



Australian Government
Registered Organisations Commission

20 June 2017

Mr Geoffrey Dyke
Secretary, Victorian District Branch
Mining and Energy Division
Construction, Forestry, Mining and Energy Union

By Email: gd14cfmeu@tpg.com.au

cc. Brendan Jones

Dear Mr Dyke

Re: Lodgement of Financial Statements and Accounts –CFMEU, Mining and Energy Division, Victorian District Branch - for year ended 31 December 2016 (FR2016/379)

I refer to the financial report for the Victorian 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 25 May 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.

You do not have to take any further action in respect of the report lodged, but I make the following comments to assist you when you next prepare a financial report. Please note the next report may be subject to an advanced review.

Non-compliance with previous requests

The ROC aims to assist reporting units in complying with their obligations under the RO Act and Reporting Guidelines by providing advice about the errors identified in financial reports.

While we filed last year's financial report, we raised certain issues for the reporting unit to address in the preparation of future financial reports. I note that two of the same errors appeared in the current report, namely the omission from the Notes of information required by paragraph 30 of AASB 108, and obsolete references to "Fair Work Australia".¹

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

¹ references in next year's financial report must be to "the Commissioner" or as otherwise specified in the relevant sections of the Act.

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 on (02) 6746 3283 or 0429 462 979 or by email at stephen.kellett@roc.gov.au

Yours sincerely

A handwritten signature in black ink that reads "Stephen Kellett". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Stephen Kellett
Financial Reporting

From: KELLETT,Stephen
Sent: Tuesday, 20 June 2017 9:45 AM
To: 'gd14cfmeu@tpg.com.au'
Cc: 'brendan@daley.com.au'
Subject: Attention Mr Geoffrey Dyke - financial reporting - y/e 31 Dec 2016 - filing
[SEC=UNCLASSIFIED]

UNCLASSIFIED

Dear Mr Dyke,

Please see attached my letter in relation to the above.

Yours faithfully

STEPHEN KELLETT
Senior Adviser
Financial Reporting
Registered Organisations Commission

Tel: (02) 6746 3283
Email: stephen.kellett@roc.gov.au

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Australian Government
Registered Organisations Commission

Please consider the environment before printing this message



CFMEU VDST
FR2016 379 (primary)

From: Geoff Dyke [<mailto:gd14cfmeu@tpg.com.au>]

Sent: Thursday, 25 May 2017 5:27 PM

To: ROC - Registered Org Commission

Cc: Peter Waanders; Trevor Williams

Subject: HPRM: ON CMS FR2016/379 CFMEU - Mining & Energy Division - Victorian District branch - 2016 Financial Report

[FR2016/379](#)

Dear Sir/Madam,

Please find attached a copy of our 2016 Financial Report and designated officers certificate for filing. Please note that the 2016 Financial Report has also been posted on our National website since 24 April 2017.

Regards,

Geoff

Geoff Dyke
Secretary
Victorian District Branch
Mining & Energy Division
CFMEU

Phone: 03-5134 3311
Mobile: 0409 090 659
Email: gd14cfmeu@tpg.com.au



Signed Victorian



Prescribed

District 2016 Financial Report Designated Officers Certificate

**Construction Forestry Mining and Energy Union - Mining & Energy Division –
Victorian District Branch**

s.268 *Fair Work (Registered Organisations) Act 2009*

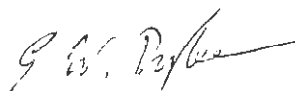
CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER¹

Certificate for the period ended 31 December 2016

I, **Geoffrey Wayne Dyke** being the **Secretary** of the Construction Forestry Mining and Energy Union Mining & Energy Division – Victorian District Branch certify:

- that the documents lodged herewith are copies of the full report for the Construction Forestry Mining and Energy Union Mining & Energy Division – Victorian District Branch for the period ended 31 December 2015 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the *full report* was provided to members of the reporting unit on 24 April 2017; and
- that the full report was presented to a series of general Lodge meetings of the members of the reporting unit, the last of such meetings being held on 25 May 2017 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:



Name of prescribed designated officer:

Geoffrey Wayne Dyke

Title of prescribed designated officer:

Secretary

Dated:

25 May 2017

¹ Regulation 162 of the Fair Work (Registered Organisations) Regulations 2009 defines a 'prescribed designated officer' of a reporting unit for the purposes of s.268(c) as:

(a) the secretary; or

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

**Construction Forestry Mining and Energy Union
Mining and Energy Division - Victorian District
Branch**

ABN: 38 442 492 093

Financial Statements

For the Year Ended 31 December 2016

Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

31 December 2016

Financial Statements

Contents	Page
Operating Report	1
Board of Management Statement	4
Statement of Profit or Loss and Other Comprehensive Income	5
Balance Sheet	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Independent Audit Report	31
Designated Officer's Certificate	34

Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Operating Report

For the Year Ended 31 December 2016

The Board of Management present their report on Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch for the financial year ended 31 December 2016.

Information on Board of Management

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

Name	Position	Period of Appointment
Mr T Williams	District President	1/7/16 - 31/12/16
Mr L van der Meulen	District President	1/1/16 - 30/6/16
Mr G Dyke	District Secretary	1/1/16 - 31/12/16
Mr P Waanders	District Vice President	1/7/16 - 31/12/16
Mr G Middlemiss	District Vice President	1/1/16 - 30/6/16
Mr S Sceney	BOM Member	1/1/16 - 31/12/16
Mr B Walsh	BOM Member	1/1/16 - 31/12/16
Mr B Leighton	BOM Member	1/1/16 - 31/12/16
Mr M Richards	BOM Member	1/1/16 - 31/12/16
Mr N Zammit	BOM Member	1/1/16 - 31/12/16
Mr G Aitken	BOM Member	1/1/16 - 31/12/16
Mr K Freeman	BOM Member	1/1/16 - 30/6/16
Mr R Bernardi	BOM Member	1/1/16 - 31/12/16
Mr C Delia	BOM Member	1/1/16 - 30/6/16
Mr A Wolfe	BOM Member	1/7/16 - 31/12/16
Mr S Finlayson	BOM Member	13/10/16 - 31/12/16

Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Operating Report

For the Year Ended 31 December 2016

Review of operations

A review of the operations and results of the Union is performed at meetings of the Board of Management.

Principal activities

The principal activities of Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch during the financial year were:

- Conducting Activities for Parliamentary, Divisional and District 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 District's interest on various national committees and organisations.
- Responsibility for servicing national awards and enterprise agreements and maintaining related information services. District 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.
- Provision to Lodges of a National Library including information service / library through an electronic data base.
- 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 District'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 financial year.

Operating results

The surplus of the Union amounted to \$ 48,431 (2015: Deficit \$ 360,706).

Significant changes in state of 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.

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 Mining and Energy Union Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Operating Report

For the Year Ended 31 December 2016

Number of members

There were 1,264 members of the Union as at 31 December 2016 (2015: 1,332).

Number of employees

As at 31 December 2016 the Union had 5 employees (2015: 5).

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

No officer or member of the Unions 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 trustee of a superannuation entity or an exempt public sector superannuation scheme.

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



Trevor Williams
District President

Dated 6 April 2017

Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Board of Management Statement

31 December 2016

On the 6 April 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 Auditing Standards; and
- (b) the financial statements and notes comply with the reporting guidelines of the General Manager; and
- (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; and
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the board of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 ('The RO Act') and the Fair Work (Registered Organisations) Regulations 2009; and
 - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit, have been kept, as far as practicable, in a manner consistent with each of the other reporting units of the organisation; and
 - (v) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; and
 - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.
- (f) No revenue has been derived from undertaking recovery of wages activity during the period.

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

Trevor Williams
District President 

Dated 6 April 2017

Geoff Aitken
Board of Management 

Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2016

	Note	2016 \$	2015 \$
Revenue	4	1,378,297	1,202,590
Other income	4	24,550	-
Employee benefits expense	5	(838,315)	(687,602)
Depreciation and amortisation expense	5	(33,289)	(30,093)
Capitation fees	5	(255,767)	(253,696)
Affiliation fees	5	(6,373)	(3,519)
Donations	5	(9,372)	(408,543)
Professional fees		(41,912)	(36,492)
Merchandise		(19,018)	-
Loss on disposal of fixed assets		-	(1,503)
Motor vehicle expenses		(11,949)	(13,389)
Other expenses		(138,421)	(128,459)
Result for the year		48,431	(360,706)
Other comprehensive income:			
Other comprehensive income items		-	-
Total comprehensive income for the year		48,431	(360,706)

The accompanying notes form part of these financial statements.

Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Balance Sheet

As at 31 December 2016

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	327,840	342,883
Trade and other receivables	7	68,372	91,694
Inventories	8	3,746	-
Other financial assets	9	370,000	370,000
Other assets	10	4,493	11,316
TOTAL CURRENT ASSETS		774,451	815,893
NON-CURRENT ASSETS			
Property, plant & equipment	11	378,961	372,848
TOTAL NON-CURRENT ASSETS		378,961	372,848
TOTAL ASSETS		1,153,412	1,188,741
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	168,679	274,780
Employee benefits	14	159,534	132,958
Other liabilities	13	12,650	22,104
TOTAL CURRENT LIABILITIES		340,863	429,842
NON-CURRENT LIABILITIES			
Employee benefits	14	6,425	1,206
TOTAL LIABILITIES		347,288	431,048
NET ASSETS		806,124	757,693
EQUITY			
Retained earnings		806,124	757,693
TOTAL EQUITY		806,124	757,693

The accompanying notes form part of these financial statements.

Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Statement of Changes in Equity

For the Year Ended 31 December 2016

	Retained Earnings	
	2016	2015
	\$	\$
Balance at 1 January	757,693	1,118,399
Surplus / (Deficit) attributable to members	48,431	(360,706)
Balance at 31 December	<u>806,124</u>	<u>757,693</u>

The accompanying notes form part of these financial statements.

Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Statement of Cash Flows

For the Year Ended 31 December 2016

	2016	2015
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and members contributions	1,518,688	1,276,990
Interest received	1,749	10,842
Payments to suppliers and employees	<u>(1,508,597)</u>	<u>(1,167,632)</u>
Net cash provided by operating activities	19(a) <u>11,840</u>	<u>120,200</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for plant and equipment	(54,883)	(37,168)
Proceeds from sale of plant and equipment	28,000	-
Purchase of held-to-maturity financial assets	-	<u>(158,113)</u>
Net cash used in investing activities	<u>(26,883)</u>	<u>(195,281)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash used by financing activities	<u>-</u>	<u>-</u>
Net (decrease) / increase in cash and cash equivalents held	(15,043)	(75,081)
Cash and cash equivalents at beginning of year	<u>342,883</u>	<u>417,964</u>
Cash and cash equivalents at end of financial year	6 <u><u>327,840</u></u>	<u><u>342,883</u></u>

The accompanying notes form part of these financial statements.

Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

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 - Victorian District Branch as an individual entity. The financial statements are presented in Australian Dollars.

Comparatives are consistent with prior years, unless otherwise stated.

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 less, where applicable, any accumulated depreciation and impairment.

Under the cost model, 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.

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

Fixed asset class	Depreciation rate
Buildings	2.5 - 10%
Plant and Equipment	5 - 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.

Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2016

2 Summary of Significant Accounting Policies

(b) Financial Instruments

Initial recognition and measurement

Financial instruments are recognised initially using trade date accounting, i.e. 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).

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; 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.

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.

Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2016

2 Summary of Significant Accounting Policies

(b) Financial instruments

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 or
- designated by the entity to be carried at fair value through profit or loss upon initial recognition

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.

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.

Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2016

2 Summary of Significant Accounting Policies

(b) Financial Instruments

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.

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

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.

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.

Derecognition of financial assets

The reporting unit derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

(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.

Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2016

2 Summary of Significant Accounting Policies

(c) Impairment of 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.

(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) Provisions

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

Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2016

2 Summary of Significant Accounting Policies

(g) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Union are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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.

(h) 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.

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.

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).

Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2016

2 Summary of Significant Accounting Policies

(i) 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.

(j) 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.

(k) Income tax

No provision for income tax is necessary, as the union (being a registered Industrial Trade Union) is exempt from tax under s50.1 of the Income Tax Assessment Act.

(l) 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.

Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2016

3 Critical Accounting Estimates and Judgments

Those charged with governance 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.

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 - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2016

4 Revenue and other income

Revenue from continuing operations

	2016	2015
	\$	\$
Revenue		
Membership subscriptions	1,166,178	1,143,935
Reimbursements	127,077	-
Special administration contribution	8,875	-
Interest income	13,470	13,166
Rental income	33,671	33,045
Other income	29,026	12,444
Total revenue	<u>1,378,297</u>	<u>1,202,590</u>
Other income		
Paid parental leave received	12,032	-
Profit on sale of fixed asset	12,518	-
Grants	-	-
Donations	-	-
Capitation fees	-	-
Compulsory levies/voluntary contributions	-	-
Financial support received	-	-
Total other income	<u>24,550</u>	<u>-</u>
Total income	<u><u>1,402,847</u></u>	<u><u>1,202,590</u></u>

Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2016

5 Result for the year

(a) The result for the year includes the following specific expenses

	2016	2015
	\$	\$
Grants and donations:		
- Grants:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
- Donations:		
Total paid that were \$1,000 or less	7,678	8,983
Total paid that exceeded \$1,000	1,694	399,560
	<u>9,372</u>	<u>408,543</u>
Depreciation and amortisation:		
- Land and buildings	9,853	9,384
- Plant and equipment	23,436	20,709
	<u>33,289</u>	<u>30,093</u>
Legal costs:		
- Litigation	-	-
- Other legal matters	12,795	21,762
	<u>12,795</u>	<u>21,762</u>
Employee Expenses		
Holders of office:		
- Wages and salaries	424,177	311,394
- Superannuation	32,564	35,180
- Leave and other entitlements	26,581	9,156
- Separation and redundancies	-	-
- Other employee expenses	29,003	16,544
	<u>512,325</u>	<u>372,274</u>

Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2016

5 Result for the year

(a) The result for the year includes the following specific expenses

	2016	2015
	\$	\$
Employees other than office holders:		
- Wages and salaries	265,219	257,934
- Superannuation	29,807	28,979
- Leave and other entitlements	16,620	7,584
- Separation and redundancies	-	-
- Other employee expenses	14,344	20,831
	<u>325,990</u>	<u>315,328</u>
Total employee expenses	<u><u>838,315</u></u>	<u><u>687,602</u></u>
Capitation fees:		
- CFMEU Mining & Energy National Office	255,767	253,696
Affiliation fees:		
- Victorian Trades Hall Council	4,054	3,519
- Gippsland Trades & Labour Council	2,319	-
	<u>6,373</u>	<u>3,519</u>
Administration expenses:		
- Consideration to employers for payroll deductions	-	-
- Compulsory levies	-	-
- Conference and meetings expenses	4,966	1,409
- Fees / allowances - meeting and conferences	5,887	-
Loss on disposal of fixed assets	-	1,503
Penalties - via RO Act or RO Regulations	-	-

Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2016

6 Cash and cash equivalents

	2016	2015
	\$	\$
Cash on hand	798	798
Cash at bank	327,042	342,085
	<u>327,840</u>	<u>342,883</u>

7 Trade and other receivables

CURRENT

Trade receivables	48,623	73,336
Other receivables	19,749	18,358
	<u>68,372</u>	<u>91,694</u>

NON-CURRENT

(a) Receivables from other reporting units

CFMEU Mining & Energy National Office	-	12,831
CFMEU Construction & General National Office	-	8,122
	<u>-</u>	<u>20,953</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

8 Inventories

CURRENT

At cost:

Merchandise	<u>3,746</u>	-
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Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2016

9 Other financial assets

	2016	2015
	\$	\$
CURRENT		
Held-to-maturity financial assets	(a) 370,000	370,000
	<u>370,000</u>	<u>370,000</u>
(a) Held-to-maturity investments comprise:		
Term deposits held with financial institutions	370,000	370,000
	<u>370,000</u>	<u>370,000</u>

10 Other assets

CURRENT		
Prepayments	4,493	11,316
	<u>4,493</u>	<u>11,316</u>

11 Property, plant and equipment

Freehold land at cost	23,000	23,000
Land and buildings		
At cost	387,006	387,006
Accumulated depreciation	(98,239)	(88,386)
	<u>288,767</u>	<u>298,620</u>
Plant and equipment		
At cost	59,504	59,504
Accumulated depreciation	(39,245)	(32,533)
	<u>20,259</u>	<u>26,971</u>
Motor vehicles		
At cost	54,886	88,029
Accumulated depreciation	(7,951)	(63,772)
	<u>46,935</u>	<u>24,257</u>
Total property, plant and equipment	<u>378,961</u>	<u>372,848</u>

Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2016

11 Property, plant and equipment

(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	Plant and equipment	Motor vehicles	Total
	\$	\$	\$	\$
Balance at 1 January 2015	307,786	21,181	38,309	367,276
Additions	24,179	12,989	-	37,168
Disposals	(961)	(542)	-	(1,503)
Depreciation expense	(9,384)	(6,657)	(14,052)	(30,093)
Balance at 31 December 2015	321,620	26,971	24,257	372,848
Additions	-	-	54,883	54,883
Disposals	-	-	(15,481)	(15,481)
Depreciation expense	(9,853)	(6,712)	(16,724)	(33,289)
Balance at 31 December 2016	311,767	20,259	46,935	378,961

12 Trade and other payables

	2016	2015
	\$	\$
CURRENT		
Trade and other payables	168,679	274,780

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

(a) Payables to other reporting entities

CFMEU Mining & Energy National Office	35,130	-
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(b) Other payables

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

Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2016

13 Other liabilities

	2016	2015
	\$	\$
CURRENT		
Income in advance	12,650	22,104

14 Employee benefits

CURRENT		
Employee benefits expense	159,534	132,958
NON-CURRENT		
Employee benefits expense	6,425	1,206

(a) Total employee benefits attributable to:

Office Holders:

- Annual leave	46,211	28,897
- Long service leave	8,213	4,991
- Separations and redundancies	-	-
- Other	23,280	6,859
	<u>77,704</u>	<u>40,747</u>

Employees other than office holders:

- Annual leave	66,681	65,383
- Long service leave	20,777	12,219
- Separation and redundancies	-	-
- Other	797	15,815
	<u>88,255</u>	<u>93,417</u>

Total	<u>165,959</u>	<u>134,164</u>
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15 Financial risk management

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

Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2016

15 Financial risk management

The Board of Managements' overall risk management strategy seeks to assist the Union in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

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

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	327,840	342,883
Held-to-maturity investments	9	370,000	370,000
Trade and other receivables	7	68,372	91,694
Total financial assets		766,212	804,577
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	12	168,679	274,780
Total financial liabilities		168,679	274,780

(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 and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail 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 - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2016

15 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	48,623	-	-	-	-	-	48,623
Total	48,623	-	-	-	-	-	48,623
2015							
Trade and term receivables	73,336	-	-	-	-	-	73,336
Total	73,336	-	-	-	-	-	73,336

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.

(c) Liquidity risk

Liquidity risk arises from the Union's management of working capital. 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.

Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2016

15 Financial risk management

Liquidity risk

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

	< 1 year	
	2016	2015
	\$	\$
Trade and other payables	168,679	274,780

(d) Market risk

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

At 31 December 2016, the effect on profit and equity as a result of a 1% in the interest rate, with all other variables remaining constant would be as follows:

	2016	2015
	\$	\$
<i>Change in profit</i>		
- Increase of 1% in interest rate	3,270	3,421
- Decrease of 1% in interest rate	(3,270)	(3,421)
<i>Change in equity</i>		
- Increase of 1% in interest rate	3,270	3,421
- Decrease of 1% in interest rate	(3,270)	(3,421)

Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2016

16 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 - Victorian District Branch during the year are as follows:

	2016	2015
	\$	\$
Short-term employee benefits	386,872	240,553
Post-employment benefits (superannuation)	30,455	28,979
Other long term benefits	2,690	3,283
Termination benefits	-	-
	<u>420,017</u>	<u>272,815</u>

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 18: Related Party Transactions.

17 Remuneration of Auditors

Remuneration of the auditor of the Union, Daley & Co, for:

- auditing or reviewing the financial report	13,200	13,180
- other services (FBT preparation & lodgement)	560	1,550
	<u>13,760</u>	<u>14,730</u>

18 Related party transactions

Related Parties

(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 member (whether executive or otherwise) of that entity is considered key management personnel.

Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2016

18 Related party transactions

(a) Key management personnel

For details of disclosures relating to key management personnel, refer to Note 16: Key Management Personnel Compensation.

(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:

- i) Capitation fees totalling \$255,767 (2015: \$253,696) were charged by the Construction, Forestry, Mining and Energy Union, Mining and Energy Division, National Office during the year.
- ii) Salary & Wages totalling \$47,777 (2015: \$46,412) were paid during the year to a relative of an elected official for the provision of administration services on a part-time basis. Terms and conditions were within a normal employee relationship and no more favourable than those made available to other employees.
- iii) An amount of \$35,738 (2015: \$26,924) was received from Construction, Forestry, Mining and Energy Union, Construction and General Division, Victorian Divisional Branch during the year, for costs associated with occupying the Union premises.
- iv) An amount of \$3,842 (2015: \$6,003) was paid to Construction, Forestry, Mining and Energy Union, Construction & General Division, National Office during the year, for costs associated with computer software support.
- v) An amount of \$14,022 (2015: Nil) was paid to Construction, Forestry, Mining and Energy Union, Mining and Energy Division, National Office during the year, for travel and accommodation costs.
- vi) From time to time the union makes expenditures which relate to itself as well as other branches and divisions of the 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.

Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2016

18 Related party transactions

(ii) Trade and other payables

Refer to Note 12(a) for reporting units.

19 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	48,431	(360,706)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	33,289	30,093
- net profit on sale of plant and equipment	(12,518)	-
- net loss on disposal of plant and equipment	-	1,503
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	23,323	371,988
- (increase)/decrease in other assets	6,823	(4,639)
- (increase)/decrease in inventories	(3,746)	-
- increase/(decrease) in trade and other payables	(106,103)	70,559
- increase/(decrease) in income in advance	(9,454)	(5,338)
- increase/(decrease) in employee benefits	31,795	16,740
Cashflow from operations	<u>11,840</u>	<u>120,200</u>

(b) Cash flow information

Cash inflows from reporting units		
- CFMEU Construction & General Victorian Branch	35,738	26,924
Cash outflows from reporting units		
- CFMEU Mining & Energy National Office	239,628	338,237
- CFMEU Construction & General National Office	3,842	6,003

Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2016

20 Events after the end of the Reporting Period

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.

21 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 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.

22 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).

23 Recovery of wages activity

There have been no recovery of wages activities that have occurred in the reporting period (2015: Nil).

**Independent Audit Report to the members of Construction Forestry Mining and Energy Union
Mining and Energy Division - Victorian District Branch**

Report on the Financial Report

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

The Board 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 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.

**Independent Audit Report to the members of Construction Forestry Mining and Energy Union
Mining and Energy Division - Victorian District Branch**

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 or error 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 Mining and Energy Union
Mining and Energy Division - Victorian 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.

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 RCA

98 Kembra Street, Wollongong

Dated 6 April 2017

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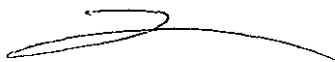
Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Designated Officer's Certificate

I, Trevor Williams, being the District President of the Construction Forestry Mining and Energy Union Mining and Energy Division - Victorian District Branch certify:

- that the documents lodged herewith are copies of the full report for the Construction Forestry Mining and Energy Union Mining and Energy Division Victorian 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 6 April 2017; and
- that the full report was presented to a meeting of the Board of Management of the reporting unit on 6 April 2017 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.



Trevor Williams
District President

Dated 6 April 2017

The accompanying notes form part of these financial statements.



25 January 2017

Mr Geoff Dyke

Victorian District Secretary/ Loy Yang 'B' Power Station Lodge President

Construction, Forestry, Mining and Energy Union-Mining and Energy Division - Victorian District Branch

By Email: gd14cfmeu@tpg.com.au

Dear Mr Dyke,

**Re: Lodgement of Financial Report - [FR2016/379]
Fair Work (Registered Organisations) Act 2009 (the RO Act)**

The financial year of the Construction, Forestry, Mining and Energy Union-Mining and Energy Division - Victorian District Branch (the reporting unit) ended on 31 December 2016.

This is a courtesy letter to remind you of the obligation to prepare and lodge the financial report for the reporting unit by the due date under s.268 of the RO Act, that being within 14 days after the meeting referred to in s.266 of the RO Act.

Also you are reminded of the obligation to prepare and lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 requires this statement to be lodged with the FWC within 90 days of the end of the reporting unit's financial year, that is on or before 31 March 2017.

The new Registered Organisations Commission

The Registered Organisations Commission (the ROC) will be established in 2017.

Statements of loans, grants and donation and financial reports must be lodged with the Fair Work Commission until the ROC is established. Once the ROC is established, they must be lodged with the ROC.

It is not yet known when in 2017 the ROC will be established. The Fair Work Commission will be providing information on the transition to the ROC through its subscription service and its website. For details about the subscription service, go to [Subscriptions](#) and subscribe to the Registered organisations information service.

Where to lodge Statements of Loans Grants and Donations and Financial Reports

	Before the ROC is established	From establishment of the ROC
Where to lodge	Lodge your statement of loans grants donations and your financial report with the Fair Work Commission	Lodge your statement of loans grants donations and your financial report and with the ROC
How to lodge	The easiest way to lodge is via email: orgs@fwc.gov.au	Lodgement methods are not yet known

11 Exhibition Street
Melbourne VIC 3000
GPO Box 1994
Melbourne VIC 3001

Telephone : (03) 8661 7777
Email : orgs@fwc.gov.au
Internet : www.fwc.gov.au

Our focus this year: timelines and disclosure of loans, grants and donations

Over the past year we have noted issues in organisations' financial reports relating to timelines and how loans, grants and donations are reported. We will be focusing closely on these areas this year. Please find attached below fact sheets relating to these requirements or alternatively visit our website for information regarding [financial reporting timelines](#) and [loans, grants and donations](#).

Timelines

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

As stated above, section 237 requires the loans, grants and donations statement to be lodged with the FWC within 90 days of the end of the reporting unit's financial year, that is on or before 31 March 2017. A sample statement of loans, grants or donations is available at [sample documents](#).

Fact sheets, guidance notes and model statements

Fact sheets and guidance notes in relation to financial reporting under the RO Act are provided on the Fair Work Commission (FWC) website. This includes a model set of financial statements which have been developed by the FWC. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards. The model statements, Reporting Guidelines and other resources can be accessed through our website under [Financial Reporting](#) in the Running a Registered Organisation section.

Civil penalties may apply

It should be noted that s.268 and s.237 are civil penalty provisions. If a loan, grant or donation over \$1000 has been made, failure to lodge a statement of loans, grants and donations may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$54,000 for a body corporate and \$10,800 for an individual per contravention) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

Failure to lodge a financial report may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$54,000 for a body corporate and \$10,800 for an individual per contravention) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

Contact

Should you wish to seek any clarification in relation to the above, email orgs@fwc.gov.au.

Yours sincerely,

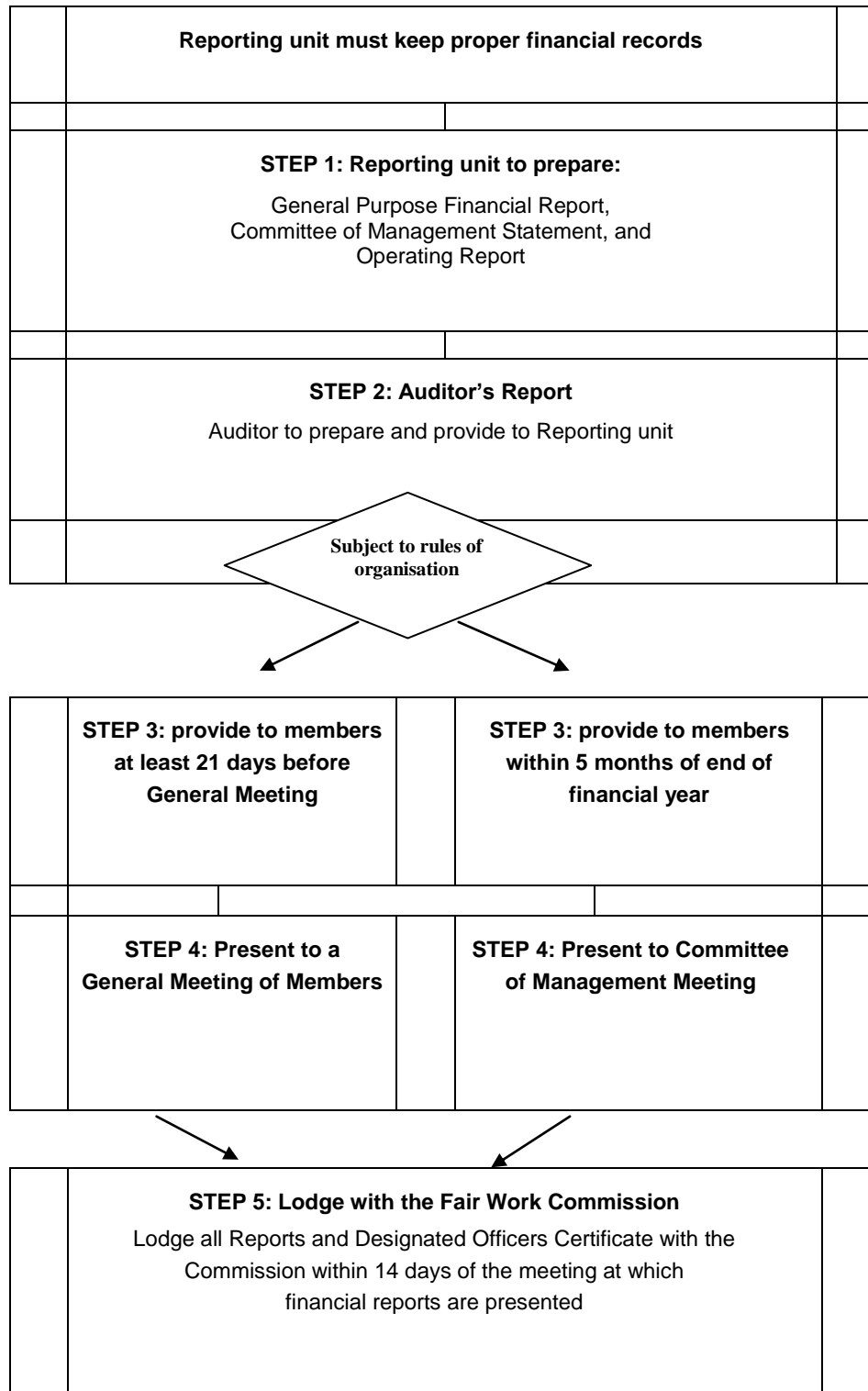


Marianne Kay
Adviser
Regulatory Compliance Branch

Financial reporting timelines

Financial reports are to be lodged with the Fair Work Commission (the Commission) within 14 days of the meeting at which the financial reports have been presented, by completing the steps as outlined below.

See Fact sheet—Financial reporting for an explanation of each of these steps.



Fact Sheet - Loans, Grants & Donations

The Loans, Grants & Donations Requirements

The *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within **90 days** of the ending of the financial year.

Under the General Manager's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.

The Loans, Grants & Donations Statement

Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceed \$1000. The following information must be supplied to the Commission for each relevant loan, grant or donation:

the amount,

the purpose,

the security (if it is a loan),

the name and address of the person to whom it was made,* and







the arrangements for repaying the loan.*

*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.

The statement must be lodged within 90 days of the end of the financial year and the Commission has a [Template Loans, Grants and Donations Statement](#) on its website. The Commission encourages branches and organisations to lodge the statement even if all of the figures are NIL.

Common misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Statement. They include:

Misconception	Requirement
 Only reporting units must lodge the Statement.	 All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.
 Employees can sign the Statement.	 The statement must be signed by an elected officer of the relevant branch.
 Statements can be lodged with the financial report.	 The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.

Grants & Donations within the Financial Report

Item 16(e) of the [General Manager's Reporting Guidelines](#) requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

As such, the note in the financial report relating to grants and donations will have four lines.

In the [Commission's Model Statements](#) the note appears as follows:

Note 4E: Grants or donations*

Grants:	2016	2015
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Total grants or donations	-	-

Item 17 of the General Manager's Reporting Guidelines requires that these line items appear in the financial report even if the figures are NIL.

Implications for filing the Financial Report

During their review of the 2016 financial report staff of the Commission will confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.

If a reporting unit did not fully comply with these requirements in their 2015 financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

It is strongly recommended that all reporting units review their filing letters from the previous financial year to ensure any targeted concerns are addressed in their latest financial report. Failure to address these individual concerns may mean that a financial report cannot be filed.

Previous financial reports and filing letters are available from the [Commission's website](#).

Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the Regulatory Compliance Branch on orgs@fwc.gov.au