



12 June 2020

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

cc. Michael Mundt, Auditor

Dear Geoffrey

Re: – Financial reporting – Mining and Energy Division, Victorian District Branch - for year ending 31 December 2019 (FR2019/359)

I refer to the financial report of the Victorian District Branch of the Mining and Energy Division in respect of the year ending 31 December 2019. The documents were lodged with the Registered Organisations Commission (**ROC**) on 1 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 s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009 (RO Act)* have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements. Please note the report for year ending 31 December 2020 may be subject to an advanced compliance review.

I make the following comments to draw attention to the requirements of section 266 of the RO Act.

Reports must be presented to general meeting within 6 months after end of financial year

Under sub-section 266(1) of the RO Act, the full report must be presented to a general meeting of members within 6 months after the end of the financial year. Sub-section 266(2) allows the general meeting to be a series of meetings.

The designated officer's certificate described a process which was adopted "*due to Covid 19 meeting restrictions within Victoria*" and which did not involve a meeting or series of meetings. The process rather consisted of:

- (a) the sending out of an electronic survey on 27 May 2020 confirming that members had received the full report for their consideration and to receive any questions or issues arising from the full report; and
- (b) Lodge Presidents responding to any questions "*from 1 June 2020*".

The ROC notes that although the electronic survey process used appears to be a means permitted by sub-rule 7(E)(3) for the purpose of voting by members to endorse Board resolutions, it is not a process that the ROC considers falls within the meaning of a meeting (or series of meetings) as contemplated, and specifically referred to, in section 266.

More particularly, the ROC considers that the RO Act requires that presentation of the full report must occur at a meeting.

It is therefore the considered view of the ROC that, as the electronic survey process used by the Branch could not be said to be, or be equivalent to, a meeting or series of meetings, the presentation of the full report to a general meeting has not occurred.

The ROC is aware that meeting restrictions due to Covid-19 will have had an impact on the ability of reporting units to assemble participants in direct physical proximity with each other for the purpose of meetings.

However, the ROC considers that communication by remote or technological means (such as by phone or video link) will constitute meetings if (a) it occurs at the same time for the persons who are participating and (b) it allows interaction at that time, i.e. the asking of questions during the online/phone meeting.

The ROC has developed and made available information on its website designed to give guidance on how meetings may be held. That information can be accessed via [this link](#).

Where remote or technological means of communication may not be practicable in a given set of circumstances, there is, at least for the purpose of presentation of a full report under section 266, a way to potentially mitigate or even avoid the difficulties of organising larger sized general meetings.

That is, by taking advantage of the option offered by sub-section 266(3) that permits the full report to be presented to a second meeting of the committee of management (rather than to a general meeting). Using this process is subject only to the condition that the reporting unit has a rule that enables a general meeting to be called if requested by a specified threshold percentage of members of the reporting unit (that threshold being no more than 5% of members).

Subsection 266(3) is aimed directly at overcoming difficulties in organising general meetings within the prescribed 6 month timeframe. The existence of what is usually referred to as a "5 percent rule" does not mean that presentation to a general meeting cannot occur when it is possible and if the reporting unit prefers to do so.

It does however provide the reporting unit with a way of meeting its statutory obligations when a general meeting is not practicable or not able to occur within the 6 month timeframe.

The ROC notes that three of the reporting units within the Mining and Energy Division already have a 5 percent rule, namely, the Division, and the Queensland and Tasmanian District Branches. The ROC also notes that the rules of the Division appear to permit meetings to take place by telephone, computer and other electronic communication methods for such committees as the Central Council, the Central Executive and the Boards of management for the Northern and NSW Energy, South-Western, Tasmanian and Western Australian District Branches.

The ROC would strongly recommend that the Victorian District Branch consider incorporating both a suitable 5% rule and provisions to facilitate non-physical meetings, which may assist the Branch to comply with its obligations under the RO Act.

If you have any queries regarding this letter, please contact me on (02) 6746 3283 or by email at stephen.kellett@roc.gov.au.

Yours faithfully

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
Registered Organisations Commission

Construction, Forestry, Maritime, 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 2019

I, **Geoffrey Wayne Dyke** being the **Secretary** of the Construction, Forestry, Maritime, 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, Maritime, Mining and Energy Union - Mining & Energy Division – Victorian District Branch for the period ended 31 December 2019 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was posted on the union's website for viewing by members on 4 April 2020; and
- that the full report was provided to members of the reporting unit on 24 April 2020 via an email attachment or via a link to the union's website for hard mail; and
- that due to Covid19 meeting restrictions within Victoria, an electronic survey closing on 27 May 2020 was sent out to members confirming that they had received the full report for their consideration and to receive any questions or issues arising from the full report; and
- that member's questions &/or issues raised were responded to by their Lodge President from 1 June 2020; and
- that the above actions were taken in lieu of a series of general Lodge meetings of the members of the reporting unit because of Victorian government health directives, with the process completed on 1 June 2020 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:

1 June 2020

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

ABN: 38 442 492 093

Financial Statements

For the Year Ended 31 December 2019

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

ABN: 38 442 492 093

31 December 2019

Financial Statements

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

ABN: 38 442 492 093

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 - Victorian 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 ("BOM") during the year are:

Name	Position	Period of Appointment
Mr T Williams	District President	1/1/19 - 31/12/19
Mr M Richards	District Vice President	9/6/19 - 31/12/19
Mr G Dyke	District Secretary	1/1/19 - 31/12/19
Mr R Barber	BOM Member	1/1/19 - 31/12/19
Mr SR Caines	BOM Member	1/1/19 - 31/12/19
Mr M Karabadjak	BOM Member	1/1/19 - 31/12/19
Mr B Leighton	BOM Member	1/1/19 - 31/12/19
Mr M Micallef	BOM Member	1/1/19 - 31/12/19
Mr A Wolfe	BOM Member	1/1/19 - 31/12/19
Mr P Waanders	Former District Vice President	1/1/19 - 9/6/19

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

ABN: 38 442 492 093

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

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

The principal activities of the Union 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, including District Office advising Lodges on industrial matters;
- provision to Lodges with economic and industrial research;
- provision to Lodges of a National Library including information service/library through an electronic data base;
- co-ordinating Occupational Health and Safety 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; 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 financial year.

Results of activities

The result of the Union was a deficit of \$47,178 (2018: surplus of \$27,482). The Board of Management believe that they have furthered the interests of their members throughout the financial year through conducting the Union's principal activities.

Significant changes in financial affairs

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

Events after the reporting date

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

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

ABN: 38 442 492 093

Operating Report

For the Year Ended 31 December 2019

Right of members to resign

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

Number of members

There were 924 members of the Union as at 31 December 2019 (2018: 925).

Number of employees

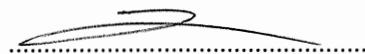
As at 31 December 2019 the Union had 3 full time equivalent employees (2018: 3).

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 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 4 March 2020

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

ABN: 38 442 492 093

Board of Management Statement

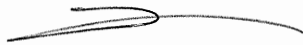
For the Year Ended 31 December 2019

On the 4 March 2020 the Board of Management of the Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch ("the Union") 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 ("the 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 Union, 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.


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Trevor Williams
District President


.....

Geoff Dyke
District Secretary

Dated: 4 March 2020

Construction Forestry Maritime 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 2019

	Note	2019 \$	2018 \$
Revenue	4	879,254	1,021,693
Other income	4	61,526	70,360
		<u>940,780</u>	<u>1,092,053</u>
Employee benefits expense		(632,385)	(599,419)
Capitation fees		(171,894)	(170,858)
Administration expenses	5	(99,921)	(126,805)
Campaign expenses		-	(86,898)
Depreciation expense		(28,911)	(30,782)
Professional fees		(20,280)	(17,110)
Motor vehicle expenses		(11,060)	(11,748)
Donations and gifts		(8,686)	(10,231)
Affiliation fees		(7,536)	(8,555)
Merchandise		(5,813)	(2,165)
Finance expenses		(210)	-
Lease expenses	11	(1,262)	-
Result for the year		<u>(47,178)</u>	<u>27,482</u>
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>(47,178)</u>	<u>27,482</u>

The accompanying notes form part of these financial statements.

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

ABN: 38 442 492 093

Balance Sheet

As at 31 December 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	399,448	345,463
Trade and other receivables	7	44,602	44,566
Inventories	8	-	5,785
Other financial assets	9	415,967	404,638
Other assets	10	12,858	9,390
TOTAL CURRENT ASSETS		872,875	809,842
NON-CURRENT ASSETS			
Property, plant and equipment	12	302,491	330,163
Right-of-use assets	11	4,310	-
TOTAL NON-CURRENT ASSETS		306,801	330,163
TOTAL ASSETS		1,179,676	1,140,005
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	124,256	117,721
Lease liabilities	11	1,173	-
Employee benefits	15	154,951	101,566
Other liabilities	14	59,070	37,616
TOTAL CURRENT LIABILITIES		339,450	256,903
NON-CURRENT LIABILITIES			
Lease liabilities	11	3,181	-
Employee benefits	15	7,866	6,745
TOTAL NON-CURRENT LIABILITIES		11,047	6,745
TOTAL LIABILITIES		350,497	263,648
NET ASSETS		829,179	876,357

The accompanying notes form part of these financial statements.

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

ABN: 38 442 492 093

Balance Sheet

As at 31 December 2019

	Note	2019 \$	2018 \$
EQUITY			
Retained earnings		<u>829,179</u>	<u>876,357</u>
TOTAL EQUITY		<u><u>829,179</u></u>	<u><u>876,357</u></u>

The accompanying notes form part of these financial statements.

Construction Forestry Maritime 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 2019

	Retained Earnings	
	2019	2018
	\$	\$
Balance at 1 January	876,357	848,875
Result for the year	(47,178)	27,482
Balance at 31 December	829,179	876,357

The accompanying notes form part of these financial statements.

Construction Forestry Maritime 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 2019

	2019	2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and members contributions	1,002,296	1,116,101
Interest received	11,439	12,227
Payments to suppliers and employees	(999,202)	(1,148,760)
Rent received	47,666	44,444
Other receipts	-	14,973
Net cash provided by operating activities	21(a) <u>62,199</u>	<u>38,985</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for plant and equipment	(1,239)	(8,873)
Purchase of investments	(11,329)	(11,213)
Net cash used in investing activities	<u>(12,568)</u>	<u>(20,086)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	5,518	-
Repayment of borrowings	(1,164)	-
Net cash provided by financing activities	<u>4,354</u>	<u>-</u>
Net increase in cash and cash equivalents held	53,985	18,899
Cash and cash equivalents at beginning of year	<u>345,463</u>	<u>326,564</u>
Cash and cash equivalents at end of financial year	6 <u><u>399,448</u></u>	<u><u>345,463</u></u>

The accompanying notes form part of these financial statements.

Construction Forestry Maritime 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 2019

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

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 Organisation) 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.

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

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.

Construction Forestry Maritime 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 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)

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

Specific revenue streams

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.

Rental income

Rental income 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.

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.

Construction Forestry Maritime 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 2019

2 Summary of Significant Accounting Policies (continued)

(a) Revenue and other income (continued)

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

(b) Income tax

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

(c) 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.

Construction Forestry Maritime 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 2019

2 Summary of Significant Accounting Policies (continued)

(d) Leases

Accounting policy from 1 January 2019

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.

Lessee accounting

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

(i) 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 - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies (continued)

(d) Leases (continued)

(ii) 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.

Accounting policy applied prior to 1 January 2019

Leases

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.

(e) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

(f) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, on-demand deposits and short-term investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Construction Forestry Maritime 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 2019

2 Summary of Significant Accounting Policies (continued)

(g) Financial instruments

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.

Financial assets

All recognised financial assets are subsequently measured at amortised cost.

Classification

On initial recognition, the Union classifies its financial assets as those measured at amortised cost.

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.

Interest income and impairment are recognised in profit or loss.

Impairment of financial assets

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

Construction Forestry Maritime 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 2019

2 Summary of Significant Accounting Policies (continued)

(g) Financial instruments (continued)

Financial assets (continued)

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).
- the financial assets is more than 90 days past due.

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 debts 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.

Construction Forestry Maritime 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 2019

2 Summary of Significant Accounting Policies (continued)

(g) Financial instruments (continued)

Financial assets (continued)

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.

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 comprise trade and other payables.

(h) 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.

Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian 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) Property, plant and equipment (continued)

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

Fixed asset class	Depreciation rate
Buildings	2.5%
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.

(i) 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.

Other long-term employee benefit obligations

The liabilities for long service leave and annual 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.

Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian 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)

(j) 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.

(k) Capitation fees and levies

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

(l) Adoption of new and revised accounting standards effective this financial period

During the current year, AASB 16 *Leases* and AASB 15 *Revenue from contracts with customers* has become mandatory, which has not had a material impact (in the current year or retrospectively) upon the measurement of assets and upon the disclosures required in this financial report. Refer to note 22 for further information.

(m) New Accounting Standards and Interpretations not yet adopted

New accounting standards for application in future periods

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

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

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Notes to the Financial Statements

For the Year Ended 31 December 2019

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 - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. The impairment provision is based on the best information at the reporting date.

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 - employee entitlements

As described in the accounting policies, provisions for employee entitlements 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 - Victorian 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
	\$	\$
Revenue from contracts with customers		
Membership subscriptions	879,254	934,795
Special administration contribution	-	86,898
	<u>879,254</u>	<u>1,021,693</u>
Other income		
Rental income	39,972	44,444
Interest income	11,439	12,132
Reimbursements	2,385	1,480
Other income	7,730	12,304
	<u>-</u>	<u>-</u>
	<u>61,526</u>	<u>70,360</u>

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated into timing of revenue recognition and the following table shows this breakdown:

	2019
	\$
Timing of revenue recognition	
- At a point in time	-
- Over time	<u>879,254</u>
Revenue from contracts with customers	<u>879,254</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 - Victorian District Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2019

4 Revenue and other income (continued)

Unsatisfied performance obligations - membership income

	2019	2018
Note	\$	\$
Aggregate amount of the transaction price allocated to membership income that are partially or fully unsatisfied as at 31 December	14 <u>59,070</u>	<u>29,494</u>

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

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Notes to the Financial Statements

For the Year Ended 31 December 2019

5 Result for the year

	2019	2018
	\$	\$
Grants and donations:		
- Donations:		
Total paid that were \$1,000 or less	8,686	10,231
Depreciation and amortisation:		
- Land and buildings	9,565	11,344
- Plant and equipment	19,346	19,438
	28,911	30,782
Legal costs:		
- Other legal matters	2,122	-
Employee Expenses		
Holders of office:		
- Wages and salaries	276,892	247,717
- Superannuation	26,305	36,373
- Leave and other entitlements	12,152	(17,368)
- Separation and redundancies	-	-
- Other employee expenses	5,892	6,373
	321,241	273,095

Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian 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
	\$	\$
Employees other than office holders:		
- Wages and salaries	215,281	246,263
- Superannuation	39,008	27,713
- Leave and other entitlements	30,949	8,365
- Separation and redundancies	-	-
- Other employee expenses	25,906	43,983
	<u>311,144</u>	<u>326,324</u>
Total employee expenses	<u><u>632,385</u></u>	<u><u>599,419</u></u>
Capitation fees:		
- CFMMEU Mining & Energy National Office	<u>171,894</u>	<u>170,858</u>
Affiliation fees:		
- Victorian Trades Hall Council	4,734	4,691
- Gippsland Trades & Labour Council	2,156	3,864
- Victoria ALP	646	-
	<u>7,536</u>	<u>8,555</u>
Administration expenses:		
- Compulsory levies	-	103,973
- Conference and meetings expenses	2,029	1,628
- Other expenses	97,892	21,204
	<u>99,921</u>	<u>126,805</u>

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

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Notes to the Financial Statements

For the Year Ended 31 December 2019

6 Cash and cash equivalents

	Note	2019 \$	2018 \$
Cash on hand		400	400
Cash at bank		399,048	345,063
		<u>399,448</u>	<u>345,463</u>

7 Trade and other receivables

Trade receivables from contracts with customers	(a)	35,395	66,051
Provision for impairment	(c)	(12,974)	(30,333)
		<u>22,421</u>	<u>35,718</u>
Other receivables		22,181	8,848
		<u>44,602</u>	<u>44,566</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.

Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian 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) *Aged analysis*

	2019	2018
	\$	\$
0-30 days (past due and impaired)	19,214	10,303
30-60 days (past due and impaired)	1,994	20,062
60-90 days (past due and impaired)	639	5,748
90-180 days (past due and impaired)	4,561	9,819
180-365 days (past due and impaired)	3,842	12,519
+365 days (past due and impaired)	5,145	7,600
Total	35,395	66,051

(b) *Receivables from other reporting units*

CFMMEU C&G Victorian District - Training Unit	8,935	1,000
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Receivables from other reporting units are not considered impaired (2018: no impairment).

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

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Notes to the Financial Statements

For the Year Ended 31 December 2019

7 Trade and other receivables (continued)

(c) 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 loss allowance provision as at 31 December 2019 is determined as follows and the expected credit losses incorporate forward looking information.

31 December 2019	< 30 days overdue	< 60 days overdue	< 90 days overdue	< 180 days overdue	< 365 days overdue	+365 days overdue	Total
Expected loss rate (%)	5.00	20.00	40.00	60.00	80.00	100.00	
Gross carrying amount (\$)	19,214	1,994	639	4,561	3,842	5,145	35,395
ECL provision (\$)	992	411	264	2,825	3,172	5,310	12,974

The Union measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

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

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Notes to the Financial Statements

For the Year Ended 31 December 2019

8 Inventories

	2019	2018
	\$	\$
Merchandise at cost	-	5,785

9 Financial assets

Financial assets - at amortised cost		
- Term deposits	415,967	404,638

10 Other assets

Prepayments	12,858	9,390
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11 Leases

The Union has applied AASB 16 applying adjustments at the start of the year 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 office equipment. Information relating to the leases in place and associated balances and transactions are provided below. Terms and conditions of leases are:

Office Equipment

The Union leases office equipment with a lease term of 5 years, the lease payments are fixed during the term. Leases for IT equipment are generally considered to be for low value assets, except for significant items such as photocopiers.

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Notes to the Financial Statements

For the Year Ended 31 December 2019

11 Leases (continued)

Right-of-use asset

	Office Equipment \$
Year ended 31 December 2019	
Balance at 1 January 2019	5,572
Depreciation charge	<u>(1,262)</u>
Balance at end of year	<u><u>4,310</u></u>

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
	\$	\$	\$	\$	\$
2019					
Lease liabilities	<u>1,173</u>	<u>3,181</u>	-	<u>4,354</u>	<u>4,354</u>

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

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Notes to the Financial Statements

For the Year Ended 31 December 2019

11 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	2018
	\$	\$
Interest expense on lease liabilities	(210)	-
Depreciation of right-of-use asset	(1,262)	-
	<u>(1,472)</u>	<u>-</u>

Statement of Cash Flows

Total cash outflow for leases	<u>1,428</u>	<u>-</u>
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Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2019

12 Property, plant and equipment

	2019	2018
	\$	\$
Freehold land at cost	<u>23,000</u>	23,000
Buildings		
At cost	388,625	388,626
Accumulated depreciation	<u>(129,001)</u>	(119,436)
	<u>259,624</u>	269,190
Total Land and Buildings	<u>282,624</u>	292,190
Plant and equipment		
At cost	70,351	69,111
Accumulated depreciation	<u>(56,256)</u>	(50,631)
	<u>14,095</u>	18,480
Motor vehicles		
At cost	54,886	54,886
Accumulated depreciation	<u>(49,114)</u>	(35,393)
	<u>5,772</u>	19,493
	<u>302,491</u>	330,163

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

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Notes to the Financial Statements

For the Year Ended 31 December 2019

12 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 current financial year:

	Land and buildings \$	Plant and equipment \$	Motor vehicles \$	Total \$
Balance at 1 January 2019	292,190	18,480	19,493	330,163
Additions	-	1,239	-	1,239
Depreciation expense	(9,566)	(5,624)	(13,721)	(28,911)
Balance at 31 December 2019	282,624	14,095	5,772	302,491
Balance at 1 January 2018	301,914	16,944	33,214	352,072
Additions	1,620	7,253	-	8,873
Depreciation expense	(11,344)	(5,717)	(13,721)	(30,782)
Balance at 31 December 2018	292,190	18,480	19,493	330,163

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Notes to the Financial Statements

For the Year Ended 31 December 2019

13 Trade and other payables

	2019	2018
	\$	\$
Trade and other payables	50,097	53,400
Employee benefits	21,539	10,358
Sundry payables and accrued expenses	52,620	53,963
	<u>124,256</u>	<u>117,721</u>

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:

CFMMEU - Mining and Energy - National Office	<u>24,414</u>	<u>23,670</u>
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14 Other liabilities

Membership income in advance	59,070	29,494
Other income in advance	-	8,122
	<u>59,070</u>	<u>37,616</u>

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

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Notes to the Financial Statements

For the Year Ended 31 December 2019

15 Employee benefits

	2019	2018
	\$	\$
CURRENT		
Employee benefits	<u>154,951</u>	<u>101,566</u>
NON-CURRENT		
Employee benefits	<u>7,866</u>	<u>6,745</u>
<i>Total employee benefits attributable to:</i>		
<i>Office Holders:</i>		
- Annual leave	39,262	35,650
- Long service leave	9,322	782
- Separations and redundancies	-	-
- Other	-	-
	<u>48,584</u>	<u>36,432</u>
<i>Employees other than office holders:</i>		
- Annual leave	84,692	63,270
- Long service leave	29,541	8,609
- Separation and redundancies	-	-
- Other	-	-
	<u>114,233</u>	<u>71,879</u>
Total	<u>162,817</u>	<u>108,311</u>

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Notes to the Financial Statements

For the Year Ended 31 December 2019

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 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, trade and other receivables and trade and other payables.

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 \$
Financial Assets			
Cash and cash equivalents	6	399,448	345,463
Financial Assets - at amortised cost	9	415,967	404,638
Trade and other receivables	7	44,602	44,566
Total financial assets		860,017	794,667
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	13	106,842	107,107
- Lease liabilities	11	4,354	-
Total financial liabilities		111,196	107,107

(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 arising from deposits with banks and financial institutions, as well as credit exposure to retail customers, including outstanding receivables and committed transactions.

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Notes to the Financial Statements

For the Year Ended 31 December 2019

16 Financial risk management (continued)

Credit risk (continued)

The Union has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

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 rating funds.

(b) Credit risk - Trade and Other Receivables

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 is recorded at note 7(c).

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 note 7(c) are considered to be of high credit quality.

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.

There are no balances within trade receivables that contain assets that are not impaired and are past due. It is expected that these balances will be received when due.

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

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Notes to the Financial Statements

For the Year Ended 31 December 2019

16 Financial risk management (continued)

(c) Liquidity risk

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

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

Financial liability maturity analysis - Non-derivative

	<1 year		>1 year	
	2019	2018	2019	2018
	\$	\$	\$	\$
Trade and other payables	124,256	117,720	-	-
Lease liabilities	1,428	-	3,380	-
Total	125,684	117,720	3,380	-

(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.

Interest rate risk

Exposure to interest rate risk arises on financial assets 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.

Given the value of financial instruments held, the Union is not exposed to material interest rate risk.

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Notes to the Financial Statements

For the Year Ended 31 December 2019

16 Financial risk management (continued)

(e) Net Income from Financial Assets

	2019	2018
	\$	\$
At amortised cost		
Interest income	11,439	12,132

17 Interests of Key Management Personnel

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

Salary (including annual leave taken)	282,783	230,415
Leave accrued	3,612	22,696
	<u>286,395</u>	<u>253,111</u>
Post-employment benefits (superannuation)	26,305	36,373
Other long term benefits	8,541	(16,389)
Termination benefits	-	-
	<u>321,241</u>	<u>273,095</u>

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 20: Related Party Transactions.

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Notes to the Financial Statements

For the Year Ended 31 December 2019

18 Remuneration of Auditor

	2019	2018
	\$	\$
Remuneration of the auditor of the Union, Daley Audit, for:		
- auditing the financial report	12,400	14,330
- other services (FBT preparation/lodgement and preparation of Financial Statements)	7,580	2,580
	<u>19,980</u>	<u>16,910</u>

19 Fair Value Measurement

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 holds no financial instruments at fair value.

20 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 Union, directly or indirectly, including any Board of Management member (whether executive or otherwise) of that Union is considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 17: Key Management Personnel Compensation.

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

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Notes to the Financial Statements

For the Year Ended 31 December 2019

20 Related party transactions (continued)

(b) Related Party Balances

(i) Trade and other receivables

Refer to Note 7(b) for reporting units.

(ii) Trade and other payables

Refer to Note 13(a) for reporting units.

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Notes to the Financial Statements

For the Year Ended 31 December 2019

20 Related party transactions (continued)

(c) 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
	\$	\$
CFMMEU - Mining and Energy Division		
Capitation fees expense	171,894	170,858
Campaign and Special Administration Fund expense	132,960	17,075
Campaign contributions expense	-	85,652
Allowances received and sundry income	8,772	11,702
CFMMEU - Construction and General Division - NSW Division		
Internet access and system maintenance expense	654	8,530
CFMMEU - Construction and General Victorian District - Training Unit		
Rental income received	3,210	7,955
Occupancy and administration services	32,489	32,489
CFMMEU - Construction and General - Victorian District		
Sundry expenses	1,906	-
Close family member		
Salary & Wages 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	-	43,537

From time to time the Union makes expenditures which relate to itself as well as other branches and divisions of the CFMMEU. These expenditures are then reimbursed to the Union at cost; hence they are not considered to be related party transactions.

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

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Notes to the Financial Statements

For the Year Ended 31 December 2019

21 Cash flow information

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

	2019	2018
	\$	\$
Result for the year	(47,178)	27,482
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	30,173	30,782
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(36)	(25,517)
- decrease/(increase) in prepayments	(3,468)	650
- (increase)/decrease in inventories	5,785	(1,086)
- increase/(decrease) in trade and other payables	6,536	12,225
- increase/(decrease) in income in advance	21,453	17,679
- increase/(decrease) in right-of-use asset	(5,572)	-
- (decrease)/increase in employee benefits	54,506	(23,230)
Cashflow from operations	62,199	38,985

Construction Forestry Maritime 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 2019

21 Cash flow information (continued)

(b) Cash flow information

	2019	2018
	\$	\$
Cash inflows from reporting units		
- CFMMEU Mining and Energy - National Office	8,772	12,873
- CFMMEU - Construction and General - Victorian Branch	31,334	53,423
Cash outflows to reporting units		
- CFMMEU - Mining and Energy - National Office	247,751	352,283
- CFMMEU - Construction and General - NSW Division	720	9,383
- CFMMEU - Construction and General - Victorian Branch	1,906	-

22 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 from 1 January 2019, however, as allowed, comparatives have not been restated.

AASB 15 and AASB 1058 resulted in changes to accounting policies, however no adjustments were required to be recognised in the financial statements.

The adoption of AASB 16 has had an immaterial impact upon the financial performance and position of the Union. Refer to note 11 for further information.

Construction Forestry Maritime 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 2019

23 Events after the end of the Reporting Period

The financial report was authorised for issue on 4 March 2020 by the Board of Management.

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.

24 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 reads 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).

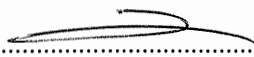
Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Report required under subsection 255 (2A)

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

	2019 \$	2018 \$
Remuneration and other employment related costs and expenses - employees	634,682	606,849
Advertising	-	1,883
Operating costs	322,243	425,056
Donations to political parties	-	-
Legal costs	2,121	-


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Trevor Williams
District President

Dated: 4 March 2020

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

ABN: 38 442 492 093

Officer Declaration Statement

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

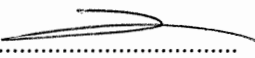
The reporting unit did not:

- 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
- ~~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

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

ABN: 38 442 492 093

- ~~• 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



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Trevor Williams
District President

Dated: 4 March 2020

Independent Audit Report to the members of Construction Forestry Maritime 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 Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch ("the Union"), which comprises the balance sheet as at 31 December 2019, 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, 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 respects, the financial position of the Union as at 31 December 2019 and of their performance and cashflows for the year then ended in accordance with:

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

We declare that management's use of the going concern basis in 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 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.

Wollongong

PO Box 333
Wollongong NSW 2520
☎ 02 4229 6477
✉ wollongong@daley.com.au

Bowral

PO Box 1032
Bowral NSW 2576
☎ 02 4862 1082
✉ bowral@daley.com.au

Sydney

PO Box 903
Sydney NSW 2001
☎ 02 8236 8177
✉ sydney@daley.com.au

daley.com.au

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Legislation



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

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

The Board of Management is responsible for the other information. The other information obtained at the date of this auditor's report is 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, 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 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 Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch'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 - Victorian 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 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 Maritime 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.

I declare that I am an auditor registered under the RO Act.

Daley Audit
Daley Audit

Michael Mundt
Michael Mundt
Partner

Wollongong

Dated: 4 March 2020

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

Liability is limited by a Scheme approved under Professional Standards Legislation.