



**Australian Government**  
**Australian Industrial Registry**

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

**Ref: FR2005/588**

Mr Bob Mitchell  
District Secretary  
CFMEU Mining and Energy Division  
South Western District Branch  
Wollongong Office - Box 1, Fred Moore House  
Lowden Square  
WOLLONGONG NSW 2500

Dear Mr Mitchell

**Financial Return - year ending 31 December, 2005**

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

**Legislation**

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

In May 2003 the Industrial Registrar wrote to all organisations forwarding a number of facts sheets outlining the major changes made by Schedule 1B of the Workplace Relations Act 1996 ('RAO'<sup>1</sup>). While the immediate changes affected the rules and elections in organisations, the changes affecting financial returns involve a longer lead time.

**The key differences under the new legislation affecting financial returns are:**

- a reduced financial reporting cycle (now maximum periods of 5 or 6 months depending on internal arrangements of organisation)
- a greater emphasis given to Australian Accounting Standards
- the introduction of a new report, known as an Operating Report (broadly similar in concept to a Director's Report under the corporations legislation)
- extensions of time are limited to one month
- restructured penalty provisions involving more extensive use of Civil Penalties
- the introduction of the Industrial Registrar's Reporting Guidelines
- organisations and their branches to report according to their financial structures, known as 'reporting units'.

We recommend you discuss the new requirements with your accountant or auditor.

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<sup>1</sup> Registration and Accountability of Organisations Schedule (RAO) (Schedule 1B to the *Workplace Relations Act 1996*)

## Reporting Unit

One of the new concepts of the RAO legislation is that reporting entities are known as "*reporting units*". Where an organisation is **not** divided into branches the reporting unit is the whole of the organisation. Where an organisation **is** divided into branches each branch will be a reporting unit unless the Industrial Registrar has determined a division of the organisation into reporting units on an alternative basis. We can discuss this with you if you need more information.

For simplicity, we will refer to your organisation as a reporting unit in this letter.

## Industrial Registrar's Guidelines

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

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

## Timeline Planner and Checklist

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

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

## Three Reports

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

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

Financial Statements containing:

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

Notes to the Financial Statements containing:

- notes required by the Australian Accounting Standards; and
- information required by the Industrial Registrar's *Reporting Guidelines* under section 255); and

Committee of Management Statement as required by the Registrar's Reporting Guidelines (a sample certificate for illustrative purposes is at Attachment C)

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

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

3. an **Auditor's Report**.

### **First Meeting (Committee of Management)**

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

### **The Auditor**

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

### **Informing Your Members**

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

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

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

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

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

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

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

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

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

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

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

### Lodge full report within 14 days of meeting

You must lodge a copy of the full report and any concise report in the Industrial Registry within 14 days of the second meeting. For your convenience you are encouraged to lodge the material electronically (see eFiling Tab at [www.airc.gov.au](http://www.airc.gov.au)). When lodging the financial return please quote: **FR2005/588**.

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

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

### Complying with time limits

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

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

### Extensions of Time

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

### Reduced Reporting Requirements

If your reporting unit meets certain conditions, some of these reporting requirements can be reduced. Such conditions might be where the annual income of the reporting unit (where the reporting unit is the whole of the organisation) is less than \$100,000, or **where the reporting unit has no financial affairs in the financial year**, or where the financial affairs of the reporting unit are encompassed by the financial affairs of its counterpart State industrial association.

### Contact the Registry

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

## Information on AIRC Website

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

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

Yours sincerely



For Deputy Industrial Registrar  
27 January 2006



### Documents Checklist

You can use this checklist as soon as possible after the financial year ends to ensure you have all the necessary documents prepared and that those documents contain all information required by RAO.

You can also use this checklist to ensure all documents in your financial return are complete before lodging them in the Registry.

No	Document	✓
<b>1</b>	<b>General Purpose Financial Report</b>	
	Does the report contain a Profit and Loss Statement?	
	Does the report contain a Balance Sheet?	
	Does the report contain a Statement of Cash Flows?	
	Does the report contain notes to the financial statements as required by AAS and the reporting guidelines?	
	Does the report contain all other information required by the reporting guidelines?	
<b>2</b>	<b>Committee of Management Statement</b>	
	Is the statement signed by the officer responsible for undertaking functions necessary to enable the reporting unit to comply with RAO?	
	Is the statement dated?	
	Is the statement in accordance with a resolution of the committee?	
	Does the statement specify the date of the resolution?	
	Does the statement contain declarations required by the reporting guidelines?	
<b>3</b>	<b>Auditor's Report</b>	
	Is the Report dated and signed by the auditor?	
	Is the name of the auditor clear?	
	Are the qualifications of the auditor on the report?	
	Has the auditor expressed an opinion on all matters required?	
<b>4</b>	<b>Operating Report</b>	
	Is the report signed and dated?	
	Does the report provide the number of members?	
	Does the report provide the number of employees?	
	Does the report contain a review of principal activities?	
	Does the report give details of significant changes?	
	Does the report give details of right of members to resign?	
	Does the report give details of superannuation trustees?	
	Does the report give details of membership of the committee of management?	
<b>5</b>	<b>Concise report*</b>	
<b>6</b>	<b>Certificate of Secretary or other Authorised Officer</b>	
	Is the certificate signed and dated?	
	Is the signatory the secretary or another officer authorised to sign the certificate?	
	Is the date that the report was provided to members stated?	
	Is the date of the Second Meeting at which the report was presented stated?	
	Does the certificate state that the documents are copies of those provided to members?	
	Does the certificate state that the documents are copies of those presented to the Second Meeting?	

\* This is an optional way of providing documents to members (see RAO s265(3) and RAO Reg. 161).

Committee Of Management Statement

On *[date of meeting]* the Committee of Management of *[name of reporting unit]* passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended *[date]*:

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

- (a) the financial statements and notes comply\* with the Australian Accounting Standards;
- (b) the financial statements and notes comply\* with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view\* of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds\* to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GPFR relates and since the end of that year:
  - (i) meetings of the committee of management were held\* in accordance with the rules of the organisation including the rules of a branch concerned; and
  - (ii) the financial affairs of the reporting unit have been\* managed in accordance with the rules of the organisation including the rules of a branch concerned; and
  - (iii) the financial records of the reporting unit have been\* kept and maintained in accordance with the RAO Schedule and the RAO Regulations; and
  - #(iv) where the organisation consists of 2 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) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been\* furnished to the member or Registrar; and
  - #(vi) there has been\* compliance with any order for inspection of financial records made by the Commission under section 273 of the RAO Schedule.

For Committee of Management: *[name of designated officer per section 243 of the RAO Schedule]*

Title of Office held:

Signature:

Date:

\* Where compliance or full compliance has not been attained - set out details of non compliance instead.

# Where not relevant these may be modified accordingly (e.g. in (vi) "No orders have been made by the Commission under section 273 of the RAO Schedule during the period."



**Certificate of Secretary or other Authorised Officer<sup>1</sup>**

s268 of Schedule 1B *Workplace Relations Act 1996*

I *[name]* being the *[title of office]* of the *[name of the organisation]* certify:

- that the documents lodged herewith are copies of the full report, *[and the concise report]<sup>2</sup>*, referred to in s268 of the RAO Schedule; and
- that the *[full report OR concise report]<sup>3</sup>*, was provided to members on *[insert date]*; and
- that the full report was presented to *[a general meeting of members OR the last of a series of general meetings of members OR a meeting of the committee of management]<sup>3</sup>* of the reporting unit on *[insert date]*; in accordance with section 266 of the RAO Schedule.

Signature

Date:

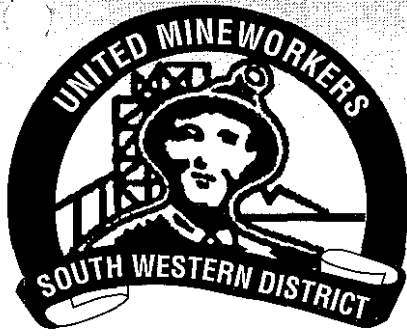
<sup>1</sup>*RAO regulation 162 prescribes the designated officer for the purpose of RAO schedule s268 as:*

(a) the secretary; or

(b) an officer of the organisation other than the secretary who is authorised by the organisation or by the rules of the organisation to sign the certificate mentioned in that paragraph.

<sup>2</sup>*Only applicable where a concise report is provided to members*

<sup>3</sup>*Insert whichever is applicable*



# THE UNITED MINE WORKERS SOUTH WESTERN DISTRICT

(Division of the Construction, Forestry, Mining and Energy Union)

A.B.N. 49 954 293 181

Box 1 Trade Union Centre  
Lowden Square  
Wollongong NSW 2500  
Ph: (02) 4229 7166  
Fax: (02) 4228 7962  
Email: admin@umw.com.au

50 Main Street  
P.O. Box 364  
Lithgow NSW 2790  
Ph: (02) 6351 3287  
Fax: (02) 6352 3229  
Email: umfa@lisp.com.au

7<sup>th</sup> June 2006

## Certificate of Secretary

s268 of schedule 1 B *Workplace Relations Act 1996*

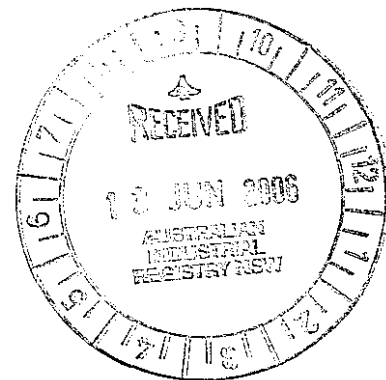
I Robert Mitchell being the District Secretary of **The United Mine Workers South Western District** certify:

- that the documents lodged herewith are copies of the full report, referred to in s268 of the RAO Schedule; and
- that the full report was presented at the annual Board of Management meeting on the 27<sup>th</sup> of March 2006; in accordance with section 266 of the RAO schedule.
- that the full report was presented to the Rank and File on the 10<sup>th</sup> of April 2006

Robert Mitchell

District Secretary

Date: 7.6.06



President  
W. McAndrew

Secretary  
B. Mitchell

Vice President  
G. Osborne

Vice President  
G. White

Check Inspectors  
Garry Horne

**THE UNITED MINE WORKERS – SOUTH WESTERN DISTRICT**  
(A Division of the Construction, Forestry, Mining and Energy Union – Mining Division)

**FINANCIAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2005**

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## OPERATING REPORT

Your Board of Management of The United Mine Workers – South Western District Branch (A Division of the Construction, Forestry, Mining and Energy Union - Mining & Energy Division) ("the Union") present their Operating Report on the Union for the year ended 31 December 2005.

### *Board of Management*

The names of Board of Management (BOM) in office at any time during the year are:

Name	Position	Period of Appointment
Mr W McAndrew	District President	1/1/05 – 31/12/05
Mr R Mitchell	District Secretary	1/1/05 – 31/12/05
Mr G White	District Vice President - South	1/1/05 – 31/12/05
Mr E Butcher	District Vice President - Metalliferous	1/1/05 – 31/12/05
Mr G Osborne	District Vice President - West	1/1/05 – 31/12/05
Mr S Winter	BOM Member	1/1/05 – 31/12/05
Mr K Fitzpatrick	BOM Member	1/1/05 – 31/12/05
Mr G Whiteley	BOM Member	1/1/05 – 31/12/05
Mr R Marjoram	BOM Member	1/1/05 – 31/12/05
Mr A Townsend	BOM Member	1/1/05 – 31/12/05
Mr S Field	BOM Member	1/1/05 – 31/12/05
Mr N Everill	BOM Member	1/1/05 – 31/12/05
Mr A Giddings	BOM Member	1/1/05 – 31/12/05
Mr R Crawford	BOM Member	1/1/05 – 31/12/05
Mr T Case	BOM Member	1/1/05 – 31/12/05
Mr A Honeysett	Central Councillor	1/1/05 – 31/12/05

### *Principal Activities*

The principal activities of the Union during the year were:-

- Adherence to the rules of the District in furtherance of the objects of the Union consistent with the industrial relations legislation.
- Implementation of the decisions of the District Executive and Board of Management.
- Implementation of the Union's organising agenda, including assistance and advice on organising site projects, training and development of officials and planning and resourcing campaigns.
- Industrial support including assistance with legal and legislative matters.
- The administration and variation of federal and state awards.
- Negotiation and registration of certified industrial instruments on behalf of members consistent with the objects of the Workplace Relations Act and the Union rules.
- Media and other communications to members and to the broader local communities of the District on issues affecting the rank and file.

### *Results of Activities*

The result for the year was a profit of \$127,984 (2004: profit of \$10,079). Membership contributions in the current year amounted to \$2,201,139 being a \$329,112 increase on last year.

The District has been involved in lobbying and negotiating with different levels of Government and key industry organisations around issues of importance to the members, including but not limited to health and safety issues, industrial and compensation matters, superannuation entitlements and environmental matters impacting the mining industry.

The District has successfully implemented certified agreements for the benefits of members.

The District has successfully recruited new members in conjunction with a national objective of recruitment and training.

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**OPERATING REPORT** continued

***Significant Changes in Nature of Activities***

There were no significant changes in the nature of activities of the Union during the year.

***Significant Changes in Financial Affairs***

Significant changes in the financial affairs of the Union include a rise in income from contributions and levies during the year of 17.5% as a consequence of an increase in-membership numbers.

During the 2005 year certain District executive roles were filled by newly appointed person. Accordingly the District has remitted to the National LSL Fund the top-up amounts required under the operation of the National Fund.

***Membership of the Union***

There were 2,451 members of the Union as at 31 December 2005 (2004:2,118).

***Rights of Members to Resign***

All members of the Union have the right to resign in accordance with Rule 5 (iv)(a) of the Union Rules (and section 174 of the Workplace Relations Act), namely, by providing written notice addressed and delivered to either the District Secretary, or a Lodge Secretary or authorised delegate.

***Employees of the Union***

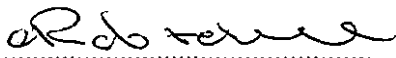
As at 31 December 2005 the Union employed 10 full time employees (2004: 10).

***Superannuation Trustees***

Mr G Osborne is an executive of the Union and holds a directorship of Auscoal Superannuation.

No other officer or member of the Union acts:

- (i) as a trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- (ii) as a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme.



**Robert Mitchell**

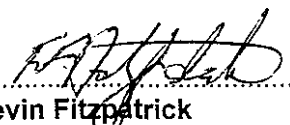
Signed this 27<sup>th</sup> day of March 2006.

## BOARD OF MANAGEMENT STATEMENT

The Board of Management of The United Mine Workers – South Western District Branch (A Division of the Construction, Forestry, Mining and Energy Union - Mining & Energy Division), do state that in the opinion of the Board, that:

- (a) The financial report and notes comply with Australian Accounting Standards;
- (b) The financial report and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) The financial report and notes give a true and fair view of the financial performance, financial position and cash flows of the Union for the year ended 31 December 2005;
- (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 ended 31 December 2005 and since the end of the financial year:-
  - (i) Meetings of the Board of Management were held in accordance with the rules of the organisation; and
  - (ii) The financial affairs of the Union have been managed in accordance with the rules of the organisation; and
  - (iii) The financial records of the Union have been kept and maintained in accordance with Schedule 1B to the Workplace Relations Act 1996 and the Workplace Relations (Registration and Accountability of Organisations) Regulations 2004; and
  - (iv) The financial records of the Union have been kept, as far as practicable, in a consistent manner to each other reporting unit of the organisation; and
  - (v) No information has been sought in any request of a member of the Union or by a Registrar duly made under section 272 of Schedule 1B to the Workplace Relations Act 1996; and
  - (vi) No orders have been made by the Industrial Registrar under section 273 of Schedule 1B to the Workplace Relations Act 1996.

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

  
.....  
Kevin Fitzpatrick

  
.....  
Edward Butcher

Signed at Wollongong, NSW this 27<sup>th</sup> day of March 2006.

## INDEPENDENT AUDIT REPORT TO THE MEMBERS

Independent audit report to the members of The United Mine Workers -- South Western District Branch (A Division of the Construction, Forestry, Mining and Energy Union - Mining & Energy Division): "the Union"

### SCOPE

We have audited the financial report comprising the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Financial Statements of the Union for the year ended 31 December 2005. The Union's Board of Management is responsible for the preparation and presentation of the financial report and the information it contains. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Union.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the Union's financial position and the results of its operations and cash flows.

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


### AUDIT OPINION

We have received all the information and explanations required for the purposes of our audit.

In our opinion, the financial report is in accordance with:

- (a) The Workplace Relations Act 1996, including:
  - (i) giving a true and fair view of the Union's financial position as at 31 December 2005 and of its performance and cash flows for the year ended on that date; and
  - (ii) complying with other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of Schedule 1B of the Act.
- (b) The financial report has been prepared in accordance with Accounting Standards in Australia and other mandatory professional reporting requirements.

We have where necessary, obtained all the information and explanations that where necessary for the purposes of our audit.

  
.....  
Daley & Co  
Chartered Accountants  
98 Kembla Street  
Wollongong NSW 2500

  
.....  
M L Gleeson  
Registered Company Auditor

Dated this 27<sup>th</sup> day of March 2006.

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2005**

	NOTES	2005 \$	2004 \$
<b>Revenue</b>	3(a)	<u>2,619,294</u>	<u>2,311,687</u>
<b>Expenses</b>			
Wages and Related Costs		1,070,927	1,094,593
Depreciation and Amortisation Expenses		72,793	70,831
Sustentation Fees		783,045	604,471
Other Expenses		516,094	518,129
Share of Loss of Associate		7,536	13,584
Loss on Disposal of Assets		40,915	-
		<u>2,491,310</u>	<u>2,301,608</u>
<b>Profit Attributable to Members</b>		<u>127,984</u>	<u>10,079</u>

The accompanying notes form part of this financial report



**BALANCE SHEET  
 AS AT 31 DECEMBER 2005**

	NOTES	2005 \$	2004 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	4	342,723	355,830
Trade and Other Receivables	5	246,092	210,475
Financial Assets	7	873,347	690,288
Other Current Assets	8	11,717	26,040
<b>TOTAL CURRENT ASSETS</b>		<u>1,473,879</u>	<u>1,282,633</u>
<b>NON-CURRENT ASSETS</b>			
Trade and Other Receivables	5	240,086	237,073
Investment in Associate	6	1,072,147	308,079
Financial Assets	7	-	99,458
Property, Plant and Equipment	9	691,892	715,856
<b>TOTAL NON-CURRENT ASSETS</b>		<u>2,004,125</u>	<u>1,360,466</u>
<b>TOTAL ASSETS</b>		<u>3,478,004</u>	<u>2,643,099</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	10	473,286	567,998
Provisions	11	378,971	336,602
Other Current Liabilities	12	62,279	103,982
<b>TOTAL CURRENT LIABILITIES</b>		<u>914,536</u>	<u>1,008,582</u>
<b>TOTAL LIABILITIES</b>		<u>914,536</u>	<u>1,008,582</u>
<b>NET ASSETS</b>		<u>2,563,468</u>	<u>1,634,517</u>
<b>MEMBERS' FUNDS</b>			
Accumulated Members' Funds		<u>2,563,468</u>	<u>1,634,517</u>

The accompanying notes form part of this financial report

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2005**

	NOTE	2005 \$	2004 \$
Opening Balance as at 1 January	1(k)	1,634,517	1,620,680
Share of Increase in Equity of Associate	6	771,604	-
Net Gains on Available for Sale Financial Assets	1(e)	29,363	3,758
Profit Attributable to Members		127,984	10,079
Closing Balance as at 31 December		<u>2,563,468</u>	<u>1,634,517</u>

The accompanying notes form part of this financial report

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**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2005**

	NOTES	2005 \$	2004 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Members		2,294,357	2,033,303
Payments to Suppliers and Employees		(2,588,554)	(2,379,061)
Administration Fees		21,709	40,556
Interest and Distributions Received		26,744	52,181
Dividends Received		1,196	1,016
Grants Received		44,000	40,000
Rent Received		33,121	34,694
Caravan Park Site and Other Fees		190,546	201,061
Sundry Income		9,022	5,969
Subsidy Received – NSW Government		27,500	25,000
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	16(a)	<u>59,641</u>	<u>54,719</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Movement in Investments		(26,266)	168,825
Proceeds from Sale of Fixed Assets		121,119	115,181
Payments for Fixed Assets		(167,601)	(251,303)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		<u>(72,748)</u>	<u>32,703</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings		-	-
Repayment from Borrowings		-	(6,972)
Movement in Loan – Trade Union Centre Wollongong Pty Ltd		-	(3,172)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<u>-</u>	<u>(10,144)</u>
<b>NET INCREASE (DECREASE) IN CASH HELD</b>		(13,107)	77,278
<b>CASH AT START OF YEAR</b>		<u>355,830</u>	<u>278,552</u>
<b>CASH AT END OF YEAR</b>	16(b)	<u>342,723</u>	<u>355,830</u>

The accompanying notes form part of this financial report

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005**

**1. STATEMENT OF ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements imposed by the reporting Guidelines or Part 3 of Chapter 8 of Schedule 1B of the Workplace Relations Act, 1996.

The financial report complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the Union in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

**Basis of Preparation**

*First-time Adoption of Australian Equivalents to International Financial Reporting Standards.*

The Union has prepared these financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 December 2005.

In accordance with the requirements of the AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the accounts resulting from the introduction of AIFRS have been applied retrospectively to 2005 comparative figures. These accounts are the first financial statements of the Union to be prepared in accordance with AIFRS.

Reconciliations of the transition from previous Australian GAAP to AIFRS have been included in Note 1(k) to this report.

*Reporting Basis and Conventions*

The financial report has been prepared on an accruals basis, except where specifically stated, and is based on historical costs modified by the revaluation of selected financial assets for which the fair value basis of accounting has been applied.

**Accounting Policies**

(a) PROPERTY, PLANT AND EQUIPMENT

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

**Property, Plant and Equipment**

Property, Plant and Equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005**

continued

**1. STATEMENT OF ACCOUNTING POLICIES**

(Continued)

(a) PROPERTY, PLANT & EQUIPMENT  
CONTINUED

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Union and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

**Depreciation**

The depreciation amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Union. The depreciation rates used for each class of depreciable assets are:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Buildings	2.50%
Furniture, Fittings and Equipment	7.50 - 20%
Motor Vehicles	20%

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(b) EMPLOYEE BENEFITS

Provision for employee benefits in the form of untaken Sick Leave and Accrued Annual Leave have been made for the estimated accrued benefits of all employees on the basis of their terms of employment. Provision for employee benefits in the form of Long Service leave has also been made for the estimated accrued benefits of the Office Staff. Related on-costs are included in these provisions.

Contributions are made by the Union to employee superannuation funds and are charged as expenses when incurred.

(c) INCOME TAX

No provision for Income Tax is necessary as the Industrial Trade Unions are exempt from Income Tax under Section 50-15 of the Income Tax Assessment Act.

(d) PROVISIONS

Provisions are recognised when the Union has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005**

continued

**1. STATEMENT OF ACCOUNTING POLICIES**

(Continued)

(e) FINANCIAL INSTRUMENTS

**Recognition**

Financial instruments are initially measured at cost on trade date, which included transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

**Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

**Held-to-Maturity Investments**

These investments have fixed maturities, and it is the Union's intention to hold these investments to maturity. Any held-to-maturity investments held by the Union are stated at amortised cost using the effective interest rate method.

**Available-for-Sale Financial Assets**

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

**Financial Liabilities**

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

**Impairment**

At each reporting date, the Union assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(f) IMPAIRMENT OF ASSETS

At each reporting date, the Union reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Union estimates the recoverable amount of cash-generating unit to which the asset belongs.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005**

continued

**1. STATEMENT OF ACCOUNTING POLICIES**

(Continued)

(g) CASH AND CASH EQUIVALENTS.

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Balance Sheet.

(h) REVENUE

Revenue from membership contributions are recognised upon receipt, which is reflective of the timing and nature of the benefits provided to members.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the services to the customers.

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

(i) COMPARATIVE FIGURES

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

(j) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

Cash flows are presented in the Cash Flow Statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(k) IMPACT OF FIRST TIME ADOPTION OF AIFRS

These are the Union's first financial statements prepared in accordance with AIFRS. The accounting policies set out in Note 1 have been applied for the year ended 31 December 2005, the comparative information for the year ended 31 December 2004 and in the preparation of an opening Balance Sheet as at 1 January 2004 (the Union's date of transition).

In preparing its opening AIFRS Balance Sheet, the Union has adjusted amounts reported previously in accordance with its old basis of accounting (previous GAAP). An explanation of how the transition from previous GAAP to AIFRS has affected the Union's financial position is set out in the following table.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005**

**1. STATEMENT OF ACCOUNTING POLICIES**

(Continued)

(k) IMPACT OF FIRST TIME ADOPTION OF AIFRS

CONTINUED

	1 January 2004			31 December 2004		
	Previous GAAP \$	Effect of Transition to IFRS \$	IFRS \$	Previous GAAP \$	Effect of Transition to IFRS \$	IFRS \$
<b>Assets</b>						
Current Assets	1,364,939	-	1,364,939	1,282,633	-	1,282,633
Non-Current Assets						
Investments (i)	375,733	(280,033)	95,700	404,268	(304,810)	99,458
Investment in Associate (ii)	-	321,663	321,663	-	308,079	308,079
All Other NC Assets	910,816	-	910,816	952,929	-	952,929
Total	1,286,549	41,630	1,328,179	1,357,197	3,269	1,360,466
Total Assets	2,651,488	41,630	2,680,023	2,639,830	3,269	2,643,099
<b>Liabilities</b>						
Total Liabilities	1,072,438	-	1,072,438	1,008,582	-	1,008,582
<b>Equity</b>						
Members' Funds	1,579,050	41,630	1,607,585	1,631,248	3,269	1,635,517

The net adjustments, relating to receivables and investments, are further dissected and explained as follows:

These adjustments have had the following impact upon the Income Statement:

	\$
Operating profit previously reported	23,663
Fair value adjustment of Investment in Associate (ii)	<u>(13,584)</u>
	<u>10,079</u>

Given that these adjustments are non-cash accounting entries, they have had no impact on the reported cashflow, other than amendments required to adjust the loss for the year and the corresponding disclosure of non-cash provisions in the reconciliation note (refer Note 16(a)).

- (i) Under previous GAAP, listed securities were held at lower of cost and net realisable value and classified as other financial assets. Under AASB 139, these are classified as available-for-sale and carried at fair value. Movements in fair value are now accounted for in equity.
- (ii) With the implementation of the current AIFRS, the definition of significant control with respect to an investment in an Associate has changed. Now applied to the Union's investments for the first time, this has resulted in additional entities meeting the definition of an associate, thus requiring the application of equity accounting.

**2. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR**

In accordance with the requirements of the Workplace Relations Act, 1996, the attention of members is drawn to the provisions of sub-sections (1), (2) and (3) of Section 272 of Schedule 1B which reads as follows:

- (1) A member of a Union, or a Registrar, may apply to the Union for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) An application must be made 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 Union.
- (3) The Union must comply with an application made under subsection (1).



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005

	2005 \$	2004 \$
<b>3. OPERATING PROFIT FROM ORDINARY ACTIVITIES</b>		
Profit from ordinary activities is arrived at after taking into account:		
<b>(a) REVENUE:</b>		
<b><i>Operating Activities</i></b>		
Administration Fees	38,850	30,859
Contributions and Levies	2,201,139	1,872,027
Rents Received	33,121	34,694
Rental Income	189,960	192,452
Investment Revenue	698	27,902
Grants Received	40,000	40,000
Interest Received	52,336	35,149
Subsidy – NSW State Government	25,000	25,000
Other Income	10,218	3,797
	<u>2,591,322</u>	<u>2,261,880</u>
<b><i>Non-Operating Activities</i></b>		
Profit on Sale of Assets	27,972	3,558
Write Back of Provision for Diminution	-	46,249
	<u>2,619,294</u>	<u>2,311,687</u>
<b>(b) EXPENSES</b>		
Depreciation of Non-Current Assets		
Buildings	20,384	20,385
Plant & Equipment	52,409	50,446
Total Depreciation	<u>72,793</u>	<u>70,831</u>
Movements in Employee Benefits	42,369	150,579
Remuneration of Auditors		
- Auditing the Financial Report	15,000	12,500
- Other Services	12,667	22,024
<b>4. CASH AND CASH EQUIVALENTS</b>		
Petty Cash	1,510	1,510
Cash at Bank/Credit Unions	337,897	334,076
Cash at Solicitors Trust Account	3,316	20,244
	<u>342,723</u>	<u>355,830</u>
<b>5. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Debtors	219,513	199,108
Accrued Interest	26,579	11,367
	<u>246,092</u>	<u>210,475</u>

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2005

Continued

	NOTES	2005 \$	2004 \$
<b>5. TRADE AND OTHER RECEIVABLES</b>			
Continued			
<b>Non-Current</b>			
Deposits Refundable		300	300
Advances to Associate Entity (i)		239,786	236,773
		<u>240,086</u>	<u>237,073</u>
<b>TOTAL</b>		<u>486,178</u>	<u>447,548</u>
Amounts relating to CFMEU – Mining & Energy Division		<u>35,399</u>	<u>58,525</u>

(i) The funds advanced have no set repayment date. Interest is charged on the amount advanced at a rate of 4.50% pa.

**6. INVESTMENT IN ASSOCIATE**

Investment in Associate	<u>1,072,147</u>	<u>308,079</u>
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The Union has a 55.64% interest in The Trade Union Centre Wollongong Pty Limited, which owns and operates an office building in Wollongong. This Associate is a small proprietary company incorporated in Australia.

There were no impairment losses relating to the investment in the associate and no capital commitments, contingent liabilities or other commitments relating to the associate.

The following table illustrates summarised financial information relating to the Union's investment in The Trade Union Centre Wollongong Pty Limited:

**Share of the Associate's Balance Sheet**

Total Assets	1,450,346	704,500
Total Liabilities	<u>378,199</u>	<u>396,421</u>
Net Assets	<u>1,072,147</u>	<u>308,079</u>

**Share of the Associate's Results**

Revenue	<u>65,671</u>	<u>69,321</u>
Loss after Income Tax	<u>(7,536)</u>	<u>(13,584)</u>

**Share of the Associate's Increase in Equity**

Asset Valuation Adjusted to Deemed Cost	<u>771,604</u>	<u>-</u>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005**

Continued

		2005	2004
		\$	\$
<b>7. FINANCIAL ASSETS</b>			
Held to Maturity Financial Assets	(a)	800,526	746,288
Available for Sale Financial Assets	(b)	72,821	43,458
		<u>873,347</u>	<u>789,746</u>
Split As:			
Current		873,347	690,288
Non Current		-	99,458
		<u>873,347</u>	<u>789,746</u>
<b>(a) Held-to-maturity Financial Assets Comprise:</b>			
Term Deposits and Bank Bills held with Financial Institutions.		<u>800,526</u>	<u>746,288</u>
<b>(b) Available for Sale Financial Assets Comprise:</b>			
Shares in Listed Corporations – at Fair Value		<u>72,821</u>	<u>43,458</u>
Available-for-sale financial assets comprise investments in the ordinary share capital of various entities. There are no fixed returns or fixed maturity date attached to these investments.			
<b>8. OTHER CURRENT ASSETS</b>			
Prepayments		11,451	10,926
UMW Trust Fund – Brock Stephenson		266	15,114
		<u>11,717</u>	<u>26,040</u>
<b>9. PROPERTY, PLANT AND EQUIPMENT</b>			
<u>Land and Buildings – at Cost</u>			
Caravan Park Holiday Centre		474,685	474,685
Less Provision for Depreciation		(232,156)	(220,287)
		<u>242,529</u>	<u>254,398</u>
Land and Buildings		224,995	224,245
Less Provision for Depreciation		(79,598)	(74,476)
		<u>145,397</u>	<u>149,769</u>
Leasehold Improvements		45,862	36,920
Less Provision for Depreciation		(26,421)	(23,028)
		<u>19,441</u>	<u>13,892</u>
<b>TOTAL LAND AND BUILDINGS</b>		<u>407,367</u>	<u>418,059</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005**  
continued

**9. PROPERTY, PLANT AND EQUIPMENT**  
Continued

	2005	2004
	\$	\$
<u>Plant and Equipment – at Cost</u>		
Motor Vehicles	211,473	222,073
Less Provision for Depreciation	(8,929)	(18,574)
	<u>202,544</u>	<u>203,499</u>
Office Furniture and Equipment	292,828	288,098
Less Provision for Depreciation	(244,754)	(232,526)
	<u>48,074</u>	<u>55,572</u>
Partitioning	96,585	96,585
Less Provision for Depreciation	(96,585)	(96,585)
	<u>-</u>	<u>-</u>
Improvements	4,598	2,433
Less Provision for Depreciation	(2,535)	(2,433)
	<u>2,063</u>	<u>-</u>
Caravan Park Machinery and Equipment	96,849	96,421
Less Provision for Depreciation	(65,005)	(57,695)
	<u>31,844</u>	<u>38,726</u>
<b>TOTAL PLANT &amp; EQUIPMENT</b>	<u>284,525</u>	<u>297,797</u>
<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>	<u>691,892</u>	<u>715,856</u>

(a) Movements in Carrying Amounts

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

	LAND & BUILDINGS	MOTOR VEHICLES	OFFICE EQUIPMENT	FURNITURE, PLANT AND EQUIPMENT	TOTAL
	\$	\$	\$	\$	\$
Balance at Start of Year	418,059	203,499	55,572	38,726	715,856
Additions	9,692	318,241	17,038	428	345,399
Disposals	-	(289,856)	(6,714)	-	(296,570)
Amortisation/Depreciation Expense	(20,384)	(29,340)	(15,759)	(7,310)	(72,793)
Carrying Amount -End of Year	<u>407,367</u>	<u>202,544</u>	<u>50,137</u>	<u>31,844</u>	<u>691,892</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005

continued

	2005 \$	2004 \$		
<b>10. TRADE AND OTHER PAYABLES</b>				
<b>Current</b>				
Creditors and Accruals	473,286	567,998		
Amount(s) relating to CFMEU – Mining & Energy Division	228,413	330,906		
<b>11. PROVISIONS</b>				
	PROVISION FOR ANNUAL LEAVE \$	PROVISION FOR LSL \$	OTHER EMPLOYEE ENTITLEMENT \$	TOTAL \$
Opening balance at 1 January 2005	240,129	16,750	79,723	336,602
Additional provisions	114,729	5,554	56,867	177,150
Amounts used	(74,176)	(2,321)	(58,284)	(134,781)
Balance at 31 December 2005	280,682	19,983	78,306	378,971
<b>(a) Analysis of ageing of provisions</b>				
Current			378,971	336,602
<b>(b) Number of Employees at Balance Date</b>			10	10
<b>(c) Total Employee Benefits Attributable to:</b>				
Office Holders			331,147	300,956
Staff			47,824	35,646
			378,971	336,602
<b>12. OTHER CURRENT LIABILITIES</b>				
Income in Advance			42,013	68,868
Grant in Advance			20,000	20,000
UMW Trust Fund – B Stephenson			266	15,114
			62,279	103,982

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2005

continued

	2005 \$	2004 \$
<b>13. UMW TRUST FUND – BROCK STEPHENSON</b>		
Balance at Beginning of Year	15,114	15,119
Add: Interest (Net)	952	519
Less: Advances	(15,800)	(524)
<b>BALANCE AT END OF YEAR</b>	<u>266</u>	<u>15,114</u>
<b>14. LEASING COMMITMENTS</b>		
<b>(a) OPERATING LEASE LAND AT WRIGHTS BEACH EROWAL BAY</b>		
<p>Operating lease commitments exist in respect of Land at Wrights Beach Erowal Bay (Caravan Park Site). The maximum amount contracted for but not capitalised in the financial report is as follows:</p>		
Payable:		
• not later than one year	21,008	14,300
• later than one year but not later than two years	21,008	14,300
• later than two years but not later than five years	21,008	28,600
• later than five years	-	-
	<u>63,024</u>	<u>57,200</u>
<b>15. LEGAL AND PROFESSIONAL FEES</b>		
Auditors Remuneration		
• Auditing	15,000	12,500
• Other Services	10,267	8,699
• Bookkeeping Services	2,400	13,325
Legal Expenses	(2,678)	-
	<u>24,989</u>	<u>34,524</u>

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2005

continued

	2005	2004
	\$	\$
<b>16. CASH FLOW INFORMATION</b>		
<b>(a) RECONCILIATION OF CASH FLOWS FROM OPERATIONS WITH OPERATING RESULT</b>		
Operating Result from Ordinary Activities	127,984	10,079
<b>Non-Cash Flows in Operating Deficit</b>		
Share of Loss in Associate	7,536	13,584
Profit on Sale of Fixed Assets	-	(370)
Loss on Sale of Fixed Assets	40,915	-
Depreciation and Amortisation	72,793	70,831
Write Back of Provision for Diminution	-	(46,249)
Profit on Realisation of Investments	(27,972)	(3,188)
<b>Changes in Assets and Liabilities</b>		
(Increase) Decrease in Receivables	(38,630)	54,673
Decrease in Other Assets	14,323	6,235
(Decrease) in Accounts Payable	(179,677)	(135,840)
Increase in Provisions	42,369	84,964
<b>NET CASH FLOWS PROVIDED BY OPERATIONS</b>	<u>59,641</u>	<u>54,719</u>
<b>(b) Cash at the end of the year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:</b>		
Cash on Hand [Note 4]	342,723	355,830
Bank Overdraft	-	-
	<u>342,723</u>	<u>355,830</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005**

Continued

**17. FINANCIAL INSTRUMENTS**

The Union's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivables and payable and loans to related parties.

The group does not have any derivative instruments at balance date.

The main risks the Union is exposed to through its financial instruments are interest rate risk and credit risk.

**(a) Interest Rate Risk**

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

2005	WEIGHTED AVERAGE EFFECTIVE INTEREST RATES %	FLOATING INTEREST RATE \$	FIXED INTEREST RATE MATURING		NON INTEREST BEARING \$	TOTAL \$
			WITHIN 1 YEAR \$	BETWEEN 1 & 5 YEARS \$		
<b>Financial Assets</b>						
Cash at Bank	3.56	341,214	-	-	-	341,214
Investments	2.35	-	800,526	-	72,821	873,347
Receivables	2.22	-	-	239,786	246,392	486,178
<b>TOTAL FINANCIAL ASSETS</b>		<b>341,214</b>	<b>800,526</b>	<b>239,786</b>	<b>319,213</b>	<b>1,700,739</b>
<b>Financial Liabilities</b>						
Trade & Sundry Creditors	-	-	-	-	473,286	473,286
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>473,286</b>	<b>473,286</b>
<b>2004</b>						
2004	WEIGHTED AVERAGE EFFECTIVE INTEREST RATES %	FLOATING INTEREST RATE \$	FIXED INTEREST RATE MATURING		NON INTEREST BEARING \$	TOTAL \$
			WITHIN 1 YEAR \$	BETWEEN 1 & 5 YEARS \$		
<b>Financial Assets</b>						
Cash at Bank	2.77	354,319	-	-	-	354,319
Investments	4.08	-	746,288	-	43,458	789,746
Receivables	2.38	-	-	236,773	210,775	447,548
<b>TOTAL FINANCIAL ASSETS</b>		<b>354,319</b>	<b>746,288</b>	<b>236,773</b>	<b>254,233</b>	<b>1,591,613</b>
<b>Financial Liabilities</b>						
Trade & Sundry Creditors	-	-	-	-	567,998	567,998
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>567,998</b>	<b>567,998</b>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005**

Continued

**17. FINANCIAL INSTRUMENTS**

Continued

**(b) Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the Balance Sheet and Notes to the Financial Statements.

The Union does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Union.

**(c) Net Fair Values**

The net fair values of all assets and liabilities approximate their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

**18. RELATED PARTY INFORMATION**

**(a) MEMBERS OF THE BOARD OF MANAGEMENT**

Persons holding industrial positions within the Union and as members of the Board of Management during the year:

**UNION OFFICIALS**

- Mr W McAndrew (District President)
- Mr R Mitchell (District Secretary)
- Mr G White (District Vice President - South)
- Mr E Butcher (District Vice President - Metalliferous)
- Mr G Osborne (District Vice President - West)

**BOARD OF MANAGEMENT MEMBERS**

- |                    |                 |
|--------------------|-----------------|
| ➤ Mr S Winter      | ➤ Mr S Field    |
| ➤ Mr K Fitzpatrick | ➤ Mr N Everill  |
| ➤ Mr G Whiteley    | ➤ Mr A Giddings |
| ➤ Mr R Marjoram    | ➤ Mr R Crawford |
| ➤ Mr A Townsend    | ➤ Mr T Case     |

**CENTRAL COUNCILORS**

- Mr A Honeysett

Other elected officials not members of the Board of Management

**DISTRICT CHECK INSPECTOR**

- Mr G Horne (Check Inspector)
- Mr T Schram (Check Inspector)

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2005**

Continued

**(b) RELATED PARTY TRANSACTIONS**

Continued

**Associated companies**

- i) Office space was rented from The Trade Union Centre Wollongong Pty Limited during the year. Commercial rent totaling \$22,165 (2004: \$31,414) were paid during the year and capitalised to the total of the loan to this entity.
- ii) Interest is accrued on the loan to The Trade Union Centre Wollongong Pty Limited and capitalised. Total interest for the year was \$11,078 (2004: \$11,065)
- iii) Management fees are charged to The Trade Union Centre Wollongong Pty Limited during the year. Fees totaling \$4,700 (2004: \$9,400) were charged and capitalised to the total loan to this entity.

**Other related parties**

- iv) Sustainment fees totaling \$783,045 (2004: \$604,471) were charged by the Construction, Forestry, Mining and Energy Union – Mining and Energy Division during the year.

**(c) RELATED PARTY BALANCES**

**Associated companies**

- i) As at balance date there was a loan of \$239,786 advanced to the Trade Union Centre Pty Limited (2004: \$236,773).

**19. KEY MANAGEMENT PERSONNEL COMPENSATION**

**Key Management Personnel**

- Mr W McAndrew (District President)
- Mr R Mitchell (District Secretary)
- Mr G White (District Vice President - South)
- Mr E Butcher (District Vice President - Metalliferous)
- Mr G Osborne (District Vice President - West)

**Board of Management Members**

- Mr S Winter
- Mr K Fitzpatrick
- Mr G Whiteley
- Mr R Marjoram
- Mr A Townsend
- Mr S Field
- Mr N Everill
- Mr A Giddings
- Mr R Crawford
- Mr T Case
- Mr A Honeysett (Central Councilor)

	2005	2004
	\$	\$
Total Compensation		
- Short Term Benefits	637,419	678,176
- Post Employment Benefits	115,781	81,208
- Long Term Benefits	-	-
	<u>753,200</u>	<u>759,384</u>

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2005**

Continued

**20. ORGANISATION DETAILS**

The Union is a Trade Union registered and domiciled In Australia. The registered office and principle place of business of the Union is: Level One, Fred Moore House, Lowden Square NSW 2500

**21. EVENTS SUBSEQUENT TO BALANCE DATE**

(a) No matter or circumstance has arisen since the end of the year that has significantly affected or may significantly affect:

- (i) the operations of the Union;
- (ii) the results of those operations; or
- (iii) the state of affairs of the Union, in subsequent financial years.

(b) The financial report was authorised for issue on 27<sup>th</sup> March 2006 by the Board of Management.

**22. ADDITIONAL DISCLOSURES REQUIRED UNDER THE RAO SCHEDULE**

In accordance with the requirements of Section 255 of Schedule 1B [the Registration and Accountability of Organisations (RAO) schedule], the following necessary disclosures are made:

	2005	2004
	\$	\$
<b>i) ITEMS OF REVENUE</b>		
Donations or Grants Income	40,000	40,000
<b>ITEMS OF EXPENSE</b>		
Affiliation fees/subscriptions to organisations with an interest in industrial matters.	16,257	14,652
Donations or Grant Expenses.		
• Mount Kembla Mining Heritage Inc	7,000	-
• Burragorang Valley Retired Miners	1,000	-
• Bulli Miners Memorial	1,165	-
• General (individually less than \$1,000)	5,363	1,608
	14,528	1,608
Employee Benefits Expense:		
- Office Holders	820,803	767,894
- Employees (Other than Office Holders)	184,255	192,267
	1,005,058	960,161
Attendance Fees/Allowances – Conferences and Meetings	3,505	480
Expenses incurred in connection with meetings of members, councils, committees, panels to other bodies for which the Union was wholly or partly responsible.	35,819	34,874



**Australian Government**  
**Australian Industrial Registry**

Level 8, Terrace Towers  
80 William Street, East Sydney, NSW 2011  
Telephone: (02) 8374 6666  
Fax: (02) 9380 6990  
Email: sydney@air.gov.au

Mr Robert Mitchell  
District Secretary, South Western District Branch  
Construction, Forestry, Mining and Energy Union  
Box 1, Trade Union Centre, Lowden Square  
WOLLONGONG NSW 2500

Dear Mr Mitchell

**Re: Lodgement of Financial Statements and Accounts – South Western District Branch  
for the year ending 31 December 2005 (FR2005/588)**

I refer to the abovementioned financial statements and accounts which were lodged in the Registry on 13 June 2006. Before the documents can be filed however the Registry seeks the following additional information.

**Presentation to members**

In your Secretary's certificate you state the full report was presented to the "Rank and File" on the 10<sup>th</sup> April 2006. Can you please specify how this step was taken, whether by a general meeting or series of meetings?

**Administration fees/Levies**

In Note 3(a) of the Notes to the Financial Statements, an entry of Administration Fees revenue for \$38,050 is recorded. In order to comply with Paragraph 10(b) of the Industrial Registrar's Guidelines, can you please identify the entity (if any) from which such revenue was received?

In the same Note, an entry of "Contributions and Levies" for \$2,201,139 is recorded. Can you please confirm whether the levies therein included were compulsory levies, and if so, the purpose of such levies? This information is also required, where relevant, by paragraph 10(d) of the Industrial Registrar's Guidelines.

**Address details of Donations**

In Note 22 two donations exceeding \$1,000 – for Mount Kembla Mining Heritage Inc. and Bulli Miners Memorial – are recorded. Can you please provide the address of the respective recipients as required by s237(6)(c) of the RAO Schedule?

If you have any queries regarding these matters please contact me on (02) 8374 6618.

Yours sincerely,

A handwritten signature in black ink that reads 'Belinda Penna'.

Belinda Penna  
for Deputy Industrial Registrar

14 June 2006

22<sup>nd</sup> August 2006

To.  
Belinda Penna  
For Deputy Industrial Registrar  
Australian Industrial Registry



**Re: Lodgement of Financial Statements and Accounts-South Western District  
Branch for the year ending 31 December 2005 (FR2005/588)**

Dear Belinda

I refer to your letter dated the 14<sup>th</sup> June 2006 and supply the following:

**Presentation to Members:**

The 2005 financial report was presented to our Board of Management at our Wollongong office board room on the 27<sup>th</sup> March 2006. The report was presented by Myself as District Secretary and Mr Brendan Jones of Daley & Co who are our Auditors. The report was presented and endorsed by the Board of Management Members.

The report was then presented to all lodge Secretaries/Presidents who then conducted rounds of meetings with the rank & file members and presented the report to them, this was done during the period of April & May 06. at each of these meetings a vote was taken to endorse or reject the report and the results were then sent to the district office.

The results of these meetings showed that the report was endorsed by the rank & file.

The results of the rank & files voting is then presented back to the Board of Management at the next convened meeting for their endorsement before being signed off on.

**Administration fees/levies:**

These fees/levies are received from the CFMEU Mining & Energy Division National Office.

**Address details of Donations:**

The donation for the Mount Kembla Mining Heritage Inc is sent to the Secretary (Mrs Cate Stevenson as discussed by phone with you)

The donation for the Bulli Miners Memorial is done the following way:

**The union pays for the day for the community and families of men killed in our mines, we pay for a very large tent to be supplied and erected, we also supply refreshments for the gathering, notices in local newspapers, and wreaths. Depending on the weather we would use I large tent or if there was rain we made need two, so this donation could change from year to year.**

**Belinda if I have missed something or something is not correct please contact me and it will be put right.**

**Thank you for you patients and support.**

**Yours Sincerely**

**Bob Mitchell  
District Secretary  
CFMEU Mining & Energy Division  
South/Western District  
Ph: 42297166  
Mobile 0418-481626**



**Australian Government**  
**Australian Industrial Registry**

Level 8, Terrace Towers  
80 William Street, East Sydney, NSW 2011  
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Email: [sydney@air.gov.au](mailto:sydney@air.gov.au)

Mr R Mitchell  
District Secretary, South Western District Branch  
CFMEU Mining & Energy Division  
Box 1, Trade Union Centre  
Lowden Square  
WOLLONGONG NSW 2500

Dear Mr Mitchell

**Re: Financial Statements and Accounts for the CFMEU Mining & Energy Division South Western District Branch for the year ending 31 December 2005 (FR2005/588)**

Thank you for your letter of dated 22 August 2006, which was lodged in the Registry via email on 31 August 2006.

Following the receipt of this additional information, as requested in my letter of 14 June 2006, the financial documents for the year ending 31 December 2005 have now been filed, and may be viewed on the internet at [www.e-airc.gov.au/105nswdt/financial](http://www.e-airc.gov.au/105nswdt/financial).

I would like to take this opportunity to advise you that for financial years beginning after 1 November 2004 information about any recovery of wages activity undertaken by the branch is required to be disclosed in the financial statements, and various declarations to be made in the Committee of Management Statement.

Further information is contained in the Industrial Registrars' Reporting Guidelines, which can be found at [www.airc.gov.au/organisations/rao/rao\\_253\\_a.pdf](http://www.airc.gov.au/organisations/rao/rao_253_a.pdf)

Yours sincerely,

A handwritten signature in cursive script that reads "Belinda Penna".

Belinda Penna  
for Deputy Industrial Registrar

5 September 2006