



24 August 2020

Andrew Davey  
Secretary, South Western District Branch  
Construction, Forestry, Maritime, Mining and Energy Union

Dear Secretary,

**Re: – Financial reporting – Construction, Forestry, Maritime, Mining and Energy Union, South-Western District Branch - for year ending 31 December 2019 (FR2019/299)**

I refer to the financial report of the South-Western District Branch of the Construction, Forestry, Maritime, Mining and Energy Union in respect of the year ending 31 December 2019. The documents were lodged with the Registered Organisations Commission ('ROC') on 30 June 2020.

The financial report has been filed. The financial report was filed based on a primary review. This involved confirming whether the financial reporting timelines required under sections 253, 265, 266 and 268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under section 268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements. Please note the report for year ending 31 December 2020 may be subject to an advanced compliance review.

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

Grants disclosure

The nil activity disclosure for grants exceeding \$1,000 in the officer declaration statement did not reflect a grant disclosed in the amended loans, grants and donations statement subsequently lodged under subsection 237(1) of the RO Act on 11 May 2020. In the 2020 report, the 2019 comparative figure for grants exceeding \$1,000 will need to reflect the amended disclosure.

Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements. The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 Reporting Guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

Yours faithfully

Stephen Kellett  
Financial Reporting  
Registered Organisations Commission

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

**ABN: 49 954 293 181**

**Financial Statements**

**For the Year Ended 31 December 2019**

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

ABN: 49 954 293 181

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## Financial Statements

31 December 2019

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

ABN: 49 954 293 181

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## Operating Report

For the Year Ended 31 December 2019

The Board of Management present their report on Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy Division South Western District Branch (the "Union") for the financial year ended 31 December 2019.

### Names of Board of Management members and period positions held during the financial year

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

<b>Name</b>	<b>Position</b>	<b>Period of Appointment</b>
Mr G Osborne	District President	1/7/19 - 31/12/19
	District Vice President - West	1/1/19 - 30/6/19
Mr A Davey	District Secretary	1/8/19 - 31/12/19
	BOM Member	1/1/19 - 31/7/19
Mr G Braes	District Vice President - Metalliferous	1/1/19 - 31/12/19
Mr R Timbs	District Vice President - South	1/1/19 - 31/12/19
Mr M Dakers	BOM Member	1/1/19 - 31/12/19
Mr M Jenkins	BOM Member	1/1/19 - 31/12/19
Mr C Carberry	District Vice President - West	1/7/19 - 31/12/19
	BOM Member	1/1/19 - 30/6/19
Mr K Witherspoon	BOM Member	1/1/19 - 31/12/19
Mr J Sleiman	BOM Member	1/1/19 - 31/12/19
Mr D Hopkins	Central Councillor - South	1/1/19 - 31/12/19
Mr S Ockers	BOM Member	12/12/19 - 31/12/19
Mr P Fyfe	BOM Member	1/7/19 - 31/12/19
Mr A Honeysett	District President	retired 30/6/19
Mr L Webb	District Secretary	retired 30/7/19

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

ABN: 49 954 293 181

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## Operating Report

For the Year Ended 31 December 2019

**Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year**

The principal activities of 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 Occupational Health & Safety 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; and
- 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.

The surplus of the Union amounted to \$ 114,351 (2018: \$334,859).

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 financial affairs

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

### 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.

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

ABN: 49 954 293 181

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## Operating Report

For the Year Ended 31 December 2019

### Number of members

There were 3,548 members of the Union as at 31 December 2019 (2018: 3,378).

### Number of employees

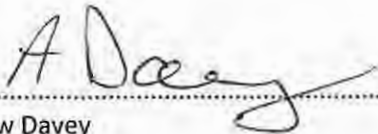
As at 31 December 2019 the Union had 13 full time equivalent employees (2018: 12).

**Officers or members who are superannuation fund trustee(s) or director of a company that is a superannuation fund trustee where being a member or officer of a registered organisation is a criterion for them holding such position**

No 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 Board of Management:



.....  
Andrew Davey  
District Secretary

Dated 2 April 2020

**Construction, Forestry, Maritime, Mining and Energy Union -  
Mining and Energy Division South Western District Branch  
ABN: 49 954 293 181**

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**Board of Management Statement**


**31 December 2019**

On 2 April 2020 the Board of Management of the Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy Division South Western District Branch passed the following resolution in relation to the general purpose financial report for the year ended 31 December 2019:


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 any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* ("RO Act");
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Union for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the Union will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the general purpose financial report 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;
  - 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;
  - iii) the financial records of the Union have been kept and maintained in accordance with the RO Act;
  - 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;
  - v) where information has been sought in any request by a member of the Union or Commissioner duly made under section 272 of the RO Act; that information has been provided to the member or Commissioner; and
  - vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

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

  
.....  
Graeme Osborne  
District President

  
.....  
Joe Snelman  
Board of Management

  
.....  
Kyle Witherspoon  
Board of Management

Dated 2 April 2020

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

ABN: 49 954 293 181

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## Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2019

	Note	2019 \$	2018 \$
Revenue	4	4,607,950	4,668,786
Other income	4	240,099	281,439
Share of net profit from associate		94	276,134
		<b>4,848,143</b>	<b>5,226,359</b>
Administration expenses		(211,920)	(185,892)
Capitation fees	5	(1,220,048)	(1,458,870)
Depreciation and amortisation expense	10	(185,893)	(119,448)
Donations	5	(63,182)	(55,792)
Employee benefits expense	5	(2,266,413)	(2,088,105)
Lodge expenses		(263,785)	(399,093)
Other expenses		(319,344)	(306,245)
Professional fees		(133,692)	(130,199)
Rent and lease expenses		(44,005)	(147,856)
Finance expenses	9	(25,510)	-
<b>Result for the year</b>		<b>114,351</b>	<b>334,859</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>114,351</b>	<b>334,859</b>

The accompanying notes form part of these financial statements.



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

ABN: 49 954 293 181

## Balance Sheet

As at 31 December 2019

	Note	2019 \$	2018 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	1,973,394	1,723,563
Trade and other receivables	7	300,470	249,401
Financial assets	8	4,424,577	3,115,980
Other assets		50,961	51,699
<b>TOTAL CURRENT ASSETS</b>		<b>6,749,402</b>	<b>5,140,643</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	7	300	300
Investments in subsidiaries	20	30	1,239,583
Other financial assets	8	679	615
Property, plant and equipment	10	1,528,192	1,532,729
Right-of-use assets	9	565,253	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,094,454</b>	<b>2,773,227</b>
<b>TOTAL ASSETS</b>		<b>8,843,856</b>	<b>7,913,870</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	767,926	716,303
Lease liabilities	9	52,252	-
Employee benefits	13	1,243,958	1,073,519
Other liabilities	12	269,159	253,636
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,333,295</b>	<b>2,043,458</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	9	525,798	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>525,798</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>2,859,093</b>	<b>2,043,458</b>
<b>NET ASSETS</b>		<b>5,984,763</b>	<b>5,870,412</b>

The accompanying notes form part of these financial statements.

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

ABN: 49 954 293 181

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## Balance Sheet

As at 31 December 2019

	2019	2018
	\$	\$
<b>EQUITY</b>		
Retained earnings	<u>5,984,763</u>	<u>5,870,412</u>
<b>TOTAL EQUITY</b>	<u><u>5,984,763</u></u>	<u><u>5,870,412</u></u>

The accompanying notes form part of these financial statements.

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

ABN: 49 954 293 181

## Statement of Changes in Equity

For the Year Ended 31 December 2019

	Retained Earnings \$	Financial Assets Reserve \$	Total \$
<b>Balance at 31 December 2018</b>	5,870,412	-	5,870,412
Result for the year	114,351	-	114,351
<b>Balance at 31 December 2019</b>	<b>5,984,763</b>	-	<b>5,984,763</b>
<b>Balance at 31 December 2017</b>	5,535,522	31	5,535,553
Adjustment on adoption of AASB9	31	(31)	-
<b>Balance at 1 January 2018</b>	5,535,553	-	5,535,553
Result for the year	334,859	-	334,859
<b>Balance at 31 December 2018</b>	<b>5,870,412</b>	-	<b>5,870,412</b>

The accompanying notes form part of these financial statements.

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

ABN: 49 954 293 181

## Statement of Cash Flows

For the Year Ended 31 December 2019

	2019	2018
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from members	3,561,087	5,183,425
Payments to suppliers and employees	(4,918,889)	(5,041,149)
Interest received	107,615	73,277
Other receipts	1,743,793	219,632
Net cash provided by operating activities	22(a) <u>493,606</u>	<u>435,185</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(286,401)	(281,080)
Proceeds from sale of plant and equipment	185,910	273,500
Proceeds from investments	1,239,553	-
Purchase of financial assets	(1,308,661)	(317,990)
Net cash used in investing activities	<u>(169,599)</u>	<u>(325,570)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments of finance lease liabilities	(74,176)	-
Net cash used in financing activities	<u>(74,176)</u>	-
Net increase/(decrease) in cash and cash equivalents held	249,831	109,615
Cash and cash equivalents at beginning of year	<u>1,723,563</u>	<u>1,613,948</u>
Cash and cash equivalents at end of financial year	6 <u>1,973,394</u>	<u>1,723,563</u>

The accompanying notes form part of these financial statements.

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

ABN: 49 954 293 181

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

The financial report covers Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy Division South Western District Branch ("the Union") as an individual entity.

### Comparative Amounts

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

#### 1. Basis of Preparation

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period, and the *Fair Work (Registered 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 accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

#### 2. Summary of Significant Accounting Policies

##### (a) Revenue and other income

###### *Accounting policy applied from 1 January 2019*

###### *Revenue from contracts with customers*

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Union expects to receive in exchange for those goods or services.

Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred.

Generally the timing of the payment for sale of goods and rendering of services corresponds closely

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

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 2. Summary of Significant Accounting Policies (continued)

#### (a) Revenue and other income (continued)

##### Accounting policy applied from 1 January 2019

##### Revenue from contracts with customers (continued)

to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Union have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

The revenue recognition policies for the principal revenue streams of the Union are:

##### *Membership subscriptions*

Membership subscriptions contain promises to provide various services over a specified period of time. Revenue is recognised over time during the period of membership.

##### *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.

##### *Interest revenue*

Interest revenue is recognised using the effective interest rate method.

##### *Rental income*

Rental 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.

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

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 2. Summary of Significant Accounting Policies (continued)

#### (a) Revenue and other income (continued)

##### *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.

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.

##### *Accounting policy applied prior to 1 January 2019*

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.

##### *Membership subscriptions*

Revenue from the receipt of membership subscriptions is recognised on an accruals basis and is recorded as revenue in the year to which it relates.

#### (b) Leases

##### (i) Lease incentives

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

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

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 2. Summary of Significant Accounting Policies (continued)

#### (b) Leases (continued)

##### (ii) Lease assessment at contract inception

At inception of a contract, the Union assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Union has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Union has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

##### (iii) Separate lease and non-lease components

###### Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

##### (iv) Right-of-use asset

At the lease commencement, the Union recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Union believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.



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

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 2. Summary of Significant Accounting Policies (continued)

#### (b) Leases (continued)

##### (v) Lease liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Union's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Union's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

##### (vi) Accounting policy applied prior to 1 January 2019

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.

#### (c) Borrowing costs

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

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

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 2. Summary of Significant Accounting Policies (continued)

#### (d) 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 payables 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.

#### (e) Income tax

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

#### (f) Cash and cash equivalents

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

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

ABN: 49 954 293 181

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 2. Summary of Significant Accounting Policies (continued)

#### (g) Financial instruments

Financial instruments are recognised initially on the date that the 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).

#### (i) Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### *Classification*

The Union classifies its financial assets in the following measurement categories:

- financial assets at fair value through profit or loss (FVTPL); and
- financial assets at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets are not reclassified subsequent to their initial recognition unless the Union changes its business model for managing financial assets.

##### *Amortised cost*

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Union's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and other financial assets in the balance sheet.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

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

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 2. Summary of Significant Accounting Policies (continued)

#### (g) Financial instruments (continued)

##### (i) Financial assets (continued)

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

##### *Financial assets through profit or loss*

All financial assets not classified as measured at amortised cost are measured at fair value through profit or loss.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Union has made an irrevocable election at the time of initial recognition to account for the equity instrument at fair value through other comprehensive income.

##### *Impairment of financial assets*

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Union considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Union's historical experience and informed credit assessment including forward looking information.

The Union uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Union uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Union in full, without recourse to the Union to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

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

ABN: 49 954 293 181

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 2. Summary of Significant Accounting Policies (continued)

#### (g) Financial instruments (continued)

##### (i) Financial assets (continued)

Credit losses are measured as the present value of the difference between the cash flows due to the Union in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

##### *Trade receivables*

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Union has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in bad debt expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Union renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

##### *Other financial assets measured at amortised cost*

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

##### (ii) Financial liabilities

The Union measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Union comprises of trade and other payables and lease liabilities.

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

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 2. Summary of Significant Accounting Policies (continued)

#### (h) Impairment of non-financial assets

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

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

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.

#### (i) Property, plant and equipment

Each class of property, plant and equipment is carried at cost 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.

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 2. Summary of Significant Accounting Policies (continued)

#### (i) Property, plant and equipment (continued)

##### *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.

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.

#### (j) Employee benefits

##### *Short term obligations*

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 2. Summary of Significant Accounting Policies (continued)

#### (j) Employee benefits (continued)

##### *Other long-term employee benefit obligations*

The liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

#### (k) 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.

#### (l) Adoption of new and revised accounting standards

During the current year, AASB 16 *Leases*, AASB 15 *Revenue from contracts with customers* and AASB 1058 *Income of Not-for-Profit Entities* have become mandatory, which has had a impact (in the current year or retrospectively) upon the measurement of assets/liabilities and upon the disclosures required in this financial report. Refer to note 24 for further information.



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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 2. Summary of Significant Accounting Policies (continued)

#### (m) New Accounting Standards and Interpretations

##### *New accounting standards for application in future periods*

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

#### (n) Capitation fees

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

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

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 3. Critical Accounting Estimates and Judgments

The Board 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 - useful lives of depreciable assets*

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain property, plant and equipment.

#### *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.

#### *Key estimates - employee entitlements*

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 after taking into account a range of possible outcomes, probabilities and assumptions and will vary as further information is obtained.

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

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 4. Revenue and other income

	2019	2018
	\$	\$
<b>Revenue from contracts with customers</b>		
District membership dues	3,166,443	3,015,292
Special administration fund contributions	317,057	259,168
Lodge membership dues	462,963	484,590
Board sitting fees	204,488	195,293
Site rental income	390,634	375,037
Grants received	66,365	65,000
Donations received	-	-
National Campaign Contributions	-	274,406
	<u>4,607,950</u>	<u>4,668,786</u>
<b>Other revenue</b>		
Rental income	38,738	129,396
interest received	107,615	79,559
Other income	73,425	60,428
Profit from sale of non-current assets	20,321	12,056
	<u>240,099</u>	<u>281,439</u>

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

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 4. Revenue and other income (continued)

#### Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated, the following table shows this breakdown:

	2019
	\$
<b>Timing of revenue recognition</b>	
- At a point in time	204,488
- Over time	<u>4,403,462</u>
<b>Revenue from contracts with customers</b>	<u><u>4,607,950</u></u>

The Union has initially applied AASB 15 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118 and related interpretations.

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

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 5. Result for the year

The result for the year includes the following specific expenses:

	2019	2018
	\$	\$
<b>Employee benefits expense comprises:</b>		
<b>Holders of office:</b>		
- Wages and salaries	1,034,378	729,237
- Superannuation	102,925	126,115
- Leave and other entitlements	119,965	217,164
- Separation and redundancies	273,356	-
- Other employee expenses	75,139	41,005
	<u>1,605,763</u>	<u>1,113,521</u>
<b>Employees other than office holders</b>		
- Wages and salaries	509,695	642,754
- Superannuation	61,621	83,197
- Leave and other entitlements	50,473	122,857
- Separation and redundancies	-	80,963
- Other employee expenses	38,861	44,813
	<u>660,650</u>	<u>974,584</u>
<b>Total employee benefits expenses</b>	<u>2,266,413</u>	<u>2,088,105</u>
<b>Capitation fees</b>		
CFMEU Mining & Energy National Office	<u>1,220,048</u>	<u>1,458,870</u>
<b>Affiliation fees</b>		
- ALP NSW	<u>18,927</u>	<u>15,538</u>
<b>Administration expenses</b>		
- Conference and meeting expenses	<u>2,727</u>	<u>403</u>

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

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 5. Result for the year (continued)

	2019	2018
Note	\$	\$
<b>Donations:</b>		
- Donations - total paid that were \$1,000 or less	10,496	16,342
- Donations - total paid that were more than \$1,000	52,686	39,450
	<u>63,182</u>	<u>55,792</u>
<b>Legal costs</b>		
- Other legal matters	98,932	91,444

### 6. Cash and cash equivalents

Cash on hand	1,100	1,150
Cash at bank	1,972,294	1,722,413
	<u>1,973,394</u>	<u>1,723,563</u>

### 7. Trade and other receivables

#### CURRENT

Trade receivables from contracts with customers	(a)	250,307	203,765
Provision for impairment	(b)	-	-
Other receivables		50,163	45,636
		<u>300,470</u>	<u>249,401</u>

#### NON-CURRENT

Deposits		<u>300</u>	<u>300</u>
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# Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy Division South Western District Branch

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 7. Trade and other receivables (continued)

#### (a) Ageing of receivables

	2019	2018
	\$	\$
0-30 days	<u>250,307</u>	<u>203,765</u>

#### (b) Impairment of receivables

The Union applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses incorporate forward looking information.

	Current	< 30 days overdue	< 90 days overdue	> 90 days overdue	Total
<b>31 December 2019</b>					
Expected loss rate (%)	-	-	-	-	-
Gross carrying amount (\$)	250,307	-	-	-	250,307
ECL provision (\$)	-	-	-	-	-

	Current	< 30 days overdue	< 90 days overdue	> 90 days overdue	Total
<b>31 December 2018</b>					
Expected loss rate (%)	-	-	-	-	-
Gross carrying amount (\$)	203,765	-	-	-	203,765
ECL provision (\$)	-	-	-	-	-

#### (c) Receivables from other reporting units

	2019	2018
	\$	\$
CFMMEU Mining and Energy National Office	<u>55,516</u>	-

The above receivable is not deemed impaired (2018: no impairment).

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

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 8. Financial assets

	2019	2018
	\$	\$
CURRENT		
Financial assets - at amortised cost		
Term deposits	<u>4,424,577</u>	<u>3,115,980</u>
NON-CURRENT		
Financial assets - Fair value through profit and loss		
Listed shares	<u>679</u>	<u>615</u>

### 9 Leases

The Union has applied AASB 16 using the cumulative catch-up method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

#### Union as a lessee

The Union has leases over land and office premises.

Information relating to the leases in place and associated balances and transactions are provided below.

#### *Terms and conditions of leases*

##### *Lease for regional office premises*

The Union leases buildings for their corporate offices. The lease is for 4 years with an option for a further 3 years.

##### *Lease for land*

The Union leases land for site rentals. The lease is for 20 years.



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

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 9 Leases (continued)

#### Right-of-use assets

	Land and buildings \$
Balance at 1 January 2019	626,716
Depreciation charge	<u>(61,463)</u>
<b>Balance at 31 December 2019</b>	<b><u>565,253</u></b>

#### Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Balance Sheet
	\$	\$	\$	\$	\$
<b>2019</b>					
Lease liabilities	<u>75,143</u>	<u>362,165</u>	<u>265,814</u>	<u>703,122</u>	<u>578,050</u>

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

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 9 Leases (continued)

#### Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Union is a lessee are shown below:

	2019
	\$
Interest expense for leases	(25,510)
Depreciation of right-of-use assets	<u>(61,463)</u>
	<u><u>(86,973)</u></u>

#### Statement of Cash Flows

	2019
	\$
Total cash outflow for leases	74,176

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

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 10. Property, plant and equipment

	2019	2018
	\$	\$
Land and buildings		
At cost	1,938,006	1,927,915
Land	(736,726)	(702,767)
	<u>1,201,280</u>	<u>1,225,148</u>
Motor vehicles		
At cost	314,881	275,358
Accumulated depreciation	(56,902)	(45,638)
	<u>257,979</u>	<u>229,720</u>
Office equipment		
At cost	256,898	244,637
Accumulated depreciation	(232,539)	(221,108)
	<u>24,359</u>	<u>23,529</u>
Caravan park equipment		
At cost	262,496	262,496
Accumulated depreciation	(217,922)	(208,164)
	<u>44,574</u>	<u>54,332</u>
	<u><u>1,528,192</u></u>	<u><u>1,532,729</u></u>

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

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 10. Property, plant and equipment (continued)

#### (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 financial year:

	Land and Buildings	Motor Vehicles	Office Furniture & Equipment	Caravan Park Equipment	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 January 2019</b>	<b>1,225,148</b>	<b>229,720</b>	<b>23,529</b>	<b>54,332</b>	<b>1,532,729</b>
Additions	10,091	264,048	12,261	-	286,400
Disposals	-	(165,589)	-	-	(165,589)
Depreciation expense	(33,959)	(70,200)	(11,431)	(9,758)	(125,348)
<b>Balance at 31 December 2019</b>	<b>1,201,280</b>	<b>257,979</b>	<b>24,359</b>	<b>44,574</b>	<b>1,528,192</b>
<b>Balance at 1 January 2018</b>	<b>1,263,917</b>	<b>240,383</b>	<b>18,002</b>	<b>56,065</b>	<b>1,578,367</b>
Additions	-	261,357	14,928	4,795	281,080
Disposals	-	(207,270)	-	-	(207,270)
Depreciation expense	(38,769)	(64,750)	(9,401)	(6,528)	(119,448)
<b>Balance at 31 December 2018</b>	<b>1,225,148</b>	<b>229,720</b>	<b>23,529</b>	<b>54,332</b>	<b>1,532,729</b>

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

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 11. Trade and other payables

	2019	2018
	\$	\$
Trade payables	336,951	153,538
Other payables	430,975	562,765
	<u>767,926</u>	<u>716,303</u>

#### (a) Payables to other reporting entities

CFMMEU Mining and Energy National Office	<u>332,679</u>	<u>192,836</u>
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#### (b) Legal costs payable

Legal costs relating to other legal matters	<u>93,818</u>	<u>91,444</u>
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### 12. Other liabilities

Amounts received in advance	212,093	208,623
Funds held in trust	57,066	45,013
	<u>269,159</u>	<u>253,636</u>

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

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 13. Employee benefits

	2019	2018
	\$	\$
Employee benefits liability	(a) <u>1,243,958</u>	<u>1,073,519</u>
<b>(a) Total employee benefits attributable to:</b>		
<b>Office Holders:</b>		
- Annual leave	211,641	218,356
- Long service leave	-	-
- Separations and redundancies	320,545	234,037
- Other	386,318	351,887
	<u>918,504</u>	<u>804,280</u>
<b>Employees other than office holders:</b>		
- Annual leave	125,540	97,102
- Long service leave	50,631	43,696
- Separation and redundancies	3,582	19,344
- Other	145,701	109,097
	<u>325,454</u>	<u>269,239</u>
<b>Total</b>	<u>1,243,958</u>	<u>1,073,519</u>

### 14. Capital and leasing commitments

#### Operating Leases

Minimum lease payments under non-cancellable operating leases:

- not later than one year	-	63,037
- between one year and five years	-	252,148
- later than five years	-	378,222
	<u>-</u>	<u>693,407</u>

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

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 14. Capital and leasing commitments (continued)

#### Operating Leases (continued)

In 2018 the above includes lease commitments regional offices and office equipment and vary in period from less than 1 year to a maximum of 5 years.

Refer to note 9 for information on leases under the new Accounting Standard for 2019.

### 15. Lessor Commitments (Receivable)

#### Operating lease commitments receivable - Union as lessor

In 2018, the Union leased out its property (included in property, plant and equipment) under commercial leases. These non-cancellable leases have terms between one and twelve 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:

	2019	2018
	\$	\$
- no later than one year	-	19,118

### 16. Financial risk management

The main risks the Union 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, Maritime, Mining and Energy Union - Mining and Energy Division South Western District Branch

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 16. Financial risk management (continued)

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2019 \$	2018 \$
<b>Financial Assets</b>			
Cash and cash equivalents	6	1,973,394	1,723,563
Financial assets - at amortised cost	8	4,424,577	3,115,980
Financial assets - Fair value through profit and loss	8	679	615
Trade and other receivables	7	300,770	249,701
<b>Total financial assets</b>		<b>6,699,420</b>	<b>5,089,859</b>
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost			
- Trade and other payables		711,701	671,310
- Lease liabilities	9	578,050	-
<b>Total financial liabilities</b>		<b>1,289,751</b>	<b>671,310</b>

#### (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, Maritime, Mining and Energy Union - Mining and Energy Division South Western District Branch

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 16. Financial risk management (continued)

#### (b) Liquidity Risk - Financial liability maturity analysis

Liquidity risk arises from the Union's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Union will encounter difficulty in meeting its financial obligations as they fall due.

The Union's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Union maintains cash and marketable securities to meet its liquidity requirements.

At the reporting date, these reports indicate that the Union expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

The Union's liabilities have contractual maturities which are summarised below:

	Less than 1 year		>1 year	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>Financial liabilities due for payment</b>				
Trade and other payables	737,926	716,303	-	-
Lease liabilities	52,252	-	525,798	-
	<b>790,178</b>	<b>716,303</b>	<b>525,798</b>	<b>-</b>

#### (c) 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 (interest rate risk).

The Union is exposed to interest rate risk as it holds term deposits and bank account balances.

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.

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

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 16. Financial risk management (continued)

#### (c) Market risk - Cash flow interest rate sensitivity (continued)

##### *Sensitivity analysis*

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

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
2019	44,246	(44,246)	44,246	(44,246)
2018	31,160	(31,160)	31,160	(31,160)

The sensitivity analysis is performed on the same basis as in 2018.

### 17. Fair Value Measurement

#### Net Fair Values

The fair values of financial assets and financial liabilities are consistent with 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.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

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

ABN: 49 954 293 181

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 17. Fair Value Measurement (continued)

#### 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.

The Union does not have any assets or liabilities measured at fair value, other than the financial assets recorded at note 8.

### 18. Interests of Key Management Personnel

The totals of remuneration paid to the key management personnel of the Union during the year are as follows:

	2019	2018
	\$	\$
Short-term employee benefits	1,229,483	987,406
Post-employment benefits (superannuation)	102,925	126,115
Other long term benefits	-	-
Termination benefits	273,355	-
	<u>1,605,763</u>	<u>1,113,521</u>

### 19. Remuneration of Auditor

Remuneration of the auditor of the Union, Daley Audit, for:

- auditing the financial report	20,100	18,750
- taxation and other services	7,280	16,640
<b>Total</b>	<u>27,380</u>	<u>35,390</u>

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

ABN: 49 954 293 181

## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 20. Interests in Associates

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2019	Percentage Owned (%)* 2018
<b>Associates:</b>			
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 owned an office building which has been sold in December 2018. This associate is a small proprietary company incorporated in Australia being wound up; upon making final distributions of capital.

The building was sold during 2019 financial year and all distributions have been made.

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

	2019	2018
	\$	\$
Union's share of 49.78% of net assets		- 1,239,583

#### Risks associated with the interests in associates

In the opinion of the Board 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 2019 (31 December 2018: None).

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

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 21. 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 Board 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 18: 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:

	2019	2018
	\$	\$
<b>Associated companies</b>		
<b>Trade Union Centre Wollongong</b>		
Office space rented	1,629	82,976
<b>Other related parties</b>		
<b>Construction, Forestry, Maritime, Mining &amp; Energy Union - Mining and Energy</b>		
Directors fees received	111,032	91,556
ISHR Funding Passed Through	73,001	65,000
Travel costs	913	3,696
Central Council Wages	6,112	10,770
LSL Entitlements Payment	183,909	42,546
Legal assistant fees paid	93,818	91,444
Capitation fees paid	1,043,631	996,376
Campaign and Special Administration Fund paid	200,582	438,326

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

ABN: 49 954 293 181

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 21. Related party transactions (continued)

	2019	2018
	\$	\$
<b>Close family member of member of Board of Management</b>		
Salary & wages 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	58,949	61,589

From time to time the Union makes expenditures for which a component relates to other branches (reporting units). 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(c) for reporting units.
- ii) *Trade and other payables* - Refer to Note 11(a) for reporting units.

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

ABN: 49 954 293 181

## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 22. Cash flow information

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

	2019	2018
	\$	\$
Result for the year	114,351	334,859
Cash flows excluded from net surplus attributable to operating activities		
Non-cash flows in net surplus:		
- depreciation and amortisation	186,811	119,448
- interest on lease liabilities	25,510	-
- net (gain)/loss on disposal of property, plant and equipment	-	(66,230)
- share of loss/(gain) of associate	(20,322)	(276,134)
Changes in assets and liabilities:		
- decrease/(increase) in trade and other receivables	(51,069)	94,459
- (increase)/decrease in prepayments	738	(11,303)
- increase/(decrease) in income in advance	3,470	18,519
- increase/(decrease) in trade and other payables	51,625	224,574
- increase/(decrease) in other liabilities	12,053	-
- increase/(decrease) in employee benefits	170,439	(3,007)
Cashflow from operations	<u>493,606</u>	<u>435,185</u>

(b) Cash flow information

Cash inflows from reporting units (excluding GST)

CFMMEU Mining and Energy

324,000      311,124

Cash outflows to reporting units (excluding GST)

CFMMEU Mining and Energy

1,419,268      1,649,328

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

ABN: 49 954 293 181

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 23 Events Occurring After the Reporting Date

The financial report was authorised for issue on 2 April 2020 by the Board of Management.

Unprecedented developments have arisen subsequent to balance date due to the COVID-19 pandemic. Given the ongoing measures implemented by the State and Federal Government's, there has already been a significant impact upon the economy, which is yet to be fully realised, notwithstanding stimulus measures announced. It is likely that there will be financial impacts for the Union, including the potential:

- loss of membership and rental income;
- reductions in the market value of investments and properties;
- worsening debtor collections and possible impairment; and
- favourable stimulus measures by the government.

The ultimate extent of the financial outcomes as they affect the Union are currently unable to be reliably quantified. However, substantial unencumbered liquid financial reserves have been accumulated; which will allow the Union to withstand a prolonged downturn in the general economy – prior to any consideration of further government stimulus measures. Furthermore, the membership base does include essential services workers whom will continue to engage the Union for representation. Accordingly, at the date of signing this financial report, the Board of Management are confident that the Union will remain a going concern.

No other 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.

### 24 Change in Accounting Policy

On 1 January 2019 the Union adopted the following new accounting standards that were mandatory for the first time:

- AASB 15 *Revenue from contracts with customers*
- AASB 16 *Leases*
- AASB 1058 *Income for Not-for-Profit Entities*

All standards have been applied to the year ended 31 December 2019, however, as allowed, comparatives have not been restated.

AASB 15, AASB 1058 and AASB 16 resulted in changes as noted in note 4 and note 9 respectively.



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

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## Notes to the Financial Statements

For the Year Ended 31 December 2019

### 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 Commissioner:

1. A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
2. The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
3. A reporting unit must comply with an application made under subsection (1).

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

ABN: 49 954 293 181

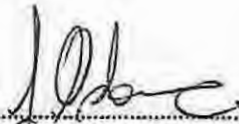
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### Report required under subsection 255 (2A)

For the Year Ended 31 December 2019

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

	2019	2018
	\$	\$
Remuneration and other employment related costs and expenses - employees	2,266,413	2,088,105
Advertising	5,229	1,191
Operating costs	2,176,408	2,590,624
Donations to political parties	-	-
Legal costs	98,932	91,444



.....  
Graeme Osborne  
President

Dated: 2 April 2020

# Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy South Western District Branch

ABN: 49 954 293 181

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## Officer Declaration Statement

I, Graeme Osborne, being the President of the Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy Division South Western District Branch, declare that the following activities did not occur during the reporting period ending 31 December 2019.

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- ~~receive periodic or membership subscriptions~~
- receive capitation fees or any other revenue amount from another reporting unit
- ~~receive revenue via compulsory levies~~
- ~~receive donations or grants~~
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- ~~pay capitation fees or any other expense to another reporting unit~~
- ~~pay affiliation fees to other entity~~
- ~~pay compulsory levies~~
- pay a grant that was \$1,000 or less
- pay a grant that exceeded \$1,000
- ~~pay a donation that was \$1,000 or less~~
- ~~pay a donation that exceeded \$1,000~~
- ~~pay wages and salaries to holders of office~~
- ~~pay superannuation to holders of office~~
- ~~pay leave and other entitlements to holders of office~~
- ~~pay separation and redundancy to holders of office~~
- ~~pay other employee expenses to holders of office~~
- ~~pay wages and salaries to employees (other than holders of office)~~
- ~~pay superannuation to employees (other than holders of office)~~
- ~~pay leave and other entitlements to employees (other than holders of office)~~
- ~~pay separation and redundancy to employees (other than holders of office)~~
- ~~pay other employee expenses to employees (other than holders of office)~~
- pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit

## Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy South Western District Branch

ABN: 49 954 293 181

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- ~~• incur expenses due to holding a meeting as required under the rules of the organisation~~
- pay legal costs relating to litigation
- ~~• pay legal costs relating to other legal matters~~
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- ~~• have a receivable with other reporting unit(s)~~
- ~~• have a payable with other reporting unit(s)~~
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a payable in respect of legal costs relating to litigation
- ~~• have a payable in respect of legal costs relating to other legal matters~~
- ~~• have an annual leave provision in respect of holders of office~~
- ~~• have a long service leave provision in respect of holders of office~~
- ~~• have a separation and redundancy provision in respect of holders of office~~
- ~~• have other employee provisions in respect of holders of office~~
- ~~• have a annual leave provision in respect of employees (other than holders of office)~~
- ~~• have a long service leave provision in respect of employees (other than holders of office)~~
- ~~• have a separation and redundancy provision in respect of employees (other than holders of office)~~
- have other employee provisions in respect of employees (other than holders of office)
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- ~~• have a balance within the general fund~~
- ~~• provide cash flows to another reporting unit and/or controlled entity~~
- ~~• receive cash flows from another reporting units and/or controlled entity~~
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit



.....  
Graeme Osborne

President

Dated: 2 April 2020



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

### Report on the Audit of the Financial Report

We have audited the financial report of Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy Division South Western District Branch (the "Union"), which comprises the balance sheet as at 31 December 2019, 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 then ended 31 December 2019, and notes to the financial statements, including a summary of significant accounting policies, and the Board of Management Statement, the subsection 255(2A) report and the Officer Declaration Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Union as at 31 December 2019, and its financial performance and its cash flows for the year ended on that date in accordance with:

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

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

### Basis for Opinion

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

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ABN 43 152 844 291

Chartered Accountants  
Australia & New Zealand





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

**Information Other than the Financial Report and Auditor's Report Thereon**

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

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

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

**Responsibilities of the Board of Management for the Financial Report**

The Board of Management of the Union are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Board 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 Board 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 Board 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.



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

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 Board of Management.
- Conclude on the appropriateness of the Board 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.



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

We communicate with the Board 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.

I declare that I am an auditor, Registered under the RO Act.

Daley Audit

Michael Mundt  
Partner

Registration number (as registered by the RO Commissioner under the RO Act): AA 2017/67

Wollongong  
2 April 2020

Liability Limited by a scheme approved under Professional Standards Legislation.



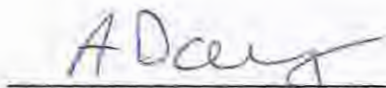
**CFMMEU - Mining and Energy Division South Western District Branch**

**ABN 49 954 293 181**

**Designated Officer's Certificate**

I, Andrew James Davey being the District Secretary of the CFMMEU – Mining and Energy Division South Western District Branch certify:-

- that the documents lodged herewith are copies of the full report for the CFMMEU – Mining and Energy Division South Western District Branch for the period ended 31<sup>st</sup> December 2019 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 9<sup>th</sup> April 2020, after adoption of the accounts by the Board of Management on 2<sup>nd</sup> April 2020, and
- that the full report was supplied to members through our union website (9<sup>th</sup> April 2020) and lodge executive emailed due to COVID-19 restrictions on 22<sup>nd</sup> June 2020 with votes back 29<sup>th</sup> June 2020 in accordance with 2.266 of the *Fair Work (Registered Organisations) Act 2009*.



Signed: Andrew James Davey

District Secretary

30<sup>th</sup> June 2020