



15 September 2020

Andrew Sutherland
Secretary, South Australia Divisional Branch
Construction and General Division
Construction, Forestry, Maritime, Mining and Energy Union

Dear Mr Andrew Sutherland

Re: – Financial reporting – Construction, Forestry, Maritime, Mining and Energy Union, South Australia Divisional Branch - for year ending 31 March 2020 (FR2020/8)

I refer to the financial report of the South Australia Divisional Branch in respect of the year ending 31 March 2020. The documents were lodged with the Registered Organisations Commission ('ROC') on 23 July 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 s.253, s.265, s.266 and s.268 of the Fair Work (Registered Organisations) Act 2009 (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements. Please note 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

Note 1.4 stated that the adoption of AASB 15 and AASB 1058 had not affected the financial statements. For future reference I take this opportunity to draw attention to the following.

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 - Disaggregation 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 in future years the reporting unit must include all/any relevant and required financial disclosures in accordance with AASBs 15 and 1058.

Typographical/line error

The figures disclosed for donations \$1,000 or less and exceeding \$1,000 at Note 4E appear in reverse order. This should be corrected in the 2021 report.

Officer-Related party remuneration and payments disclosures - clarification

Note 13 sets out certain information stating it was “*pursuant to Rule 24B of the Union’s Rules and section 293B of the Fair Work (Registered Organisation) Amendment Act 2016*”. The information relates to disclosures described in sections 293BC and 293G, which are set out in Part 2A of Chapter 9 of the RO Act. For accuracy, and for your consideration, I wish to clarify the following.

Section 293B does not require this information to be included in the general purpose financial report. Subsections 293BC(3) and 293G(3) only require such information to be made as part of the officer and related party disclosure statement described in section 293J.

Part 3 of Chapter 8 of the RO Act also does not itself require such information to be included in a general purpose financial report. I note, rather, that the inclusion of such information in the financial report reflects the Branch’s compliance with union rules, specifically, National rules 24B(d)(iii) and 24D(d)(iii) which provide that the disclosure of remuneration and non-cash benefits and payments respectively shall be “*published in the annual financial returns*”.

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

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN DIVISIONAL BRANCH**

ABN 71 560 759 083

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN 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 South Australian 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 surplus for the financial year amounted to \$98,835 (31 March 2019: deficit \$513,209)

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

No matter or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Union, the results of those operations or the state of affairs of the Union in future financial years.

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.

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
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COMMITTEE OF MANAGEMENT OPERATING REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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* and Rule 11 of the Federal Rules.

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

There are no officers or members 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*.

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 2,560 (2019: 2,457).

Number of Employees

The number of full-time equivalent employees of the Union at the end of the financial year was 8 (2019: 9.5).

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:

Name	Position	Period of appointment
Craig Fry	Divisional Branch President	1/4/19 - 24/10/19
Desmond Savage	Divisional Branch Vice President	10/4/19 - current
Andrew Sutherland	Divisional Branch Secretary	16/10/19 - current
Colin Fenney	Assistant Divisional Branch Secretary	1/4/19 - 27/9/19
Gregory Natt	Branch Treasurer	26/6/19 - current
David Sahilberg	Branch Trustee	1/4/19 - 19/2/20
Antony Priddle	Branch Trustee	1/4/19 - 5/5/19
Margues Pare	Branch Trustee	26/6/19 - current
Derek Stapleton	Branch organiser	Whole period
Adrian McManus	Branch organiser	1/4/19 - 17/7/19
Duncan Campbell	Branch member	Whole period
Ryan Dolman	Branch member	1/4/19 - 2/3/20
Michael Hope	Branch member	1/4/19 - 16/10/19
Gregory Natt	Branch member	1/4/19 - 26/6/19
Troy McIntyre	Branch member	26/6/19 - current
Marcus Pare	Branch member	10/4/19 - 26/6/19
Alexandra Russell	Branch member	26/6/19 - current

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
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SOUTH AUSTRALIAN 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:



.....
Andrew Sutherland
Divisional Branch Secretary

24 June 2020

Adelaide

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN DIVISIONAL BRANCH**

COMMITTEE OF MANAGEMENT STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

On 24 June 2020, the Committee of Management of the Construction, Forestry, Maritime, Mining & Energy Union, Construction & General Division, South Australian 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 any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the *RO Act*);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the 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: **Andrew Sutherland**

Title of Designated Officer: Divisional Branch Secretary

Signature: 

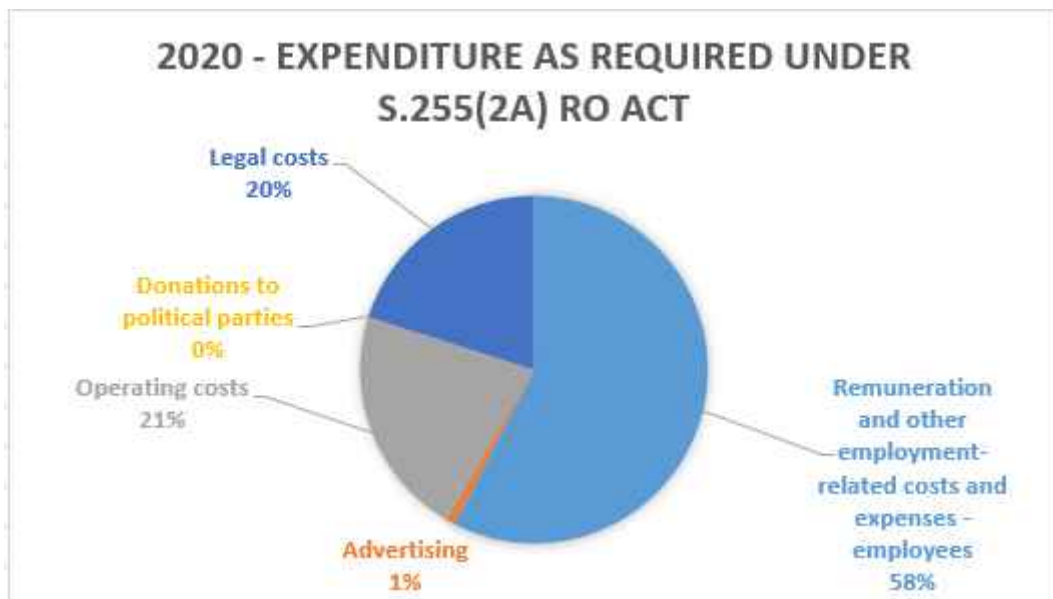
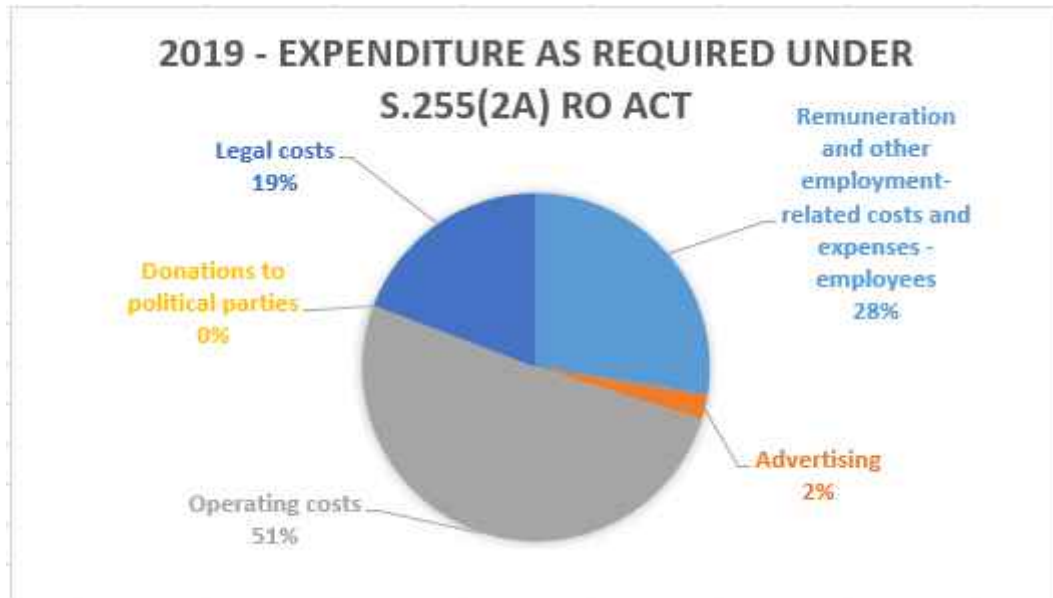
Date: 24 June 2020

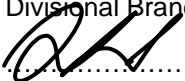
**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN DIVISIONAL BRANCH**

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.



Name of Designated Officer: Andrew Sutherland
Title of Designated Officer: Divisional Branch Secretary
Signature: 
Date: 24 June 2020

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN DIVISIONAL BRANCH**

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	31 March 2020 \$	31 March 2019 \$
Revenue			
Membership subscription		1,516,015	1,287,631
Capitation fees		-	-
Levies – Compulsory or Voluntary		-	-
Interest	3A	436	1,278
Interest on Trust and Port Pirie accounts		-	1,636
Other revenue	3D	379,846	726,314
Total revenue		<u>1,896,297</u>	<u>2,016,859</u>
Other Income			
Grants and/or donations	3B	207,000	-
Net gains from sale of assets	3C	-	-
Wages recovered from workcover		58,150	40,011
Total other income		<u>265,150</u>	<u>40,011</u>
Total income		<u>2,161,447</u>	<u>2,056,870</u>
Expenses			
Employee expenses	4A	1,184,655	591,915
Capitation fees	4B	133,035	117,879
Affiliation fees	4C	23,731	37,029
Administration expenses	4D	2,405	54,617
Grants or donations	4E	12,754	58,113
Depreciation and amortisation	4F	12,855	5,075
Finance costs	4G	13,852	14,089
Legal costs	4H	71,933	413,194
Accounting and audit fees	4I	13,435	17,930
Other expenses	4J	593,957	1,260,238
Total expenses		<u>2,062,612</u>	<u>2,570,079</u>
Surplus (deficit) for the year		<u>98,835</u>	<u>(513,209)</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>98,835</u>	<u>(513,209)</u>

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

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN DIVISIONAL BRANCH**

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Notes	31 March 2020 \$	31 March 2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5A	352,062	419,858
Trade and other receivables	5B	20,195	23,031
Other current assets	5C	2,580	47,000
Total current assets		374,837	489,889
Non-Current Assets			
Loan to Australian Building Construction Workers' Federation (ABCWF)		-	-
Property, plant and equipment	5D	38,051	14,552
Total non-current assets		38,051	14,552
Total assets		412,888	504,441
LIABILITIES			
Current Liabilities			
Trade and other payables	6A	95,482	102,035
Employee provisions	6B	43,423	40,657
Revenue in Advance	6C	105,420	155,882
Total current liabilities		244,325	298,574
Non-Current Liabilities			
Trade and other payables	6A	384,510	497,902
Employee provisions	6B	6,137	4,906
Total non-current liabilities		390,647	502,808
Total liabilities		634,972	801,382
Net assets		(222,084)	(296,941)
EQUITY			
Retained earnings		(222,084)	(296,941)
Total equity		(222,084)	(296,941)

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

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN DIVISIONAL BRANCH**

STATEMENT OF CHANGES IN EQUITY

AS AT 31 MARCH 2020

	Retained Earnings			Total
	General Fund	Trust Account	Port Pirie Welfare Fund	
	\$	\$		\$
Balance as at 1 April 2018	193,470	434	22,364	216,268
Surplus (deficit) for the period	(514,845)	22	1,614	(513,209)
Other comprehensive income for the period	-	-	-	-
Closing balance as at 31 March 2019	(321,375)	456	23,978	(296,941)
Surplus (deficit) for the year	98,835	-	-	98,835
Transfer of Port Pirie Welfare Fund to Port Pirie members	1.25	-	(23,978)	(23,978)
Other comprehensive income for the year	-	-	-	-
Closing balance as at 31 March 2020	(222,540)	456	-	(222,084)

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

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	31 March 2020 \$	31 March 2019 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from other reporting units	7B	3,805	9,495
Receipts from members and other customers		2,255,362	2,333,247
Interest from Trust and Port Pirie account		-	1,636
Interest		436	1,278
Other		-	-
Cash used			
Employees and suppliers		(1,927,679)	(1,908,659)
Finance cost		(13,852)	(14,089)
Payment to other reporting units	7B	(356,514)	(304,327)
Net cash from (used by) operating activities	7A	(38,442)	118,581
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of property, plant and equipment		-	-
Cash used			
Purchase of plant and equipment		(36,354)	(4,533)
Net cash from (used by) investing activities		(36,354)	(4,533)
FINANCING ACTIVITIES			
Received from ABCWF	7B	7,000	-
Net cash from (used by) investing activities		7,000	-
Net increase (decrease) in cash held		(67,796)	114,048
Cash & cash equivalents at the beginning of the reporting period.		419,858	305,810
Cash & cash equivalents at the end of the reporting period	5A	352,062	419,858

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

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
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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 South Australian 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.

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 the Union did not have any leases as a lessee on 1 April 2019, there are no lease liability and right-of-use assets to be recognised. 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 16: *Leases*.

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.

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 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.

Sponsorship revenue is accounted for on an accruals basis and is recorded as revenue in the year to which it relates.

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

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

**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)

1.6 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.

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN DIVISIONAL BRANCH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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 payments 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.

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 Union becomes a party to the contractual provisions of the instrument.

1.14 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (**OCI**), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Union's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Union initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (**SPPI**) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Union's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Union commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.14 Financial assets (Continued)

Financial assets at amortised cost

The Union measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (**EIR**) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Union's financial assets at amortised cost includes trade receivables and loans to related parties.

Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Union has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - a) the Union has transferred substantially all the risks and rewards of the asset, or
 - b) the Union has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Union has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Union continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.14 Financial assets (Continued)

Impairment

(i) Trade receivables

For trade receivables that do not have a significant financing component, the Union applies a simplified approach in calculating expected credit losses (**ECLs**) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, the Union does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Union has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(ii) Debt instruments other than trade receivables

For all debt instruments other than trade receivables and debt instruments not held at fair value through profit or loss, the Union recognises an allowance for expected credit losses using the general approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Union expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages:

- Where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses from possible default events within the next 12-months (a 12-month ECL).
- Where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the debt, irrespective of the timing of the default (a lifetime ECL).

The Union considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Union may also consider a financial asset to be in default when internal or external information indicates that the Union is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.15 Financial Liabilities

Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Union's financial liabilities include trade and other payables.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.16 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.

1.17 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:

	31 March 2020	31 March 2019
Office furniture & equipment	20-100%	20-100%

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.

1.18 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.

**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)

1.19 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.

1.20 Fair value measurement

The Union measures financial instruments, such as, financial asset as 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.

**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)

1.20 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.

1.21 Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Union incurred an operating surplus of \$98,835 during the year ended 31 March 2020 (31 March 2019: deficit \$513,209), and as at that date the Union's total liabilities exceeded total assets by \$222,084 (31 March 2019: \$296,941). The Union owes a cumulative \$401,181 to related parties. To this extent, The Construction, Forestry, Maritime, Mining & Energy Union, Construction & General Division – National Office (CFMEU-NA) has provided a letter of financial support to the Union whereby it agreed to not to seek repayment of the intercompany receivables from the Union for a period of 12 months from the date of signing this financial report. The Committee of management are confident of the Union's ability to continue as a going concern and the commitment from CFMEU-NA to continue to provide support.

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

**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)

1.22 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.

1.23 Recovery of Wages

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

1.24 Service Fees and Consulting charges

The Union employs Union Organisers and Administrative staff from the Australian Building and Construction Workers' Federation (ABCWF). The Union pays the ABCWF, "service charged & consulting fee" for the use of those staff in the Division's administrative and management functions.

From 12 December 2018, all employees of the ABCWF were transferred to the Construction Forestry Maritime Mining and Energy Union Construction and General Division South Australia Branch. As a result, the ABCWF no longer charges service charges & consulting fees to the Union from 12 December 2018.

1.25 Retained Earnings

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

There has been no withdrawals or transfer from a fund other than the general fund.

During the year, the Union transferred \$23,978 of Port Pirie Welfare Fund to the Port Pirie Members to manage it locally. The Union does not have any control or rights over this fund and no longer keeps a custody of this fund. The balance of Port Pirie Welfare Fund is nil at 31 March 2020 as stated in the Statement of Changes in Equity.

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

FOR THE YEAR ENDED 31 MARCH 2020

NOTE 2 EVENTS AFTER REPORTING DATE

There were no events that occurred after 31 March 2020, and/ or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Union.

NOTE 3 INCOME

31 March	31 March
2020	2019
\$	\$

Note 3A: Interest

Interest	436	1,278
Total Interest	<u>436</u>	<u>1,278</u>

Note 3B: Grants or donations

Grants	-	-
Donations	207,000	-
Total grants or donations	<u>207,000</u>	<u>-</u>

Note 3C: Net gains from sale of assets

Gain on sale of property, plant and equipment	-	-
Total net gain from sale of assets	<u>-</u>	<u>-</u>

Note 3D: Other Revenue

Meeting attendance & board fees	53,506	48,617
Members' Health contribution	45,810	183,659
BIRST Distribution	30,661	422,733
Promotion & Advertising income	30,000	22,500
Sponsorship	189,650	12,500
Merchandise sales	14,540	16,891
EBA Processing fee	5,454	9,818
Sundry income and reimbursements	10,225	9,596
Financial support from another reporting unit	-	-
Total other revenue	<u>379,846</u>	<u>726,314</u>

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

FOR THE YEAR ENDED 31 MARCH 2020

NOTE 4 EXPENSES	31 March 2020 \$	31 March 2019 \$
Note 4A: Employee expenses		
Holders of office:		
Wages and salaries	426,496	187,284
Superannuation	59,311	23,799
Leave and other entitlements	14,201	(36,632)
*Separation and redundancies	14,630	3,210
Other employee expenses	29,466	12,965
Subtotal employee expenses holders of office	544,104	190,626
Employees other than office holders:		
Wages and salaries	529,856	294,624
Superannuation	74,071	41,189
Leave and other entitlements	(10,204)	38,975
*Separation and redundancies	10,220	6,104
Other employee expenses	36,608	20,397
Subtotal employee expenses employees other than office holders	640,551	401,289
Total employee expenses	1,184,655	591,915

*Separation and redundancies include contributions to the redundancy fund.

Note 4B: Capitation fees

CFMEU C&G National Office	133,035	117,879
Total Capitation fees	133,035	117,879

Note 4C: Affiliation fees

Australian Labor Party South Australian Branch	10,221	24,575
SA Unions	10,665	10,162
Other Affiliations	2,845	2,292
Total Affiliation fees	23,731	37,029

Note 4D: Administration expenses

Consideration to employers for payroll deductions	-	-
Levies	-	34,143
Fees/allowances - meeting and conferences	-	-
Conference and meeting expenses	2,405	20,474
Total administration expenses	2,405	54,617

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

FOR THE YEAR ENDED 31 MARCH 2020

NOTE 4 EXPENSES (CONTINUED)

31 March	31 March
2020	2019
\$	\$

Note 4E: Grants or donations

Grants:

Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-

Donations:

Total paid that were \$1,000 or less	12,654	57,587
Total paid that exceeded \$1,000	100	526

Total grants or donations	12,754	58,113
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Note 4F: Depreciation and amortisation

Depreciation:

Property, plant and equipment	12,855	5,075
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Total depreciation	12,855	5,075
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Amortisation

Intangibles	-	-
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Total amortisation	-	-
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Total depreciation and amortisation	12,855	5,075
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Note 4G: Finance costs

Bank charges and credit card fees	13,852	14,089
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Total finance costs	13,852	14,089
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Note 4H: Legal costs

Litigation	69,894	408,907
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Other legal matters	2,039	4,287
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Total legal costs	71,933	413,194
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Note 4I: Accounting and Audit fees

Accounting and audit expenses	10,700	16,540
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Other accounting services	2,735	1,390
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Total accounting and audit fees	13,435	17,930
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**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

NOTE 4 EXPENSES (CONTINUED)

31 March	31 March
2020	2019
\$	\$

Note 4J: Other expenses

Penalties – via RO Act or the <i>Fair Work Act 2009</i>	-	-
Advertising	600	459
Barbecue costs	-	883
Campaign costs	106,506	-
Cleaning	6,126	6,072
Computer expenses	4,725	2,033
Doubtful debts	8,710	-
Emergency Transport	15,099	103,344
Insurance (General, Members & Income Protection)	80,683	218,214
Labour day	900	-
Light & power	15,607	16,385
Minor asset purchases	4,239	-
Motor vehicle expenses	50,372	46,433
Office expenses	46,381	18,000
Papers & publications	-	1,743
Photocopier rental	9,384	9,384
Picnic	12,357	23,694
Port Pirie Social club	-	1,020
Postage, Printing & stationery	51,705	39,147
Promotional items	17,412	37,057
Rallies	-	1,037
Rent to ABCWF	100,000	100,000
Repairs & maintenance	5,149	6,544
Service fees & consulting charges – Note 1.24	-	549,551
Sponsorship	3,900	-
Subscription	10,330	2,333
Sundry expenses	(166)	3,031
Telephone & communication	27,211	33,533
Travel and accommodation	16,727	40,341
Total other expenses	593,957	1,260,238

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

FOR THE YEAR ENDED 31 MARCH 2020

NOTE 5 ASSETS

31 March	31 March
2020	2019
\$	\$

Note 5A: Cash and Cash Equivalents

Cheque account	150,169	176,412
Trust account	456	456
Petty cash	500	500
Business online saver	200,937	218,512
Port Pirie Bank accounts	-	23,978
Total cash and cash equivalents	352,062	419,858

Note 5B: Trade and Other Receivables

Current

Trade receivable	2,200	-
Membership dues receivable	676,159	396,905
Other receivables	-	-
Receivables from other reporting units		
CFMEU C&G National Office	-	-
Total current trade and other receivables	678,359	396,905
Less allowance for expected credit losses	(658,164)	(373,874)
Total allowance for expected credit losses	(658,164)	(373,874)
Total current trade and other receivables (net)	20,195	23,031

Non-current

Receivables from other reporting units	-	-
Total non-current trade and other receivables	-	-
Total trade and other receivables	20,195	23,031

No allowance for expected credit losses has been raised against the reporting units balances shown.

Note 5C: Other Current Assets

Prepayments	2,580	47,000
Total other current assets	2,580	47,000

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

FOR THE YEAR ENDED 31 MARCH 2020

NOTE 5 ASSETS (CONTINUED)

31 March	31 March
2020	2019
\$	\$

Note 5D: Property, Plant and Equipment

Property, Plant and Equipment comprises of:

Office furniture & equipment	38,051	14,552
Total property plant and equipment	<u>38,051</u>	<u>14,552</u>

Office Furniture & Equipment:

At cost	106,465	70,920
Less accumulated depreciation	(68,414)	(56,368)
Total office furniture & equipment	<u>38,051</u>	<u>14,552</u>

	Plant & Equipment	Total
	\$	\$
Balance at beginning of the year	14,552	15,094
Additions	36,354	4,533
Disposals	-	-
Depreciation expense – Note 4F	(12,855)	(5,075)
Carrying amount at end of the year	<u>38,051</u>	<u>14,552</u>

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

FOR THE YEAR ENDED 31 MARCH 2020

NOTE 6	LIABILITIES	31 March 2020	31 March 2019
		\$	\$
Note 6A: Trade and Other Payables			
	Trade payables and accruals	49,991	65,810
	Payables to other reporting units		
	- CFMEU C&G National Office	16,671	-
	Consideration to employers for payroll deductions	-	-
	Legal costs		
	Litigation	-	30,000
	Other legal matters	-	-
	GST payable	28,820	6,225
	Wages collected on behalf of members	-	-
	Total current trade and other payables	<u>95,482</u>	<u>102,035</u>
	Payables to other reporting units		
	- CFMEU C&G National Office	384,510	397,902
	- ABCWF	-	100,000
	Total non-current trade and other payables	<u>384,510</u>	<u>497,902</u>
	Total trade and other payables	<u><u>479,992</u></u>	<u><u>599,937</u></u>
Note 6B: Employee Provisions			
Employee provisions comprises of:			
<i>Current</i>			
	Provision for annual leave	43,423	40,657
	Provision for long service leave	-	-
	Provision for BIRST	-	-
		<u>43,423</u>	<u>40,657</u>
<i>Non-current</i>			
	Provision for long service leave	6,137	4,906
	Total employee provisions	<u>49,560</u>	<u>45,563</u>
Non-current provisions represent long service leave entitlements owing to employees who have not completed 5 continuous years of service with the Union.			
	Balance at beginning of the year	45,563	26,025
	Net provision movement during the year	3,997	19,538
	Balance at the end of the year	<u><u>49,560</u></u>	<u><u>45,563</u></u>

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

FOR THE YEAR ENDED 31 MARCH 2020

NOTE 6	LIABILITIES (CONTINUED)	31 March 2020	31 March 2019
		\$	\$

Note 6B: Employee Provisions (Continued)

Office Holders:

Annual leave	32,771	6,197
Long service leave	4,955	761
Separations and redundancies	-	-
Other	-	-

Subtotal employee provisions—office holders	37,726	6,958
--	---------------	--------------

Employees other than office holders:

Annual leave	10,652	34,460
Long service leave	1,182	4,145
Separations and redundancies	-	-
Other	-	-

Subtotal employee provisions—employees other than office holders	11,834	38,605
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Total current employee provisions	49,560	45,563
--	---------------	---------------

Note 6C: Revenue in Advance

Revenue in advance comprises of:

Current

Membership dues in advance	91,670	155,882
Other revenue in advance	13,750	-
	105,420	155,882

Non-current

Other revenue in advance	-	-
Total revenue in advance	105,420	155,882

NOTE 7 CASH FLOW

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	352,062	419,858
Statement of financial position	352,062	419,858
Difference	-	-

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

FOR THE YEAR ENDED 31 MARCH 2020

NOTE 7 CASH FLOW (CONTINUED)	31 March 2020 \$	31 March 2019 \$
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Note 7A: Cash Flow Reconciliation (continued)

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

Surplus/(deficit) for the year	98,835	(513,209)
Adjustments for non-cash items		
Depreciation expense – Note 4F	12,855	5,075
Non-cash donation income from CITC	(207,000)	-
Non-cash movement in ABCWF loan	200,000	-
Changes in assets/liabilities		
(Increase)/decrease in net receivables	2,836	(15,142)
(Increase)/decrease in prepayments	44,420	514
Increase/(decrease) in trade and other payables	(119,945)	519,272
Increase/(decrease) in revenue in advance	(50,462)	100,897
Increase/(decrease) in employee provisions	3,997	19,538
Increase/(decrease) in Welfare fund equity	-	1,636
Increase/(decrease) in Port Pirie fund equity	(23,978)	-
Net cash from (used by) operating activities	(38,442)	118,581

Note 7B: Cash flow information

Cash inflows

ABCWF	7,000	-
CFMEU C&G National Office	1,500	9,495
CFMEU Manufacturing Division	2,305	-
Total cash inflows	10,805	9,495

Cash outflows

ABCWF	-	19,107
CFMEU C&G National Office	350,190	284,520
CFMEU C&G ACT branch	6,324	-
CFMEU C&G WA branch	-	700
Total cash outflows	356,514	304,327

Note 7C: 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)

FOR THE YEAR ENDED 31 MARCH 2020

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.

	31 March 2020 \$	31 March 2019 \$
Income received includes the following:		
Airfares reimbursement from CFMEU C&G National office	-	5,906
Other reimbursements from CFMEU C&G National office	1,500	493
Merchandise sales to CFMEU Manufacturing division	159	-
Picnic day tickets sale to CFMEU Manufacturing division	1,136	-
Charity lunch sponsorship from CFMEU Manufacturing division	800	-
Expenses paid includes the following:		
Capitation fees to CFMEU C&G National Office	133,035	117,879
Campaign levy to CFMEU C&G National Office	-	34,143
Staff expense contribution to CFMEU C&G National Office	-	2,500
Legal cost contribution to CFMEU C&G National Office	-	89,172
Legal penalties contribution to CFMEU C&G National Office	33,350	293,190
Campaign contribution to CFMEU C&G National Office	55,735	-
Dentsu X cost contribution to CFMEU C&G National Office	26,355	-
Bossman Media cost contribution to CFMEU C&G National Office	24,416	-
Donation to CFMEU C&G National Office for Bushfire appeal	2,654	-
ACTU change the rules campaign donation to CFMEU C&G National Office	-	26,294
CFMEU National campaign donation to CFMEU C&G National Office	-	26,294
Conference expenses to CFMEU C&G WA branch	-	636
Merchandise purchase from CFMEU C&G ACT branch	5,749	-
Rent paid to ABCWF	100,000	100,000
Service fees paid to ABCWF (Note 4J)	-	549,551
Amounts owed by includes the following:		
CFMEU C&G National Office	-	-
Amounts owed to includes the following:		
CFMEU C&G National Office	401,181	397,902
ABCWF	-	100,000
Loans to ABCWF:	-	-

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
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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)

Terms and conditions of transactions with related parties (continued)

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.

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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

NOTE 8 RELATED PARTY DISCLOSURES (CONTINUED)

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:

- Andrew Sutherland (Divisional Branch Secretary) – Appointed 16/10/2019
- Colin Fenney (Former Assistant Divisional Branch Secretary) – Resigned 27/09/2019
- Desmond Savage (Divisional Branch Vice President) – Appointed 10/04/2019
- Margues Pare (Divisional Branch Trustee) – Appointed 26/06/19
- Derek Stapleton (Divisional Branch Organiser)
- Adrian McManus (Former Divisional Branch Organiser) – Resigned 17/07/2019
- Alexandra Russell (Divisional Branch Member) – Appointed 26/06/2019

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

	31 March 2020	31 March 2019
	\$	\$
Short-term employee benefits		
Salary (including annual leave taken)	426,496	187,284
Annual leave movement	12,361	224
Performance bonus	-	-
Other employee benefits	29,466	12,965
Total short-term employee benefits	468,323	200,473
Post-employment benefits:		
Superannuation	59,311	23,799
Redundancy fund	14,630	3,210
Total post-employment benefits	73,941	27,009
Other long-term benefits:		
Long-service leave	1,840	(36,856)
Total other long-term benefits	1,840	(36,856)
Termination benefits	-	-
Total	544,104	190,626

Andrew Sutherland (Divisional Branch Secretary) is also the Assistant Divisional Secretary for the Construction Forestry Maritime Mining and Energy Union Construction & General Divisional – National Office (CFMEU C&G National Office). CFMEU C&G National Office pays 100% of Andrew Sutherland's remuneration.

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.

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

The Union does not have any operating lease commitments.

(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).

NOTE 10 REMUNERATION OF AUDITORS

	31 March 2020	31 March 2019
	\$	\$
Value of the services provided		
Financial statement audit services	10,700	9,000
Other services – Accounting fees	2,735	1,390
Total remuneration of auditors	<u>13,435</u>	<u>10,390</u>

Other services include the audit of the political membership return, payment summaries and FBT return.

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.

**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)

The Union's financial instruments are listed below:

	31 March 2020 \$	31 March 2019 \$
Financial Assets		
Cash and cash equivalents	352,062	419,858
Trade and other receivables	20,195	23,031
	<u>372,257</u>	<u>442,889</u>
Financial Liabilities		
Trade and other payables	479,992	599,937
	<u>479,992</u>	<u>599,937</u>

Note 11A: Credit Risk

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.

**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)

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	97.0%	0%	0%	0%	97.0%
Gross Carrying amount	678,359	-	-	-	678,359
Expected credit loss	658,164	-	-	-	658,164

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	94.2%	0%	0%	0%	94.2%
Gross Carrying amount	396,905	-	-	-	396,905
Expected credit loss	373,874	-	-	-	373,874

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.

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).

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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)

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
	\$	\$	\$	\$	\$	\$
2020						
Trade and other payables	95,482	-	384,510	-	-	479,992
	95,482	-	384,510	-	-	479,992
2019						
Trade and other payables	599,937	-	-	-	-	599,937
	599,937	-	-	-	-	599,937

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.

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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)

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 at an arm's length transaction.

Fair value may be based on information that is estimated or subject to judgment, 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.

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
		\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	(i)	352,062	352,062	419,858	419,858
Trade and other receivables	(i)	20,195	20,195	23,031	23,031
Total financial assets		372,257	372,257	442,889	442,889

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

NOTE 12 FAIR VALUE MEASUREMENT (CONTINUED)

	Footnote	31 March 2020		31 March 2019	
		Carrying value	Fair value	Carrying value	Fair value
		\$	\$	\$	\$
Financial liabilities					
Trade and other payables	(i)	479,992	479,992	599,937	599,937
Loan payable	(i)	-	-	-	-
Total financial liabilities		479,992	479,992	599,937	599,937

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 139.

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 five highest paid officers of the Union for the financial year, and their remuneration, were as follows:

	Desmond Savage	Derek Stapleton	Alexandra Russell	Margues Pare	Colin Fenney Former Assistant Divisional Branch Secretary	Total
	\$	\$	\$	\$	\$	\$
Salary and allowance	94,764	84,781	64,368	63,639	74,603	382,155
Movement in annual and long service leave provisions	10,134	8,060	7,066	5,701	(7,120)	23,841
Superannuation	13,859	12,334	9,615	9,190	9,032	54,030
Contributions to Redundancy Fund	3,080	3,710	2,800	2,030	1,890	13,510
Other employee benefits	6,547	5,858	4,447	4,397	5,154	26,403
	128,384	114,743	88,296	84,957	83,559	499,939

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.

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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
(CONTINUED)**

- (b) There was no superannuation received by any of the officers of the Union from a board position attained because of their position with the Union.

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.

Andrew Sutherland (Divisional Branch Secretary) is also the Assistant Divisional Secretary for the Construction Forestry Maritime Mining and Energy Union Construction & General Divisional – National Office (CFMEU C&G National Office). CFMEU C&G National Office pays 100% of Andrew Sutherland's remuneration.

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.

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:

Level 1, 32 South Terrace
Adelaide SA 5000

NOTE 17 SEGMENT INFORMATION

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

NOTE 18 OFFICER DECLARATION STATEMENT

An officer declaration statement has not been prepared given that all relevant disclosures required under this declaration, have been incorporated into this financial report, including 'NIL' disclosures.

INDEPENDENT AUDIT REPORT

To the Members of Construction, Forestry, Maritime, Mining and Energy Union, Construction & General Division – South Australian Divisional Branch

Report on the Audit of the Financial Report

I have audited the financial report of Construction, Forestry, Maritime, Mining and Energy Union, Construction & General Division – South Australian Divisional Branch (“the Union”), which comprises the statement of financial position as at 31 March 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, the committee of management statement, the report required under Subsection 255(2A) and the designated officers certificate.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Union as at 31 March 2020 and its financial performance and cash flows for the year then ended in accordance with:

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

I declare that management’s use of the going concern basis in the preparation of the financial statements of the reporting unit is appropriate.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Union in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

The committee of management is responsible for the other information. The other information obtained at the date of this auditor’s report is in the operating report accompanying the financial report.

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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Responsibility of Committee of Management for the Financial Report

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

In preparing the financial report, the committee of management 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 intend to liquidate the Union or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee of management.
- Conclude on the appropriateness of the committee of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Union's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However,

future events or conditions may cause the Union to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Union to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit. I remain solely responsible for my audit opinion.

I communicate with the committee of management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I declare that I am an auditor registered under the RO Act, I am a member of the Chartered Accountants Australia & New Zealand and hold a current Public Practice Certificate.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of section 257(7) of the RO Act, I am required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act. I have nothing to report in this regard.

Lee Green & Co Pty Ltd



David Charlesworth

Principal

Registration Number (as required by the RO commissioner under the RO Act): AA2020/2

Dated 24 June 2020

190 Fullarton Road
Dulwich SA 5065

Auditor's Independence Declaration under the Corporations Act 2001 to the Members of the Construction, Forestry, Maritime, Mining & Energy Union Construction & General Division – South Australian Divisional Branch

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2020, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

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Lee Green & Co Pty Ltd
ACN: 008 215 094
ABN: 76 008 215 094

Lee Green & Co Pty Ltd



David Charlesworth
Principal

Registration number (as required by the RO commissioner under the RO Act): AA 2019/2

190 Fullarton Rd, Dulwich SA 5065
Dated this 24 June 2020



Member of Russell Bedford
International - a global
network of independent
professional services firms

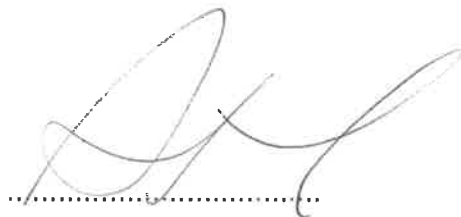
**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN DIVISIONAL BRANCH**

DESIGNATED OFFICERS CERTIFICATE

FOR THE YEAR ENDED 31 MARCH 2020

I, Andrew Sutherland, being the Divisional Branch Secretary of the Construction, Forestry, Maritime, Mining & Energy Union Construction & General Division South Australian 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 South Australian 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 25 June 2020; and
- that the full report was presented to a meeting of the Committee of Management of the reporting unit on 22 July 2020 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.



Andrew Sutherland

Divisional Branch Secretary

22 July 2020

Adelaide