



27 June 2016

Mr Lee Webb
District Secretary
Construction, Forestry, Mining and Energy Union, Mining and Energy Division, South Western
District Branch

via email: leewebb@umw.com.au

Dear Mr Webb

**Construction, Forestry, Mining and Energy Union Mining and Energy Division South
Western District Branch Financial Report for the year ended 31 December 2015 -
FR2015/366**

I acknowledge receipt of the financial report for the year ended 31 December 2015 for the Construction, Forestry, Mining and Energy Union, Mining and Energy Division, South Western District Branch (the reporting unit). The financial report was lodged with the Fair Work Commission (FWC) on 8 June 2016.

The financial report has now been filed.

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

Please note that the financial report for the year ending 31 December 2016 may be subject to an advanced compliance review.

I make the following comment to assist you when you next prepare a financial report. You are not required to take any further action in respect of the report lodged. The FWC will confirm this concern has been addressed prior to filing next year's report.

Auditor's statement

Auditor's opinion

Item 35 of Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report* state "when expressing an unmodified opinion on the financial report prepared in accordance with a fair presentation framework, the auditor's opinion shall, unless otherwise required by law or regulation, use one of the following phrases, which are regarded as being equivalent:

- (a) *The financial report presents fairly, in all material respects, ... in accordance with [the applicable financial reporting framework]; or*
- (b) *The financial report gives a true and fair view of ... in accordance with [the applicable financial reporting framework].'*

Section 257(5) of the RO Act and item 37 of the Reporting Guidelines also states that the auditor's statement must include a declaration as to whether in the auditor's opinion the general purpose financial report (GPFR) is presented fairly in accordance with any of the following that apply in relation to the reporting unit:

- (a) the Australian Accounting Standards;
- (b) any other requirements imposed by this Part.

I note that in the reporting unit's Auditor's, Daley & Co, Auditor's Statement that the phrase '*presents fairly*' is not included. It would appear that the Auditor has therefore not provided an opinion on the GPFR of the reporting unit.

The Auditor must provide an opinion in relation to the GPFR of the reporting unit. Please ensure in future years that the Auditor's Statement adheres to the requirements under the RO Act, Reporting Guidelines and Australian Auditing Standard.

Reporting Requirements

On the FWC website a number of factsheets in relation to the financial reporting process and associated timelines are available. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The FWC recommends reporting units use this model as it will assist in ensuring compliance with the RO Act, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8656 4681 or by email at joanne.fenwick@fwc.gov.au.

Yours sincerely



Joanne Fenwick
Financial Reporting Specialist
Regulatory Compliance Branch



**THE UNITED MINeworkERS
SOUTH WESTERN DISTRICTS**
(Division of the Construction, Forestry, Mining and Energy Union)
ABN 49 954 293 181

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SECRETARY'S CERTIFICATE

I, Lee Webb, being the Secretary of the South Western District of the Mining and Energy Division of the Construction, Forestry, Mining and Energy Union, certify,

- That the document lodged herewith is a copy of the full report referred to in the Fair Work (Registered Organisations) Act 2009, and
- That the full report was provided to the members on 14th April 2016 after adoption of the accounts by the Board of Management.
- That the full report was supplied to members by circulation at work site meetings held by members of the South Western District of the Construction, Forestry, Mining and Energy Union, the last meeting being on Wednesday 1st June 2016, in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

Lee Webb

District Secretary

8th June 2016

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Financial Statements

For the Year Ended 31 December 2015

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Financial Statements

31 December 2015

Contents

	Page
Operating Report	1
Committee of Management Statement	4
Statement of Profit or Loss and Other Comprehensive Income	5
Balance Sheet	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Independent Audit Report	39
Designated Officer's Certificate	41

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Operating Report

31 December 2015

The Committee of Management present their report on Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District for the financial year ended 31 December 2015.

Information on Committee of Management

The names of each person who has been on the Committee of Management from the commencement of the year and to the date of this report are:

Name	Position	Period of Appointment
Mr A Honeysett	District President	1/1/15 - 31/12/15
Mr L Webb	District Secretary	1/1/15 - 31/12/15
Mr G Braes	District Vice President - Metalliferous	1/1/15 - 31/12/15
Mr G Osborne	District Vice President - West	1/1/15 - 31/12/15
Mr R Timbs	District Vice President - South	1/1/15 - 31/12/15
Mr W Small	Central Councillor - West	1/1/15 - 31/12/15
Mr D McLachlan	Central Councillor - South	1/1/15 - 31/12/15
Mr A Giddings	BOM Member	1/1/15 - 31/12/15
Mr B Reeves	BOM Member	1/1/15 - 31/12/15
Mr B Neall	BOM Member	1/1/15 - 31/12/15
Mr J Platts	BOM Member	1/1/15 - 31/12/15
Mr M Jenkins	BOM Member	1/1/15 - 31/12/15
Mr C Carberry	BOM Member	1/1/15 - 31/12/15
Mr K Witherspoon	BOM Member	1/1/15 - 31/12/15
Mr A Davey	BOM Member	1/1/15 - 31/12/15

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Operating Report

31 December 2015

Principal activities

The principal activities of Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District ("the Union") during the financial year were:

- Implementation of Divisional Executive Decisions.
- Maintenance of Union Rules, Registrations and Affiliations.
- Organising Executive Meetings and Divisional Conferences as well as National Safety Officer Meetings.
- Conducting Activities for Parliamentary, Divisional and Divisional Branch elections, including assisting with statutory requirements.
- Co-ordinating seminars / education courses for Lodge Officers to inform them of current developments or to seek collective input in the development of national policies.
- Representing the Division's interest on various national committees and organisations.
- Co-ordinating the involvement of the Union in relevant international trade union bodies and conferences.
- Responsibility for servicing national awards and enterprise agreements and maintaining related information services. Divisional Office also advises Lodges on industrial matters.
- Provision to Lodges with economic and industrial research.
- Provision to Lodges of assistance with administration and financial management.
- Co-ordinating O H & S nationally and maintaining a national policy database and information service.
- Leading the conduct of legal action launched in defence of the Division's constitutional work.
- Provision of a National Training Agenda by representing the Union on various Boards and Committees

During the 2014 financial year, the District Lodges voted to centralise their reporting obligations, whereby management of their funds was to be passed onto the Union, affecting the financial performance of the Union. Refer to note 1 Significant Changes in the Current Reporting Period, Contingent Liabilities and Contingent Assets for further details.

No significant changes in the nature of the Union's activity occurred during the current financial year.

Operating results

The net surplus of the Union amounted to \$363,759 (2014: \$968,423).

Review of operations

A review of the operations and results of the Union is performed in the meetings of the Executive Officers and also at each meeting of the Divisional Executive. Additionally, such matters are considered at the regular meeting of the General Officers of the Union.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Union during the year.

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Operating Report

31 December 2015

Events after the reporting date

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

Right of members to resign

All members of the Union have the right to resign in accordance with Rule 5(iv)(a) of the Union Rules [and section 174 of the Fair Work (Registered Organisations) Act 2009], namely, by providing written notice addressed and delivered to either the District Secretary, or a Lodge Secretary or authorised delegate.

Superannuation Trustees

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

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.

Number of members

There were 3,390 members of the Union as at 31 December 2015 (2014: 3,757)

Number of employees

As at 31 December 2015 the Union had 13 employees (2014: 12).

Officers and employees who are directors of a company or a member of a board

Graeme Osborne is a director of Westfund Pty Ltd, Auscoal Superannuation, Auscoal Services Pty Ltd and Newcom Colliery Employees Credit Union.

Greg Braes is a director of Trades Hall Trust Board.

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



Lee Webb
District Secretary

Dated 4 April 2016

L.W.

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Committee of Management Statement

31 December 2015

On the ~~31~~⁴ April 2016 the Board of Management of the Construction Forestry Mining and Energy Union Mining and Energy Division Victorian District Branch passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2015:

The Board of Management declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the General Manager;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - i) meetings of the board 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 Fair Work (Registered Organisations) Act 2009 ('The RO Act') and the Fair Work (Registered Organisations) Regulations 2009; 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 manner consistent with each of the other reporting units of the organisation; and
 - v) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; and
 - vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.
- (f) No revenue has been derived from undertaking recovery of wages activity during the period.

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

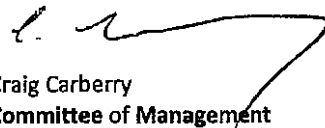


Andy Honeysett
District President

Dated ~~31~~⁴ April 2016



Adam Giddings
Committee of Management



Craig Carberry
Committee of Management

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2015

	Note	2015 \$	2014 \$
Revenue	5	4,484,482	4,469,475
Other income	5	618,931	1,294,399
Share of net (loss)/profit from associate	22	(165,627)	2,095
Administration expenses		(227,952)	(221,527)
Capitation fees		(1,171,723)	(1,259,046)
Depreciation and amortisation expense		(135,888)	(134,948)
Donations		(101,567)	(33,175)
Employee benefits expense	6	(2,010,553)	(2,183,842)
Lodge expenses		(308,659)	(367,315)
Other expenses		(350,931)	(353,571)
Professional fees		(111,253)	(103,064)
Rent and lease expenses		(155,501)	(141,058)
Net surplus for the year		363,759	968,423
Other comprehensive income			
Net gains (loss) on available for sale financial assets		(173)	-
Total comprehensive income for the year		363,586	968,423

The accompanying notes form part of these financial statements.

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Balance Sheet

As At 31 December 2015

	Note	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	1,477,503	1,508,878
Trade and other receivables	8	355,145	255,763
Other financial assets	9	2,580,394	1,890,285
Other assets	10	44,509	48,493
TOTAL CURRENT ASSETS		4,457,551	3,703,419
NON-CURRENT ASSETS			
Trade and other receivables	8	300	300
Investments accounted for using the equity method	22	952,676	1,118,303
Financial assets	9	304	447
Property, plant and equipment	11	1,684,729	1,811,960
TOTAL NON-CURRENT ASSETS		2,638,009	2,931,010
TOTAL ASSETS		7,095,560	6,634,429
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	441,291	562,175
Employee benefits	14	883,927	765,481
Other liabilities	13	255,800	147,594
TOTAL CURRENT LIABILITIES		1,581,018	1,475,250
NON-CURRENT LIABILITIES			
Employee benefits	14	11,509	19,732
TOTAL LIABILITIES		1,592,527	1,494,982
NET ASSETS		5,503,033	5,139,447
EQUITY			
Reserves	15	(341)	(168)
Retained earnings		5,503,374	5,139,615
TOTAL EQUITY		5,503,033	5,139,447

The accompanying notes form part of these financial statements.

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Statement of Changes in Equity

For the Year Ended 31 December 2015

	Retained Earnings	Financial Assets Reserve	Total
	\$	\$	\$
Balance at 1 January 2014	4,171,192	(168)	4,171,024
Result attributable to members of the entity	968,423	-	968,423
Balance at 31 December 2014	<u>5,139,615</u>	<u>(168)</u>	<u>5,139,447</u>
Result attributable to members of the entity	363,759	-	363,759
Revaluation increment (decrement)	-	(173)	(173)
Balance at 31 December 2015	<u>5,503,374</u>	<u>(341)</u>	<u>5,503,033</u>

The accompanying notes form part of these financial statements.

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Statement of Cash Flows

For the Year Ended 31 December 2015

	2015	2014
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from members	4,125,993	4,219,139
Interest received	75,214	83,476
Other receipts	796,638	1,806,091
Payments to suppliers and employees	<u>(4,640,606)</u>	<u>(5,192,136)</u>
Net cash provided by operating activities	25(a) <u>357,239</u>	916,570
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for plant and equipment	(271,929)	(292,072)
Proceeds from sale of plant and equipment	573,455	184,240
Payment for held-to-maturity investments	<u>(690,140)</u>	<u>(662,556)</u>
Net cash used in investing activities	<u>(388,614)</u>	<u>(770,388)</u>
Net (decrease)/increase in cash and cash equivalents held	(31,375)	146,182
Cash and cash equivalents at beginning of year	<u>1,508,878</u>	<u>1,362,696</u>
Cash and cash equivalents at end of financial year	7 <u><u>1,477,503</u></u>	<u><u>1,508,878</u></u>

The accompanying notes form part of these financial statements.

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2015

The financial report covers Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District (a division of the Construction, Forestry, Mining & Energy Union - Mining & Energy Division) ("the Union") as an individual entity. Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District is a not-for profit organisation.

The financial report was authorised for issue by the Committee of Management on 04 April 2016.

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

1. Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and Interpretations issued by the Australia Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisations) Act 2009*. For the purpose of preparing the general purpose financial statements the Union is a not-for-profit entity.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2. Summary of Significant 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.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Union, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2015

2. Summary of Significant Accounting Policies (Continued)

(a) Property, plant and equipment (Continued)

Depreciation (Continued)

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	2.5%
Leasehold Improvements	5%
Plant and Equipment	20-50%
Office Equipment	20-50%
Motor Vehicles	25%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(b) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that Union becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2015

2. Summary of Significant Accounting Policies (Continued)

(b) Financial instruments (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Union's trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Union renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Union does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

The Union has some derivatives which are designated as financial assets at fair value through profit or loss.

Assets included within this category are carried in the balance sheet at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2015

2. Summary of Significant Accounting Policies (Continued)

(b) Financial instruments (Continued)

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Union's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. The Union's available-for-sale financial assets comprise listed securities.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in the prior period statement of profit or loss and other comprehensive income resulting from the impairment of debt securities are reversed through the statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Impairment of financial assets

At the end of the reporting period the Union assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2015

2. Summary of Significant Accounting Policies (Continued)

(b) Financial instruments (Continued)

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Union uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Union's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

(c) Impairment of non-financial assets

At the end of each reporting period the Union determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2015

2. Summary of Significant Accounting Policies (Continued)

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

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(d) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(e) Employee benefits

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(f) Principles of Consolidation

Associates

Interests in associates, where the investor has significant influence over the investee, are accounted for using the equity method in accordance with AASB 128 *Investments in Associates and Joint Ventures*. Under this method, the investment is initially recognised as cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2015

2. Summary of Significant Accounting Policies (Continued)

(g) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. The lease is not recognised in the balance sheet.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

The minimum rental revenue of operating leases with fixed rental increases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised on a straight line basis.

Revenue from other leases is recognised in accordance with the lease agreement, which is considered to best represent the pattern of service rendered through the provision of the leased asset.

(h) Income tax

No provision for income tax is necessary, as the union (being a registered Industrial Trade Union) is exempt from tax under s.50-15 of the Income Tax Assessment Act.

(i) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Union and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Interest revenue

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Lodge contributions

Lodge contributions are recognised when the Union's right to receive payment is established and the amount of the revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the Union.

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2015

2. Summary of Significant Accounting Policies (Continued)

(i) Revenue and other income (Continued)

Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Capitation fees

Revenue from the provision of capitation fees is recognised on an accruals basis and is recorded as revenue in the year to which it relates.

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

(j) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(k) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the balance sheet.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(l) Grants

Government grants are not recognised until there is reasonable assurance that the Union will comply with the conditions attaching to them and that the grants will be received.

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2015

2. Summary of Significant Accounting Policies (Continued)

(l) Grants (Continued)

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Union recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Union should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Union with no future related costs are recognised in profit or loss in the period in which they become receivable.

(m) Adoption of new and revised accounting standards

During the current year, there have been no new or revised accounting standards that have become mandatory, which have had a material impact (in the current year or retrospectively) upon the measurement of assets, liabilities, equity, income or expenses, nor upon the disclosures required in this financial report.

3. Critical Accounting Estimates and Judgments

The Committee of Management make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The Union assesses impairment at the end of each reporting period by evaluating conditions specific to the Union that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key estimates - provisions

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2015

3. Critical Accounting Estimates and Judgments (Continued)

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

4. Change in Accounting Estimate

During the reporting period the Union changed the discount rate used in its employee benefit calculations from the Australian government bond rate to the high quality corporate bond rate and applied this change as a change in accounting estimate. This change is the result of new developments in the Australian economy that caused the Australian high quality corporate bond market to be considered deep.

Consequently, the Union decreased the carrying amount of annual leave, personal leave and long service leave by \$31,182 in the current year upon application of this change in estimate. Due to the inherent uncertainty in measuring the annual leave, personal leave and long service leave liability, the Union is unable to predict the impact of the change to a high quality corporate bond discount rate for future reporting periods.

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2015

5. Revenue and other income

Revenue from continuing operations

	2015	2014
	\$	\$
Revenue		
District membership dues	3,276,052	3,514,186
Lodge membership dues	559,494	309,845
Administration fees	171,785	175,939
Site rental income	326,984	321,619
Interest received	77,667	82,886
Grants received	72,500	65,000
Donations	-	-
	<u>4,484,482</u>	<u>4,469,475</u>
Other revenue		
Profit on sale of fixed asset	310,183	-
Rental income	171,537	213,127
Initial lodge contributions	(a) 93,130	818,644
Reimbursement long service leave - National Office	-	211,859
Other income	44,081	50,769
Capitation fees	-	-
Compulsory levies/voluntary contributions	-	-
Financial support received	-	-
	<u>618,931</u>	<u>1,294,399</u>
Total revenue	<u>5,103,413</u>	<u>5,763,874</u>

(a) Significant changes in the prior reporting period

During the 2014 financial year, the District Lodges collectively voted to centralise their reporting obligations, whereby the management control of their funds would be passed onto the Union. This has positively affected the financial performance of the Union, but only to the extent these funds controlled (received) by the Union by 31 December 2014. As at 31 December 2014 \$818,644 was brought to account as revenue on this basis (note 2). An additional \$86,179 was received during the 2015 year being for those amounts stated as contingent assets in the 2014 year.

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2015

6. Result for the year

The result for the year includes the following specific expenses:

	2015	2014
	\$	\$
Employee benefits expense comprises:		
Holders of office:		
- Wages and salaries	1,284,603	1,309,041
- Superannuation	119,263	117,281
- Leave and other entitlements	104,623	(163,418)
- Separation and redundancies	-	463,032
- Other employee expenses	81,629	111,848
	<u>1,590,118</u>	<u>1,837,784</u>
Employees other than office holders		
- Wages and salaries	358,260	287,926
- Superannuation	33,778	29,420
- Leave and other entitlements	5,601	(13,913)
- Separation and redundancies	-	23,944
- Other employee expenses	22,796	18,681
	<u>420,435</u>	<u>346,058</u>
Total employee benefits expenses	<u>2,010,553</u>	<u>2,183,842</u>
Capitation fees		
CFMEU Mining & Energy National Office	<u>1,171,723</u>	<u>1,259,046</u>
Affiliation fees		
- ALP NSW	17,312	8,859
- Broken hill trades hall	-	2,700
- Barrier industrial council	-	3,741
	<u>17,312</u>	<u>15,300</u>
Administration expenses		
- Consideration to employers for payroll deductions	-	-
- Compulsory levies	-	-
- Conference and meeting expenses	7,290	7,290
- Fees/ allowances - meeting and conferences	-	-

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2015

6. Result for the year (Continued)

	2015	2014
	\$	\$
Grants or donations:		
- Grants - total paid that were \$1,000 or less	-	-
- Grants - total paid that were more than \$1,000	-	-
- Donations - total paid that were \$1,000 or less	24,195	7,717
- Donations - total paid that were more than \$1,000	77,372	4,770
	<u>101,567</u>	<u>12,487</u>
Depreciation and amortisation		
- Land and buildings	44,100	45,076
- Property plant and equipment	91,788	89,872
	<u>135,888</u>	<u>134,948</u>
Legal costs		
- Litigation	-	-
- Other legal matters	77,349	75,270
	<u>77,349</u>	<u>75,270</u>
Penalties - via RO act or RO regulations	-	-

7. Cash and cash equivalents

Cash on hand	1,300	2,137
Cash at bank	1,476,203	1,506,741
	<u>1,477,503</u>	<u>1,508,878</u>

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2015

8. Trade and other receivables

	2015	2014
	\$	\$
CURRENT		
Trade receivables	119,413	9,754
Other receivables	235,732	246,009
	<u>355,145</u>	<u>255,763</u>
NON-CURRENT		
Deposits	<u>300</u>	<u>300</u>

(a) Receivables from other reporting units

CFMEU Mining and Energy National Office	66,341	-
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(b) Provision for doubtful debts from other reporting units

There were no provision for doubtful debts from other reporting units as at 31 December 2015.

9. Other financial assets

CURRENT		
Held-to-maturity investments	(a) <u>2,580,394</u>	1,890,285
NON-CURRENT		
Available-for-sale investments	<u>304</u>	447

(a) Held-to-maturity investments comprise:

Term deposits	<u>2,580,394</u>	1,890,285
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10. Other assets

CURRENT		
Prepayments	<u>44,509</u>	<u>48,493</u>

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2015

11. Property, plant and equipment

	2015	2014
	\$	\$
LAND AND BUILDINGS		
Caravan park holiday centre		
At cost	480,085	480,085
Accumulated depreciation	(354,222)	(341,813)
	<u>125,863</u>	<u>138,272</u>
Land and buildings		
At cost	1,443,232	1,664,647
Accumulated depreciation	(230,835)	(330,696)
	<u>1,212,397</u>	<u>1,333,951</u>
Leasehold improvements		
At cost	72,810	72,810
Accumulated depreciation	(55,477)	(53,221)
	<u>17,333</u>	<u>19,589</u>
Total land and buildings	<u>1,355,593</u>	<u>1,491,812</u>
PLANT AND EQUIPMENT		
Motor vehicles		
At cost	280,349	244,142
Accumulated depreciation	(42,797)	(42,026)
	<u>237,552</u>	<u>202,116</u>
Office equipment		
At cost	226,980	273,456
Accumulated depreciation	(197,675)	(227,162)
	<u>29,305</u>	<u>46,294</u>

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2015

11. Property, plant and equipment (Continued)

	2015	2014
	\$	\$
Caravan park machinery and equipment		
At cost	185,510	188,555
Accumulated depreciation	(123,231)	(116,817)
	<u>62,279</u>	<u>71,738</u>
Total plant and equipment	<u>329,136</u>	<u>320,148</u>
Total property, plant and equipment	<u><u>1,684,729</u></u>	<u><u>1,811,960</u></u>

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

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

	Land and Buildings	Motor Vehicles	Office Furniture & Equipment	Caravan Park Machinery & Equipment	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2014	1,519,029	182,271	64,968	78,121	1,844,389
Additions	16,850	261,669	9,670	3,883	292,072
Disposals	-	(182,895)	(6,463)	(195)	(189,553)
Depreciation expense	(44,067)	(58,930)	(21,881)	(10,070)	(134,948)
Balance at 31 December 2014	<u>1,491,812</u>	<u>202,115</u>	<u>46,294</u>	<u>71,739</u>	<u>1,811,960</u>
Additions	2,830	265,849	2,548	701	271,928
Disposals	(93,082)	(169,684)	(505)	-	(263,271)
Depreciation expense	(45,967)	(60,728)	(19,032)	(10,161)	(135,888)
Balance at 31 December 2015	<u><u>1,355,593</u></u>	<u><u>237,552</u></u>	<u><u>29,305</u></u>	<u><u>62,279</u></u>	<u><u>1,684,729</u></u>

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2015

12. Trade and other payables

	2015	2014
	\$	\$
CURRENT		
Trade payables	184,746	327,365
Other payables	256,545	234,810
	<u>441,291</u>	<u>562,175</u>

(a) Payables to other reporting entities

CFMEU Mining and Energy National Office	186,671	222,836
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(b) Amounts included in other payables

Legal costs/litigation matters payable	-	-
Consideration to employers for payroll deductions	-	-

13. Other liabilities

CURRENT		
Amounts received in advance	206,023	98,107
Funds held in trust	49,777	49,487
	<u>255,800</u>	<u>147,594</u>

14. Employee benefits

CURRENT		
Employee benefits expense	<u>883,927</u>	765,481
NON - CURRENT		
Employee benefits expense	<u>11,509</u>	19,732

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2015

14. Employee benefits (Continued)

(a) Total employee benefits attributable to:

	2015	2014
	\$	\$
Office Holders:		
- Annual leave	269,430	255,282
- Long service leave	-	-
- Separations and redundancies	151,268	122,794
- Other	384,072	322,071
	<u>804,770</u>	<u>700,147</u>
Employees other than office holders:		
- Annual leave	22,520	22,965
- Long service leave	47,245	44,046
- Separation and redundancies	-	-
- Other	20,901	18,055
	<u>90,666</u>	<u>85,066</u>
Total	<u>895,436</u>	<u>785,213</u>

15. Reserves

Financial asset reserve

Change in the fair value of available for sale investments are recognised in other comprehensive income - financial asset reserve. Amounts are reclassified to profit or loss on disposal of the investment or when an impairment arises.

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2015

16. Capital and leasing commitments

Operating Leases

	2015	2014
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	88,783	87,527
- between one year and five years	293,469	309,017
- later than five years	682,846	737,224
	<u>1,065,098</u>	<u>1,133,768</u>

The property lease commitments are non-cancellable operating leases contracted for but not capitalised in the financial statements with a maximum term of twenty years. Increases in lease commitments may occur in line with the Consumer Price Index (CPI).

17. Lessor Commitments

Operating lease commitments receivable - Union as lessor

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District leases out its investment property (included in property, plant and equipment) under commercial leases. These non-cancellable leases have terms between 1 and 12 years. All leases include an option for the Union to increase rent to current market rental on an annual basis.

The future minimum lease payments under non-cancellable leases are:

- no later than 1 year	65,980	101,885
- between 1 year and 5 years	99,454	63,986
Total minimum lease payments	<u>165,434</u>	<u>165,871</u>

18. Financial risk management

The main risks Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

The Union's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable.

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2015

18. Financial risk management (Continued)

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		2015	2014
		\$	\$
Financial Assets			
Cash and cash equivalents	7	1,477,503	1,508,878
Held-to-maturity investments	9	2,580,394	1,890,285
Trade and other receivables	8	355,145	255,763
Available-for-sale financial assets:			
- Shares in listed corporations - at fair value	9	304	447
Total financial assets		4,413,346	3,655,373
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	12	441,291	562,175
Total financial liabilities		441,291	562,175

(a) Credit risk

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

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

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 credit quality, including those that are past due.

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

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2015

18. Financial risk management (Continued)

(b) Credit risk - Trade and Other Receivables

The following table details the Union's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Union and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Union.

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

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			< 30	31-60	61-90	> 90	
			\$	\$	\$	\$	
2015							
Trade and term receivables	111,785	-	-	-	-	10,392	101,393
Other receivables	178,658	-	-	-	-	-	178,658
Total	290,443	-	-	-	-	10,392	280,051
2014							
Trade and term receivables	9,754	-	-	-	-	-	9,754
Other receivables	232,791	-	-	-	-	65,000	167,791
Total	242,545	-	-	-	-	65,000	177,545

The Union does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The other classes of receivables do not contain impaired assets.

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2015

18. Financial risk management (Continued)

(c) Liquidity Risk - Financial Liability

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the balance sheet due to the effect of discounting.

Financial liability maturity analysis - Non-derivative

	Within 1 year	
	2015	2014
	\$	\$
Financial liabilities due for payment		
Trade and other payables	441,291	562,172

The timing of expected outflows is not expected to be materially different from contracted cashflows.

(d) Market risk - Cash flow interest rate sensitivity

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(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 is also exposed to earnings volatility on floating rate instruments.

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the end of the reporting period.

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2015

18. Financial risk management (Continued)

(d) Market risk - Cash flow interest rate sensitivity (Continued)

A 1% increase or decrease in interest rates would impact equity and profit or loss by the amounts shown below. This analysis assumes that other variables are held constant.

	Surplus/(deficit)		Equity	
	1% increase	1% decrease	1% increase	1% decrease
2015	32,499	(32,499)	32,499	(32,499)
2014	22,447	(22,447)	22,447	(22,447)

The sensitivity analysis is performed on the same basis as in 2014.

19 Fair Value Measurement

Net Fair Values

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the balance sheet.

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

	2015		2014	
	Net Carrying Value	Net Fair value	Net Carrying Value	Net Fair value
	\$	\$	\$	\$
Financial assets				
Available-for-sale financial assets:				
- listed investments at fair value	304	304	447	447

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2015

Fair value hierarchy (Continued)

The table below shows the assigned level for each asset and liability held at fair value by the company:

	Level 1	Level 2	Level 3	Total
31 December 2015	\$	\$	\$	\$
Recurring fair value measurements				
Financial assets				
Listed shares	304	-	-	304
Recurring fair value measurements				
Financial assets				
Listed shares	447	-	-	447

20. Interests of Key Management Personnel

The totals of remuneration paid to the key management personnel of Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District during the year are as follows:

	2015	2014
	\$	\$
Short-term employee benefits	1,459,484	1,738,876
Post-employment benefits (superannuation)	120,664	117,791
Other long term benefits	-	-
Termination benefits	28,474	(33,305)
	<u>1,608,622</u>	<u>1,823,362</u>

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2015

21. Remuneration of Auditors

	2015	2014
	\$	\$
Remuneration of the auditor of the union, Daley & Co, for:		
- auditing or reviewing the financial report	21,866	19,915
- taxation and other services (Accounting services, FBT & payroll tax preparation & lodgement)	12,038	7,879
Total	33,904	27,794

22. Interests in Associates

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2015	Percentage Owned (%)* 2014
Associates:			
The Trade Union Centre Wollongong Pty Ltd	Australia	49.78	49.78

**The percentage of ownership interest held is equivalent to the percentage voting rights.*

The Trade Union Centre Wollongong Pty Ltd

The Trade Union Centre Wollongong Pty Limited owns and operates an office building. This associate is a small proprietary union incorporated in Australia.

Material associates

The above associate is considered to be material to Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District. The carrying amount of the Union's investment, calculated under the equity method of accounting is as follows (the information disclosed reflects the amounts presented in the financial statements of the joint venture and not Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District's share of those amounts):

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2015

22. Interests in Associates (Continued)

Material associates (Continued)

	The Trade Union Centre Wollongong Pty Ltd
2015	
Summarised balance sheet	
Cash and cash equivalents	55,722
Other current assets	5,295
Non-current assets	1,863,050
Current liabilities	<u>(10,297)</u>
Net assets	<u><u>1,913,770</u></u>
Summarised statement of comprehensive income	
Revenue	112,491
Loss from continuing operations	(332,718)
Other comprehensive income	<u>-</u>
Total comprehensive income	<u><u>(332,718)</u></u>
2014	
Summarised balance sheet	
Cash and cash equivalents	32,210
Other current assets	10,708
Non-current assets	2,215,161
Current liabilities	<u>(11,591)</u>
Net assets	<u><u>2,246,488</u></u>
Summarised statement of comprehensive income	
Revenue	111,568
Profit from continuing operations	4,208
Other comprehensive income	<u>-</u>
Total comprehensive income	<u><u>4,208</u></u>

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2015

22. Interests in Associates (Continued)

Reconciliation of carrying amount of interest in associate to summarised financial information for associates accounted for using the equity method:

	2015	2014
	\$	\$
The Trade Union Centre Wollongong Pty Ltd		
Union's share of 49.78% of net assets	<u>952,676</u>	<u>1,118,303</u>

Risks associated with the interests in associates

In the opinion of the Committee of Management, the Union did not have any contingencies in relation to the associate or contractual arrangements that would require the Union to provide financial support to the associate at 31 December 2015 (31 December 2014: None).

23. Contingent liabilities and contingent assets

(a) Contingent Liabilities

During the 2014 year, a Divisional Executive commenced employment with the Union. As per industry requirements long service leave accrued by the individual up to the date of their termination from previous employment is either to be transferred to the Union, being the new employer, or paid out to the individual. At the date of this report the transfer of entitlements has not occurred. Should the entitlement balance be transferred to the Union, it is required to be transferred through to the Construction, Forestry, Mining and Energy Union - Mining and Energy Division who presently recognise the balance of long service leave entitlements for Divisional Executives. The Union considers that the long service leave may be paid out to the individual rather than the Union and has therefore not recognised a provision in relation to this matter.

The potential undiscounted amount of the additional payment that the Union could be required to make to the Construction, Forestry, Mining and Energy Union - Mining and Energy Division if the long service leave was paid to the Union is estimated to be approximately \$64,792.

24. Related party transactions

(a) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Committee of Management (whether executive or otherwise) of that entity are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 20: Interests of Key Management Personnel (KMP).

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2015

24. Related party transactions (Continued)

(a) Key management personnel (Continued)

Other transactions with KMP and their related entities are shown below.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

Associated companies

- i) Office space was rented from the Trade Union Centre Wollongong Pty Limited during the year. Commercial rent outgoings paid during the year totalled \$60,728 (2014: 51,353).

Other related parties

- i) Capitation fees totalling \$1,171,723 (2014: \$1,259,046) were charged by the Construction, Forestry, Mining and Energy Union - Mining and Energy Division during the year.
- ii) During the year the Union paid \$76,229 (2014: \$73,758) to Construction, Forestry, Mining & Energy Union - Mining and Energy for the use of a legal assistant.
- iii) During the year, the Union paid the Construction, Forestry, Mining & Energy Union - Mining and Energy \$13,878 (2014: \$3,429) in respect of various sundry payments.
- iv) An amount of \$2,955 (2014: \$11,818) was received from Construction, Forestry, Mining & Energy Union - Mining and Energy for hire of conference room.
- v) An amount of \$211,859 in the 2014 year was received from Construction, Forestry, Mining & Energy Union - Mining and Energy for payment of executive long service leave entitlements upon retirement (2015: nil)
- vi) From time to time the Union makes expenditures which relate to itself as well as other branches and divisions of CFMEU. These expenditures are then reimbursed to the Union at cost hence they are not considered to be related party transactions.

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2015

25. Cash flow information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2015	2014
	\$	\$
Result for the year	363,759	968,423
Cash flows excluded from net surplus attributable to operating activities		
Non-cash flows in net surplus:		
- depreciation	135,888	134,948
- net (gain)/loss on disposal of property, plant and equipment	(310,183)	5,313
- share of loss/(gain) of associate	165,627	(2,095)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(99,381)	(16,829)
- (increase)/decrease in other assets	3,984	4,356
- increase/(decrease) in income in advance	107,916	(16,074)
- increase/(decrease) in trade and other payables	(120,594)	15,859
- increase/(decrease) in employee benefits	110,223	(177,331)
Cashflow from operations	<u>357,239</u>	<u>916,570</u>

(b) Cash flow information

Cash inflows from reporting units (excluding GST)

CFMEU Mining and Energy

82,967 345,797

Cash outflows from reporting units (excluding GST)

CFMEU Mining and Energy

1,297,995 1,434,034

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2015

26. Additional disclosures required under the Fair Work (Registered Organisations) Act 2009

As required under the reporting guidelines provided for under section 255 of the Fair Work (Registered Organisations) Act 2009, it is confirmed that:

1. The Union's ability to continue as a going concern is not reliant on the agreed financial support of another reporting unit; and
2. The Union has not agreed or does not have an agreement to provide financial support to another reporting unit to ensure its ability as a going concern; and
3. The Union has not acquired an asset or liability as a result of amalgamation, restructure or alternative reporting unit determination or revocation; and
4. The Union has not acquired assets or liabilities as part of a business combination.

27. Section 272 Fair Work (Registered Organisation) Act 2009

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009*, the attention of the members is drawn to the provisions of Subsections [1] to [3] of Section 272 which read as follows:

Information to be provided to members or the General Manager of Fair Work Australia:

1. A member of a reporting unit, or the General Manager of Fair Work Australia, 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)

Independent Audit Report to the members of Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

Report on the Financial Report

We have audited the accompanying financial report of Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District, which comprises the balance sheet as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and Committee of Management statement of the entity.

Committee of Management and Accounting Officer's Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Committee of Management and the Accounting Officer, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Independent Audit Report to the members of Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

Opinion

In our opinion the financial report of Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District as at 31 December 2015, and of the 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 scope of our audit did extend to recovery of wages activity, however as noted in the Committee of Management Statement, no such activity was undertaken during the reporting period.

I declare that I am an approved auditor, a member of the Chartered Accountants Australia and New Zealand and hold a current Public Practice Certificate.

I declare that management's use of the going concern basis of accounting in preparation of the Union's Financial statements is appropriate.


Daley & Co
Chartered Accountants


Michael Mundt
Partner

Wollongong

Dated 4 April 2016

Liability is limited by a scheme approved under Professional Standards Legislation

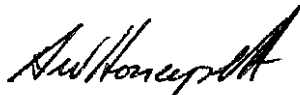
Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Designated Officer's Certificate

I, Andy Honeysett being the District President of the Construction Forestry Mining and Energy Division South Western District, certify:

- that the documents lodged herewith are copies of the full report for the Construction Forestry Mining and Energy Union Mining and Energy Division South Western District Branch for the period ended 31 December 2015 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 ^{A.H.} 24 April 2016; and
- that the full report was presented to a meeting of the board of management of the reporting unit on ^{A.H.} 24 April 2016 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.



Andy Honeysett
District President

Dated ^{A.H.} 24 April 2016



12 January 2016

Mr Lee Webb
District Secretary
Construction, Forestry, Mining and Energy Union-Mining and Energy Division South Western District
Branch
Sent via email: leewebb@umw.com.au

Dear Mr Webb,

**Re: Lodgement of Financial Report - [FR2015/366]
Fair Work (Registered Organisations) Act 2009 (the RO Act)**

The financial year of the Construction, Forestry, Mining and Energy Union-Mining and Energy Division South Western District Branch (the reporting unit) ended on 31 December 2015.

This is a courtesy letter to remind you of the obligation to prepare and lodge the financial report for the reporting unit by the due date under s.268 of the RO Act, namely 15 July 2016 (being the expiry date of 6 months and 14 days from the end of the financial year).

The RO Act sets out a particular chronological order in which financial documents and statements must be prepared, audited, provided to members and presented to a meeting. For your assistance, the attached *Timeline/Planner* summarises these requirements.

Fact sheets and guidance notes in relation to financial reporting under the RO Act are provided on the Fair Work Commission website. Further, the General Manager's updated Reporting Guidelines that apply to all financial reports prepared on or after 30 June 2014 are also available on the website supported by a webinar presentation.

The Fair Work Commission has developed a model set of financial statements. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards. The model statement and other resources can be accessed through our website under [Financial Reporting](#) in the Compliance and Governance section.

I request that the financial report and any statement of loans, grants or donations made during the financial year (statement must be lodged within 90 days of end of financial year) be emailed, rather than posted, to orgs@fwc.gov.au. A sample statement of loans, grants or donations is available at [sample documents](#).

It should be noted that s.268 is a civil penalty provision. Failure to lodge a financial report may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$51,000 for a body corporate and \$10,200 for an individual per contravention) being imposed upon an officer whose conduct led to the contravention and/or your organisation.

Should you wish to seek any clarification in relation to the above, please contact me on (03) 8656 4699 or via email at Sam.Gallichio@fwc.gov.au.

Yours sincerely,

Sam Gallichio
Adviser
Regulatory Compliance Branch

TIMELINE/ PLANNER

Financial reporting period ending:	/ /	
Prepare financial statements and Operating Report.		
(a) A Committee of Management Meeting must consider the financial statements, and if satisfied, pass a resolution declaring the various matters required to be included in the Committee of Management Statement.	/ /	As soon as practicable after end of financial year
(b) A # designated officer must sign the Statement which must then be forwarded to the auditor for consideration as part of the General Purpose Financial Report (GPFR).	/ /	
Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /	<p>Within a reasonable time of having received the GPFR</p> <p>(NB: Auditor's report must be dated on or after date of Committee of Management Statement</p>
<p>Provide full report free of charge to members – s265</p> <p>The full report includes:</p> <ul style="list-style-type: none"> the General Purpose Financial Report (which includes the Committee of Management Statement); the Auditor's Report; and the Operating Report. 	/ /	<p>(a) if the report is to be presented to a General Meeting (which must be held within 6 months after the end of the financial year), the report must be provided to members 21 days before the General Meeting,</p> <p>or</p> <p>(b) in any other case including where the report is presented to a Committee of Management meeting*, the report must be provided to members within 5 months of end of financial year.</p>
Present full report to:		
(a) General Meeting of Members - s266 (1),(2); OR	/ /	Within 6 months of end of financial year
(b) where the rules of organisation or branch allow* - a Committee of Management meeting - s266 (3)	/ /	Within 6 months of end of financial year
Lodge full report with the Fair Work Commission, together with the #Designated Officer's certificate++ – s268	/ /	Within 14 days of meeting

* the full report may only be presented to a committee of management meeting if the rules of the reporting unit provide that a percentage of members (not exceeding 5%) are able to call a general meeting to consider the full report.

The Committee of Management Statement and the Designated Officer's certificate must be signed by the Secretary or another officer who is an elected official and who is authorised under the rules (or by resolution of the organisation) to sign the statement or certificate – s243.

++ The Designated Officer's certificate must state that the documents lodged are copies of the documents provided to members and presented to a meeting in accordance with s266 – dates of such events must be included in the certificate. The certificate cannot be signed by a non-elected official.