that s.237 is a civil penalty provision. If a loan, grant or donation over $1000 has been made, failure to lodge a statement of loans, grants and donations (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty. Currently penalties are up to $105,000 for each contravention for a body corporate and up to $21,000 for each contravention for an individual and may be imposed upon your organisation and/or an officer whose conduct led to the contravention.

Financial report

The RO Act sets out a particular chronological order in which your financial report must be prepared, audited, provided to members, presented to a meeting and then lodged with the ROC. The attached document *Summary of Financial Reporting timelines* (FS 008) summarises these requirements.

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on its rules) no later than 30 June 2019 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

When assessing your financial report, we will continue to focus closely on timelines as well as how loans, grants and donations are reported (see attached *Loans Grants and Donations* fact sheet FS 009). The financial report must break down the amounts of grants and donations and these figures will be compared to the loans, grants and donations statement.

You can visit our website for more information regarding financial reporting, and fact sheets regarding financial reporting processes and requirements. A model set of financial statements developed by the ROC is also available on our website. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards.

It should be noted that s.268 of the RO Act is a civil penalty provision. Failure to lodge the full financial report (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty, as set out above, being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

Subsection 255(2A) report

A general purpose financial report prepared under section 253 of the RO Act must also include the expenditure report required to be prepared under subsection 255(2A) as prescribed by reporting guideline 22. A copy of the latest reporting guidelines for the purpose of section 253 is available on our website.

It should be noted that the subsection 255(2A) report must be identified by title in the auditor's report in accordance with paragraph 24(c) of Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report*.

A fact sheet is available on our website which provides guidance on the reporting requirements under subsection 255(2A) of the RO Act.

REMINDER

YOUR AUDITOR MUST BE REGISTERED (s.256)

You must ensure that your auditor is registered by the Registered Organisations Commissioner. A list of registered auditors is available on our website.

Contact

Should you require any clarification in relation to the above, please email regorgs@roc.gov.au.

Yours faithfully,

Kylie Ngo
Registered Organisations Commission

Australian Government
Registered Organisations Commission

FS 008
(19 July 2018)

Fact sheet

Summary of financial reporting timelines – s.253 financial reports

General Information:

- The ***full report*** consists of the General Purpose Financial Report, Committee of Management Statement, Operating report, s.255(2A) Report and signed Auditors' Report
- For an explanation of each of the steps below see our Fact sheet—financial reporting process.

STEP 1:
Reporting unit must prepare the General Purpose Financial Report, Committee of Management Statement, s.255(2A) Report and Operating Report **as soon as practicable after the end of the financial year:**

STEP 2:
Committee of Management statement – resolution to be passed by the Committee of Management in relation to the General Purpose Financial Report **(1st meeting)**

STEP 3:
Registered Auditor to prepare and sign the Auditor's Report and provide to the Reporting unit **within a reasonable timeframe**

IF **RULES** PROVIDE FOR PRESENTATION OF FULL REPORT AT **GENERAL MEETING OF MEMBERS**
(this is the default process in the RO Act)

STEP 4:
Provide ***full report*** to members **at least 21 days before the General Meeting**

STEP 5:
Present ***full report*** to a General Meeting of Members **within 6 months of the reporting unit's end of financial year (2nd meeting)**

STEP 6:
Prepare and sign the designated officer's certificate then lodge ***full report*** and the designated officer's certificate with the ROC **within 14 days of the 2nd meeting**

IF **RULES** PROVIDE FOR PRESENTATION OF FULL REPORT **AT COMMITTEE OF MANAGEMENT MEETING**
(Special rules must be in the rulebook to use this process)

STEP 4:
Provide ***full report*** to members **within 5 months of the reporting unit's end of financial year**

STEP 5:
Present ***full report*** to Committee of Management Meeting **within 6 months of the reporting unit's end of financial year (2nd meeting)**

STEP 6:
Prepare and sign the designated officer's certificate then lodge ***full report*** and the designated officer's certificate with the ROC **within 14 days of the 2nd meeting**

Misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Financial Reporting Process. They include:

Misconception	Requirement
✘ The Committee of Management statement is just copied from the Reporting Guidelines	✔ The Committee of Management statement must have the date of the Committee of Management resolution recorded upon it and it must be signed and dated BEFORE the auditor signs their report Further, if any of the statements within it need to be modified to suit the reporting unit (for instance not holding meetings) these changes must also be made
✘ The Auditor's Report does not need to be signed until just before it is lodged with the ROC	✔ The Auditor's Report must be signed and dated BEFORE the full report (including the Auditor's Report) is sent to members and presented to the second meeting
✘ The Designated Officer's Certificate must be signed before the report is sent to members	✔ The Designated Officer's Certificate declares what the reporting unit HAS ALREADY DONE to provide the report to members and present it to the meeting. It must be signed and dated AFTER sending the report to members and the second meeting
✘ Documents can be dated when they should have been signed or when the events in the document occurred	✔ Documents must always be dated at the date they are actually signed by an officer or auditor
✘ Any auditor can audit a financial report	✔ Only registered auditors can audit the financial report
✘ The Committee of Management statement can be signed at any time	✔ The resolution passing the Committee of Management Statement must occur and the statement signed and dated BEFORE the auditor's report is signed and dated
✘ Any reporting unit can present the Full Report to a second COM meeting	✔ Only reporting units with a 5% rule in their rulebook are able to present their report to a second Committee of Management Meeting. Otherwise, it must be presented to a General Meeting of members
✘ Everything can be done at one Committee of Management meeting	✔ If the rules allow for presenting the report to the Committee of Management, there must still be <u>two meetings</u>. The first meeting resolves the Committee of Management statement (including signing and dating it). Between the two meetings the Auditor's report is signed and dated. Only then can the full report be presented to the second Committee of Management meeting (if the rules allow)
✘ The reporting unit has 6 months and 14 days to lodge their financial report with the ROC	✔ The reporting unit must lodge the financial report within 14 days of the second meeting

Australian Government
Registered Organisations Commission

FS 009
(14 December 2018)

Fact sheet

Loans, Grants & Donations

The Loans, Grants & Donations Requirements

The Fair Work (Registered Organisations) Act 2009 (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within 90 days of the ending of the financial year.

Under the Commissioner's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.

The Loans, Grants & Donations Statement

Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceeds $1000. The following information must be supplied to the Registered Organisations Commission (the ROC) for each relevant loan, grant or donation:

- the amount,
- the purpose,
- the security (if it is a loan),
- the name and address of the person to whom it was made,* and
- the arrangements for repaying the loan.*

*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.

The statement must be lodged within 90 days of the end of the financial year and the ROC has a Template Loans, Grants and Donations Statement on its website. The ROC encourages branches and organisations to lodge the statement even if all of the figures are NIL.

Common misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Statement. They include:

Misconception		Requirement	
✗	Only reporting units must lodge the Statement.	✓	All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.
✗	Employees can sign the Statement.	✓	The statement must be signed by an elected officer of the relevant branch.
✗	Statements can be lodged with the financial report.	✓	The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.

Grants & Donations within the Financial Report

Item 14(e) of the Commissioner's Reporting Guidelines requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were $1000 or less and those that exceeded $1000.

As such, the note in the financial report relating to grants and donations will have four lines.

In the ROC's Model Statements the note appears as follows:

Note 4E: Grants or donations*

Grants:	**2017**	2016
Total expensed that were $1,000 or less	**-**	-
Total expensed that exceeded $1,000	**-**	-
Donations:		
Total expensed that were $1,000 or less	**-**	-
Total expensed that exceeded $1,000	**-**	-
Total grants or donations	**-**	-

The Commissioner's Reporting Guidelines requires that these line items appear in the financial statements, the notes or in the officer's declaration statement, even if the figures are NIL.

Implications for filing the Financial Report

During their review of the financial report staff of the ROC may confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.

If a reporting unit did not fully comply with these requirements in their last financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

> It is strongly recommended that all reporting units review their filing letters from the previous financial year to ensure any targeted concerns are addressed in their latest financial report. Failure to address these individual concerns may mean that a financial report cannot be filed.

Previous financial reports and filing letters are available from the website.

Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the ROC on regorgs@roc.gov.au