



Australian Government
Registered Organisations Commission

29 June 2017

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

By Email: leewebb@umw.com.au

Dear Mr Webb

Re: Lodgement of Financial Statements and Accounts – CFMEU, Mining and Energy Division, South Western District Branch - for year ended 31 December 2016 (FR2016/339)

I refer to the financial report for the South Western District Branch of the Mining and Energy Division of the Construction, Forestry, Mining and Energy Union. The report was lodged with the Registered Organisations Commission ('the Commission') on 13 June 2017.

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

Please note the next report may be subject to an advanced review.

Reporting Requirements

On the Registered Organisations Commission 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 Commission recommends reporting units use this model as it will assist in ensuring compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained at <http://www.roc.gov.au/running-a-registered-organisation/financial-reporting>

Should you require further information on the financial reporting requirements of the Act, I may be contacted by email at stephen.kellett@roc.gov.au

Yours sincerely

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

Stephen Kellett
Financial Reporting



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

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CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION-MINING AND ENERGY
DIVISION, SOUTH WESTERN DISTRICT BRANCH.

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER.

For the Period Ending 31-12-2016

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 documents lodged herewith are copies of the full report, for the Finances and AGM minutes for the Construction Forestry Mining and Energy, Mining and Energy Division of the South Western District, for the period ended 31-12-2016, referred to in s.268 of the Fair Work (Registered Organisations) Act 2009, and
- That the full report was provided to the meetings of members on 7th April 2017 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 Friday 9th June 2017, in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

Lee Webb

District Secretary

13th June 2017

President
Andy Honeysett

Secretary
Lee Webb

Vice President South
Bob Timbs

Vice President West
Graeme Osborne

Vice President Metaliferous
Greg Braes

Industry Safety & Health Representatives
Peter Tatton & Stephen Barrett

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 2016

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

ABN: 49 954 293 181

Financial Statements

31 December 2016

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

ABN: 49 954 293 181

Operating Report

31 December 2016

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 2016.

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	1/1/16 - 31/12/16
Mr L Webb	District Secretary	1/1/16 - 31/12/16
Mr G Braes	District Vice President - Metalliferous	1/1/16 - 31/12/16
Mr G Osborne	District Vice President - West	1/1/16 - 31/12/16
Mr R Timbs	District Vice President - South	1/1/16 - 31/12/16
Mr D McLachlan	Central Councillor - South	1/1/16 - 31/12/16
Mr A Giddings	BOM Member	1/1/16 - 31/12/16
Mr B Reeves*	BOM Member	1/1/16 - 31/12/16
Mr M Jenkins	BOM Member	1/1/16 - 31/12/16
Mr C Carberry	BOM Member	1/1/16 - 31/12/16
Mr K Witherspoon	BOM Member	1/1/16 - 31/12/16
Mr A Davey	BOM Member	1/1/16 - 31/12/16
Mr J Sleiman	BOM Member	27/8/16 - 31/12/16
Mr W Small	Central Councillor - West	1/1/16 - 7/5/16
Mr B Neall	BOM Member	1/1/16 - 21/7/16

* Break in service on the Committee from 30/6/16 to 27/8/16.

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

ABN: 49 954 293 181

Operating Report

31 December 2016

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

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

Operating results

The net loss of the Union amounted to \$ 118,718 (2015: surplus of \$ 363,759).

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 financial affairs

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

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.

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

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Operating Report

31 December 2016

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.

Number of members

There were 3,232 members of the Union as at 31 December 2016 (2015: 3,390)

Number of employees

As at 31 December 2016 the Union had 12 employees (2015: 13).

Officers or members who are superannuation fund trustee(s) or directors of a company that is a superannuation fund trustee

Graeme Osborne is a director of Auscoal Superannuation 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.

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



Lee Webb
District Secretary

Dated 20 March 2017

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

ABN: 49 954 293 181

Committee of Management Statement

31 December 2016

On the 20 March 2017 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 2016:

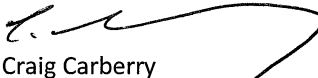
The Board of Management declares that in its opinion:

- (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 Committee of Management.


Andy Honeysett
District President


Adam Giddings
Committee of Management


Craig Carberry
Committee of Management

Dated 20 March 2017

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 2016

	Note	2016 \$	2015 \$
Revenue	4	4,251,239	4,484,482
Other income	4	237,368	618,931
Share of net (loss)/profit from associate	21	1,480	(165,627)
Administration expenses		(189,406)	(227,952)
Capitation fees		(1,087,351)	(1,171,723)
Depreciation and amortisation expense		(133,994)	(135,888)
Donations		(108,600)	(101,567)
Employee benefits expense	5	(2,150,576)	(2,010,553)
Lodge expenses		(341,710)	(308,659)
Other expenses		(317,233)	(350,931)
Professional fees		(126,327)	(111,253)
Rent and lease expenses		(153,608)	(155,501)
Net result for the year		(118,718)	363,759
Other comprehensive income			
Net gains (loss) on available for sale financial assets		250	(173)
Total comprehensive income for the year		(118,468)	363,586

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 2016

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,643,743	1,477,503
Trade and other receivables	7	379,492	355,145
Financial assets	8	2,727,569	2,580,394
Other assets	9	34,849	44,509
TOTAL CURRENT ASSETS		4,785,653	4,457,551
NON-CURRENT ASSETS			
Trade and other receivables	7	300	300
Investments accounted for using the equity method	21	954,156	952,676
Financial assets	8	554	304
Property, plant and equipment	10	1,603,310	1,684,729
TOTAL NON-CURRENT ASSETS		2,558,320	2,638,009
TOTAL ASSETS		7,343,973	7,095,560
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	618,277	441,291
Employee benefits	13	1,040,805	883,927
Other liabilities	12	286,612	255,800
TOTAL CURRENT LIABILITIES		1,945,694	1,581,018
NON-CURRENT LIABILITIES			
Employee benefits	13	13,714	11,509
TOTAL LIABILITIES		1,959,408	1,592,527
NET ASSETS		5,384,565	5,503,033
EQUITY			
Reserves	14	(91)	(341)
Retained earnings		5,384,656	5,503,374
TOTAL EQUITY		5,384,565	5,503,033

The accompanying notes form part of these financial statements.

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

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Statement of Changes in Equity

For the Year Ended 31 December 2016

	Retained Earnings	Financial Assets Reserve	Total
	\$	\$	\$
Balance at 1 January 2015	5,139,615	(168)	5,139,447
Profit attributable to members of the entity	363,759	-	363,759
Revaluation increment (decrement)	-	(173)	(173)
Balance at 31 December 2015	5,503,374	(341)	5,503,033
Profit attributable to members of the entity	(118,718)	-	(118,718)
Revaluation increment (decrement)	-	250	250
Balance at 31 December 2016	5,384,656	(91)	5,384,565

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 2016

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from members		3,880,339	4,125,993
Interest received		64,346	75,214
Dividends received		53	81
Other receipts		777,211	796,557
Payments to suppliers and employees		(4,351,795)	(4,640,606)
Net cash provided by operating activities	23(a)	<u>370,154</u>	<u>357,239</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for plant and equipment		(202,649)	(271,929)
Proceeds from sale of plant and equipment		145,910	573,455
Payment for held-to-maturity investments		(147,175)	(690,140)
Net cash used in investing activities		<u>(203,914)</u>	<u>(388,614)</u>
Net (decrease)/increase in cash and cash equivalents held		166,240	(31,375)
Cash and cash equivalents at beginning of year		<u>1,477,503</u>	<u>1,508,878</u>
Cash and cash equivalents at end of financial year	6	<u><u>1,643,743</u></u>	<u><u>1,477,503</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 2016

The financial report covers Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District as an individual entity. Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District is a not-for-profit Union limited by guarantee, incorporated and domiciled in Australia.

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

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Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Summary of Significant Accounting Policies

(a) Property, plant and equipment

Depreciation

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

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Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Summary of Significant Accounting Policies

(b) Financial instruments

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

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Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Summary of Significant Accounting Policies

(b) Financial instruments

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

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Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Summary of Significant Accounting Policies

(b) Financial instruments

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

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Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Summary of Significant Accounting Policies

(c) Impairment of non-financial assets

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

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Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Summary of Significant Accounting Policies

(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

The Union is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(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

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Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Summary of Significant Accounting Policies

(i) Revenue and other income

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.

Membership subscriptions

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 it is probable the grants will be received.

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

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Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Summary of Significant Accounting Policies

(l) Grants

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.

(n) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Union has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Union where the standard is relevant:

AASB 9 Financial Instruments

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting and a new impairment model. The standard is not applicable until 1 January 2018 but is available for early adoption.

Following the changes approved by the AASB in December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.

While the Union has yet to undertake a detailed assessment, it is expected that there will be no impact on the Union's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Union does not have any such liabilities.

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2. Summary of Significant Accounting Policies

(n) New Accounting Standards and Interpretations

AASB 15 Revenue from contracts with customers

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 July 2017), ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

At this stage, the Union is not able to estimate the impact of the new rules on the Union's financial statements. The Union will make more detailed assessments of the impact over the next twelve months.

AASB 16 Leases

The standard will affect primarily the accounting for the Union's operating leases. However, the Union has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Union's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.

The standard is mandatory for annual reporting periods beginning on or after 1 January 2019. At this stage, the Union does not intend to adopt the standard before its effective date.

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Notes to the Financial Statements

For the Year Ended 31 December 2016

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.

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.

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

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Notes to the Financial Statements

For the Year Ended 31 December 2016

4. Revenue and other income

Revenue from continuing operations

	2016	2015
	\$	\$
Revenue		
District membership dues	2,998,674	3,276,052
Lodge membership dues	560,950	559,494
Administration fees	170,815	171,785
Site rental income	351,737	326,984
Interest received	77,763	77,667
Grants received	65,000	72,500
Special administration contributions	26,300	-
Donations	-	-
	<u>4,251,239</u>	<u>4,484,482</u>
Other revenue		
Profit on sale of fixed asset	-	310,183
Rental income	119,510	171,537
Initial lodge contributions	-	93,130
Other income	117,858	44,081
Capitation fees	-	-
Compulsory levies/voluntary contributions	-	-
Financial support received	-	-
	<u>237,368</u>	<u>618,931</u>
Total revenue	<u><u>4,488,607</u></u>	<u><u>5,103,413</u></u>

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

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Notes to the Financial Statements

For the Year Ended 31 December 2016

5. Result for the year

The result for the year includes the following specific expenses:

	2016	2015
	\$	\$
Employee benefits expense comprises:		
Holders of office:		
- Wages and salaries	1,340,539	1,284,603
- Superannuation	119,207	119,263
- Leave and other entitlements	161,983	104,623
- Separation and redundancies	-	-
- Other employee expenses	77,679	81,629
	<u>1,699,408</u>	<u>1,590,118</u>
Employees other than office holders		
- Wages and salaries	390,811	358,260
- Superannuation	40,315	33,778
- Leave and other entitlements	(2,901)	5,601
- Separation and redundancies	-	-
- Other employee expenses	22,943	22,796
	<u>451,168</u>	<u>420,435</u>
Total employee benefits expenses	<u>2,150,576</u>	<u>2,010,553</u>
Capitation fees		
CFMEU Mining & Energy National Office	<u>1,087,351</u>	<u>1,171,723</u>
Affiliation fees		
- ALP NSW	16,234	17,312
Administration expenses		
- Consideration to employers for payroll deductions	-	-
- Compulsory levies	-	-
- Conference and meeting expenses	6,369	7,795
- Fees/ allowances - meeting and conferences	-	-

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

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Notes to the Financial Statements

For the Year Ended 31 December 2016

5. Result for the year

	2016	2015
	\$	\$
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	11,901	24,195
- Donations - total paid that were more than \$1,000	96,698	77,372
	<u>108,599</u>	<u>101,567</u>
Depreciation and amortisation		
- Land and buildings	40,395	44,100
- Property plant and equipment	93,599	91,788
	<u>133,994</u>	<u>135,888</u>
Legal costs		
- Litigation	-	-
- Other legal matters	85,830	77,349
	<u>85,830</u>	<u>77,349</u>
Penalties - via RO act or RO regulations	-	-

6. Cash and cash equivalents

Cash on hand	1,150	1,300
Cash at bank	1,642,593	1,476,203
	<u>1,643,743</u>	<u>1,477,503</u>

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Notes to the Financial Statements

For the Year Ended 31 December 2016

7. Trade and other receivables

	2016	2015
	\$	\$
CURRENT		
Trade receivables	122,251	119,413
Other receivables	257,241	235,732
	<u>379,492</u>	<u>355,145</u>
NON-CURRENT		
Deposits	<u>300</u>	<u>300</u>

(a) Receivables from other reporting units

CFMEU Mining and Energy National Office	70,147	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 2016.

8. Financial assets

CURRENT		
Held-to-maturity investments	(a) <u>2,727,569</u>	2,580,394
NON-CURRENT		
Available-for-sale investments	<u>554</u>	304
(a) Held-to-maturity investments comprise:		
Term deposits	<u>2,727,569</u>	2,580,394

9. Other assets

CURRENT		
Prepayments	<u>34,849</u>	<u>44,509</u>

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

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Notes to the Financial Statements

For the Year Ended 31 December 2016

10. Property, plant and equipment

	2016	2015
	\$	\$
LAND AND BUILDINGS		
Caravan park holiday centre		
At cost	480,085	480,085
Accumulated depreciation	(366,631)	(354,222)
	<u>113,454</u>	<u>125,863</u>
Land and buildings		
At cost	1,443,232	1,443,232
Accumulated depreciation	(256,752)	(230,835)
	<u>1,186,480</u>	<u>1,212,397</u>
Leasehold improvements		
At cost	75,691	72,810
Accumulated depreciation	(57,546)	(55,477)
	<u>18,145</u>	<u>17,333</u>
Total land and buildings	<u>1,318,079</u>	<u>1,355,593</u>
PLANT AND EQUIPMENT		
Motor vehicles		
At cost	285,445	280,349
Accumulated depreciation	(68,804)	(42,797)
	<u>216,641</u>	<u>237,552</u>
Office equipment		
At cost	226,574	226,980
Accumulated depreciation	(211,092)	(197,675)
	<u>15,482</u>	<u>29,305</u>

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

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Notes to the Financial Statements

For the Year Ended 31 December 2016

10. Property, plant and equipment

	2016	2015
	\$	\$
Caravan park machinery and equipment		
At cost	186,608	185,510
Accumulated depreciation	(133,500)	(123,231)
	<u>53,108</u>	<u>62,279</u>
Total plant and equipment	<u>285,231</u>	<u>329,136</u>
Total property, plant and equipment	<u>1,603,310</u>	<u>1,684,729</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 2015	1,491,812	202,115	46,294	71,739	1,811,960
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>1,355,593</u>	<u>237,552</u>	<u>29,305</u>	<u>62,279</u>	<u>1,684,729</u>
Additions	2,881	197,056	1,617	1,098	202,652
Disposals	-	(149,548)	(529)	-	(150,077)
Depreciation expense	(40,395)	(68,419)	(14,911)	(10,269)	(133,994)
Balance at 31 December 2016	<u>1,318,079</u>	<u>216,641</u>	<u>15,482</u>	<u>53,108</u>	<u>1,603,310</u>

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

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Notes to the Financial Statements

For the Year Ended 31 December 2016

11. Trade and other payables

	2016	2015
	\$	\$
CURRENT		
Trade payables	303,792	184,746
Other payables	314,485	256,545
	<u>618,277</u>	<u>441,291</u>

(a) Payables to other reporting entities

CFMEU Mining and Energy National Office	306,087	186,671
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(b) Amounts included in other payables

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

12. Other liabilities

CURRENT		
Amounts received in advance	242,201	206,023
Funds held in trust	44,411	49,777
	<u>286,612</u>	<u>255,800</u>

13. Employee benefits

CURRENT		
Employee benefits expense	1,040,805	883,927
NON - CURRENT		
Employee benefits expense	<u>13,714</u>	<u>11,509</u>

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Notes to the Financial Statements

For the Year Ended 31 December 2016

13. Employee benefits

(a) Total employee benefits attributable to:

	2016	2015
	\$	\$
Office Holders:		
- Annual leave	298,065	269,430
- Long service leave	-	-
- Separations and redundancies	204,855	151,268
- Other	463,834	384,072
	<u>966,754</u>	<u>804,770</u>
Employees other than office holders:		
- Annual leave	14,369	22,520
- Long service leave	53,173	47,245
- Separation and redundancies	-	-
- Other	20,223	20,901
	<u>87,765</u>	<u>90,666</u>
Total	<u><u>1,054,519</u></u>	<u><u>895,436</u></u>

14. 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

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Notes to the Financial Statements

For the Year Ended 31 December 2016

15. Capital and leasing commitments

Operating Leases

	2016	2015
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	89,914	88,783
- between one year and five years	277,363	293,469
- later than five years	624,636	682,846
	<u>991,913</u>	<u>1,065,098</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).

16. 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 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	72,693	65,980
- between 1 year and 5 years	43,107	99,454
Total minimum lease payments	<u>115,800</u>	<u>165,434</u>

17. 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

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Notes to the Financial Statements

For the Year Ended 31 December 2016

17. Financial risk management

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:

		2016	2015
		\$	\$
Financial Assets			
Cash and cash equivalents	6	1,643,743	1,477,503
Held-to-maturity investments	8	2,727,569	2,580,394
Trade and other receivables	7	379,492	355,145
Available-for-sale financial assets:			
- Shares in listed corporations - at fair value	8	554	304
Total financial assets		4,751,358	4,413,346
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	11	618,277	441,291
Total financial liabilities		618,277	441,291

(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

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Notes to the Financial Statements

For the Year Ended 31 December 2016

17. Financial risk management

(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	
	\$	\$	\$	\$	\$	\$	\$
2016							
Trade and term receivables	132,251	-	1,000	1,000	1,000	17,232	112,019
Other receivables	247,541	-	-	-	-	-	247,541
Total	379,792	-	1,000	1,000	1,000	17,232	359,560
2015							
Trade and term receivables	111,785	-	-	-	-	10,392	101,393
Other receivables	178,658	-	-	-	-	-	178,658
Total	290,443	-	-	-	-	10,392	280,051

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

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Notes to the Financial Statements

For the Year Ended 31 December 2016

17. Financial risk management

(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	
	2016	2015
	\$	\$
Financial liabilities due for payment		
Trade and other payables	617,277	441,291

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.

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Notes to the Financial Statements

For the Year Ended 31 December 2016

17. Financial risk management

(d) Market risk - Cash flow interest rate sensitivity

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
2016	35,116	(35,116)	35,116	(35,116)
2015	32,499	(32,499)	32,499	(32,499)

The sensitivity analysis is performed on the same basis as in 2015.

18. 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.

	2016		2015	
	Net Carrying Value	Net Fair value	Net Carrying Value	Net Fair value
	\$	\$	\$	\$
Financial assets				
Available-for-sale financial assets:				
- listed investments at fair value	554	554	304	304

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.

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Notes to the Financial Statements

For the Year Ended 31 December 2016

18. Fair Value Measurement

Fair value hierarchy

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

	Level 1	Level 2	Level 3	Total
31 December 2016	\$	\$	\$	\$
Recurring fair value measurements				
Financial assets				
Listed shares	250	-	-	250
Recurring fair value measurements				
Financial assets				
Listed shares	304	-	-	304

19. 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:

	2016	2015
	\$	\$
Short-term employee benefits	1,507,811	1,459,484
Post-employment benefits (superannuation)	122,036	120,664
Other long term benefits	-	-
Termination benefits	53,587	28,474
	<u>1,683,434</u>	<u>1,608,622</u>

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Notes to the Financial Statements

For the Year Ended 31 December 2016

20. Remuneration of Auditors

	2016	2015
	\$	\$
Remuneration of the auditor of the union, Daley & Co, for:		
- auditing or reviewing the financial report	15,810	21,866
- taxation and other services (Accounting services, FBT & payroll tax preparation & lodgement)	21,187	12,038
Total	36,997	33,904

21. Interests in Associates

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2016	Percentage Owned (%)* 2015
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):

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Notes to the Financial Statements

For the Year Ended 31 December 2016

21. Interests in Associates

Material associates

	The Trade Union Centre Wollongong Pty Ltd
2016	
Summarised balance sheet	
Cash and cash equivalents	52,861
Other current assets	13,107
Non-current assets	1,861,236
Current liabilities	<u>(10,459)</u>
Net assets	<u><u>1,916,745</u></u>
Summarised statement of comprehensive income	
Revenue	112,519
Profit from continuing operations	2,975
Other comprehensive income	-
Total comprehensive income	<u><u>2,975</u></u>
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	-
Total comprehensive income	<u><u>(332,718)</u></u>

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

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Notes to the Financial Statements

For the Year Ended 31 December 2016

21. Interests in Associates

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

	2016	2015
	\$	\$
The Trade Union Centre Wollongong Pty Ltd		
Union's share of 49.78% of net assets	954,156	952,676

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 2016 (31 December 2015: None).

22. 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 19: Interests of Key Management Personnel (KMP).

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 \$56,216 (2015: 60,728).

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Notes to the Financial Statements

For the Year Ended 31 December 2016

22. Related party transactions

Other related parties

- i) Capitation fees totalling \$1,087,351 (2015: \$1,171,723) were charged by the Construction, Forestry, Mining and Energy Union - Mining and Energy Division during the year.
- ii) During the year the Union paid \$85,300 (2015: \$76,229) 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 nil (2015: \$13,878) in respect of various sundry payments.
- iv) An amount of nil (2015: \$2,955) was received from Construction, Forestry, Mining & Energy Union - Mining and Energy for hire of conference room.
- v) Salary & Wages totalling \$43,157 (2015: \$39,639) were paid during the year to a close family member of an elected official for the provision of administration services. Terms and conditions were within a normal employee relationship and no more favourable than those made available to other employees.
- 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.

(c) Related Party Balances

i) Trade and other receivables

Refer to Note 7(a) for reporting units.

ii) Trade and other payables

Refer to Note 11(a) for reporting units.

- iii) As at 31 December 2016, \$4,671 is included within trade and other payables for rental of office space from the Trade Union Centre Wollongong Pty Limited.

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Notes to the Financial Statements

For the Year Ended 31 December 2016

23. 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:

	2016	2015
	\$	\$
Result for the year	(118,718)	363,759
Cash flows excluded from net surplus attributable to operating activities		
Non-cash flows in net surplus:		
- depreciation	133,994	135,888
- net (gain)/loss on disposal of property, plant and equipment	4,164	(310,183)
- share of loss/(gain) of associate	(1,480)	165,627
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(23,346)	(99,381)
- (increase)/decrease in other assets	9,660	3,984
- increase/(decrease) in income in advance	(28,820)	107,916
- increase/(decrease) in trade and other payables	235,619	(120,594)
- increase/(decrease) in employee benefits	159,081	110,223
Cashflow from operations	370,154	357,239

(b) Cash flow information

Cash inflows from reporting units (excluding GST)

CFMEU Mining and Energy	350,420	82,967
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Cash outflows from reporting units (excluding GST)

CFMEU Mining and Energy	1,245,960	1,297,995
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Notes to the Financial Statements

For the Year Ended 31 December 2016

24. 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.

25. 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 Auditor's Report to the members of Construction Forestry Mining and Energy Union - Mining and Energy Division, South Western District

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Construction Forestry Mining and Energy Union - Mining and Energy Division, South Western District (the "Union"), which comprises the balance sheet as at 31 December 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies, and the Committee of Management Statement.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Union as at 31 December 2016 and of their performance and cashflows for the year then ended in accordance with:

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

The scope of our work did extend to the recovery of wages activity, however as noted in the Committee of Management Statement, no such activity was undertaken during the reporting period.

We declare that management's use of the going concern basis in preparation of the Union's financial statements is appropriate.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Union in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Committee of Management for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

We communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We declare that the auditor is a member of a firm where at least one member is an approved auditor. I declare that I am a member of the Chartered Accountants Australia and New Zealand and hold a current Public Practice Certificate.

Daley & Co.
Daley & Co
Chartered Accountants

Michael Mundt
Michael Mundt
Partner

98 Kembla Street, Wollongong
20 March 2017

Liability limited to a scheme approved under Professional Standards Legislation.

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

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Designated Officer's Certificate

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

- 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 2016 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 20 March 2017; and
- that the full report was presented to a meeting of the board of management of the reporting unit on 20 March 2017 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.



Andy Honeysett

District President

Dated 20 March 2017