



19 August 2020

Michael Ravbar  
Secretary, Queensland-Northern Territory Divisional Branch  
Construction, Forestry, Maritime, Mining and Energy Union

Dear Secretary,

**Re: – Financial reporting – Construction, Forestry, Maritime, Mining and Energy Union, Queensland–Northern Territory Divisional Branch - for year ending 31 March 2020 (FR2020/7)**

I refer to the financial report of the Queensland-Northern Territory Divisional Branch of the Construction, Forestry, Maritime, Mining and Energy Union in respect of the year ending 31 March 2020. The documents were lodged with the Registered Organisations Commission ('ROC') on 25 June 2020.

The financial report has been filed. The financial report was filed based on a primary review. This involved confirming whether the financial reporting timelines required under sections 253, 265, 266 and 268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under section 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 the report for year ending 31 March 2021 may be subject to an advanced compliance review.

You do not have to take any further action in respect of the financial report lodged. However I make the following comments to assist when preparing the next report.

New Accounting Standards – AASB 15 and AASB 1058

The following requirements relating to new Australian Accounting Standards AASB 15 and 1058 did not appear to be reflected in the report.

AASB 15 - Disaggregation of revenue from contracts with customers

Australian Accounting Standard AASB 15 Revenue from Contracts with Customers paragraph 114 requires an entity to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

AASB 1058 - Separate disclosure of income of not-for-profit entities

Australian Accounting Standard AASB 1058 Income of Not-for-Profit Entities paragraph 26 requires an entity to disclose income recognised during the period, disaggregated into categories that reflect how the nature and amount of income are affected by economic factors based on the following categories:

- a. grants, bequests and donations of cash, other financial assets and goods;
- b. recognised volunteer services; and

- c. for government departments and other public sector entities, appropriation amounts recognised as income, by class of appropriation.

Please note that future reports must include all relevant and required financial disclosures in accordance with AASBs 15 and 1058.

### 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 reporting guidelines 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 Reporting Guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

Yours faithfully



Stephen Kellett  
Financial Reporting  
Registered Organisations Commission

# **CFMEU**

## **QLD/NT**

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION  
CONSTRUCTION & GENERAL DIVISION  
QUEENSLAND NORTHERN TERRITORY DIVISIONAL BRANCH**

**ABN 24 502 631 846**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**

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**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION  
CONSTRUCTION & GENERAL DIVISION  
QUEENSLAND NORTHERN TERRITORY DIVISIONAL BRANCH**

**COMMITTEE OF MANAGEMENT OPERATING REPORT**

**FOR THE YEAR ENDED 31 MARCH 2020**

**Operating Report**

In accordance with section 254 of the *Fair Work (Registered Organisations) Act 2009* the Committee of Management ("the Committee") presents its Operating Report on the Construction, Forestry, Maritime, Mining & Energy Union Construction & General Division Queensland Northern Territory Divisional Branch ("Union"), for the year ended 31 March 2020.

**Principal Activities**

The principal activities of the Union, fall into the following categories:

- Implementation of the decisions of the Divisional Branch Executive, Divisional Branch Management Committee and resolutions of the State Delegates' convention.
- The development and implementation of the Union policy through effective communications with members at the workplace.
- The administration of State awards, the variation of awards following major test cases (ie State wage case) and making other variations to awards for other industrial matters.
- Industrial support including representation of members grievances and/or advice at their workplaces and/or through the various industrial tribunals (ie Industrial Relations Commission, Workers Compensation etc).
- Ongoing communication to members and the broader community through meetings, rallies, media releases, journals and flyers.
- Growing the organisation through good on the job organisation and strong links between the organisers and members.

The results of those activities were ongoing in providing effective leadership to officers, organisers, delegates and membership in the development, advancement and delivery of policy through a delegation of responsibilities and effective communication strategies in the areas of organising, policy/administration, and Industrial Relations/ Training/ Workcover.

There were no significant changes to the nature of those activities during the period.

**Operating Results**

The operating deficit for the financial year amounted to \$785,725 (31 March 2019: \$2,906,205 surplus)

**Significant Changes in Financial Affairs**

There was no significant change in the financial affairs of the Union during the year.

**Events subsequent to reporting date**

Pursuant to a Service Agreement between Construction, Forestry, Mining & Energy, Industrial Union of Employees, Queensland State Construction and General Division ('CFMEUQ') and Construction, Forestry, Maritime, Mining & Energy Union Construction and General Division Queensland Northern Territory Divisional Branch ('QNTDB'), it was resolved that from 1 April 2020 administrative arrangements between the entities would change. Under the agreement, administration arrangements, including the collection of subscription fees from members, labour and staffing costs would become the responsibility of CFMEUQ, which is expected to materially impact the level and type of revenues and expenses recorded in both entities, in future periods.

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION  
CONSTRUCTION & GENERAL DIVISION  
QUEENSLAND NORTHERN TERRITORY DIVISIONAL BRANCH**

**COMMITTEE OF MANAGEMENT OPERATING REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

**Future Developments**

Likely developments in the operations of the Union and the expected results of those operations in future financial years have not been included in this report as such information is likely to result in unreasonable prejudice to the Union.

**Environmental Issues**

The Union's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

**Members Right to Resign**

Members have the right to resign from the Union in accordance with section 174 of the *Fair Work (Registered Organisations) Act 2009*.

**Officers or Members who are Superannuation Fund Trustees/ Director of a Company that is a Superannuation Fund Trustee**

Those who hold a position of trustee or director of an entity, scheme or company as described in s.254 (2) (d) of the *Fair Work (Registered Organisations) Act 2009*, where a criterion of such entity is that the holder of such position must be a member or official of a registered organisation are as follows:

Paula Masters	– Member of the Union - Chair of BUSSQ
Jacqui Collie	– Member of the Union - Director of BUSSQ
Emma Eaves	– Member of the Union - Director of BUSSQ

**Number of Members**

The number of members at the end of the financial period recorded in the register of members and taken to be members of the Union was 14,434 (2019: 16,313).

**Number of Employees**

The number of full-time equivalent employees of the Union at the end of the financial year was 43 (2019: 52).

**Members of the Committee of Management**

The name of each person who has been a member of the committee of management of the Union at any time during the reporting period, and the period for which he or she held such a position is as follows:

<b>Name</b>	<b>Period of appointment</b>
Michael Ravbar	Whole period
Royce Kupsch	Whole period
Steve Gaske	Whole period
Dallas Ezzy	Whole period
Ian McKewin	Whole period
Jade Ingham	Whole period
Keith Murphy	Whole period
Peter Close	Whole period
Jack Cummins	Whole period

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION  
CONSTRUCTION & GENERAL DIVISION  
QUEENSLAND NORTHERN TERRITORY DIVISIONAL BRANCH  
COMMITTEE OF MANAGEMENT OPERATING REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

**Indemnifying Officers or Auditors**

The Union has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor:

- indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against liability for the costs or expenses to defend legal proceedings.

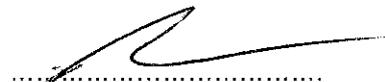
**Wages Recovery Activity**

The Union has not undertaken any recovery of wages activity for the financial years ended 31 March 2020 and 31 March 2019.

**Disclosure Statements - Remuneration and Non-Cash Benefits of Highest Paid Officers**

The five highest paid officers of the Union for the disclosure period ended 31 March 2020 and the amounts of the relevant remuneration paid to them and the value or form of non-cash benefits received by them are set out in Note 13 of the financial statements.

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



**Michael John Ravbar**  
Divisional Branch Secretary

26 May 2020

Brisbane

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION  
CONSTRUCTION & GENERAL DIVISION  
QUEENSLAND NORTHERN TERRITORY DIVISIONAL BRANCH**

**COMMITTEE OF MANAGEMENT STATEMENT**

**FOR THE YEAR ENDED 31 MARCH 2020**

On 26 May 2020, the Committee of Management of the Construction, Forestry, Maritime, Mining & Energy Union, Construction & General Division, Queensland Northern Territory Divisional Branch ("Union") passed the following resolution to the General Purpose Financial Report (GPFR) of the reporting unit for the year ended 31 March 2020.

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

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Commissioner;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Union for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the Union will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
  - i. meetings of the Committee of Management were held in accordance with the rules of the organisation and the rules of the Union concerned; and
  - ii. the financial affairs of the Union have been managed in accordance with the rules of the organisation including the rules of the Union concerned; and
  - iii. the financial records of the Union 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 to each of the other reporting units of the organisation; and
  - v. where information has been sought in any request of a member of the reporting unit or Commissioner duly made under section 272 of the *RO Act*, that information has been provided to the member or Commissioner; and
  - vi. where any order for inspection of the 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.

**Name of Designated Officer:** Michael John Ravbar

**Title of Designated Officer:** Divisional Branch Secretary

**Signature:** .....

**Date:** 26 May 2020



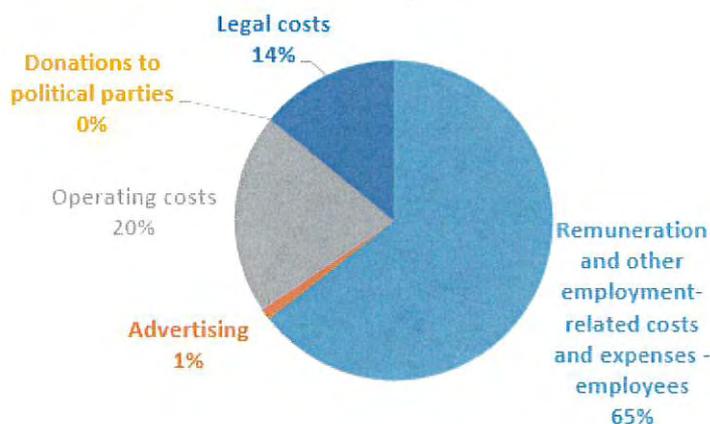
**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION  
CONSTRUCTION & GENERAL DIVISION  
QUEENSLAND NORTHERN TERRITORY DIVISIONAL BRANCH**

**REPORT REQUIRED UNDER SUBSECTION 255(2A)**

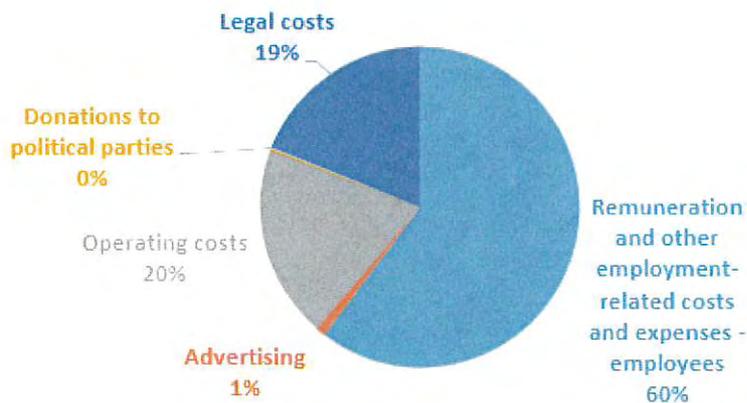
**FOR THE YEAR ENDED 31 MARCH 2020**

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 31 March 2019 and 31 March 2020.

**2019 - EXPENDITURE AS REQUIRED  
UNDER S.255(2A) RO ACT**

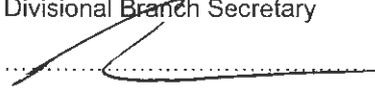


**2020 - EXPENDITURE AS REQUIRED  
UNDER S.255(2A) RO ACT**



**Name of Designated Officer:** Michael John Ravbar

**Title of Designated Officer:** Divisional Branch Secretary

**Signature:** 

**Date:** 26 May 2020

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION  
CONSTRUCTION & GENERAL DIVISION  
QUEENSLAND NORTHERN TERRITORY DIVISIONAL BRANCH**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	31 March 2020 \$	31 March 2019 \$
<b>Revenue</b>			
Membership subscription		9,619,954	11,137,373
Capitation fees		-	-
Levies	3A	1,144,806	1,340,602
Voluntary collections – ADSS donations		37,391	44,800
Interest	3B	167,472	96,977
Other revenue	3E	2,710,936	3,074,650
<b>Total revenue</b>		<b>13,680,559</b>	<b>15,694,402</b>
<b>Other Income</b>			
Grants and/or donations	3C	3,750,882	4,397,827
Net gains from sale of assets	3D	36,410	24,986
Change in fair value of financial assets		-	187,550
<b>Total other income</b>		<b>3,787,292</b>	<b>4,610,363</b>
<b>Total income</b>		<b>17,467,851</b>	<b>20,304,765</b>
<b>Expenses</b>			
Employee expenses	4A	6,919,424	7,232,012
Capitation fees	4B	738,547	774,578
Affiliation fees	4C	83,204	98,116
Administration expenses	4D	245,443	152,557
Voluntary collections		37,391	44,800
Grants or donations	4E	149,390	409,375
Depreciation and amortisation	4F	355,747	364,052
Finance costs	4G	84,309	91,815
Legal costs	4H	2,181,530	1,593,886
Audit fees	4I	23,405	24,271
Apprentice Schemes		3,309,215	3,418,315
Change in fair value of financial assets		428,756	-
Other expenses	4J	3,697,215	3,194,783
<b>Total expenses</b>		<b>18,253,576</b>	<b>17,398,560</b>
<b>Surplus (deficit) for the year</b>		<b>(785,725)</b>	<b>2,906,205</b>
<b>Other comprehensive income</b>			
<b>Total comprehensive income for the year</b>		<b>(785,725)</b>	<b>2,906,205</b>

The above statement should be read in conjunction with the notes.

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION  
CONSTRUCTION & GENERAL DIVISION  
QUEENSLAND NORTHERN TERRITORY DIVISIONAL BRANCH**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 MARCH 2020**

	Notes	31 March 2020 \$	31 March 2019 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5A	9,179,882	9,668,803
Trade and other receivables	5B	282,025	162,366
Other current assets	5C	157,303	11,359
Financial assets	5D	5,279,954	5,505,302
<b>Total current assets</b>		<b>14,899,164</b>	<b>15,347,830</b>
<b>Non-Current Assets</b>			
Trade and other receivables	5B	1,500,000	1,500,000
Property, plant and equipment	5E	1,277,559	1,505,800
<b>Total non-current assets</b>		<b>2,777,559</b>	<b>3,005,800</b>
<b>Total assets</b>		<b>17,676,723</b>	<b>18,353,630</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	6A	523,849	1,030,906
Employee provisions	6B	1,576,719	1,608,420
Revenue in Advance	6C	5,639,879	4,981,814
<b>Total current liabilities</b>		<b>7,740,447</b>	<b>7,621,140</b>
<b>Non-Current Liabilities</b>			
Employee provisions	6B	686,839	697,328
<b>Total non-current liabilities</b>		<b>686,839</b>	<b>697,328</b>
<b>Total liabilities</b>		<b>8,427,286</b>	<b>8,318,468</b>
Net assets		9,249,437	10,035,162
<b>EQUITY</b>			
Retained earnings		9,249,437	10,035,162
<b>Total equity</b>		<b>9,249,437</b>	<b>10,035,162</b>

The above statement should be read in conjunction with the notes.

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION  
CONSTRUCTION & GENERAL DIVISION  
QUEENSLAND NORTHERN TERRITORY DIVISIONAL BRANCH**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2020**

	Retained Earnings		Financial	Total
	General Fund	Compulsory Levy Defence Fund	Asset Revaluation Reserve	
	\$	\$	\$	\$
<b>Balance as at 1 April 2018</b>	1,652,229	5,440,600	36,128	7,128,957
Surplus (deficit) for the year	1,876,568	1,029,637	-	2,906,205
Transfer from general fund to compulsory levy defence fund	(600,000)	600,000	-	-
Transfer from financial asset revaluation reserve to retained earnings	36,128	-	(36,128)	-
Other comprehensive income for the period	-	-	-	-
<b>Closing balance as at 31 March 2019</b>	<b>2,964,925</b>	<b>7,070,237</b>	<b>-</b>	<b>10,035,162</b>
Surplus (deficit) for the year	(1,661,691)	875,966	-	(785,725)
Other comprehensive income for the year	-	-	-	-
<b>Closing balance as at 31 March 2020</b>	<b>1,303,234</b>	<b>7,946,203</b>	<b>-</b>	<b>9,249,437</b>

The above statement should be read in conjunction with the notes.

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION  
CONSTRUCTION & GENERAL DIVISION  
QUEENSLAND NORTHERN TERRITORY DIVISIONAL BRANCH**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	31 March 2020 \$	31 March 2019 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Receipts from other reporting units	7B	86,990	135,521
Receipts from members and other customers		11,719,804	12,177,235
Grant receipts		5,098,251	4,996,958
Interest		111,543	107,486
Other		2,759,594	3,417,526
<b>Cash used</b>			
Employees and suppliers		(16,623,115)	(15,866,754)
Short term lease payments		(130,000)	-
Finance cost		(84,309)	(91,815)
Payment to other reporting units	7B	(3,072,846)	(2,155,323)
<b>Net cash from (used by) operating activities</b>	7A	<b>(134,088)</b>	<b>2,720,834</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sale of property, plant and equipment		251,838	363,995
<b>Cash used</b>			
Purchase of plant and equipment		(403,263)	(762,996)
Purchase of financial assets		(203,408)	(213,535)
<b>Net cash from (used by) investing activities</b>		<b>(354,833)</b>	<b>(612,536)</b>
<b>FINANCING ACTIVITIES</b>			
Net cash received from/(paid to) CFMEUQ	7B	-	1,000,000
<b>Net increase (decrease) in cash held</b>		<b>(488,921)</b>	<b>3,108,298</b>
Cash & cash equivalents at the beginning of the reporting period.		9,668,803	6,560,505
<b>Cash &amp; cash equivalents at the end of the reporting period</b>	5A	<b>9,179,882</b>	<b>9,668,803</b>

The above statement should be read in conjunction with the notes.

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION  
CONSTRUCTION & GENERAL DIVISION  
QUEENSLAND NORTHERN TERRITORY DIVISIONAL BRANCH**

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**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION  
CONSTRUCTION & GENERAL DIVISION  
QUEENSLAND NORTHERN TERRITORY DIVISIONAL BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1.1 Basis of preparation of the financial statements**

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisation) Act 2009*. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by IASB. For the purpose of preparing the general purpose financial statements, the Construction, Forestry, Maritime, Mining & Energy Union Construction and General Division Queensland Northern Territory Divisional Branch ('Union') is a not-for-profit entity. The Union has applied the Tier 1 reporting requirements as per the Australian Accounting Standard AASB 1053 *Application of Tiers of Australian Accounting Standards*.

The financial statements have been prepared on an accrual 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. The financial statements are presented in Australian dollars.

**1.2 Comparative amounts**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**1.3 Significant accounting judgements and estimates**

The following accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Key Estimates

*Impairment – general*

The Union assesses impairment at each reporting period by evaluation of conditions and events specific to the Union that may be indicative of impairment triggers. Recoverable amounts of relevant assets are assessed using value-in-use calculations which incorporate various key assumptions. No impairment has been recognised in respect of the current year.

Key Judgements

*Useful lives of property, plant and equipment*

Property, plant and equipment are depreciated over the useful life of the asset and the depreciation rates are assessed when the assets are acquired or when there is a significant change that affects the remaining useful life of the asset.

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION  
CONSTRUCTION & GENERAL DIVISION  
QUEENSLAND NORTHERN TERRITORY DIVISIONAL BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1.3 Significant accounting judgements and estimates (continued)**

Key Judgements

*Impact of COVID19*

A global pandemic (COVID19) occurred during the period, which has resulted in broad and significant economic and social impacts. Whilst the Committee does not believe that the Union will be significantly impacted by the pandemic, they are currently unable to reliably determine the potential impact of the pandemic on future results or cashflows. Accordingly, no adjustments have been made in these financial statements relating to any potential future impacts of COVID19.

**1.4 New Australian Accounting Standards**

***Adoption of New Australian Accounting Standard requirements***

The Union has adopted AASB 16: *Leases* during the period, applying the retrospective approach from 1 April 2019. As at 1 April 2019, the Union held two operating leases – one of which expired during the year ended 31 March 2020, and the other in May 2020. As the impact of recording the right of use asset and lease liability relating to the operating lease still in place at balance date is deemed to be immaterial, the Union has chosen to account for these leases as short-term leases as permitted under the standard. Accordingly, no right-of-use asset and lease liability was recognised on 1 April 2019 upon adoption of AASB 16, and there is no right-of-use asset and lease liability recognised at balance date.

The Union has adopted AASB 15: *Revenue from Contracts with Customers* retrospectively with the cumulative effect of initially applying AASB 15 recognised at 1 April 2019. In accordance with AASB 15, the comparatives for the 2019 reporting period have not been restated. The AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue-related interpretations. In accordance with the transition guidance, AASB 15 has only been applied to contracts that are incomplete as at 1 April 2019. The adoption of AASB 15 has not affected the financial statements. There have been no adjustments made to the financial statements for the year ended 31 March 2020 as a result of the adoption of AASB 15: *Revenue from Contracts with Customers*.

The Union has adopted AASB 1058: *Income for Not-for-Profit Entities* retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 April 2019. In accordance with AASB 1058, the comparatives for the 2019 reporting period have not been restated. AASB 1058 is applicable to transactions that do not arise from enforceable contracts with customers involving sufficiently specific performance obligations, as such transactions are accounted for in accordance with AASB 15. The adoption of AASB 1058 has not affected the financial statements. There have been no adjustments made to the financial statements for the year ended 31 March 2020 as a result of the adoption of AASB 1058: *Income for Not-for-Profit Entities*.

No other accounting standard has been adopted earlier than the application date stated in the standard.



**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1.4 New Australian Accounting Standards (Continued)**

***Future Australian Accounting Standards Requirements***

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period that are expected to have a future financial impact on the Union include:

**AASB 2018-7: Amendments to Australian Accounting Standards – Definition of Material**  
(applicable for annual reporting periods beginning on or after 1 January 2020)

AASB 2018-7 principally amends AASB 101 and AASB 108. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material.

The Committee of Management anticipate that the adoption of AASB 2018-7 will not have a significant impact on the Union's financial statements.

**1.5 Revenue**

To determine whether to recognise revenue, the Union follows a 5 step process as prescribed by AASB 15:

- identify the contract(s) with the customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to perform obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

Revenue is recognised either at a point in time or over time, where (or as) the Union satisfies performance obligations by transferring the promised goods or services to its customers.

Revenue is measured at the fair value of the consideration received or receivable.

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

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Donation income is recognised when it is received.

Interest revenue is recognised on an accrual basis using the effective interest method.

Grant revenue is recognised in profit or loss over the periods in which the Union recognises as expenses the related costs for which the grants are intended to compensate. Grants received in advance of the expenditure for which they are intended are recognised in the statement of financial position as revenue in advance.

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

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1.6 Gains**

***Sale of assets***

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

**1.7 Capitation fees and levies**

Capitation fees and levies are recognised on an accrual basis and recorded as a revenue and/or expense in the year to which it relates.

**1.8 Employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 *Employee Benefits*) and termination benefits which are expected to be settled within twelve months of the end of the reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the Union in respect of services provided by employees up to reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Provision is made for separation and redundancy benefit payments. The Union recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1.9 Leases**

For leases as a lessor, leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

For leases as a lessee, a right-of-use and a corresponding lease liability is recognised. However, all contracts that are classified as short-term leases (i.e. lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

The lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payment are discounted at the interest rate implicit in the lease. The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, the specific asset is depreciated over the useful life of the underlying asset.

**1.10 Borrowing costs**

All borrowing costs are recognised in profit and loss in the period in which they are incurred.

**1.11 Cash and cash equivalents**

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

**1.12 Provisions**

Provisions are recognised when the Union has 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.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1.13 Financial instruments**

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing components or if the practical expedient was applied as specified in AASB 15.63.

**Classification and subsequent measurement**

*Financial liabilities*

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit and loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3 applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1.13 Financial instruments (continued)**

**Classification and subsequent measurement (continued)**

*Financial liabilities (continued)*

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

*Financial assets*

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit and loss

on the basis of the two primary criteria, being:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost when it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income when it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the conditions of amortised cost and the fair value through other comprehensive income's measurement condition are subsequently measured at fair value through profit and loss.

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1.13 Financial instruments (continued)**

**Classification and subsequent measurement (continued)**

*Financial Assets (continued)*

The entity initially designates financial instruments as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance to the documented risk management or investment strategy and information about the groupings was documented appropriately, so the performance of the financial liability that was part of an entity of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit and loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

*Equity instruments*

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the entity made an irrevocable election to measure the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit and loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the entity's accounting policy.

**Derecognition**

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

*Derecognition of financial liabilities*

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1.13 Financial instruments (continued)**

**Derecognition (continued)**

*Derecognition of financial assets*

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (ie it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

**Impairment**

The entity recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1.13 Financial instruments (continued)**

**Impairment (continued)**

The entity used the following approaches to impairment, as applicable under AASB 9:

- the general approach;
- the simplified approach;
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

*General approach*

Under the general approach, at each reporting period, the entity assessed whether the financial instruments are credit impaired, and if:

- the credit risk of the financial instrument increased significantly since initial recognition, the entity measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- there was no significant increase in credit risk since initial recognition, the entity measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

*Simplified approach*

The simplified approach does not require tracking of changes in credit risk in every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables or contract assets that result from transactions that are within the scope of AASB 15, that contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

*Purchased or originated credit impaired approach*

For a financial asset that is considered to be credit impaired (not on acquisition or originations), the entity measured any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment was recognised in profit or loss as an impairment gain or loss.



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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1.13 Financial instruments (continued)**

**Impairment (continued)**

*Purchased or originated credit impaired approach (continued)*

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- Where a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

*Low credit risk operational simplification approach*

If a financial asset is determined to have low credit risk at the initial reporting date, the entity assumed that the credit risk has not increased significantly since initial recognition and accordingly can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such determination that the financial asset has low credit risk, the entity applied its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or relative to the credit risk of the jurisdiction in which it operates.

**Recognition of expected credit losses in financial statements**

At each reporting date, the entity recognised the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. An amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1.14 Contingent Liabilities and Contingent Assets**

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

**1.15 Property, Plant and Equipment**

***Asset Recognition Threshold***

Purchases of land, buildings, plant and equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

***Depreciation***

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight line method of depreciation except motor vehicles which are depreciated on a diminishing value basis. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	<b>31 March 2020</b>	<b>31 March 2019</b>
Plant and equipment	10-33%	10-33%
Motor Vehicles	25%	25%

***Derecognition***

An item of land, buildings, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

**1.16 Impairment**

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Union were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1.17 Income Tax**

The Union is exempt from income tax under section 50.1 of the *Income Tax Assessment Act 1997* however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

**1.18 Fair value measurement**

The Union measures financial instruments, such as, financial assets at fair value through the profit and loss, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 12.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Union. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Union uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1.18 Fair value measurement (Continued)**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Union determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Union has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

**1.19 Going concern**

The Union is not reliant on the agreed financial support of another reporting unit to continue on a going concern basis.

The Union has not agreed to provide financial support to another reporting unit to ensure they can continue on a going concern basis.

**1.20 Acquisition of Assets and Liabilities**

The Union did not acquire any assets or liabilities during the year as a result of:

- (a) an amalgamation under Part 2 of Chapter 3 of the RO Act in with the organisation (of which the reporting unit form part) was the amalgamated organisation; or
- (b) a restructure of the branches of the organisation; or
- (c) a determination by the General Manager under subsection 245(1) of the RO Act of an alternative reporting structure for the organisation; or
- (d) a revocation by the General Manager under subsection 249(1) of the RO Act of a certificate issued to an organization under subsection 245(1).

The Union did not acquire any assets or liabilities during the year as a part of a business combination.

**1.21 Recovery of Wages**

The Union has not undertaken any recovery of wages activities during the year or the comparative year.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1.22 Retained Earnings – Compulsory Levy Defence Fund**

The Defence Fund is being maintained to provide the additional resources needed to defend our members against continuing attacks from employers and Federal Government agencies.

Funds collected by the compulsory levy defence fund are held in cash and short term investments.

No funds have been invested in assets.

All funds required by the rules of the Union are included in the statement of changes in equity.

There have been no withdrawals to or from the compulsory levy defence fund during the year.

The surplus in Compulsory Levy Defence Fund during the year was \$875,966.

**1.23 Compulsory Campaign Levy**

The compulsory campaign levy was established by the National Office of the Union to provide resources to fight against attacks against the Union by employers, governments and media. The levy is paid to the National Office of the Union.

**NOTE 2 EVENTS AFTER REPORTING DATE**

Pursuant to a Service Agreement between Construction, Forestry, Mining & Energy, Industrial Union of Employees, Queensland State Construction and General Division ('CFMEUQ') and Construction, Forestry, Maritime, Mining & Energy Union Construction and General Division Queensland Northern Territory Divisional Branch ('QNTDB'), it was resolved that from 1 April 2020 administrative arrangements between the entities would change. Under the agreement, administration arrangements, including the collection of subscription fees from members, labour and staffing costs would become the responsibility of CFMEUQ, which is expected to materially impact the level and type of revenues and expenses recorded in both entities, in future periods.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

<b>NOTE 3 INCOME</b>	<b>31 March 2020 \$</b>	<b>31 March 2019 \$</b>
<b>Note 3A: Levies</b>		
Compulsory levy – Defence Fund (Note 1.22)	875,966	1,029,637
Compulsory levy – Campaign (Note 1.23)	238,711	273,945
Voluntary levy – Tool Scheme	30,129	37,020
<b>Total levies</b>	<u>1,144,806</u>	<u>1,340,602</u>
<b>Note 3B: Interest</b>		
Interest	162,472	96,978
<b>Total Interest</b>	<u>162,472</u>	<u>96,978</u>
<b>Note 3C: Grants or donations</b>		
Grants Apprentice Scheme	3,308,382	3,872,827
Grants Other	442,500	525,000
Donations	-	-
<b>Total grants or donations</b>	<u>3,750,882</u>	<u>4,397,827</u>
<b>Note 3D: Net gains from sale of assets</b>		
Gain on sale of property, plant and equipment	36,410	24,986
<b>Total net gain from sale of assets</b>	<u>36,410</u>	<u>24,986</u>
<b>Note 3E: Other Revenue</b>		
Administration recoveries	601,148	594,871
Compliance recoveries	277,763	384,385
Income from financial asset	233,688	214,418
Promotional charges	221,791	576,467
Sponsorship income	186,000	258,500
Training income	185,084	391,173
Directors/Meeting fees	216,789	183,839
Enterprise agreements	196,223	378,000
Squire Patton Proceedings (Coffs Harbour)	297,265	-
Sundry income and reimbursements	295,185	92,997
Financial support from another reporting unit	-	-
<b>Total other revenue</b>	<u>2,710,936</u>	<u>3,074,650</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

<b>NOTE 4 EXPENSES</b>	<b>31 March 2020 \$</b>	<b>31 March 2019 \$</b>
<b>Note 4A: Employee expenses</b>		
<b>Holders of office:</b>		
Wages and salaries	581,911	523,195
Superannuation	61,740	73,078
Leave and other entitlements	27,006	57,175
*Separation and redundancies	19,166	19,617
Other employee expenses	5,304	5,304
<b>Subtotal employee expenses holders of office</b>	<b>695,127</b>	<b>678,369</b>
<b>Employees other than office holders:</b>		
Wages and salaries	5,104,479	5,198,353
Superannuation	748,431	782,643
Leave and other entitlements	115,162	313,930
*Separation and redundancies	198,543	179,844
Other employee expenses	57,682	78,873
<b>Subtotal employee expenses employees other than office holders</b>	<b>6,224,297</b>	<b>6,553,643</b>
<b>Total employee expenses</b>	<b>6,919,424</b>	<b>7,232,012</b>

\*Separation and redundancies include contributions to the redundancy fund.

**Note 4B: Capitation fees**

CFMEU C&G National Office	738,547	774,578
<b>Total Capitation fees</b>	<b>738,547</b>	<b>774,578</b>

**Note 4C: Affiliation fees**

Australian Labor Party Queensland Branch	62,420	74,245
Australian Labor Party Northern Territory Branch	1,227	2,073
Building and Wood Workers' International	18,697	18,855
Queensland Council of Unions Brisbane Branch	-	-
Queensland Council of Unions Townsville Branch	-	100
Ipswich Trades Hall & Labour Day Committee	60	30
NT Trades & Labour Council	-	2,813
Other	800	-
<b>Total Affiliation fees</b>	<b>83,204</b>	<b>98,116</b>

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**NOTE 4 EXPENSES (CONTINUED)**

	<b>31 March 2020 \$</b>	<b>31 March 2019 \$</b>
<b>Note 4D: Administration expenses</b>		
Consideration to employers for payroll deductions	1,017	522
Compulsory levy – Campaign (Note 1.23)	134,860	61,825
Voluntary levy – Tool Scheme	-	-
Fees/allowances - meeting and conferences	-	-
Conference and meeting expenses	109,566	90,210
<b>Total administration expenses</b>	<u>245,443</u>	<u>152,557</u>
<b>Note 4E: Grants or donations</b>		
<b>Grants:</b>		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
<b>Donations:</b>		
Total paid that were \$1,000 or less	1,450	5,640
Total paid that exceeded \$1,000	147,940	403,735
<b>Total grants or donations</b>	<u>149,390</u>	<u>409,375</u>
<b>Note 4F: Depreciation and amortisation</b>		
<b>Depreciation:</b>		
Property, plant and equipment	54,456	56,031
Motor vehicles	301,291	308,021
<b>Total depreciation</b>	<u>355,747</u>	<u>364,052</u>
<b>Amortisation</b>		
Intangibles	-	-
<b>Total amortisation</b>	<u>-</u>	<u>-</u>
<b>Total depreciation and amortisation</b>	<u>355,747</u>	<u>364,052</u>
<b>Note 4G: Finance costs</b>		
Bank fees and charges	84,309	91,815
<b>Total finance costs</b>	<u>84,309</u>	<u>91,815</u>
<b>Note 4H: Legal costs</b>		
Litigation	1,785,195	1,275,697
Other legal matters	128,285	102,009
Penalties & Settlements (Litigation costs)	268,050	216,180
<b>Total legal costs</b>	<u>2,181,530</u>	<u>1,593,886</u>



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**NOTE 4 EXPENSES (CONTINUED)**

	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>\$</b>	<b>\$</b>

**Note 4I: Audit fees**

External audit expense	23,405	24,271
Other services	-	-
<b>Total audit fees</b>	<u>23,405</u>	<u>24,271</u>

**Note 4J: Other expenses**

Penalties – via RO Act or the <i>Fair Work Act 2009</i>	-	-
Administration expenditure	161,241	173,564
Advertising & marketing	58,285	73,641
Campaign expenses	642,883	161,770
Campaign expenses – ACTU change the rules	-	(393,302)
Communications	65,670	70,419
Computer expenses	51,268	33,270
Delegates convention	-	308,960
Fringe benefit tax	210,687	203,205
Impairment counselling & delivery costs	115,223	17,956
Insurance	885	902
Labour day expenses	101,221	135,312
Motor vehicles expenses	369,424	365,673
Organising expenses	419,279	440,741
Payroll tax	358,609	351,496
Postage	93,254	98,680
Printing and stationery	76,548	117,966
Publication expenses	60,450	58,075
Rental expenses	712,842	807,515
Short-term lease expense	130,000	-
Sponsorship expenses	12,200	109,273
Subscriptions	12,498	7,490
Training	7,369	11,835
Workers compensation	<u>37,379</u>	<u>40,342</u>
<b>Total other expenses</b>	<u>3,697,215</u>	<u>3,194,783</u>

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**FOR THE YEAR ENDED 31 MARCH 2020**

<b>NOTE 5 ASSETS</b>	<b>31 March 2020 \$</b>	<b>31 March 2019 \$</b>
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**Note 5A: Cash and Cash Equivalents**

Cash at bank	6,175,082	4,664,003
Cash on hand	4,300	4,300
Debit card	500	500
Term deposits	3,000,000	5,000,000
<b>Total cash and cash equivalents</b>	<u>9,179,882</u>	<u>9,668,803</u>

**Note 5B: Trade and Other Receivables**

*Current*

Interest receivable	87,203	31,274
Membership dues receivable	1,430,066	1,523,329
Grants receivable	-	-
Other receivables	55,042	80,328

**Receivables from other reporting units**

CFMEU C&G National Office	39,635	17,595
<b>Total current trade and other receivables</b>	<u>1,611,946</u>	<u>1,652,526</u>

Less provision for doubtful debts	(1,329,921)	(1,490,160)
<b>Total provision for doubtful debts</b>	<u>(1,329,921)</u>	<u>(1,490,160)</u>
<b>Total current trade and other receivables (net)</b>	<u>282,025</u>	<u>162,366</u>

*Non-current*

**Receivables from other reporting units**

CFMEUQ	1,500,000	1,500,000
<b>Total non-current trade and other receivables</b>	<u>1,500,000</u>	<u>1,500,000</u>

<b>Total trade and other receivables</b>	<u>1,782,025</u>	<u>1,662,366</u>
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No provision for doubtful debts has been raised against the reporting units balances shown.

**Note 5C: Other Current Assets**

Prepayments	157,303	11,359
<b>Total other current assets</b>	<u>157,303</u>	<u>11,329</u>

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<b>NOTE 5</b>	<b>ASSETS (CONTINUED)</b>	<b>31 March 2020 \$</b>	<b>31 March 2019 \$</b>
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**Note 5D: Financial Assets**

Financial asset at cost	5,000,000	5,000,000
Addition investment	485,032	281,624
Growth/(reduction) in investment - unrealised	(205,078)	223,678
<b>Total financial assets</b>	<b>5,279,954</b>	<b>5,505,302</b>

**Note 5E: Property, Plant and Equipment**

Property, Plant and Equipment comprises of:

Motor vehicles	1,113,805	1,366,167
Plant and equipment	163,754	139,633
<b>Total property plant and equipment</b>	<b>1,277,559</b>	<b>1,505,800</b>

**Motor vehicles:**

At cost	1,789,154	1,900,069
Less accumulated depreciation	(675,349)	(533,902)
<b>Total motor vehicles</b>	<b>1,113,805</b>	<b>1,366,167</b>

**Plant and Equipment:**

At cost	304,273	302,557
Less accumulated depreciation	(140,519)	(162,924)
<b>Total plant and equipment</b>	<b>163,754</b>	<b>139,633</b>

	<b>Motor Vehicles</b>	<b>Plant &amp; Equipment</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at beginning of the year</b>	1,366,167	139,633	1,505,800
Additions	324,686	78,577	403,263
Disposals	(215,428)	-	(215,428)
Depreciation expense – Note 4F	(301,291)	(54,456)	(355,747)
Depreciation allocated to Apprentice Scheme	(60,329)	-	(60,329)
<b>Carrying amount at end of the year</b>	<b>1,113,805</b>	<b>163,754</b>	<b>1,277,559</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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<b>NOTE 6</b>	<b>LIABILITIES</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
		<b>\$</b>	<b>\$</b>
<b>Note 6A: Trade and Other Payables</b>			
	Trade payables and accruals	135,534	439,412
	<b>Payables to other reporting units</b>		
	- CFMEU C&G National Office	7,403	-
	Consideration to employers for payroll deductions	-	-
	Legal costs		
	Litigation	89,346	130,501
	Settlements (Penalties from Litigation)	172,000	210,000
	Other legal matters	-	-
	GST payable	110,655	241,813
	Voluntary collections - ADSS	8,911	9,180
	Wages collected on behalf of members	-	-
	<b>Total trade and other payables</b>	<u>523,849</u>	<u>1,030,906</u>

**Note 6B: Employee Provisions**

Employee provisions comprises of:

*Current*

Provision for annual leave	752,984	870,107
Provision for long service leave	823,735	738,313
	<u>1,576,719</u>	<u>1,608,420</u>

*Non-current*

Provision for long service leave	686,839	697,328
<b>Total employee provisions</b>	<u>2,263,558</u>	<u>2,305,748</u>

Non-current provisions represent long service leave entitlements owing to employees who have not completed 5 continuous years of service with the Union.

<b>Balance at beginning of the year</b>	2,305,748	2,249,440
Additional provisions raised during the year:	644,564	389,609
Amounts used	(686,754)	(333,301)
<b>Balance at the end of the year</b>	<u>2,263,558</u>	<u>2,305,748</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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<b>NOTE 6</b>	<b>LIABILITIES (CONTINUED)</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
		<b>\$</b>	<b>\$</b>

**Note 6B: Employee Provisions (Continued)**

**Office Holders:**

Annual leave	69,078	85,195
Long service leave	435,825	392,702
Separations and redundancies	-	-
Other	-	-

<b><i>Subtotal employee provisions—office holders</i></b>	<b>504,903</b>	<b>477,897</b>
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**Employees other than office holders:**

Annual leave	683,906	784,912
Long service leave	1,074,749	1,042,939
Separations and redundancies	-	-
Other	-	-

<b><i>Subtotal employee provisions—employees other than office holders</i></b>	<b>1,758,655</b>	<b>1,827,851</b>
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<b>Total employee provisions</b>	<b>2,263,558</b>	<b>2,305,748</b>
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**Note 6C: Revenue in Advance**

Revenue in advance comprises of:

*Current*

Apprentice scheme funding	2,179,027	1,295,135
Membership dues in advance	3,239,102	3,237,429
Other revenue in advance	221,750	449,250
	<b>5,639,879</b>	<b>4,981,814</b>

*Non-current*

Apprentice scheme funding	-	-
<b>Total revenue in advance</b>	<b>5,639,879</b>	<b>4,981,814</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

<b>NOTE 7 CASH FLOW</b>	<b>31 March 2020 \$</b>	<b>31 March 2019 \$</b>
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**Note 7A: Cash Flow Reconciliation**

**Reconciliation of cash and cash equivalents as per Statement of financial position to Statement of cash flows:**

**Cash and cash equivalents as per:**

Statement of cash flows	9,179,882	9,668,803
Statement of financial position	9,179,882	9,668,803
<b>Difference</b>	<u>-</u>	<u>-</u>

**Reconciliation of surplus/(deficit) to net cash from operating activities:**

Surplus/(deficit) for the year	(785,725)	2,906,205
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**Adjustments for non-cash items**

Depreciation expense – Note 4F	355,747	364,052
Depreciation – Apprentice scheme	60,329	59,190
(Gain)/Loss on disposal of assets	(36,410)	(24,986)
(Gain)/Loss in fair value of financial assets	428,756	(187,550)

**Changes in assets/liabilities**

(Increase)/decrease in net receivables	(119,659)	236,185
(Increase)/decrease in prepayments	(145,944)	152,283
Increase/(decrease) in trade and other payables	(507,057)	(650,936)
Increase/(decrease) in employee provisions	(42,190)	56,308
Increase/(decrease) in revenue in advance	658,065	(189,917)
<b>Net cash from (used by) operating activities</b>	<u>(134,088)</u>	<u>2,720,834</u>

**Note 7B: Cash flow information**

**Cash inflows**

CFMEUQ	-	1,006,200
CFMEU National Office	-	61,516
CFMEU C&G National Office	40,720	14,639
CFMEU C&G ACT	5,715	-
CFMEU VIC	-	300
CFMEU M&E QLD	40,555	52,866
<b>Total cash inflows</b>	<u>86,990</u>	<u>1,135,521</u>

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<b>NOTE 7 CASH FLOW (CONTINUED)</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>\$</b>	<b>\$</b>

**Note 7B: Cash flow information (Continued)**

**Cash outflows**

CFMEUQ	1,000,738	794,745
CFMEU C&G National Office	1,971,721	1,359,703
CFMEU C&G ACT	100,000	-
CFMEU M&E QLD	387	-
CFMEU C&G WA	-	875
<b>Total cash outflows</b>	<b>3,072,846</b>	<b>2,155,323</b>

**Note 7C: Credit standby arrangements and loan facilities**

CBA Mastercard Facility		
Used facility	22,073	12,317
Unused facility	37,927	47,683
<b>Total facility</b>	<b>60,000</b>	<b>60,000</b>

**Note 7D: Non-cash transactions**

There have been no non-cash financing or investing activities during the year ended 31 March 2020 (31 March 2019: Nil).

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**NOTE 8 RELATED PARTY DISCLOSURES**

**Note 8A: Related Party Transactions for the Reporting Period**

**Holders of office and related reporting units**

The names of those persons who held office for all or part of the year are deemed to be a related party for financial reporting purposes as set out in the accompanying Committee of Management Operating Report. The following table provides the total amount of transactions that have been entered into with related parties for the relevant year.

	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>\$</b>	<b>\$</b>
<b>Income received includes the following:</b>		
Audit fee reimbursed from CFMEUQ	-	6,200
Wages reimbursement from CFMEU National Office	-	61,516
Airfares reimbursement from CFMEU C&G National office	21,344	10,249
Expense reimbursement from CFMEU C&G National office	770	3,059
Transfer leave entitlements from CFMEU C&G National office	14,904	-
Affiliation fees reimbursement from CFMEU M&E QLD	35,668	34,364
Expense reimbursement from CFMEU M&E QLD	1,200	13,696
Expense reimbursement from CFMEU C&G VIC	-	273
Merchandise sales to CFMEU C&G ACT	5,195	-
<b>Expenses paid includes the following:</b>		
Rent paid to CFMEUQ	721,224	722,495
Leave entitlements transferred to CFMEUQ	151,211	-
Promotional charges transferred to CFMEUQ	26,826	-
Compliance recoveries transferred to CFMEUQ	26,752	-
Capitation fees to CFMEU C&G National Office	738,547	774,578
Campaign levy to CFMEU C&G National Office	134,860	61,825
Wages reimbursement to CFMEU C&G National Office	102,425	120,990
Campaign contribution to CFMEU C&G National Office	366,234	-
Dentsu X cost contribution to CFMEU C&G National Office	173,177	-
Bossman Media cost contribution to CFMEU C&G National Office	160,435	-
Legal cost contribution to CFMEU C&G National Office	55,000	20,185
Donation – contribution to CFMEU C&G National Office for Bushfire Appeal	17,440	-
Staff cost reimbursement to CFMEU C&G National Office	-	2,500
ACTU campaign donation to CFMEU C&G National Office	-	196,651
Change the rules campaign donation to CFMEU C&G National Office	-	196,651
Donation – contribution to CFMEU C&G ACT for security cost	100,000	-
Accommodation costs reimbursement to CFMEU M&E QLD	352	-
Conference accommodation from CFMEU C&G WA	-	795



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 8 RELATED PARTY DISCLOSURES (CONTINUED)**

**Note 8A: Related Party Transactions for the Reporting Period (Continued)**

**Holders of office and related reporting units (continued)**

	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>\$</b>	<b>\$</b>
<b>Amounts owed by includes the following:</b>		
CFMEU C&G National Office	39,635	17,595
<b>Amounts owed to includes the following:</b>		
CFMEU C&G National Office	7,403	-
<b>Loans to CFMEUQ:</b>	<b>1,500,000</b>	<b>1,500,000</b>

**Terms and conditions of transactions with related parties**

Related party transactions occur between the Union and its state registered equivalent the Construction, Forestry, Mining & Energy, Industrial Union of Employees, Queensland State Construction & General Division (CFMEUQ).

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2020, the union has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2019: \$Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. The loan provided to CFMEUQ does not incur interest and is expected to be repaid within 5 years.

Related party transactions also occur between the Union and other reporting units including the National Office of the Construction & General Division (CFMEU C&G National Office). Related Party disclosures in the financial report are presented on an accrual basis. Whilst the financial records of the Union have been kept, as far as practicable, in a manner consistent with each other reporting units of the organisation, the balances and transactions reported in this financial report may differ to those recorded in the financial report of the counterparty reporting unit. This may arise due to timing difference in the respective recordkeeping of the related reporting units, for example, in the receipt of payments, correspondence in transit or the alternative categorisation of balances/transactions.

From time-to-time, the National Office of the Construction & General Division of the CFMEU (CFMEU C&G National Office) coordinates various administrative activities on behalf of the Union. This includes the collation of certain costs, which are apportioned to the appropriate branches and invoiced in full. Accordingly, with the National Office merely being the facilitator of such transactions between the Union and independent third parties (and there is no profit component in recharging these costs), these are not considered to be related party expenditures of the Union and hence are not required to be disclosed.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 8 RELATED PARTY DISCLOSURES (CONTINUED)**

**Note 8A: Related Party Transactions for the Reporting Period (Continued)**

**Terms and conditions of transactions with related parties (continued)**

Notwithstanding this, the transfer of funds to meet these obligations remain related party transactions, and accordingly have been disclosed in the related party cash flows reported at Note 7B. Additionally, any amounts outstanding as at balance date between related parties have been disclosed at Note 8A.

There have been no payments made during the financial year to a former related party of the Union.

**Note 8B: Key Management Personnel Remuneration for the Reporting Period**

Key management personnel comprise those individuals who have the authority and responsibility for planning, directing and controlling the activities of the Union. The Union has determined that key management personnel comprises of:

- Michael Ravbar (State Secretary)
- Royce Kupsch (State President)
- Jade Ingham (Assistant State Secretary)

During the year, the key management personnel of the Union were remunerated as follows:

	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>\$</b>	<b>\$</b>
<b>Short-term employee benefits</b>		
Salary (including annual leave taken)	581,911	523,195
Annual leave	(16,117)	8,753
Performance bonus	-	-
Other employee benefits	5,304	5,304
<b>Total short-term employee benefits</b>	<u>571,098</u>	<u>537,252</u>
<b>Post-employment benefits:</b>		
Superannuation	61,740	73,078
Redundancy fund	19,166	19,617
<b>Total post-employment benefits</b>	<u>80,906</u>	<u>92,695</u>
<b>Other long-term benefits:</b>		
Long-service leave	43,123	48,422
<b>Total other long-term benefits</b>	<u>43,123</u>	<u>48,422</u>
<b>Termination benefits</b>	-	-
<b>Total</b>	<u>695,127</u>	<u>678,369</u>

No other transactions occurred during the year with elected officers, close family members or other related parties than those related to their membership or employment and on terms no more favourable than those applicable to any other member of employee.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 9 CONTINGENT LIABILITIES, ASSETS AND COMMITMENTS**

(a) Operating lease commitments

**Leases as lessee**

The leases relate to rent of regional office located at Townsville. The current lease expires in May 2020. The future minimum lease payments under non-cancellable operating leases are as follows (FY2019 comparative only):

	<b>31 March 2019 \$</b>
Payable – minimum lease commitments	
- not later than 12 months	131,354
- between 12 months and 5 years	47,652
- greater than 5 years	-
<b>Minimum lease payments</b>	<u>179,006</u>

In FY2020, the above leases are accounted as short-term leases under AASB16.

**Leases as lessor**

The leases relates to rent from sub leasing regional office located at Townsville. The future minimum receivable payments under non-cancellable operating leases are as follows:

	<b>31 March 2020 \$</b>	<b>31 March 2019 \$</b>
Receivable – minimum lease commitments		
- not later than 12 months	4,024	45,014
- between 12 months and 5 years	-	7,623
- greater than 5 years	-	-
<b>Minimum lease payments</b>	<u>4,024</u>	<u>52,637</u>

(b) Contingent liabilities and commitments

There are continually numerous ongoing unsettled legal actions against the Union regarding industrial relations matters.

If at year end, a judgement has been awarded against the Union or a matter has been settled and the amount is unpaid, the Union accrues an expense for estimated costs and penalties in relation to the matter.

No provision is made for any settlement costs or penalties for ongoing unresolved matters where the outcome cannot be reliably determined as the Union intends to defend the claims.

(c) Finance lease commitments

The Union does not have any finance lease commitments at 31 March 2020 (2019: Nil).

(d) Capital expenditure commitments

There are no capital expenditure commitments at 31 March 2020 (2019: Nil).

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION  
CONSTRUCTION & GENERAL DIVISION  
QUEENSLAND NORTHERN TERRITORY DIVISIONAL BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

	31 March 2020 \$	31 March 2019 \$
<b>NOTE 10 REMUNERATION OF AUDITORS</b>		
<b>Value of the services provided</b>		
Financial statement audit services	23,405	22,750
Other services – included in apprentice scheme expense	4,000	10,000
<b>Total remuneration of auditors</b>	<u>27,405</u>	<u>32,750</u>

Other services include the audit of the political membership return and apprentice scheme acquittals.

**NOTE 11 FINANCIAL INSTRUMENTS**

**Financial Risk Management Policy**

The Committee of Management monitors the Union's financial risk management policies and exposure and approves financial transactions within the scope of these policies.

The Committee of Management's overall risk management strategy seeks to assist the Union in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of credit risk policies and future cash flow requirements.

**Specific Financial Risk Exposures and Management**

The main risks the Union is exposed to through its financial instruments are credit risk, liquidity risk, and market risk consisting predominantly of interest rate risk. There have been no substantive changes in the types of risks the Union is exposed to, how these risks arise, or the Committee of Management's objectives, policies and processes for managing or measuring the risks from the previous period.

The Union's financial instruments are listed below:

**Financial Assets**

Cash and cash equivalents	9,179,882	9,668,803
Trade and other receivables	1,782,025	1,662,366
Financial assets	5,279,954	5,505,302
	<u>16,241,861</u>	<u>16,836,471</u>

**Financial Liabilities**

Trade and other payables	523,849	1,030,906
	<u>523,849</u>	<u>1,030,906</u>

**Note 11A: Credit Risk**

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

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

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 11 FINANCIAL INSTRUMENTS (CONTINUED)**

**Note 11A: Credit Risk (Continued)**

The Union 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 quality, including those that are past due.

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

The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Union. On a geographical basis, the Union's trade and other receivables are all based in Australia.

The Union 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 accounts receivable. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 March 2020 is determined as follows. The expected credit losses below also incorporate forward looking information.

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

**Ageing of financial assets that were past due but not impaired for 2020**

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$	\$	\$	\$	\$
Expected loss rate	82.5%	0%	0%	0%	42.7%
Gross Carrying amount	1,611,946	-	-	1,500,000	3,111,946
Loss allowing provision	1,329,921	-	-	-	1,329,921

**Ageing of financial assets that were past due but not impaired for 2019**

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$	\$	\$	\$	\$
Expected loss rate	90.2%	0%	0%	0%	47.3%
Gross Carrying amount	1,652,526	-	-	1,500,000	3,152,526
Loss allowing provision	1,490,160	-	-	-	1,490,160

The "amounts written off" are all due to debtors declaring bankruptcy or accounts receivable that have now become unrecoverable.

The Union has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 5. The main source of credit risk to the entity is considered to relate to the class of assets described as "accounts receivable and other debtors".

The Union always measures the loss allowance for accounts receivables at an amount equal to lifetime expected credit loss. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 11 FINANCIAL INSTRUMENTS (CONTINUED)**

**Note 11A: Credit Risk (Continued)**

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Union writes off an account receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery (eg when the debtor has been placed under liquidation or has entered into bankruptcy proceedings) or when the trade receivables are over two years past due, whichever occurs earlier. None of the accounts receivable that have been written off are subject to enforcement activities.

***Collateral held as security***

The Union does not hold collateral with respect to its receivables at 31 March 2020 (31 March 2019: Nil).

**Note 11B: Liquidity Risk**

Liquidity risk arises from the possibility that the Union might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The Union manages this risk through the following mechanisms:

- preparing forward looking cash flow estimates;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The tables below reflect an undiscounted contractual maturity analysis for non-derivative financial liabilities. The Union does not hold directly any derivative financial liabilities.

**Contractual maturities for financial liabilities**

	On Demand	< 1 year	1 – 2 years	2 – 5 years	> 5 years	Total
<b>2020</b>		\$	\$	\$	\$	\$
Trade and other payables	523,849	-	-	-	-	523,849
	523,849	-	-	-	-	523,849
<b>2019</b>						
Trade and other payables	1,030,906	-	-	-	-	1,030,906
	1,030,906	-	-	-	-	1,030,906

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 11 FINANCIAL INSTRUMENTS (CONTINUED)**

**Note 11C: Market Risk**

- i. Interest rate risk  
Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Union's exposure to interest rate risk arises from its cash at bank, term deposits and floating rate instruments.

The financial instruments which expose the Union to interest rate risk are limited to its cash reserves.

- ii. Foreign exchange risk  
The Union is not exposed to fluctuations in foreign currencies.

- iii. Price risk  
The Union is exposed to equity securities price risk.

**Sensitivity Analysis**

While the Union is exposed to changes in interest rates, due to the fact that any expected change in interest rates would have no significant impact on profit and loss or equity, no sensitivity analysis has been considered necessary.

No sensitivity analysis has been performed on foreign exchange risk, as the Union is not exposed to foreign currency fluctuations.

**NOTE 12 FAIR VALUE MEASUREMENT**

**Fair Values**

*Fair value estimation*

The fair values of financial assets and liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair values is extracted from the market, with more reliable information available from markets that are actively traded.

In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Union. Most of these instruments, which are carried at amortised cost (i.e. accounts receivable), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Union.

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 12 FAIR VALUE MEASUREMENT (CONTINUED)**

The following table contains the carrying amounts and related fair values for the Union's financial assets and liabilities:

	Footnote	31 March 2020		31 March 2019	
		Carrying value	Fair value	Carrying value	Fair value
		\$	\$	\$	\$
<b>Financial assets</b>					
Cash and cash equivalents	(i)	9,179,882	9,179,882	9,668,803	9,668,803
Trade and other receivables	(i)	1,782,025	1,782,025	1,662,366	1,662,366
Financial assets	(i)	5,279,954	5,279,954	5,505,302	5,505,302
<b>Total financial assets</b>		<b>16,241,861</b>	<b>16,241,861</b>	<b>16,836,471</b>	<b>16,836,471</b>

	Footnote	31 March 2020		31 March 2019	
		Carrying value	Fair value	Carrying value	Fair value
		\$	\$	\$	\$
<b>Financial liabilities</b>					
Trade and other payables	(i)	523,849	523,849	1,030,906	1,030,906
<b>Total financial liabilities</b>		<b>523,849</b>	<b>523,849</b>	<b>1,030,906</b>	<b>1,030,906</b>

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, accounts receivable and other debtors and accounts payable and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is outside the scope of AASB 9.



**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 13 DISCLOSURE OF OFFICERS' REMUNERATION AND NON-CASH BENEFITS**

Pursuant to Rule 24B of the Union's Rules and s. 293B of the *Fair Work (Registered Organisation) Amendment Act 2016*, the Divisional Executive make the following disclosures of Officer remuneration and non-cash benefits received for the 2020 financial year.

- (a) the highest paid officers of the Union for the financial year, and their remuneration, were as follows:

	<b>Michael Ravbar</b>	<b>Royce Kupsch</b>	<b>Jade Ingham</b>	<b>Total</b>
	<b>Divisional Branch Secretary</b>	<b>Divisional Branch President</b>	<b>Assistant Divisional Branch Secretary</b>	
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Salary and allowance	201,537	204,904	175,470	581,911
Movement in annual and long service leave provisions	12,512	7,018	7,476	27,006
Superannuation	21,000	22,292	18,448	61,740
Redundancy	6,349	6,703	6,114	19,166
Other employee benefits	1,768	1,768	1,768	5,304
	<u>243,166</u>	<u>242,685</u>	<u>209,276</u>	<u>695,127</u>

The non-cash benefit provided to the officers of the Union are motor vehicles which are owned by the Union. The motor vehicles are primarily used for work related purposes but maybe used for personal use during non-working hours.

There were only three paid officers during the financial year.

- (b) Superannuation has been received by the following officers of the Union from a board position attained because of their position with the Union:

Michael Ravbar	Divisional Branch Secretary	\$6,445
Jade Ingham	Assistant Branch Secretary	\$9,910

No other remuneration or non-cash benefits had been received by Officers of the Union from a board position attained because of their position with the Union.

In accordance with Rule 24D and s. 293G of the *Fair Work (Registered Organisation) Amendment Act 2016*, refer to Note 8 for payments made by the Union to related parties.

The Union has made no reportable payments to any related party or declared person or body of the Union in the year ended 31 March 2020.

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION  
CONSTRUCTION & GENERAL DIVISION  
QUEENSLAND NORTHERN TERRITORY DIVISIONAL BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 14 ADMINISTRATION OF FINANCIAL AFFAIRS BY A THIRD PARTY**

There has been no administration of financial affairs by a third party.

**NOTE 15 SECTION 272 FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009**

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

Information to be provided to members or Commissioner:

- (1) A member of a reporting unit, or the Commissioner, 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).

**NOTE 16 UNION DETAILS**

The registered office of the Union is:

16 Campbell Street  
Bowen Hills QLD 4006

**NOTE 17 SEGMENT INFORMATION**

The Union operates solely in one reporting segment, being the provision of industrial services in Queensland.

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF CONSTRUCTION, FORESTRY, MARITIME, MINING AND ENERGY UNION CONSTRUCTION AND GENERAL DIVISION QUEENSLAND NORTHERN TERRITORY DIVISIONAL BRANCH

#### Opinion

We have audited the accompanying financial report of Construction, Forestry, Maritime, Mining and Energy Union, Construction and General Division, Queensland Northern Territory Divisional Branch which comprises the Statement of Financial Position as at 31 March 2020, Statement of Comprehensive Income, Statement of Changes in Equity, and the Statement of Cash Flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, the subsection 255(2A) report and the Committee of Management Statement.

The audit report has been prepared based on the requirements of section 257(1) of the *Fair Work (Registered Organisations) Act 2009*.

In our opinion the financial report of the Construction, Forestry, Maritime, Mining and Energy Union, Construction and General Division, Queensland Northern Territory Divisional Branch:

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

#### Basis for Opinion

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

#### Other Information

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

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

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.

## Committee of Management's Responsibilities for the Financial Report

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

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

Those charged with governance are responsible for overseeing the Union's financial reporting process.

## Auditor's Responsibilities

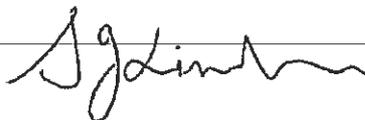
Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

## Report on Other Regulatory Requirements

- a) We have nothing to report with regards to reporting requirements under section 257(7) of the *Fair Work (Registered Organisations) Act 2009*.
- b) The scope of our audit did extend to recovery of wages activity, however as noted in the Committee of Management Statement, no such activity was undertaken during the reporting period.
- c) In our opinion, the Committee of Management's use of the going concern basis of accounting in the preparation of the financial report is appropriate.
- d) I am an approved auditor as defined by Regulation 4 of the *Fair Work (Registered Organisations) Regulations 2009* being a member of the Institute of Chartered Accountants in Australia & New Zealand who holds a current Public Practice Certificate.

## PKF BRISBANE AUDIT



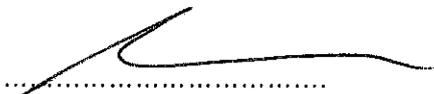
SHAUN LINDEMANN  
PARTNER

DATED THIS 26<sup>TH</sup> DAY OF MAY 2020  
BRISBANE  
REGISTRATION NUMBER: AA2017/161

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION  
CONSTRUCTION & GENERAL DIVISION  
QUEENSLAND NORTHERN TERRITORY DIVISIONAL BRANCH  
DESIGNATED OFFICERS CERTIFICATE  
FOR THE YEAR ENDED 31 MARCH 2020**

I, Michael John Ravbar, being the Divisional Branch Secretary of the Construction, Forestry, Maritime, Mining & Energy Union Construction & General Division Queensland Northern Territory Divisional Branch certify:

- that the documents lodged herewith are copies of the full report for the Construction, Forestry, Maritime, Mining & Energy Union Construction & General Division Queensland Northern Territory Divisional Branch for the period ended 31 March 2020 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 3 June 2020; and
- that the full report was presented to a meeting of the Committee of Management of the reporting unit on 23 June 2020 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.



**Michael John Ravbar**

Divisional Branch Secretary

23 June 2020

Brisbane