



Australian Government
Australian Industrial Registry

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

Ref: FR2006/509-[105N-QDST]

Mr Gregory Betts
District Secretary
CFMEU Mining & Energy Division Queensland
District Branch
PO Box 508
SPRING HILL QLD 4004

Dear Mr Betts

Financial Return - year ending 30 June, 2006

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

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

Information on AIRC Website

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

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

Reporting Unit

Under the provisions of the Registration and Accountability of Organisations Schedule (RAO), Schedule 1 of the *Workplace Relations Act 1996*, reporting entities are known as "*reporting units*". Where an organisation is **not** divided into branches the reporting unit is the whole of the organisation. Where an organisation **is** divided into branches each branch will be a reporting unit unless the Industrial Registrar has determined a division of the organisation into reporting units on an alternative basis. We can discuss this with you if you need more information.

For simplicity, we will use the term "reporting unit" in this letter.

Industrial Registrar's Guidelines

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

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

Timeline Planner and Checklist

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

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

Three Reports

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

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

(a) Financial Statements containing:

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

(b) Notes to the Financial Statements containing:

- notes required by the Australian Accounting Standards; and
- information required by the Industrial Registrar's *Reporting Guidelines* under section 255 including disclosures related to any recovery of wages activity ; and

(c) Committee of Management Statement as required by the Registrar's Reporting Guidelines (a sample certificate for illustrative purposes is at Attachment C) including declarations related to the recovery of wages activity.

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

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

3. an Auditor's Report.

First Meeting (Committee of Management)

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

The Auditor

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

Informing Your Members

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

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

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

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

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

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

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

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

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

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

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

Lodge full report within 14 days of meeting

You must lodge a copy of the full report and any concise report in the Industrial Registry within 14 days of the second meeting. For your convenience you are encouraged to lodge the material electronically (see eFiling Tab at www.airc.gov.au).

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

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

Complying with time limits

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

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

Extensions of Time

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


Contact the Registry

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

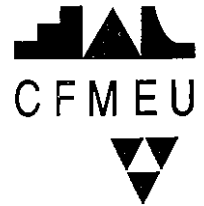
Yours sincerely



For Deputy Industrial Registrar...
1 August, 2006



**Construction, Forestry, Mining
& Energy Union**
Mining & Energy Division
Queensland District Branch



Phone: (07) 3839 8588
Fax: (07) 3839 8404

Level 2
61 Bowen Street,
SPRING HILL 4000

P.O. Box 508
SPRING HILL
QLD 4004

19th December 2006

The Registrar
Australian Industrial Registry
Level 8, Terrace Towers
80 William Street
East Sydney, NSW 2011

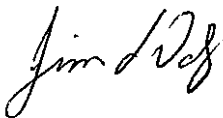
Dear Sirs,

CFMEU (Mining & Energy) Qld Branch
Financial Year Ended 30.06.2006
Ref: FR2006/509-(105N-QDST)

We enclose the following for the Financial Year Ended 30.06.2006:

- (1) Audited Financial Report - Full Report as presented at the First and Second Meetings
- (2) Statement of the Union's Loans, Grants and Donations:

Yours Faithfully



James Valery
Secretary



Construction, Forestry, Mining & Energy Union
Mining & Energy Division
Queensland District Branch
ABN 73 089 711 903

Financial Report for the Financial Year Ended
30 June 2006

**Construction, Forestry, Mining & Energy Union
Mining & Energy Division
Queensland District Branch**

ABN 73 089 711 903

30th June 2006

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**Construction, Forestry, Mining & Energy Union
Mining & Energy Division
Queensland District Branch**

**ABN 73 089 711 903
Committee of Management Statement
Workplace Relations Act 1996**

On 5th December 2006, the Committee of Management of the Construction, Forestry, Mining & Energy Union, Mining & Energy Division, Queensland District Branch passed the following resolution in relation to the general purpose financial report (GPRF) of the reporting unit for the financial year ended 30 June 2006.

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

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the organisation will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPRF 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; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of the branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations; and
 - (iv) the Committee of Management is unable to express an opinion on whether its financial records "have been kept, as far as practical, in a consistent manner to each of the other reporting units of the organization" The Committee of Management is not aware of the current internal accounting systems and procedures in place of other states reporting units of the organization; and


**Construction, Forestry, Mining & Energy Union
Mining & Energy Division
Queensland District Branch**

ABN 73 089 711 903

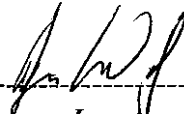
**Committee of Management Statement
Workplace Relations Act 1996**

- (v) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the Workplace Relations Act 1996 has been furnished to the member or Registrar; and
 - (vi) there has been compliance with any order for inspection of financial records made by the Commission under section 273 of the Workplace Relations Act 1996.
- (f) In relation to recovery of wages activity:
- (i) The financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the Industrial Registrar; and
 - (ii) The committee of management caused the auditor to include in the scope of the audit required under subsection 257(1) of the RAO Schedule all recovery of wages activity by the reporting unit in which revenues had been derived for the financial year in respect of such activity; and
 - (iii) No fees or reimbursement of expenses in relation to recovery of wages activity or donations or other contributions were deducted from moneys recovered from employers on behalf of workers other than reported in the financial report on recovery of wages activity and the notes to the financial statements; and
 - (iv) That prior to engaging in any recovery of wages activity, the organization has disclosed to members by way of a written policy all fees to be charged or reimbursement of expenses required for recovery of wages activity, and any likely request for donations or other contributions in acting for a worker in recovery of wages activity; and
 - (v) No fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from moneys recovered from employers on behalf of workers until distributions of recovered money were made to the workers

For Committee of Management:



Gregory James Betts
(President)



James Lawrence Valery
(Secretary)


Dated at Brisbane this 5th Day of December, 2006.

**Construction, Forestry, Mining & Energy Union
Mining & Energy Division
Queensland District Branch**

**ABN 73 089 711 903
Certificate of Secretary
s268 of Schedule 1B Workplace Relations Act 1996**

I, James Lawrence Valery being the Secretary of the Construction, Forestry, Mining & Energy Union, Mining & Energy Division, Queensland District Branch certify:

- that the documents lodged herewith are copies of the full report, referred to in s268 of the RAO Schedule: and
- that the full report was provided to the Board of Management Members on 2nd November 2006 (First Meeting)
- that the full report was further presented at the annual general meeting on 5th December 2006; in accordance with section 266 of the RAO Schedule; (Second Meeting)
- The full report will be presented to the Queensland membership by way of a series of meetings in accordance with the Union's Rules. The last of these meetings will be in the last week of February 2007.



James Lawrence Valery
(Secretary)

Dated at Brisbane this 5th Day of December, 2006.

**Construction, Forestry, Mining & Energy Union
Mining & Energy Division
Queensland District Branch**

**ABN 73 089 711 903
Operating Report
Workplace Relations Act 1996**

Principal Activities

The principal activities of the organisation were:

- To improve the conditions and to protect the interest of the members of the District Branch.
- To uphold the rules of the District Branch and to regulate the conditions under which members may be employed.
- To obtain legislative enactments for the more efficient management of monies, whereby the lives and health of miners may be preserved and, if necessary, to take steps to obtain compensation for accidents where employers are liable.
- To secure and maintain an effective general agreement between the members of the Union and their employers embodying rates, wages and conditions, to be settled by mutual agreement or by arbitration.

The profit from ordinary activities of the organisation was \$1,480,751 (2004: \$2,306,544). There have been no significant changes to the activities or the financial affairs of the organisation.

Member's rights

Members of the organisation have the right to resign from the organisation under section 174 of the Workplace Relations Act 1996.

Other Information:


- The Number of members of the branch was 7,160.
- The number of employees of the branch including full and part-time members was 225 (as reported on the PAYG Payment Summary).
- Superannuation Trustee – Gregory James Betts

Committee of Management-Names:

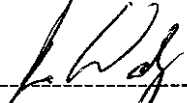
- John Gage
- Barry Spillman
- Bernard Moschioni
- Shane Bruner
- Martin Crane
- Steve Davison
- Peter Macpherson
- Glen Power
- Andrew Curtis
- Frank Baker

Period Covered:

- Full Year Committee Member
- Full Year Committee Member
- Full Year Committee Member
- Full Year Committee Member
- Full Year Committee Member
- Full Year Committee Member
- Full Year Committee Member
- Full Year Committee Member
- Elected March 2006
- Full Year Committee Member



Gregory James Betts
(President)



James Lawrence Valery
(Secretary)

Dated at Brisbane this 5th Day of December, 2006.

**Construction, Forestry, Mining & Energy Union
Mining & Energy Division
Queensland District Branch**

**ABN 73 089 711 903
Income Statement
for the Year Ended 30 June 2006**

	<u>Notes</u>	2006 \$	2005 \$
<i>Revenue from Ordinary Activities</i>			
Membership Dues		8,659,975	7,746,665
<i>Expenses Recouped</i>			
Union Check Inspectors		24,000	24,000
Sales - Union Merchandise		11,196	13,024
Interest Received		621,557	625,696
Revenue - Sale of Plant and Equipment	5	27,456	118,091
Investment Income		14,551	49,689
Directors Fees		44,859	8,530
Profit on sale of Investments		-	1,300,000
Levies Received – Legal and Assistance		695,585	603,658
Interest Received – Legal and Assistance		54,243	32,535
		-----	-----
<i>Total Revenue</i>		\$10,153,422	\$10,521,888
		-----	-----

Notes to the financial statements are included on pages 15 - 34

**Construction, Forestry, Mining & Energy Union
Mining & Energy Division
Queensland District Branch**

**ABN 73 089 711 903
Income Statement
for the Year Ended 30 June 2006**

	<u>Notes</u>	2006 \$	2005 \$
<i>Expenses from Ordinary Activities</i>			
Advertising		18,834	29,366
Affiliation Fees			
Australian Labour Party		30,404	27,608
Others		30,964	26,715
Banner/Signage Costs		2,638	2,605
Bank Charges		8,941	9,133
Cleaning and Pest Control		38,606	37,923
Computer Maintenance		59,960	42,672
Credit Card Charges		2,333	2,390
Depreciation	1b, 5	212,248	145,088
Donations		407,865	383,096
Doubtful Debts-No Longer Needed		(23,000)	23,000
Dues			
Federal Body		2,318,850	1,945,507
Election Costs		-	29,156
Electricity & Power		29,025	34,190
Executive Honoraria		11,825	44,955
Functions & Hospitality			
District Office		16,101	11,326
Lodges		249,695	198,955
Fringe Benefits Tax		54,738	64,796
Insurance			
Property, Plant and Equipment		32,045	23,803
Workers Compensation		6,152	5,882
Leasing Costs - Operating	1h	56,304	48,566
Loans Written Off		-	3,063
Expense - Sale of Plant and Equipment		75,256	241,567
Lodge Closure Expenditure		53,975	-
May / Picnic Day		135,332	80,003
Meeting & Conference Expenses			
District Office		4,031	11,386
Wages - Officers (Lodges)		273,448	335,813
Wages - BOM (Board of Management)		18,910	50,591
Wages - Other		27,972	5,506
Travel Allowances - Officers		194,263	195,959
Travel Allowances - Board of Management		9,062	17,574

Notes to the financial statements are included on pages 15 - 34

**Construction, Forestry, Mining & Energy Union
Mining & Energy Division
Queensland District Branch**

**ABN 73 089 711 903
Income Statement
for the Year Ended 30 June 2006**

	<u>Notes</u>	2006 \$	2005 \$
<i>Expenses from Ordinary Activities (Cont'd)</i>			
<i>Meeting & Conference Expenses- cont'd</i>			
Travel Allowances - Other		10,620	5,921
Travel Costs - Officers		309,637	293,367
Travel Costs - Board of Management		12,325	15,557
Travel Costs - Other		583	5,965
Seminars & Training Courses		145,675	91,261
Hire of Venue		5,741	3,417
Motor Vehicle Expenses		67,403	57,581
Office Requirements		38,909	35,073
Parking Costs		4,928	5,106
Payroll Tax		95,961	97,833
Picket Line Costs		23,173	20,503
Postage, Printing & Stationery		96,200	79,738
<i>Professional Costs</i>			
Auditors Remuneration	4b	45,258	38,005
Legal Expenses	4b	9,601	81,580
<i>Provision Movements - Employee Entitlements</i>			
Annual Leave	10a	(53,556)	55,262
Sick Leave	10a	4,760	(7,845)
Long Service Leave	10a	24,063	(10,592)
Annual & Sick Leave transfer to Federal Body		39,438	-
<i>Purchases</i>			
Union Merchandise and Books		195,545	213,030
Acts, Awards, etc		795	2,905
Rates & Land Tax		33,025	26,389
<i>Rental Costs</i>			
Head Office - Depreciation recoupment		60,302	55,677
Regional Offices		29,054	26,329
Recruitment of Staff Costs		1,401	8,659
Repairs & Maintenance		86,084	15,787
Retirement Gifts & Parties		58,832	40,001
<i>Salaries & Wages (District Office)</i>			
Officers		1,122,938	1,111,073
Prior Year Adjustments		80,014	-
Office Staff		540,504	496,355
Security Costs		3,528	5,309
Staff Amenities		6,508	6,560
Subscriptions & Periodicals		31,352	30,763

Notes to the financial statements are included on pages 15 - 34

**Construction, Forestry, Mining & Energy Union
Mining & Energy Division
Queensland District Branch**

**ABN 73 089 711 903
Income Statement
for the Year Ended 30 June 2006**

	2006	2005
<i>Notes</i>	\$	\$
<i>Expenses from Ordinary Activities (Cont'd)</i>		
<i>Superannuation Cont - Statutory</i>		
Officers	86,233	88,845
Staff	76,022	68,285
<i>Superannuation Cont - Non Statutory</i>		
Officers	35,338	40,392
Staff	38,787	42,550
Telephone & Facsimile	296,407	264,675
Wreaths & Tributes	10,135	5,183
Legal and Assistance Fund Expenses	642,371	720,651
<i>Total Expenses</i>	<u><u>\$8,672,671</u></u>	<u><u>\$8,215,344</u></u>
<i>Profit from Ordinary Activities</i>	<u><u>\$1,480,751</u></u>	<u><u>\$2,306,544</u></u>

Notes to the financial statements are included on pages 15 - 34

**Construction, Forestry, Mining & Energy Union
Mining & Energy Division
Queensland District Branch**

**ABN 73 089 711 903
Income Statement
for the Year Ended 30 June 2006**

	2006	2005
<u>Notes</u>	\$	\$
<i>Profit from Ordinary Activities</i>	1,480,751	2,306,544
 <i>Other Transfers & Appropriations</i>		
Accumulated General Funds		
Beginning of Year	8,975,655	6,584,653
Transfer of Reserves from / (to):		
Legal and Assistance Reserve	7 (107,457)	84,458
	-----	-----
<i>Accumulated General Fund</i>		
<i>- End of Year</i>	\$10,348,949	\$8,975,655
	=====	=====

Notes to the financial statements are included on pages 15 - 34

**Construction, Forestry, Mining & Energy Union
Mining & Energy Division
Queensland District Branch**

ABN 73 089 711 903

**Balance Sheet
as at 30 June 2006**

	<u>Notes</u>	2006 \$	2005 \$
<i>Current Assets</i>			
Cash on Hand		1,080	576
Cash at Bank		12,442,425	10,695,718
Receivables	6	643,428	822,067
Investments	8	151,494	-
<i>Total Current Assets</i>		<u>13,238,427</u>	<u>11,518,361</u>
<i>Non-Current Assets</i>			
Investments	8	70,002	170,002
Receivables	6	57,986	138,000
Property, Plant & Equipment	5	736,993	780,792
<i>Total Non-Current Assets</i>		<u>864,981</u>	<u>1,088,794</u>
<i>Total Assets</i>		<u>\$14,103,408</u>	<u>\$12,607,155</u>
<i>Current Liabilities</i>			
Accounts Payable	9	2,193,790	2,153,555
Provision for employee entitlements	10	564,772	589,505
<i>Total Liabilities</i>		<u>\$2,758,562</u>	<u>\$2,743,060</u>
<i>Net Assets</i>		<u>\$11,344,846</u>	<u>\$9,864,095</u>

Notes to the financial statements are included on pages 15 - 34

**Construction, Forestry, Mining & Energy Union
Mining & Energy Division
Queensland District Branch**

**ABN 73 089 711 903
Balance Sheet
as at 30 June 2006**

	<u>Notes</u>	2006 \$	2005 \$
<i>Members' Funds</i>			
Accumulated General Fund		10,348,949	8,975,655
Reserves	7	995,897	888,440
		-----	-----
<i>Total Members' Funds</i>		\$11,344,846	\$9,864,095
		=====	=====

Notes to the financial statements are included on pages 15 - 34

Construction, Forestry, Mining & Energy Union
Mining & Energy Division
Queensland District Branch
ABN 73 089 711 903
Cash Flow Statement
for the Year Ended 30 June 2006

	<u>Note</u>	2006 \$	2005 \$
<i>Cash Flow from Operating Activities:</i>			
Receipts for Membership Dues		9,444,992	8,313,004
Payments to Creditors and Employees		(8,243,922)	(8,323,596)
Interest Received		716,184	389,431
Expenses Recouped		24,000	24,000
Sale of CFMEU Merchandise and Books		11,196	13,024
Other Income		86,866	758,262
Dividends Received		-	1,039,225
		-----	-----
Net cash provided by / (used in) operating activities	19(b)	<u><u>\$2,039,316</u></u>	<u><u>\$2,213,350</u></u>
<i>Cash Flow from Investing Activities:</i>			
Proceeds from Sale of Property, Plant and Equipment		27,456	118,091
Payments for Property, Plant and Equipment		(290,996)	(819,721)
Sale of Investments		100,000	1,300,000
Purchase of Investments		(151,494)	-
		-----	-----
Net cash provided by / (used in) investing activities		<u><u>\$(315,034)</u></u>	<u><u>\$598,370</u></u>
<i>Cash Flow from Financing Activities:</i>			
Loan to members		(26,489)	(20,590)
Repayment by members		26,417	11,348
		-----	-----
Net cash provided by / (used in) financing activities		<u><u>(\$72)</u></u>	<u><u>(\$9,242)</u></u>
		-----	-----
Net (Decrease) / Increase in Cash Held		1,747,211	2,802,478
Cash at Beginning of Year		10,696,294	7,893,816
		-----	-----
<i>Cash at End of Year</i>	19(a)	<u><u>\$12,443,505</u></u>	<u><u>\$10,696,294</u></u>

Notes to the financial statements are included on pages 15 - 34

**Construction, Forestry, Mining & Energy Union
Mining & Energy Division
Queensland District Branch**

ABN 73 089 711 903

Notes to the Financial Statements for the Year Ended 30 June 2006

1. *Summary of Significant Accounting Policies*

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, Workplace Relations Act and Regulations and other requirements of law.

(b) Compliance with IFRSs

Australian Accounting Standards include AIFRSs. Compliance with AIFRS ensures that the consolidated financial statements and notes comply with International Financial Reporting Standards (IFRSs).

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards

These financial statements are the first financial statements of Construction, Forestry, Mining & Energy Union Mining & Energy Division Queensland District Branch to be prepared in accordance with AIFRSs. AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing these financial statements.

Financial statements until 30 June 2005 has been prepared in accordance with previous Australian Generally Accepted Principles (AGAAP). AGAAP differs in certain respects from AIFRS.

Reconciliation and descriptions of the effect of transition from previous AGAAP to AIFRSs on the Union's equity and its net income are given in Note 20.

(c) Principles of Preparation of the Financial Statements

These Financial Statements have been prepared by combining the financial information and results of the District Office and all Queensland Lodges.

In preparing these Financial Statements, all transactions and balances between these parties are eliminated.

The financial report has been prepared on an accruals basis and is based on historical costs and except where stated, does not take into account changing money values or current valuation of non-current assets. Cost is based on the fair values of the consideration in exchange for assets.

**Construction, Forestry, Mining & Energy Union
Mining & Energy Division
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ABN 73 089 711 903

Notes to the Financial Statements for the Year Ended 30 June 2006

(d) Property, plant and equipment

Land and Buildings (except for investment properties) are shown at fair value, based on valuations by external independent valuers on a four yearly basis as per Union Policy, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the costs of the item can be measured reliably.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Buildings	25 – 40 years
- Machinery	10 – 15 years
- Vehicles	3 – 5 years
- Furniture, fittings and equipment	3 – 8 years
- Leasehold improvements	10 years

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement. When revalued assets are sold, it is Union policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

**Construction, Forestry, Mining & Energy Union
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Notes to the Financial Statements for the Year Ended 30 June 2006

1. Summary of Accounting Policies (cont'd)

(e) Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 120 days from the date of recognition.

Collectibility of trade receivables is reviewed on an on going basis. Debts, which are known to be uncollectible, are written off. A provision for doubtful receivables is established when there is objective evidence that the Union will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

(f) Investments

Non-current investments are measured on the cost basis. The carrying amount of investments is reviewed annually by the executive to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for shares in listed companies or the underlying net assets for other non-listed corporations. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

Dividends and Interest is taken to income on an accrual basis. Investments in associates have been accounted for under the equity method in the Financial Statements.

(g) Trade and other payable

These amounts represent liabilities for goods and services provided to the union prior to the end of financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(h) Income Tax

No liability exists for Income Tax as the organisation, as a Trade Union, is exempt from Income Tax under Section 50-15 of the Income Tax Assessment Act 1997. It is, however, liable for Fringe Benefits Tax under the Fringe Benefits Tax Assessment Act 1986.

(i) Leased Assets

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Payments made under operating lease (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

**Construction, Forestry, Mining & Energy Union
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ABN 73 089 711 903

Notes to the Financial Statements for the Year Ended 30 June 2006

1. Summary of Accounting Policies (cont'd)

(j) Acquisition of Assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition.

(k) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts (if any) are shown within borrowings in current liabilities on the balance sheet

(l) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using projected unit credit method. 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 reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**Construction, Forestry, Mining & Energy Union
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Notes to the Financial Statements for the Year Ended 30 June 2006

1. Summary of Accounting Policies (cont'd)

(m) Revenue

Membership revenue is recognised on an accrual basis. The amount recognised as a receivable represents cash received until 30 September 2006 that relates to the 2006 financial year.

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Union reduces the carrying amount to its receivable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Dividends are recognised as revenue when the right to receive payment is established.

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received.

(n) Revaluation of non current assets

Subsequent of initial recognition as assets, land and buildings, including those classified as investment properties, are measured at fair value being the amounts for which the assets could be exchanged between knowledgeable willing parties in an arms length transactions. Revaluations are made with sufficient regularity to ensure that the carrying amount of each piece of land and each building doesn't differ materially from its fair value at the reporting date. Annual assessment is done by the Committee of Management, supplemented by independent assessment at least every four years.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in net profit or loss, the increment is recognised immediately as revenue in net profit or loss.

Revaluation decrements are recognised immediately as an expense in net profit or loss, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited to asset revaluation reserve.

Revaluation increments and decrements are offset against one another within a class of non current assets, but not otherwise.

**Construction, Forestry, Mining & Energy Union
Mining & Energy Division
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Notes to the Financial Statements for the Year Ended 30 June 2006

1. Summary of Accounting Policies (cont'd)

(o) Financial instrument transaction costs

The union has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 from 1 July 2005. The union has applied previous Australian GAAP (AGAAP) in the comparative information on financial instruments within the scope of AASB 132 and AASB 139. Under previous AGAAP transaction costs were excluded from the amounts disclosed in the financial statements. Under AIFRS such costs are included in the carrying amounts, except for financial assets or liabilities that are measured at fair value through profit or loss. At the date of transition to AASB 132 and AASB 139 the adjustment to carrying amounts for the Union was immaterial.

(p) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the costs of acquisition of the asset or as part of the expenses.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

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Notes to the Financial Statements for the Year Ended 30 June 2006

1. Summary of Accounting Policies (cont'd)

(q) New accounting standards and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2006 reporting periods. The Union's assessment of the impact of these new standard and interpretations is set out below.

(i) UIG 4 Determining whether an Asset Contains a Lease

UIG 4 is applicable to annual periods beginning on or after 1 January 2006. The Union has not elected to adopt UIG 4 early.

(ii) UIG 5 Rights to Interests arising from Decommissioning Restoration and Environmental Rehabilitation Funds

The Union does not have interest in decommissioning, restoration and environmental rehabilitation funds. The interpretation will not affect the Union's financial statements.

(iii) AASB 2005-9 Amendments to Australian Accounting Standards (AASB 4, AASB 1023, AASB 139 & 132)

AASB 2005-9 is applicable to annual periods beginning on or after 1 January 2006. The Union has not elected to adopt the amendments early.

(iv) AASB 7 Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards (AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB1, AASB 4, AASB 1023 & AASB 1038)

AASB 7 and AASB 2005-10 are applicable to annual periods beginning on or after 1 January 2006. The Union has not elected to adopt the amendments early.

(v) UIG 6 Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment

UIG6 is applicable to annual reporting periods on or after 1 December 2006. The Union has not sold any electronic or electrical equipment on the European market and has not incurred any associated liabilities.. This interpretation will not affect the Union's financial statements.

(vi) AASB 2005-6 Amendments to Australian Accounting Standards (AASB 121)

AASB 2005-6 is applicable to annual reporting periods on or after 31 December 2006. The interpretation will not affect the Union's financial statements.

**Construction, Forestry, Mining & Energy Union
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Notes to the Financial Statements for the Year Ended 30 June 2006

2. *Workplace Relations Act 1996*
Information to be provided to members

In accordance with Section 272 of The Workplace Relations Act 1996, attention of members is drawn to their rights to obtain prescribed information in relation to the organisation. The Act provides as follows:

- (1) A member of an organisation, or a Registrar, may apply to the organisation for specified prescribed information in relation to the organisation.
- (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 organisation.
- (3) The organisation must comply with an application made under subsection (1)

3. *Workplace Relations Act 1996*
Copies of Audited Financial Statements to be provided to members

The organisation has already and will provide a copy of the Financial Statements free of charge to any member who so requests in writing.

**Construction, Forestry, Mining & Energy Union
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Notes to the Financial Statements for the Year Ended 30 June 2006

4. Statutory Disclosures

(a) Officers remuneration

The number of Officers of the organisation whose remuneration falls within each successive \$10,000 bands of income are as follows:

	2006	2005
	No.	No.
\$0 - \$9,999	1	-
\$120,000 - \$129,999		-
\$130,000 - \$139,999	-	1
\$140,000 - \$149,999	1	2
\$150,000 - \$159,999	4	2
\$160,000 - \$169,999	1	3
\$170,000 - \$179,999	1	-
\$260,000 - \$269,999	1	-
Aggregate income paid or payable – officers	\$1,377,620	\$1,230,837
	<u><u> </u></u>	<u><u> </u></u>
Aggregate income paid or payable – employees	\$910,774	\$755,560
	<u><u> </u></u>	<u><u> </u></u>

(b) Professional Services

- Legal Costs paid from:

General Funds	9,601	81,580
Legal and Assistance Reserve (Included in Note 7)	412,145	494,084

The following Solicitors provided services: Hall Payne, Taylors, Rees R & Sydney Jones.

- Auditors Remuneration

Auditing the Financial Report	35,000	38,005
Other Services	10,258	-
	<u> </u>	<u> </u>
	\$45,258	\$38,005
	<u><u> </u></u>	<u><u> </u></u>

The following Accountants provided services: Enmark Business Advisors and Pricewaterhousecoopers.

- Property Valuation Costs

Valuation of Properties	-	-
	<u> </u>	<u> </u>

**Construction, Forestry, Mining & Energy Union
Mining & Energy Division
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Notes to the Financial Statements for the Year Ended 30 June 2006

5. Property, Plant and Equipment

	2006	2005
	\$	\$
Property		
Land At Independent Valuation (30 June 2004)	6,000	6,000
Buildings At Independent Valuation (30 June 2004)	74,000	74,000
	-----	-----
	80,000	80,000
Less: Accumulated Depreciation	(3,700)	-
	-----	-----
	76,300	80,000
	-----	-----
Motor Vehicles		
At Cost	505,618	583,622
Less: Accumulated Depreciation	(172,054)	(167,597)
	-----	-----
	333,564	416,025
	-----	-----
Plant and Equipment		
At Cost	807,391	729,825
Less: Accumulated Depreciation	(497,838)	(449,209)
	-----	-----
	309,553	280,616
	-----	-----
Lease Improvements		
At Cost	21,402	4,151
Less: Accumulated Depreciation	(3,826)	-
	-----	-----
	17,576	4,151
	-----	-----
Totals	\$736,993	\$780,792
	=====	=====

Movements in Carrying Value (CV) between the beginning and the end of the current financial year

	<u>Motor Vehicles</u>	<u>Plant and Equipment</u>
	<u>At CV</u>	<u>At CV</u>
Balance at the beginning of the year	416,025	280,616
Additions	107,249	166,496
Disposals	(70,071)	(52,476)
Depreciation	(119,639)	(85,083)
	-----	-----
Carrying amount at the end of the year	333,564	309,553
	-----	-----

**Construction, Forestry, Mining & Energy Union
Mining & Energy Division
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Notes to the Financial Statements for the Year Ended 30 June 2006

5. Property, Plant and Equipment- cont'd

	<u>Property</u>	<u>Leasehold</u>
	<u>At CV</u>	<u>Improvements</u>
	<u>At CV</u>	<u>At CV</u>
Balance at the beginning of the year	80,000	4,151
Additions	-	17,251
Disposals	-	-
Depreciation	(3,700)	(3,826)
	-----	-----
Carrying amount at the end of the year	\$76,300	\$17,576
	-----	-----
	2006	2005
	\$	\$
<u>Sale of Fixed Assets:</u>		
Proceeds on sale of Fixed Assets (Page 7)	27,456	118,091
	-----	-----
<u>Reconciliation of Depreciation Expense</u>		
Plant and Equipment	85,083	94,716
Motor Vehicles	119,639	50,372
Property	3,700	-
Leasehold Improvements	3,826	-
	-----	-----
Total Depreciation Expense	212,248	145,088
	-----	-----

Property Revaluation – 30th June 2004

The Properties were revalued for the Financial Year Ended 30th June 2004 by Independent Valuers to fair market value as follows:

CFMEU Moura Lodge at 41 Davey Street, Moura, Q4718

Valued by ACVAL Turner Valuers and Property Consultants, 7 Anakie Street, Emerald, Q4720

The Committee of Management do not believe that there have been any material movement to that value.

**Construction, Forestry, Mining & Energy Union
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Notes to the Financial Statements for the Year Ended 30 June 2006

6. Receivables

	2006	2005
	\$	\$
(a) Current Receivables represented by:		
Dues Receivable	231,071	325,625
Loans - Members (unsecured)	37,636	37,564
Other Receivables	374,721	481,878
Provision for Doubtful Debts	-	(23,000)
	\$643,428	\$822,067
	\$643,428	\$822,067

(b) Non-Current Receivables represented by:

	2006	2005
	\$	\$
Loans – AW Vickers (secured)	57,986	138,000
	\$57,986	\$138,000
	\$57,986	\$138,000

7. Reserves

	2006	2005
	\$	\$
Legal and Assistance Reserve	936,762	829,305
Asset Revaluation Reserve	59,135	59,135
	\$995,897	\$888,440
Total Reserves	\$995,897	\$888,440

Movements in Reserves

Legal and Assistance Reserve Movements

This reserve records payments of all weekly support and legal and assistance related costs including legal costs to members of this union that have been unfairly dismissed from their workplace. This payment is for the duration until the finalisation of the cases.

Opening Balance – 1 July 2005	829,305	913,763
Transfer to Accumulated General Fund	107,457	(84,458)
	\$936,762	\$829,305
Balance at 30 June 2006	\$936,762	\$829,305

**Construction, Forestry, Mining & Energy Union
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ABN 73 089 711 903

Notes to the Financial Statements for the Year Ended 30 June 2006

7. Reserves- cont'd

Asset Revaluation Reserves Movements

CFMEU Moura Lodge at 41 Davey Street, Moura, Q4718

Valued by ACVAL Turner Valuers and Property Consultants, 7 Anakie Street, Emerald, Q4720

	2006	2005
	\$	\$
Opening Balance – 1 July 2005	59,135	59,135
Balance at 30 June 2006	59,135	59,135

The asset revaluation reserve arises on the revaluation of non-current assets. Where revalued asset is sold, that portion of the assets revaluation reserve, which relates to that asset and is effectively realised, is transferred to retained profits.

8. Investments

	2006	2005
	\$	\$
Current Investments represented by:		
Skandia Managed Investments – at fair value	\$151,494	-
Non Current Investments represented by:		
Shares in Unlisted Corporations – at cost	2	2
Navigator Personal Investments – at cost	-	100,000
QCU Mackay Property Unit Trust – at cost	70,000	70,000
Total Investments – Non Current	70,002	171,002

9. Accounts Payable

	2006	2005
	\$	\$
(a) Current Accounts Payable represented by:		
Payable to National Office	472,715	399,096
Legal costs payable	44,953	72,938
Other Trade Payables	552,273	519,735
Payable to QCEUE	1,123,849	1,161,786
	2,193,790	2,153,555

**Construction, Forestry, Mining & Energy Union
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Notes to the Financial Statements for the Year Ended 30 June 2006

10. (a) Provision for Employee Entitlements

	Provision Movements Increase/ (Decrease)	2006 \$	2005 \$
Current	\$		
Annual Leave	(53,556)	327,432	380,988
Sick Leave	4,760	166,614	161,854
Long Service Leave	24,063	70,726	46,663
		----- \$546,772 =====	----- \$589,505 =====

(b) Payments for Employee Entitlements

Payments for Employee Entitlements included in Wages are as follows:

Annual Leave and Loading	215,963	118,631
Sick Leave	81,955	63,194
Long Service Leave	1,689	1,496
	No.	No.
Number of employees at end of financial year	19	19

11. Contingent Liabilities

Mortuary Benefits

The maximum exposure of the organisation for Mortuary Benefit Liability is unknown. It is estimated that the potential exposure of the Union, based on current membership, on a non-discounted cash flow basis would approximate \$10.74 million. Any amount paid is at the discretion of the District Executive as per Rule 16 of the organisation. A reserve of \$2,571,231 exists in the QCEUE Accounts in respect of this benefit.

Business Cards

The maximum exposure of the organisation for the usage of Commonwealth Bank Business Cards currently held by various Lodge Officials is \$400,000. This is secured by an undertaking in respect of the liquid assets of the organisation.

**Mining & Energy Division
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ABN 73 089 711 903

Notes to the Financial Statements for the Year Ended 30 June 2006

16. Executive Officers of the Union

The following were the Executives of the CFMEU, Mining & Energy Division (Queensland District Branch) during the year:

Current Executives:

GJ Betts	President (appointed 13.06.06)
GJ Betts	Secretary (resigned 13.06.06)
JL Yvanoff	Vice President
SA Pierce	Vice President
SA Vacanneo	Executive Vice President (appointed 29.03.06)
SA Vacanneo	ISHR (resigned 29.03.06)
GA Dalliston	ISHR
SA Smyth	ISHR
TD Whyte	ISHR

Past Executives:

AW Vickers	President (resigned 02.06.06)
RV Barker	Vice President (resigned 27.01.06)

All Executives are members of the organisation and pay dues on the same basis as other members.

17. Related Party Disclosures

Executive remuneration

Details of executive remuneration have been disclosed in note 4 to the Financial Statements.

18. Financial Instruments

(a) Significant Accounting Policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial assets, financial liability are disclosed in Note 1 to the Financial Statements.

(b) Interest Rate Risk

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

**Mining & Energy Division
Queensland District Branch**

ABN 73 089 711 903

Notes to the Financial Statements for the Year Ended 30 June 2006

18. Financial Instruments– cont'd

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

19. Notes to the Statement of Cash Flows

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the statement of financial position as follows:

	2006 \$	2005 \$
Cash on Hand	1,080	576
Cash at Bank	12,442,425	10,695,718
	-----	-----
	\$12,443,505	\$10,696,294
	=====	=====

(b) Reconciliation of Cash Flows from Operations with profit from ordinary activities

Profit from Ordinary Activities	1,480,751	2,306,544
---------------------------------	-----------	-----------

Adjustments for Non Cash Flow Items:

Add:

Depreciation	212,248	145,088
Rental – QCEUE	60,302	55,677
Doubtful Debts	(23,000)	23,000
Loss on Sale of Fixed Assets	34,789	123,476
Loans Written Off	-	3,063
Gain on sale of investment	-	(1,300,000)

(Increase) / Decrease in Assets:

Receivables - Current	178,711	870,019
Receivables – Non Current	80,014	-

Increase / (Decrease) in Liabilities:

Accounts Payable	40,234	(50,342)
Provisions	(24,733)	36,825
	-----	-----
	\$2,039,316	\$2,313,350
	=====	=====



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Independent Audit Report to the Members of Construction, Forestry, Mining and Energy Union,
Mining & Energy Division, Queensland District Branch

The Financial Report and Committee of Management Responsibility

The financial report comprises the balance sheet, income statement, statement of cash flows and accompanying notes to the financial statements for the Construction, Forestry, Mining and Energy Union, Mining & Energy Division, Queensland District Branch (the Union) for the year ended 30 June 2006.

The Committee of Management of the Union is responsible for the preparation and true and fair presentation of the financial report in accordance with the Workplace Relations Act 1996. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Union. My audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

I performed procedures to assess whether, in all material respects, the financial report presents fairly, in accordance with the Workplace Relations Act 1996, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Union's financial position and of their performance as represented by the results of their operations and cash flows.

My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates made by the Committee of Management.

While I considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of my procedures, my audit was not designed to provide assurance on internal controls.

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

Independence

In conducting my audit, I followed applicable independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In my opinion,

- a) the union has kept satisfactory accounting records in respect of the year ended 30th June 2006 in accordance with section 252 of the Workplace Relations Act 1996, including:
 - i.) records of the of the sources and nature of the income of the Union (including income from members); and
 - ii.) records of the nature and purposes of the expenditure of the Union;

- b) the financial report is properly drawn up so as to present fairly the Union's financial position as at 30th June 2006 and the results of its operations and its cash flows for the year then ended in accordance with Australian Accounting Standards, the requirements of the Workplace Relations Act 1996 and other mandatory professional reporting requirements in Australia.



Mark O'Shea
Chartered Accountant

Registered Company Auditor

Brisbane
Dated 5th December 2006



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Australian Industrial Registry

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Mr James Valery
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Construction, Forestry, Mining and Energy Union
PO Box 508
SPRING HILL QLD 4004

Dear Mr Valery

**Re: Lodgement of Financial Statements and Accounts – Queensland District Branch –
for year ending 31 December 2006 (FR2006/509)**

Thank you for lodging the above financial documents which were received on 20 December 2006.

The documents will be filed. However, for your information, I should draw your attention to my letter to the Branch dated 16 January 2006 in respect of the previous financial return and the steps the Branch customarily takes to provide members of the Branch with copies of the report before they are presented to them.

I note, from your Secretary's certificate, that the Branch is conducting a series of members' meetings, ending in February 2007, to present the full report. It is not clear however that members have been or will be provided copies of the financial report *prior* to such meetings, in accordance with s265 of the RAO Schedule. The Registry has always considered this a key area for compliance, and the Secretary's certificate should make this ascertainable also.

I draw your attention to sections 265 and 266 of the RAO Schedule, the text of which I attach with this letter.

Yours sincerely,

A handwritten signature in black ink that reads 'Stephen Kellett'.

Stephen Kellett
Statutory Services Branch

11 January 2007

265 Copies of full report or concise report to be provided to members

(1) A reporting unit must provide free of charge to its members either:

(a) a full report consisting of:

(i) a copy of the report of the auditor in relation to the inspection and audit of the financial records of the reporting unit in relation to a financial year; and

(ii) a copy of the general purpose financial report to which the report relates; and

(iii) a copy of the operating report to which the report relates; or

(b) a concise report for the financial year that complies with subsection (3).

Note: This subsection is a civil penalty provision (see section 305).

.....

(5) The copies referred to in subsection (1) must be provided within:

(a) if a general meeting of members of the reporting unit to consider the reports is held within 6 months after the end of the financial year—the period starting at the end of the financial year and ending 21 days before that meeting; or

(b) in any other case—the period of 5 months starting at the end of the financial year.

A Registrar may, upon application by the reporting unit, extend the period during which the meeting referred to in paragraph (a) may be held, or the period set out in paragraph (b), by no more than one month.

Note: This subsection is a civil penalty provision (see section 305).

(6) Where a reporting unit publishes a journal of the reporting unit that is available to the members of the reporting unit free of charge, the reporting unit may comply with subsection (1):

(a) by publishing in the journal the full report; or

(b) by preparing a concise report as described in subsection (3) and publishing the concise report in the journal.

(7) Where a reporting unit consists of 2 or more branches of an organisation and one of those branches publishes a journal of the branch that is available to the members of the branch free of charge, the reporting unit may comply with subsection (1) in relation to those members:

(a) by publishing in the journal the full report; or

(b) by preparing a concise report as described in subsection (3) and publishing the concise report in the journal.

266 Full report to be presented to meetings

(1) Subject to subsection (2), the reporting unit must cause the full report to be presented to a general meeting of the members of the reporting unit within the period of 6 months starting at the end of the financial year (or such longer period as is allowed by a Registrar under subsection 265(5)).

Note: This subsection is a civil penalty provision (see section 305).

(2) If the rules of the reporting unit permit a general meeting to be a series of meetings at different locations, the presenting of the full report to such a series of meetings is taken to be the presenting of the report to a general meeting. The general meeting is taken to have occurred at the time of the last of the meetings in the series.

(3) If the rules of the reporting unit provide for a specified percentage (not exceeding 5%) of members to be able to call a general meeting of the reporting unit for the purpose of considering the auditor's report, the general purpose financial report and the operating report, the full report may instead be presented to a meeting of the committee of management of the reporting unit that is held within the period mentioned in subsection (1).