



Australian Government
Australian Industrial Registry

Level 8, Terrace Towers
80 William Street, East Sydney, NSW 2011
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Ref: FR2006/594-[105N-VIC]

Mr Martin Kingham
Branch Secretary
CFMEU Construction & General Division
Victorian Divisional Branch
500 Swanston Street
CARLTON SOUTH VIC 3053

Dear Mr Kingham

Financial Return - year ending 31 December, 2006

Our records show the organisation's financial year ended recently. This letter outlines some of the things you must do to meet your financial reporting obligations and when you have to do them. For simplicity, we will call the documents you have to lodge with us your *financial return*.

This letter is intended as guide to the law applicable on the date of this letter, and should not be used as a substitute for legal or accounting advice. We only summarise some of the reporting requirements in this letter. More detailed information is at the end of this letter.

Information on AIRC Website

We recommend you and your accountant/auditor also refer to the following documents on the Commission's website at www.airc.gov.au:

- [RAO Schedule](#)
- [RAO Regulations](#)
- [Registrar's Reporting Guidelines](#) - All GPFR's must comply with these Guidelines. Please note that the Guidelines set out requirements that are *in addition* to those required by the Australian Accounting Standards.
- [RAO Fact Sheets](#) - These Fact Sheets explain the requirements of the RAO Schedule - many of them deal with financial reporting matters.

Reporting Unit

Under the provisions of the Registration and Accountability of Organisations Schedule (RAO), Schedule 1 of the *Workplace Relations Act 1996*, reporting entities are known as "*reporting units*". Where an organisation is **not** divided into branches the reporting unit is the whole of the organisation. Where an organisation **is** divided into branches each branch will be a reporting unit unless the Industrial Registrar has determined a division of the organisation into reporting units on an alternative basis. We can discuss this with you if you need more information.

For simplicity, we will use the term "reporting unit" in this letter.

Industrial Registrar's Guidelines

The Industrial Registrar's reporting guidelines set out certain disclosure requirements in addition to those prescribed by Australian Accounting Standards having in mind the nature of organisations registered under the Workplace Relations Act.

The disclosure requirements prescribed by the reporting guidelines are directed towards providing members of the reporting unit with information to enable them to gauge the performance of the committee of management and other holders of office in relation to the financial management of the reporting unit. In addition, the reporting guidelines seek to improve the quality of information available to users of the financial report about the reporting unit's economic support of, or economic dependency on, other reporting units of the organisation.

Timeline Planner and Checklist

We have attached a Timeline/Planner (Attachment A) to help you **plan** your financial return and carry out all the necessary steps. We have also attached a Document Checklist (Attachment B) to **check** your documents before lodging them in the Registry. Both documents are abbreviated summaries of the relevant provisions of the RAO Schedule, RAO Regulations and the Industrial Registrar's Reporting Guidelines.

In the following section we describe some of the documents your reporting unit must prepare and the sequence of their preparation and completion.

Three Reports

Your reporting unit must prepare two reports as soon as practicable after its financial year, which, together with the Auditor's Report, comprise the reporting unit's financial return.

1. **General Purpose Financial Report** - this must comply with the Australian Accounting Standards and the Industrial Registrar's Reporting Guidelines. The GPFR consists of:

(a) Financial Statements containing:

- a profit and loss statement, or other operating statement; and
- a balance sheet; and
- a statement of cash flows; and
- any other statements required by the Australian Accounting Standards; and

(b) Notes to the Financial Statements containing:

- notes required by the Australian Accounting Standards; and
- information required by the Industrial Registrar's *Reporting Guidelines* under section 255 including disclosures related to any recovery of wages activity ; and

(c) Committee of Management Statement as required by the Registrar's Reporting Guidelines (a sample certificate for illustrative purposes is at Attachment C) including declarations related to the recovery of wages activity.

2. **Operating Report** - this report includes a review of your reporting unit's principal activities for the year and other specified information.

Your reporting unit must appoint an auditor to audit the GPFR and to provide:

3. an **Auditor's Report**.

First Meeting (Committee of Management)

For simplicity, we will call the meeting at which the committee of management first considers the GPFR the first meeting. At the first meeting your committee, if satisfied that all is in order, will resolve to express its opinion on the GPFR and complete a Committee of Management Statement.

The Auditor

After the first meeting, the auditor takes the GPFR and the Committee of Management Statement and prepares a report on the GPFR. In practice, your auditor may have already completed most of his or her examination of your accounts. The auditor may only be waiting on the Committee to pass the required resolution and make the Statement before signing the report the same day.

Informing Your Members

Your reporting unit must provide free of charge to the general membership, copies of the GPFR, the Operating Report and the Auditor's Report. RAO calls these the "full report". Under certain circumstances, your reporting unit can provide a more limited *concise report*.

The reporting unit can meet its obligation to provide copies of the full or concise report to members by publishing the report in a journal that is available to the members free of charge.

A reporting unit may meet this obligation in whole or in part by publication of the report in a journal published on a web site on the Internet dependent on:

- a. the extent of the accessibility of the members of the reporting unit to the Internet; and
- b. that the members are notified by the reporting unit in the usual manner in which it communicates with its members that the report has been so published at a specified Internet address.

The report must be provided within 5 or 6 months from the end of the financial year, depending on the internal arrangements of the organisation for the presentation of its financial reports.

The Second Meeting - if it is a General Meeting of Members

After providing the full report to members it must be presented to a general meeting of members. For simplicity this is referred to as the *second meeting*.

Your reporting unit must always allow a minimum of 21 days for members to receive the full report before presenting it to a general meeting of members (s265(5)). The purpose of the interval is to enable the members to have time to consider the report and, if they wish, to attend the second meeting to discuss it.

If the rules of the organisation permit a general meeting to be a series of meetings held at different locations, the full report may be presented to such a series of meetings. In this case the 'date' of the general meeting is taken to be the date of the last meeting in the series (see s266(2)).

The Second Meeting - if it is a Committee of Management Meeting

If the rules of your organisation contain a provision that allows up to 5% of members to demand a general meeting to be held consider the report (see s266(3)), it is permissible to present the report directly to a Committee of Management meeting.

Lodge full report within 14 days of meeting

You must lodge a copy of the full report and any concise report in the Industrial Registry within 14 days of the second meeting. For your convenience you are encouraged to lodge the material electronically (see eFiling Tab at www.airc.gov.au).

The Secretary (or another officer appropriately authorised under the rules of the organisation) must *certify* that the full report is a copy of the one provided to members and presented to the second meeting and provide the date of the meeting (a sample certification for illustrative purposes is at *Attachment D*).

When we receive your return we will check that it includes the information you must provide your members and that you have provided it to them correctly.

Complying with time limits

This letter has outlined some of the steps in preparing and lodging your return. Many of the steps must be completed within fixed time limits.

Failure to complete them in time could make your reporting unit or its officers liable to financial or "civil penalties".

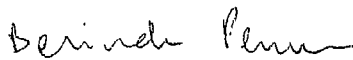
Extensions of Time

We appreciate that sometimes circumstances beyond your reporting unit's control may delay completion of a financial return. If you believe your reporting unit is going to be unable to meet a time limit tell us as soon as you know. We can advise you if the step is one for which you may apply under RAO to the Industrial Registrar for extra time to complete. The maximum extra time allowed can be no more than one month.

Contact the Registry

We encourage you to contact the Registry on (02) 8374 6618 or by e-mail at belinda.penna@air.gov.au as early as possible if you believe preparation or lodgment of your return will be delayed or if you have any queries. We can offer you advice on procedures but we cannot give you legal or accounting advice.

Yours sincerely



For Deputy Industrial Registrar
18 January 2007

TIMELINE/ PLANNER

Financial reporting period ending:	/ /	
FIRST MEETING: Prepare General Purpose Financial Report (including Committee of Management Statement in accordance with C of M resolution) and Operating Report - s253(1), s254(1)	/ /	<i>as soon as practicable after end of financial year</i>
Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /	<i>within a reasonable time of having received the GPFR</i>
Provide full report free of charge to members. (a) if the report is to be presented before a General Meeting (which must be held within 6 months after the end of the financial year), the report must be provided to members 21 days before the General Meeting, or (b) in any other case including where the report is presented to a Committee of Management meeting, the report must be provided to members within 5 months of end of financial year. <i>(obligation to provide full report may be discharged by provision of a concise report s265(1))</i>	/ /	
SECOND MEETING: Present full report to: (a) General Meeting of Members - s266 (1),(2), or (b) where rules of organisation allow, a Committee of Management meeting - s266 (3)	/ /	<i>within 6 months of end of financial year</i>
	/ /	<i>within 6 months of end of financial year</i>
Lodge full report (including any concise report) in the Industrial Registry together with secretary's certificate (or other officer authorised by the rules of the organisation) - s268	/ /	<i>within 14 days of meeting</i>

Note: The legislation makes limited provision for extensions of time concerning the provision of the full report to members and the presentation of the full report to a general meeting etc however the maximum extra time allowed can be no more than one month.

Documents Checklist

You can use this checklist as soon as possible after the financial year ends to ensure you have all the necessary documents prepared and that those documents contain all information required by RAO.

You can also use this checklist to ensure all documents in your financial return are complete before lodging them in the Registry.

No	Document	✓
1	General Purpose Financial Report	
	Does the report contain a Profit and Loss Statement?	
	Does the report contain a Balance Sheet?	
	Does the report contain a Statement of Cash Flows?	
	Does the report contain notes to the financial statements as required by AAS and the reporting guidelines?	
	Does the report contain all other information required by the reporting guidelines?	
2	Committee of Management Statement	
	Is the statement signed by the officer responsible for undertaking functions necessary to enable the reporting unit to comply with RAO?	
	Is the statement dated?	
	Is the statement in accordance with a resolution of the committee?	
	Does the statement specify the date of the resolution?	
	Does the statement contain declarations required by the reporting guidelines?	
	Does the statement contain declarations relating to any recovery of wages activity?	
3	Auditor's Report	
	Is the Report dated and signed by the auditor?	
	Is the name of the auditor clear?	
	Are the qualifications of the auditor on the report?	
	Has the auditor expressed an opinion on all matters required?	
4	Operating Report	
	Is the report signed and dated?	
	Does the report provide the number of members?	
	Does the report provide the number of employees?	
	Does the report contain a review of principal activities?	
	Does the report give details of significant changes?	
	Does the report give details of right of members to resign?	
	Does the report give details of superannuation trustees?	
	Does the report give details of membership of the committee of management?	
5	Concise report*	
6	Certificate of Secretary or other Authorised Officer	
	Is the certificate signed and dated?	
	Is the signatory the secretary or another officer authorised to sign the certificate?	
	Is the date that the report was provided to members stated?	
	Is the date of the Second Meeting at which the report was presented stated?	
	Does the certificate state that the documents are copies of those provided to members?	
	Does the certificate state that the documents are copies of those presented to the Second Meeting?	

* This is an optional way of providing documents to members (see RAO s265(3) and RAO Reg. 161).

Committee Of Management Statement

On ____/____/____ [date of meeting] the Committee of Management of _____ [name of reporting unit] passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended ____/____/____ [date]:

The Committee of Management declares in relation to the GPFR that in its opinion:

- (a) the financial statements and notes comply* with the Australian Accounting Standards;
- (b) the financial statements and notes comply* with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view* of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds* to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the committee 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 RAO Schedule and the RAO Regulations; and
 - #(iv) where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been* kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
 - #(v) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been* furnished to the member or Registrar; and
 - #(vi) there has been* compliance with any order for inspection of financial records made by the Commission under section 273 of the RAO Schedule.

[Add the following if any recovery of wages activity has been undertaken during the financial year]

- (f) in relation to recovery of wages activity:
 - (i) the financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the reporting guidelines of the Industrial Registrar; and
 - (ii) the committee of management caused the auditor to include in the scope of the audit required under subsection 257(1) of the RAO Schedule all recovery of wages activity by the reporting unit in which revenues had been derived for the financial year in respect of such activity; and
 - (iii) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from moneys recovered from employers on behalf of workers other than reported in the financial report on recovery of wages activity and the notes to the financial statements; and
 - (iv) that prior to engaging in any recovery of wages activity, the organization has disclosed to members by way of a written policy all fees to be charged or reimbursement of expenses required for recovery of wages activity, and any likely request for donations or other contributions in acting for a worker in recovery of wages activity; and

- (v) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from moneys recovered from employers on behalf of workers until distributions of recovered money were made to the workers.

For Committee of Management: _____ [*name of designated officer per section 243 of the RAO Schedule*]

Title of Office held:

Signature:

Date:

* *Where compliance or full compliance has not been attained - set out details of non compliance instead.*

Where not relevant these may be modified accordingly (e.g. in (vi) "No orders have been made by the Commission under section 273 of the RAO Schedule during the period."

Certificate of Secretary or other Authorised Officer¹

s268 of Schedule 1B *Workplace Relations Act 1996*

I *[name]* being the *[title of office]* of the *[name of the organisation]* certify:

- that the documents lodged herewith are copies of the full report, *[and the concise report²]*, referred to in s268 of the RAO Schedule; and
- that the *[full report **OR** concise report³]*, was provided to members on *[insert date]*; and
- that the full report was presented to *[a general meeting of members **OR** the last of a series of general meetings of members **OR** a meeting of the committee of management³]* of the reporting unit on *[insert date]*; in accordance with section 266 of the RAO Schedule.

Signature

Date:

¹*RAO regulation 162 prescribes the designated officer for the purpose of RAO schedule s268 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.

²*Only applicable where a concise report is provided to members*

³*Insert whichever is applicable*



Ref: FR2006/594 -[105N-VIC]

Mr Martin Kingham
Branch Secretary
CFMEU Construction & General Division
Victorian Divisional Branch
500 Swanston Street
CARLTON SOUTH VIC 3053

Dear Mr Kingham

Re: CFMEU - Construction and General Division, Victorian Building Unions Divisional Branch - Outstanding Financial Documents - *Workplace Relations Act 1996*

The Accounts and Audit Part of Schedule 1B of the *Workplace Relations Act 1996* requires, as a general rule, that the audited financial statements of a reporting unit of a registered organisation, be lodged in the Industrial Registry within 6 months and 14 days from the end of its financial year.

To date, the Registry has no record of lodgement of the financial reports of the above named reporting unit for the year ended 31 December, 2006. For details of these provisions and organisations' financial reporting obligations please refer to the Registry's earlier correspondence.

In particular there is no record of lodgement of copies of:

- the general purpose financial report;
- the auditor's report; or
- the operating report.

These three reports are referred to as the "full report".

Section 268 of the RAO Schedule¹ requires that a copy of the full report be lodged in the Registry within 14 days (or such longer period a Registrar allows) after the full report is presented to a general meeting of members (or to a committee of management meeting if the rules make provision consistent with s266(3)).

Section 266 (1) requires that the full report be presented to the meeting within 6 months of the end of the financial year. Therefore, lodgement of the documents in the Registry was required by **17 July, 2007.**

Section 305(2)(ze) of the RAO Schedule is a civil penalty provision. It provides that a failure to meet the requirements of s268 is a contravention of that civil penalty provision. The Federal Court may on application of the Industrial Registrar impose a pecuniary penalty on the person or organisation whose conduct contravened the civil penalty provision.

I also draw your attention to the provisions of Part 1 of Chapter 9 of the RAO Schedule which set out the general duties of officers and employees of organisations and their branches in relation to financial management.

In the absence of lodgement of a copy of the full report, I request you state in writing by **8 August, 2007:**

- whether the auditor has audited the general purpose financial report and if so, the date on which the auditor signed the audit report
- whether the committee of management has prepared the operating report

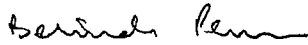
¹ Schedule 1B of the Workplace Relations Act 1996

- whether the full report has been provided to members, and if so, when
- whether the full report provided to the members has been presented to a general or committee of management meeting, and if so, when
- when a copy of the full report will be lodged in the Industrial Registry.

The full report when lodged must be accompanied by a certificate of the secretary or other authorised officer that the documents lodged are copies of the documents provided to members and presented to the general or committee of management meeting in accordance with s266.

If you wish to discuss this letter, please contact me on (02) 8374 6618. In reply please quote: **FR2006/594**.

Yours sincerely



Belinda Penna

E-mail: belinda.penna@air.gov.au

18 July, 2007

**CFMEU CONSTRUCTION AND
GENERAL DIVISION (VICTORIAN BRANCH)**

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2006**

CFMEU CONSTRUCTION AND GENERAL DIVISION (VICTORIAN BRANCH)

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**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BRANCH
OPERATING REPORT FOR THE YEAR ENDED 31ST DECEMBER 2006**

Operating Report

Introduction

In 2006 the CFMEU Construction and General Division (Victoria Branch) ("CFMEU") remains an organisation committed to providing a broad range of services to members and defending their rights.

Principal Activities

The principal activity of the CFMEU is that of a registered trade union in Australia reporting in accordance with the requirements of the Workplace Relations Act. The many benefits of membership include unity in EBA negotiations, organisers to help members, access to training, access to occupational health and safety representatives and legal advice.

Financial Position

The CFMEU is in a secure financial position because management have ensured that a "safety net" exists for members both individually and as a union so that our united strength can be defended. The surplus for the year ended 31 December 2006 was \$6,627,370
(2005 : \$6,043,110)

As from the 1 January 2006 the union has merged with FEDFA and a significant proportion of this surplus relates to the assets of FEDFA being brought to account in the financial statements of the union. No other significant changes have occurred in relation to the financial affairs of the Union during the financial year.

Management have acted on their commitment to maintain and improve resources. The offices at 500 Swanston Street have been renovated so that the union can maintain the delivery of services to its members.

Number of Employees

The union had 86 employees.

Number of Members

The number of members for the year ended 31 December 2006 was 24,997.
(2005 : 23,982)

Rights of Members

A member can resign from membership by written notice and in accordance with Section 174 of Schedule 1B of the Workplace Relations Act 1996 and the rules of the CFMEU.

Superannuation Office Holders

Martin Kingham acts as alternative trustee to Albert Littler on the Board of C+BUS (Super for the Construction & Building Industries).

Office Holders

The names of the executives who held office during the financial year are:

M.Kingham	1 January 2006 to 31 December 2006
W.Oliver	1 January 2006 to 31 December 2006
F.O'Grady	1 January 2006 to 31 December 2006
J.Cummins	1 January 2006 to 28th August 2006
R. Edwards	29th August 2006 to 31 December 2006
J. Setka	1 January 2006 to 31 December 2006

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BUILDING UNIONS DIVISIONAL BRANCH
OPERATING REPORT FOR THE YEAR ENDED 31ST DECEMBER 2006

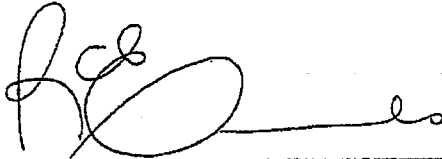
Operating Report (continued)

A. Littler	1 January 2006 to 31 December 2006
A. McLaughlin	1 January 2006 to 31 December 2006
A. Susic	1 January 2006 to 31 December 2006
D. Berardi	1 January 2006 to 31 December 2006
D. Christopher	1 January 2006 to 31 December 2006
E. Spervovasilis	1 January 2006 to 31 December 2006
F. Akbari	1 January 2006 to 31 December 2006
G. Paterson	1 January 2006 to 31 December 2006
G. Stephenson	1 January 2006 to 31 December 2006
G. Thorson	1 January 2006 to 31 December 2006
J. Canning	1 January 2006 to 31 December 2006
R. Perham	1 January 2006 to 31 December 2006
R. Williams	1 January 2006 to 31 December 2006
S. Bergic	1 January 2006 to 31 December 2006
S. Reardon	1 January 2006 to 31 December 2006
S. Sposito	1 January 2006 to 31 December 2006
T. Zordan	1 January 2006 to 31 December 2006
T. Watson	1 January 2006 to 31 December 2006
N. Washington	1 January 2006 to 31 December 2006
M. Hill	1 January 2006 to 31 December 2006
K. Johns	1 January 2006 to 31 December 2006
J. Duggan	1 January 2006 to 31 December 2006
B. Neilson	1 January 2006 to 31 December 2006
R. Booth	1 January 2006 to 31 December 2006
R. Hallett	1 January 2006 to 28 December 2006
S. Long	1 January 2006 to 31 December 2006

SIGNED

For and on behalf of the Divisional Branch Management Committee

DATE 10.8.07



RALPH EDWARDS
President

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BRANCH
INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2006

	Notes	2006 \$	2005 \$
Revenue	2	21,343,366	16,755,322
Office and administration		(1,316,847)	(1,005,133)
Capitation, affiliation and amalgamation costs		(1,610,753)	(1,222,591)
Depreciation of property, plant and equipment	3	(732,558)	(447,181)
Direct Employee Benefits - Office Holders		(1,633,287)	(1,098,108)
Direct Employee Benefits - Other Employees		(6,151,443)	(4,339,599)
Employee related costs		(1,538,461)	(974,271)
Occupancy		(605,252)	(842,256)
Organisers, conference and consultancy expenses		(888,326)	(587,254)
Journal costs		(236,503)	(195,819)
Borrowing costs expense	3	(2,566)	-
Net Profit		<u>6,627,370</u>	<u>\$ 6,043,110</u>

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
 CONSTRUCTION AND GENERAL DIVISION
 VICTORIAN BRANCH
 BALANCE SHEET AS AT 31ST DECEMBER 2006

	NOTE	2006 \$	2005 \$
CURRENT ASSETS			
Cash and Cash Equivalents	4	4,401,408	462,647
Trade and Other Receivables	5	611,316	1,247,334
Inventories		51,171	43,300
Other Financial Assets	6	-	5,000,000
		<u>5,063,895</u>	<u>6,753,281</u>
Property Held for Resale	7	-	600,000
		<u>5,063,895</u>	<u>7,353,281</u>
NON-CURRENT ASSETS			
Other Financial Assets	6	22,477,825	16,350,000
Units in Trust ACTU Fin Services	6	1,682	1,682
Investment Properties	8	3,540,000	3,540,000
Property, Plant and Equipment	9	11,911,833	5,447,805
		<u>37,931,340</u>	<u>25,339,487</u>
TOTAL ASSETS		<u>42,995,235</u>	<u>32,692,768</u>
CURRENT LIABILITIES			
Trade and Other Payables	10	2,925,406	1,361,642
Bank Overdraft	16	256,869	-
Grant Liability Held	10	1,080,000	-
Provision for Employee Entitlements	11	2,754,318	1,979,854
		<u>7,016,593</u>	<u>3,341,496</u>
TOTAL LIABILITIES		<u>7,016,593</u>	<u>3,341,496</u>
NET ASSETS		<u>35,978,642</u>	<u>29,351,272</u>
MEMBERS' FUNDS			
Asset Revaluation Reserve		2,280,316	2,280,316
Accumulated Member's Funds		33,698,326	27,070,956
TOTAL MEMBERS' FUNDS		<u>35,978,642</u>	<u>29,351,272</u>

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BRANCH
STATEMENT OF CHANGES
IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2006**

	Accumulated Members' Funds \$	Asset Revaluation Reserve \$	Total \$
Balance at 1 January 2005	21,027,846	2,280,316	23,308,162
Profit for the year	6,043,110	-	6,043,110
Balance at 31 December 2005	27,070,956	2,280,316	29,351,272
Profit for the year	6,627,370	-	6,627,370
Balance at 31 December 2006	33,698,326	2,280,316	35,978,642

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BRANCH
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2006**

	Note	2006 \$	2005 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members		12,567,255	12,273,179
Operating grant receipts		5,912,659	2,192,956
Donations received		42	30,920
Receipts from sale of publications		-	136,129
Interest received		1,412,229	1,452,111
Payments to suppliers and employees		(12,372,783)	(9,311,750)
Payments - CFMEU - C&G National Office		(829,632)	(1,304,342)
Borrowing costs		(2,566)	-
Net cash provided by operating activities	16(b)	<u>6,687,204</u>	<u>5,469,203</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(5,590,263)	(800,321)
Payment for investments		(1,127,825)	(4,598,230)
Proceeds from sale of property, plant and equipment		1,406,558	121,318
Cash acquired on merger with FEDFA		2,306,219	-
Net cash used in investing activities		<u>(3,005,311)</u>	<u>(5,277,233)</u>
Net increase in cash held		3,681,893	191,970
Cash at beginning of financial year		462,647	270,677
Cash at end of financial year	16(a)	<u>4,144,540</u>	<u>462,647</u>

The Statement of Cash Flows are to be read in conjunction with the accompanying notes.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BUILDING UNIONS DIVISIONAL BRANCH
OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2006**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The CFMEU Construction and General Division Victorian Branch ("The Union") is an organisation committed to providing a broad range of services to members and defending their rights. The registered office and principal place of operation is 500 Swanston Street, Melbourne, Victoria.

Statement of Compliance

The financial report is a general purpose financial report that has been prepared for distribution to the members to fulfil the Executive's financial reporting requirements under the Workplace Relations Act 1996.

The Executive have prepared the financial report in accordance with Accounting Standards and Urgent Issues Group Interpretations, other pronouncements of the Australian Accounting Standards Board requirements of the Workplace Relations Act 1996 and compliance with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the Committee of Management on the date the Committee of Management Certificate was signed.

Statement of Significant Accounting Policies

Basis of Preparation

The financial report has been prepared on the accrual basis of accounting with the exception of membership income which is brought to account on a cash basis. The historical cost basis has been used except for certain assets which are carried at fair value. Cost is based on the fair values of the consideration given in exchange for assets. These financial statements are presented in Australian dollars, which is the division's functional currency.

The financial report is prepared on a going concern basis.

A. Income Tax

No provision for income tax has been raised as the union is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

B. Goods and Services Tax

Revenues, expenses and assets are recognised net of goods and services tax (GST) except:

- (a) where the GST is not recoverable from the tax office; and
- (b) for receivable and payables which are recognised inclusive of GST;

The net amount of GST receivable or payable to the tax office is included as part of receivables or payables.

C. Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis.

D. Property, Plant and Equipment

(i) Impairment of Assets

At each reporting date the carrying amounts of assets are reviewed to determine whether there is any indication that those assets have suffered impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. The Committee of management are satisfied that the carrying amounts of assets do not exceed the net amounts that are expected to be recovered through the cash inflows and outflows arising from the continued use and subsequent disposal of the assets.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BUILDING UNIONS DIVISIONAL BRANCH
OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2006**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Property, Plant and Equipment (Cont'd)

(ii) Non Current Assets Held for Resale

Non-current assets classified as held for resale where the sale of the asset is expected to be completed within one year from the date of the classification. Such assets are measured at the lower of carrying amount and fair value less costs to sell.

(iii) Property

Land and buildings are measured at fair value. Fair value is determined on the basis of an independent valuation prepared by external valuation experts. The fair values are recognised in the financial statements and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from their fair values.

Any revaluation increase is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease on revaluation is charged as an expense in the profit and loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit and loss. On subsequent disposal of a revalued property the relevant revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings.

(iv) Plant and Equipment

Plant and equipment is carried at cost less, where applicable, any accumulated depreciation. The depreciable amount of all fixed assets are depreciated over the useful lives of the assets to the union commencing from the time the asset was held ready for use. The carrying amount of fixed assets is reviewed annually in accordance with impairment test outlined above to ensure they are not in excess of their recoverable values.

Most depreciation is provided on a straight-line basis for property, plant and equipment, other than freehold land. Some older items in the fixed asset ledger are depreciated on a diminishing value method.

Depreciation rates used are as follows:

Buildings	2.5%
Leasehold Improvements	15%
Plant and Equipment	7.5 - 22.5%
Motor Vehicles	22.5%
Furniture, Fixtures and Fittings	15 - 25%
Computer Equipment	37.5%

E. Other Financial Assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs. Other financial assets are classified into the following specified categories: 'Held to Maturity Investments' and 'Trade and Other Receivables'.

(i) Held-to-Maturity Investments

Bills of exchange are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BUILDING UNIONS DIVISIONAL BRANCH
OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2006**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ii) Trade and Other Receivables

Trade Debtors and other receivables are recorded as at cost less allowance for doubtful debt.

F. Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured at its fair value at the reporting date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. Properties are valued by an independent valuer on a regular basis.

G. Employee Benefits

Provision is made for the union's liability for employee benefits arising from services rendered by employees to balance date. Employee entitlements consist of annual leave, long service leave and redundancy pay which are accrued in line with employee agreements. Entitlements are unconditional and as such are recorded as current liabilities. Contributions are made by the union to an employee superannuation fund and are charged as expenses when incurred.

H. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and in banks and investments in money market instruments with terms of less than 90 days, net of outstanding bank overdrafts.

I. Revenue

(i) Membership Revenue

Revenue from membership is recognised on a cash basis.

(ii) Other Revenue

Other revenue is recognised when the right to receive the revenue has been established. Grants are recognised initially as deferred income and taken into income when there is reasonable assurance that they will be received and that the union will comply with the conditions of the grant.

J. Information to be Provided to Members or Registrar

In accordance with the requirements of the Workplace Relations Act, 1996, the attention of members is drawn to the provisions of subsections (1), (2) and (3) of Section 274, which read as follows:

- (1) A member of an organisation, or a Registrar, may apply to the organisation for specified prescribed information in relation to the organisation.
- (2) An organisation shall, on application made under Sub-Section (1) by a member of the organisation or a Registrar, make the specified information available for the member or Registrar in such manner, and within such time, as is prescribed.
- (3) A Registrar may only make an application under Sub-section (1) at the request of members of the organisation concerned, and the Registrar shall provide to members information received because of an application made at the request of the members.

K. Trade and Other Payables

Trade payables and other accounts payables are recognised when the union becomes obliged to make future payments resulting from the purchase of goods and services.

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2006

	Note	2006 \$	2005 \$
2 REVENUE			
Operating activities			
membership subs		10,092,315	9,967,244
levy		796,240	833,473
donations		42	30,920
interest received		1,412,229	1,452,111
Grant income		4,832,659	2,192,956
rental Income from Investment Properties		59,089	59,921
training fees received		430,832	614,885
EBA processing fee		242,109	567,839
Realisation of FEDFA Integration	17	3,021,064	-
other revenue		298,323	1,031,777
Profit on Disposal of Non-current Assets		158,464	4,196
		<u>21,343,366</u>	<u>16,755,322</u>
3 ITEMS INCLUDED IN PROFIT			
Profit has been determines after:			
Charging as Expenses:			
Borrowing costs		2,566	-
Depreciation of property, plant and equipment		732,558	447,180
Affiliation Fees		291,514	172,229
Direct operating expenses relating to investment properties		43,261	23,833
Capitations fees - CFMEU - C&G National Office		1,117,667	949,380
Donations		87,855	7,629
Legal Fees		71,091	70,700
Consultancy fees		311,885	217,496
Bad and doubtful debts		-	63,204
Remuneration of the auditors:			
Graeme Pratt and Associates-accounting and audit FEDFA		11,313	-
PKF-audit services		40,727	21,700
PKF-other services		7,450	-
		<u>59,490</u>	<u>21,700</u>
Total Employee Benefits excluding superannuation		6,431,230	4,767,269
Total Superannuation		<u>1,353,500</u>	<u>670,438</u>
		<u>7,784,730</u>	<u>5,437,707</u>

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BRANCH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2006

	2006	2005
	\$	\$
4 CASH AND CASH EQUIVALENTS		
Cash on hand	3,100	2,200
Cash at Bank	229,567	330,728
Short term deposits	4,168,741	129,719
	<u>4,401,408</u>	<u>462,647</u>
Cash at bank earns interest at the floating rates based on daily bank deposit rates.		
The carrying amounts of cash and cash equivalents represent fair value.		
Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group and earn interest at the respective short term deposit rates.		
5 TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade Debtors	278,357	928,480
Less: Provision for doubtful debts	-	(63,204)
	<u>278,357</u>	<u>865,276</u>
		-
Accrued Income	193,308	213,614
Prepayment	139,651	168,444
	<u>611,316</u>	<u>1,247,334</u>
6 OTHER FINANCIAL ASSETS		
CURRENT		
Other current investments-at cost		
Floating Rate Notes and Other Bank Issued Investments	-	5,000,000
NON-CURRENT		
Unlisted trusts- at cost	1,682	1,682
Other investments -at cost		
Floating Rate Notes and Other Bank Issued Investments	22,477,825	16,350,000
7 NON-CURRENT ASSETS HELD FOR SALE		
Property held for sale (Refer Note 8)	-	600,000
8 INVESTMENT PROPERTIES		
Balance at beginning of financial year at fair value	3,540,000	4,140,000
Movement (Property held for sale refer Note7)	-	(600,000)
Balance at end of financial year at fair value	<u>3,540,000</u>	<u>3,540,000</u>

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2006

	2006	2005
	\$	\$
9 PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold land at fair value	<u>3,805,299</u>	<u>2,429,400</u>
	<u>3,805,299</u>	<u>2,429,400</u>
Buildings at fair value	4,819,362	1,059,250
Less: Accumulated depreciation	<u>(107,394)</u>	<u>(26,481)</u>
	<u>4,711,968</u>	<u>1,032,769</u>
Improvements at cost	953,703	22,147
Less: Accumulated depreciation	<u>(26,796)</u>	<u>(1,329)</u>
	<u>926,907</u>	<u>20,818</u>
TOTAL LAND AND BUILDINGS	<u><u>9,444,174</u></u>	<u><u>3,482,987</u></u>

Valuations

The revaluations of freehold land and buildings were based on the assessment of their current market subject to vacant possession.

The independent revaluations dated 15th & 16th of December 2004 were carried out by N. Diamantopoulos AAPI registered valuer with LandMark White.

The valuation was made in accordance with a regular policy of obtaining independent valuation of land and buildings every three years to ensure that requirements of accounting standards regarding fair value basis of valuation are met.

(a) Plant and Equipment	765,971	719,390
Less: Accumulated depreciation	<u>(462,722)</u>	<u>(415,376)</u>
	<u>303,249</u>	<u>304,014</u>
(b) Training Equipment	160,248	22,570
Less: Accumulated depreciation	<u>(25,183)</u>	<u>(4,590)</u>
	<u>135,065</u>	<u>17,980</u>
(c) Computer Equipment	1,378,738	999,983
Less: Accumulated depreciation	<u>(971,090)</u>	<u>(790,618)</u>
	<u>407,648</u>	<u>209,365</u>
(d) Furniture and Fittings	402,106	401,747
Less: Accumulated depreciation	<u>(296,586)</u>	<u>(273,827)</u>
	<u>105,520</u>	<u>127,920</u>
(e) Motor Vehicles at Cost	2,267,822	2,102,883
Less: Accumulated depreciation	<u>(751,645)</u>	<u>(797,344)</u>
	<u>1,516,177</u>	<u>1,305,539</u>
TOTAL PLANT AND EQUIPMENT	<u><u>2,467,659</u></u>	<u><u>1,964,818</u></u>
TOTAL Property, Plant and Equipment	<u><u>11,911,833</u></u>	<u><u>5,447,805</u></u>

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2006

9 PROPERTY, PLANT AND EQUIPMENT (continued)
Movements in Carrying amounts

Movements in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

2006	Land & Improvements Buildings	Plant & Training Equipment Equipment
	\$	\$
Balance at the beginning of the year	3,462,169	20,818
Additions	5,158,090	909,477
Disposals	-	-
Depreciation expense	(102,992)	(3,388)
Carrying amount at end of year	<u>8,517,267</u>	<u>926,907</u>

2006	Motor vehicles	Furniture & Fittings	Computer Equipment	Total
	\$	\$	\$	\$
Balance at the beginning of the year	1,305,539	127,920	209,365	5,447,805
Additions	1,213,741	358	378,755	7,844,680
Disposals	(648,094)	-	-	(648,094)
Depreciation expense	(355,009)	(22,759)	(180,472)	(732,558)
Carrying amount at end of year	<u>1,516,177</u>	<u>105,519</u>	<u>407,648</u>	<u>11,911,833</u>

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2006**

	2006	2005
	\$	\$
10 PAYABLES		
Trade creditors	821,808	376,114
CFMEU - C&G National Office	562,353	274,318
Sundry Creditors and Accruals	1,016,613	326,678
GST Payables	524,632	384,532
	<u>2,925,406</u>	<u>1,361,642</u>
Grant Liability Held	<u>1,080,000</u>	<u>-</u>
11 PROVISION FOR EMPLOYEE ENTITLEMENTS		
Provision for annual leave - Office Holders	221,356	194,929
Provision for annual leave - Other Employees	412,953	350,522
Provision for long service leave - Office Holders	450,566	221,805
Provision for long service leave - Other Employees	625,790	499,168
Provision for redundancy - Office Holders	505,683	244,491
Provision for redundancy - Other Employees	537,970	468,939
	<u>2,754,318</u>	<u>1,979,854</u>

12 RELATED PARTY TRANSACTIONS

Capitation fees are paid to CFMEU - Construction and General Division National Office as disclosed in Note 3 as a percentage of membership income and the minimum membership rate set by the National Office.

13 EVENTS SUBSEQUENT TO BALANCE DATE

As noted in prior year accounts the legal action taken by a company against the CFMEU has been discontinued by the plaintiff. We note that discontinuance in 2003 does not prevent the plaintiff from instituting new proceedings about the claim. The claim will only be extinguished by the plaintiff signing a release, or by the expiration of the limitation period.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2006**

	2006 \$	2005 \$
12 REMUNERATION AND RETIREMENT BENEFITS:		
Income paid or payable to all executives of the union by the union.	1,542,171	985,520
Executives remuneration		
Number of executives whose income was in the following bands:		
\$0-9,999	15	12
\$70,000-79,999	2	1
\$80,000-89,999	2	6
\$90,000-99,999	7	2
\$100,000-109,999	2	2
\$110,000-119,999	2	
\$120,000-129,999	1	
Total number of executives including those joining and terminating during the year.	31	23

The names of the Division Branch Management Committee who held office during the financial year are:

M.Kingham	J. Canning	G. Thorson	M.Hill
W.Oliver	D. Berardi	R. Williams	K.Johns
F.O'Grady	A. Littler	F. Akbari	J.Duggan
J.Cummins	D.Christopher	S. Reardon	B.Neilson
R.Edwards	G. Paterson	E. Spornovasilis	R.Booth
J. Setka	R. Perham	S. Bergic	R.Hallett
G. Stephenson	S. Sposito	T.Watson	S.Long
A. Mccloughlin	T. Zordan	N.Washington	A. Sucic

13 Union Details

The principal place of business of the union is:
CFMEU Construction and General Division (Victoria Branch)
500 Swanston Street
Carlton South VIC 3053
The union had 86 employees (2005: 74)

14 Segment Information

The Union operates predominantly in one business segment, being the provision of union services,
in one geographic segment, being Victoria.

Note 15: FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The union's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows

	Weighted Average Effective Interest Rate	Fixed Interest Rates Maturing							
				Floating Interest Rate		Within 1 Year		1 to 5 Years	
		2006	2005	2006	2005	2006	2005	2006	2005
	%	%	\$	\$	\$	\$	\$	\$	
Financial Assets:									
Cash and Cash Equivalents	0.6	0.6	4,401,409	462,647	-	-	-	-	
Receivables	-	-	-	-	-	-	-	-	
Investments	4.6	6.9	-	-	-	5,000,000	22,477,825	16,350,000	
Total Financial Assets			4,401,409	462,647	-	5,000,000	22,477,825	16,350,000	
Financial Liabilities:									
Trade and Sundry Creditors	-	-	-	-	-	-	-	-	
Bank Loans and overdrafts	-	-	(256,869)	-	-	-	-	-	
Total Financial Liabilities			(256,869)	-	-	-	-	-	

	Fixed Interest Rates Maturing over 5 years		Non-Interest Bearing		Total	
	2006	2005	2006	2005	2006	2005
	\$	\$	\$	\$	\$	\$
Financial Assets:						
Cash	-	-	-	-	4,401,409	462,647
Receivables	-	-	611,316	1,247,334	611,316	1,247,334
Investments	-	-	1,682	1,682	22,479,507	21,351,682
Total Financial Assets	-	-	612,998	1,249,016	27,492,232	23,061,663
Financial Liabilities:						
Bank Loans and overdrafts	(256,868)	-	-	-	(256,868)	-
Trade and Sundry Creditors	-	-	2,925,406	1,361,642	2,925,406	1,361,642
Total Financial Liabilities	(256,868)	-	2,925,406	1,361,642	2,668,538	1,361,642

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the financial position and notes to the financial report

The union does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the union.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2006**

NOTE 16: CASH FLOW INFORMATION	2006	2005
	\$	\$
(a) Reconciliation of Cash		
Cash at the end of the financial year as shown in the statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:		
Cash on hand	3,100	2,200
Cash at bank	229,567	330,728
Bank overdrafts	(256,868)	-
Short term deposits	4,168,741	129,719
	<u>4,144,540</u>	<u>462,647</u>
 (b) Reconciliation of cash flow from operations with profit		
Net profit	6,627,370	6,043,110
Non-cash flows in profit		
Depreciation	732,558	447,180
Net profit on disposal of property, plant and equipment	(158,464)	(4,196)
Realisation of FEDFA Integration	(3,021,064)	-
Changes in assets and liabilities	-	-
Decrease/(Increase) in receivables	648,347	(661,636)
Decrease/(Increase) in other assets	-	(2,683)
Increase in grant liability	1,080,000	-
Increase in inventories	(7,867)	(851)
Increase/(decrease) in payables	778,702	(453,550)
Increase in provisions	7,622	101,828
Cash flows from operations	<u>6,687,204</u>	<u>5,469,202</u>

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2006**

NOTE 17: BUSINESS COMBINATION

A merger took place during the financial with the FEDFA Victorian Branch (FEDFA) At the date of the merger FEDFA was a registered trade union. As of the 1st of January 2006 the members of the former FEDFA became members of the CFMEU Construction and General Division (Vic Branch). All employees of the FEDFA were offered employment at the time of the merger but some took voluntary redundancies. The fair value of the identifiable assets and liabilities of FEDFA at the date of the merger were:

	Recognised on acquisition \$	Carrying Value \$
Property, Plant and equipment	1,606,875	1,606,875
Cash and cash equivalents	2,306,219	2,306,219
Other	12,329	12,329
	<u>3,925,423</u>	<u>3,925,423</u>
Other payables	137,161	137,161
Employee entitlements	767,198	767,198
	<u>904,359</u>	<u>904,359</u>
Fair value of identifiable net assets	<u>3,021,064</u>	<u>3,021,064</u>
Cost and cash outflow on combination	-	-
Surplus of assets over liabilities recognized in income	<u>3,021,064</u>	<u>3,021,064</u>

NOTE 18: COMMITMENTS

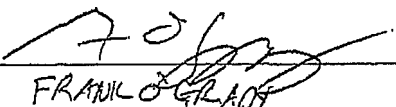
On the 29th of September 2006, the Union has awarded Schiavello (Vic) Pty Ltd the contract of fit out works at 500 Swanston Street, Melbourne. The cost of building work contracted was \$2,174,528 (excluding GST). Total recognised at balance sheet date was \$931,556, with committed costs of \$1,242,972 to be paid after year as works are completed.

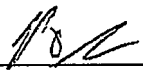
Construction, Forestry, Mining and Energy Union
Construction and General Division
Victorian Branch

The Divisional Branch Management Committee resolves that in relation to the general purpose financial report of the CFMEU Construction & General Division Victorian Building unions Divisional Branch for the year ended 31st December 2006.

- (a) *The financial report and notes for the financial year ended 31st December 2006 comply with Australian Accounting Standards;*
- (b) *The financial report and notes for the financial year ended 31st December 2006 comply with the reporting guidelines of the Industrial Registrar;*
- (c) *The financial report and notes give a true and fair view of the financial performance, financial position and cash flows of the Union for the year ended 31st December 2006;*
- (d) *There are reasonable ground 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 ended 31st December 2006 and since the end of the financial year:-*
 - (i) *Meetings of the Committee of management were held in accordance with the rules of the Union; and*
 - (ii) *The financial affairs of the Union have been managed in accordance with the rules of the Union; and*
 - (iii) *The financial records of the Union have been kept and maintained in accordance with RAO Schedules and RAO Regulations; and*
 - (iv) *The financial records of the Union have been kept, as far as practicable, in a consistent manner to each other reporting unit of the organization; and*
 - (v) *No information has been sought in any request of a member of the Union or a Registrar duly made under section 272 of the RAO Schedule; and*
 - (vi) *No orders have been made by the Commission, in regard to inspection of financial records under section 273 of the RAO Schedule during the year.*

For the Committee of Management:

1. 
FRANK O'GRADY

2. 
WILLIAM OLIVER.



Chartered Accountants
& Business Advisers

**INDEPENDENT AUDIT REPORT TO MEMBERS OF
CFMEU CONSTRUCTION AND GENERAL DIVISION
- VICTORIA BRANCH**

Scope

The Financial Report and Office Holders' Responsibility

The financial report comprises the Balance Sheet, Income Statement, Statement of Changes in Equity, Cash Flow Statement, accompanying Notes to the Financial Statements, and Committee of Management Statement, for CFMEU Construction and General Division - Victoria Branch for the year ended 31 December 2006.

The Office Holders are responsible for the preparation and true and fair presentation of the financial report in accordance with the Workplace Relations Act 1996. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of CFMEU Construction and General Division - Victoria Branch. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance requirements of the Workplace Relations Act 1996, Part 3 - Accounts and Audit, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the CFMEU Construction and General Division - Victoria Branch's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- ♦ examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- ♦ assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Office holders.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In our opinion, the financial report of CFMEU Construction and General Division - Victoria Branch is in accordance with:

- (a) the Workplace Relations Act 1996, including:
 - (i) giving a true and fair view of CFMEU Construction and General Division - Victoria Branch's financial position at 31 December 2006, and of its performance for the year ended on that date, and
 - (ii) complying with Accounting Standards in Australia and the requirements of the Workplace Relations Act 1996, Part 3 - Accounts and Audit; and
- (b) other mandatory financial reporting requirements in Australia.

PKF
Chartered Accountants

10 August 2007
Melbourne

J A Mooney
Partner

INCOME		2006	2005
		\$	\$
2000	Membership Subs	10,092,315	9,967,244
2001	Levy	796,240	833,473
2010	Donations Received	42	30,920
2020	Outgoings Recovered	94,793	404,195
2021	Costs Recovered from Other Unions	(140)	6,466
2030	Interest Received	1,412,229	1,452,111
2040	Rents Received	59,089	76,819
2050	Wages Recovered - Workcover	6,563	39,849
2070	Advertising - Journal	84,367	136,129
2080	Other Income	6,811	310,398
2081	Directors Fees	66,948	40,500
2082	C+BUS Advertising	-	-
2090	Counter Sales	41,560	77,688
2100	Grant Income	4,832,659	2,192,956
2110	Loss on Sale of Fixed Assets	(62,206)	(4,322)
2120	Profit on Sale of Fixed Assets	220,670	8,518
2130	Over / (Under) Banking	(2,352)	(466)
2135	Rounding	(227)	-
2140	asset realisation	-	-
2141	asset clearing	-	-
2142	Gain(Loss) on Asset Revaluation	-	-
2180	OHS Fees Received	-	120
2190	Wages Recovered from CFMEU CCID	-	-
2210	Training Fees Received	430,832	558,537
2230	EBA Processing Fee	242,109	567,839
2240	Realisation of FEDFA Intergration	3,021,064	-
Total Income		21,343,366	16,698,974

EXPENDITURE			
3000	Accountancy Fees	8,393	-
3010	Advertising	2,224	35,004
3020	Administration Expenses	-	-
3030	Affiliation Fees	291,514	172,229
3040	Audio Visual & Teaching Aids	75,157	900
3050	Audit Fees	59,490	21,700
3060	Bank Charges	66,824	62,896
3080	Call Centre Costs	-	5,294
3090	Courier Charges	2,195	2,244
3100	Capitation Fees - Federal Office	1,117,667	949,380
3120	Cleaning	66,299	33,213
3130	Clothing Allowance	-	-
3170	Consultancy Fees	311,885	217,496
3190	Conference Expenses - State	9,460	-
3200	Conference Expenses - National	-	262
3210	Computer Software & Maintenance	93,834	58,056
3250	Depreciation - Building Improvements	3,388	1,329
3260	Depreciation - Buildings	102,992	26,481
3270	Depreciation - Computer Equipment	180,472	103,566
3271	Depreciation - Training Equipment	20,592	2,922
3280	Depreciation - Furniture & Fittings	22,759	28,244
3290	Depreciation - Motor Vehicles	355,009	239,159
3300	Depreciation - Motel	-	-
3301	Depreciation - Plant and Equipment	47,346	45,478
3360	Donations	87,855	7,629
3380	Electricity	70,664	90,032
3390	Entertainment	104,666	78,171
3420	Fines	14,340	-
3450	Fringe Benefits Tax	278,223	116,820
3530	Funeral Benefits	7,443	1,950
3540	Flowers	2,691	2,527
3580	Gas	2,571	2,459
3585	General Expenses	-	-
3590	Grant Expenses	-	-
3610	Industrial Legal & Arbitration	2,382	659
3620	Insurances	128,562	125,910

3625	Insurances - fire	-	201,201
3630	Integration Costs - FEDFA	-	-
3650	Interest Charged	2,566	-
3680	Internet Charges	60,321	18,323
3750	Commissions on Subscriptions	4,810	7,394
3760	Journal Costs	236,503	195,819
3770	Legal Fees	71,091	70,700
3771	ACTU Campaign Levy	146,333	100,982
3772	Election Levy	55,240	-
3820	Motor Vehicle Expenses	370,456	235,320
3840	Newspapers	49,811	49,437
3850	Office Security	4,871	6,389
3860	Organisers Expenses	20,044	44,608
3880	OHS Grant Expenses	-	69
3940	Payroll Tax	444,816	287,945
3990	Postage	111,735	104,410
4000	Printing (Excluding Journal)	215,554	260,482
4005	Publications	45,412	12,364
4010	Purchase of Goods for Resale	72,789	100,087
4011	Purch of Training Course Material	19,438	11,430
4015	Property Sale Costs	13,442	3,135
4017	Provision for Long Service Leave - Office Holders	-	41,913
4018	Provision for Annual Leave - Office Holders	-	29,156
4019	Provision for Redundancies - Office Holders	-	41,518
4020	Provision for Long Service Leave	(49,534)	29,622
4021	Provision for Annual Leave	(35,177)	(19,851)
4022	Provision for Redundancies	84,713	(20,532)
4023	Provision for Doubtful Debts	-	-
4030	Promotional Costs	131,383	81,720
4040	Quota - C+BUS Superannuation	1,353,500	670,438
4041	Quota - C+BUS Superannuation - Office Holders	239,451	198,536
4110	Pagers & Mobile Phones	210,250	163,833
4115	Property Agents Fees	-	-
4120	Rates and Land Taxes	177,473	167,812
4130	Rents	68,758	42,406
4140	Rental & Hire of Equipment	1,671	801
4150	Registration	1,064	3,211
4160	Relocation Expenses	-	-
4180	Renovation Expenses	183,093	-
4200	Repairs and Maintenance	138,912	176,480
4201	Repairs & Maint Investment Prop	-	23,833
4209	Salaries FEDFA	5,599,305	-
4210	Salaries - Other Employees	4,647,492	3,844,735
4211	Salaries - Other Employees	(442,024)	(186,698)
4212	Salaries - Office Holders	1,393,837	786,984
4290	Staff Amenities	32,420	(1,288)
4300	Staff on Costs	-	-
4430	Stamp Duty and Title Fees	-	-
4440	Stationery and Consumables	55,329	59,921
4450	Secondary Storage Costs	23,289	12,459
4470	Subscriptions and Library	43,341	26,800
4540	Telephones Office	39,295	53,385
4550	Training and Education	21,211	10,091
4560	Secretarial and Temp Staff	104,904	21,884
4570	Traffic Offences & Parking Fines	12,517	5,710
4590	Travelling and Accommodation	133,960	91,341
4600	Valuation	-	2,600
4620	Union Banners and Flags	20,236	3,645
4650	Workcover Levy	151,029	149,400
4680	Workcover Medical Expenses	3,907	1,891
	Total Expenditure	14,715,996	10,655,861
	Surplus/(Deficit)	6,627,370	6,043,113

23rd October, 2007

Attention: Belinda PENNA
Australian Industrial Registry
Level 8, Terrace Towers
80 William Street
East Sydney, NSW 2011

CONSTRUCTION

FORESTRY

MINING

ENERGY

UNION

Dear Belinda PENNA,

RE: FR2006/594&FR2006/595.
ACCOUNTS FOR CONSTRUCTION, FORESTRY, MINING AND
ENERGY UNION-CONSTRUCTION AND GENERAL
DIVISION BRANCH (VICTORIA BRANCH)

Please find attached our financial accounts for the year ended 31
December, 2006 passed by our Divisional Branch Management
Committee on Tuesday the 23rd of October, 2007.

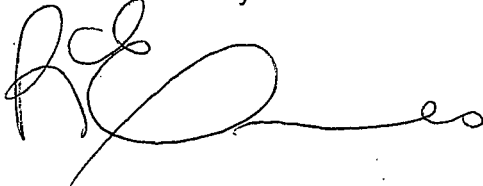
These accounts were published on our website

www.cfmeuvic.com.au

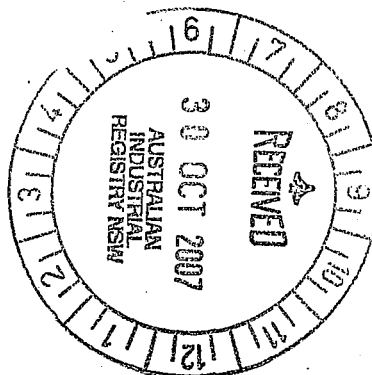
on the 17th of August and notification of this fact was in our Winter
Journal for 2007 mailed out on the 10th of September 2007 to our
members.

Should you need any further information please contact Edith
Harris on 03 9341 3456 or edithh@vic.cfmeu.asn.au.

Yours faithfully



Ralph Edwards
President
CFMEU Construction and General Division (Victoria Branch)



VICTORIAN BRANCH
500 SWANSTON STREET
CARLTON STH, VIC 3053

PH: (03) 9341 3444
FAX: (03) 9341 3427

**CFMEU CONSTRUCTION AND
GENERAL DIVISION (VICTORIAN BRANCH)**

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2006**

CFMEU CONSTRUCTION AND GENERAL DIVISION (VICTORIAN BRANCH)

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**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BRANCH
OPERATING REPORT FOR THE YEAR ENDED 31ST DECEMBER 2006**

Operating Report

Introduction

In 2006 the CFMEU Construction and General Division (Victoria Branch) ("CFMEU") remains an organisation committed to providing a broad range of services to members and defending their rights.

Principal Activities

The principal activity of the CFMEU is that of a registered trade union in Australia reporting in accordance with the requirements of the Workplace Relations Act. The many benefits of membership include unity in EBA negotiations, organisers to help members, access to training, access to occupational health and safety representatives and legal advice.

Financial Position

The CFMEU is in a secure financial position because management have ensured that a "safety net" exists for members both individually and as a union so that our united strength can be defended. The surplus for the year ended 31 December 2006 was \$6,627,370
(2005 : \$6,043,110)

As from the 1 January 2006 the union has merged with FEDFA and a significant proportion of this surplus relates to the assets of FEDFA being brought to account in the financial statements of the union. No other significant changes have occurred in relation to the financial affairs of the Union during the financial year.

Management have acted on their commitment to maintain and improve resources. The offices at 500 Swanston Street have been renovated so that the union can maintain the delivery of services to its members.

Number of Employees

The union had 86 employees.

Number of Members

The number of members for the year ended 31 December 2006 was 24,997.
(2005 : 23,982)

Rights of Members

A member can resign from membership by written notice and in accordance with Section 174 of Schedule 1B of the Workplace Relations Act 1996 and the rules of the CFMEU.

Superannuation Office Holders

Martin Kingham acts as alternative trustee to Albert Littler on the Board of C+BUS (Super for the Construction & Building Industries).

Office Holders

The names of the executives who held office during the financial year are:

M.Kingham	1 January 2006 to 31 December 2006
W.Oliver	1 January 2006 to 31 December 2006
F.O'Grady	1 January 2006 to 31 December 2006
J.Cummins	1 January 2006 to 28th August 2006
R. Edwards	29th August 2006 to 31 December 2006
J. Setka	1 January 2006 to 31 December 2006

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BUILDING UNIONS DIVISIONAL BRANCH
OPERATING REPORT FOR THE YEAR ENDED 31ST DECEMBER 2006

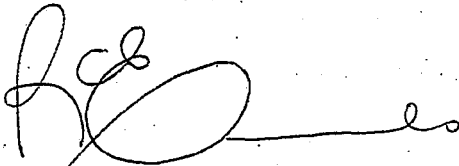
Operating Report (continued)

A. Littler	1 January 2006 to 31 December 2006
A. McLaughlin	1 January 2006 to 31 December 2006
A. Susic	1 January 2006 to 31 December 2006
D. Berardi	1 January 2006 to 31 December 2006
D. Christopher	1 January 2006 to 31 December 2006
E. Spernovasilis	1 January 2006 to 31 December 2006
F. Akbari	1 January 2006 to 31 December 2006
G. Paterson	1 January 2006 to 31 December 2006
G. Stephenson	1 January 2006 to 31 December 2006
G. Thorson	1 January 2006 to 31 December 2006
J. Canning	1 January 2006 to 31 December 2006
R. Perham	1 January 2006 to 31 December 2006
R. Williams	1 January 2006 to 31 December 2006
S. Bergic	1 January 2006 to 31 December 2006
S. Reardon	1 January 2006 to 31 December 2006
S. Spósito	1 January 2006 to 31 December 2006
T. Zordan	1 January 2006 to 31 December 2006
T. Watson	1 January 2006 to 31 December 2006
N. Washington	1 January 2006 to 31 December 2006
M. Hill	1 January 2006 to 31 December 2006
K. Johns	1 January 2006 to 31 December 2006
J. Duggan	1 January 2006 to 31 December 2006
B. Neilson	1 January 2006 to 31 December 2006
R. Booth	1 January 2006 to 31 December 2006
R. Hallett	1 January 2006 to 28 December 2006
S. Long	1 January 2006 to 31 December 2006

SIGNED

For and on behalf of the Divisional Branch Management Committee

DATE 10.8.07



RALPH EDWARDS
President

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BRANCH
INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2006**

	Notes	2006 \$	2005 \$
Revenue	2	21,343,366	16,755,322
Office and administration		(1,316,847)	(1,005,133)
Capitation, affiliation and amalgamation costs		(1,610,753)	(1,222,591)
Depreciation of proerty, plant and equipment	3	(732,558)	(447,181)
Direct Employee Benefits - Office Holders		(1,633,287)	(1,098,108)
Direct Employee Benefits - Other Employees		(6,151,443)	(4,339,599)
Employee related costs		(1,538,461)	(974,271)
Occupancy		(605,252)	(842,256)
Organisers, conference and consultancy expenses		(888,326)	(587,254)
Journal costs		(236,503)	(195,819)
Borrowing costs expense	3	(2,566)	-
Net Profit		<u>6,627,370</u>	<u>\$ 6,043,110</u>

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BRANCH
BALANCE SHEET AS AT 31ST DECEMBER 2006

	NOTE	2006 \$	2005 \$
CURRENT ASSETS			
Cash and Cash Equivalents	4	4,401,408	462,647
Trade and Other Receivables	5	611,316	1,247,334
Inventories		51,171	43,300
Other Financial Assets	6	-	5,000,000
		<hr/> 5,063,895	<hr/> 6,753,281
Property Held for Resale	7	-	600,000
		<hr/> 5,063,895	<hr/> 7,353,281
NON-CURRENT ASSETS			
Other Financial Assets	6	22,477,825	16,350,000
Units in Trust ACTU Fin Services	6	1,682	1,682
Investment Properties	8	3,540,000	3,540,000
Property, Plant and Equipment	9	11,911,833	5,447,805
		<hr/> 37,931,340	<hr/> 25,339,487
TOTAL ASSETS		<hr/> 42,995,235	<hr/> 32,692,768
CURRENT LIABILITIES			
Trade and Other Payables	10	2,925,406	1,361,642
Bank Overdraft	16	256,869	-
Grant Liability Held	10	1,080,000	-
Provision for Employee Entitlements	11	2,754,318	1,979,854
		<hr/> 7,016,593	<hr/> 3,341,496
TOTAL LIABILITIES		<hr/> 7,016,593	<hr/> 3,341,496
NET ASSETS		<hr/> 35,978,642	<hr/> 29,351,272
MEMBERS' FUNDS			
Asset Revaluation Reserve		2,280,316	2,280,316
Accumulated Member's Funds		33,698,326	27,070,956
TOTAL MEMBERS' FUNDS		<hr/> 35,978,642	<hr/> 29,351,272

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BRANCH
STATEMENT OF CHANGES
IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2006**

	Accumulated Members' Funds \$	Asset Revaluation Reserve \$	Total \$
Balance at 1 January 2005	21,027,846	2,280,316	23,308,162
Profit for the year	6,043,110	-	6,043,110
Balance at 31 December 2005	27,070,956	2,280,316	29,351,272
Profit for the year	6,627,370	-	6,627,370
Balance at 31 December 2006	33,698,326	2,280,316	35,978,642

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BRANCH
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2006**

	Note	2006 \$	2005 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members		12,567,255	12,273,179
Operating grant receipts		5,912,659	2,192,956
Donations received		42	30,920
Receipts from sale of publications		-	136,129
Interest received		1,412,229	1,452,111
Payments to suppliers and employees		(12,372,783)	(9,311,750)
Payments - CFMEU - C&G National Office		(829,632)	(1,304,342)
Borrowing costs		(2,566)	-
Net cash provided by operating activities	16(b)	<u>6,687,204</u>	<u>5,469,203</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(5,590,263)	(800,321)
Payment for investments		(1,127,825)	(4,598,230)
Proceeds from sale of property, plant and equipment		1,406,558	121,318
Cash acquired on merger with FEDFA		2,306,219	-
Net cash used in investing activities		<u>(3,005,311)</u>	<u>(5,277,233)</u>
Net increase in cash held		3,681,893	191,970
Cash at beginning of financial year		462,647	270,677
Cash at end of financial year	16(a)	<u>4,144,540</u>	<u>462,647</u>

The Statement of Cash Flows are to be read in conjunction with the accompanying notes.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BUILDING UNIONS DIVISIONAL BRANCH
OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2006**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The CFMEU Construction and General Division Victorian Branch ("The Union") is an organisation committed to providing a broad range of services to members and defending their rights. The registered office and principal place of operation is 500 Swanston Street, Melbourne, Victoria.

Statement of Compliance

The financial report is a general purpose financial report that has been prepared for distribution to the members to fulfil the Executive's financial reporting requirements under the Workplace Relations Act 1996.

The Executive have prepared the financial report in accordance with Accounting Standards and Urgent Issues Group Interpretations, other pronouncements of the Australian Accounting Standards Board, requirements of the Workplace Relations Act 1996 and compliance with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the Committee of Management on the date the Committee of Management Certificate was signed.

Statement of Significant Accounting Policies

Basis of Preparation

The financial report has been prepared on the accrual basis of accounting with the exception of membership income which is brought to account on a cash basis. The historical cost basis has been used except for certain assets which are carried at fair value. Cost is based on the fair values of the consideration given in exchange for assets. These financial statements are presented in Australian dollars, which is the division's functional currency.

The financial report is prepared on a going concern basis.

A. Income Tax

No provision for income tax has been raised as the union is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

B. Goods and Services Tax

Revenues, expenses and assets are recognised net of goods and services tax (GST) except:

- (a) where the GST is not recoverable from the tax office; and
- (b) for receivable and payables which are recognised inclusive of GST;

The net amount of GST receivable or payable to the tax office is included as part of receivables or payables.

C. Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis.

D. Property, Plant and Equipment

(i) Impairment of Assets

At each reporting date the carrying amounts of assets are reviewed to determine whether there is any indication that those assets have suffered impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. The Committee of management are satisfied that the carrying amounts of assets do not exceed the net amounts that are expected to be recovered through the cash inflows and outflows arising from the continued use and subsequent disposal of the assets.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BUILDING UNIONS DIVISIONAL BRANCH
OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2006**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Property, Plant and Equipment (Cont'd)

(ii) Non Current Assets Held for Resale

Non-current assets classified as held for resale where the sale of the asset is expected to be completed within one year from the date of the classification. Such assets are measured at the lower of carrying amount and fair value less costs to sell.

(iii) Property

Land and buildings are measured at fair value. Fair value is determined on the basis of an independent valuation prepared by external valuation experts. The fair values are recognised in the financial statements and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from their fair values.

Any revaluation increase is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease on revaluation is charged as an expense in the profit and loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit and loss. On subsequent disposal of a revalued property the relevant revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings.

(iv) Plant and Equipment

Plant and equipment is carried at cost less, where applicable, any accumulated depreciation. The depreciable amount of all fixed assets are depreciated over the useful lives of the assets to the union commencing from the time the asset was held ready for use. The carrying amount of fixed assets is reviewed annually in accordance with impairment test outlined above to ensure they are not in excess of their recoverable values.

Most depreciation is provided on a straight-line basis for property, plant and equipment, other than freehold land. Some older items in the fixed asset ledger are depreciated on a diminishing value method.

Depreciation rates used are as follows:

Buildings	2.5%
Leasehold Improvements	15%
Plant and Equipment	7.5 - 22.5%
Motor Vehicles	22.5%
Furniture, Fixtures and Fittings	15 - 25%
Computer Equipment	37.5%

E. Other Financial Assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs. Other financial assets are classified into the following specified categories: 'Held to Maturity Investments' and 'Trade and Other Receivables'.

(i) Held-to-Maturity Investments

Bills of exchange are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BUILDING UNIONS DIVISIONAL BRANCH
OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2006**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ii) Trade and Other Receivables

Trade Debtors and other receivables are recorded as at cost less allowance for doubtful debt.

F. Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured at its fair value at the reporting date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. Properties are valued by an independent valuer on a regular basis.

G. Employee Benefits

Provision is made for the union's liability for employee benefits arising from services rendered by employees to balance date. Employee entitlements consist of annual leave, long service leave and redundancy pay which are accrued in line with employee agreements. Entitlements are unconditional and as such are recorded as current liabilities. Contributions are made by the union to an employee superannuation fund and are charged as expenses when incurred.

H. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and in banks and investments in money market instruments with terms of less than 90 days, net of outstanding bank overdrafts.

I. Revenue

(i) Membership Revenue

Revenue from membership is recognised on a cash basis.

(ii) Other Revenue

Other revenue is recognised when the right to receive the revenue has been established. Grants are recognised initially as deferred income and taken into income when there is reasonable assurance that they will be received and that the union will comply with the conditions of the grant.

J. Information to be Provided to Members or Registrar

In accordance with the requirements of the Workplace Relations Act, 1996, the attention of members is drawn to the provisions of subsections (1), (2) and (3) of Section 274, which read as follows:

- (1) A member of an organisation or a Registrar may apply to the organisation for specified prescribed information in relation to the organisation.
- (2) An organisation shall, on application made under Sub-Section (1) by a member of the organisation or a Registrar, make the specified information available for the member or Registrar in such manner, and within such time, as is prescribed.
- (3) A Registrar may only make an application under Sub-section (1) at the request of members of the organisation concerned, and the Registrar shall provide to members information received because of an application made at the request of the members.

K. Trade and Other Payables

Trade payables and other accounts payables are recognised when the union becomes obliged to make future payments resulting from the purchase of goods and services.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2006**

	Note	2006 \$	2005 \$
2 REVENUE			
Operating activities			
membership subs		10,092,315	9,967,244
levy		796,240	833,473
donations		42	30,920
interest received		1,412,229	1,452,111
Grant income		4,832,659	2,192,956
rental Income from Investment Properties		59,089	59,921
training fees received		430,832	614,885
EBA processing fee		242,109	567,839
Realisation of FEDFA Integration	17	3,021,064	-
other revenue		298,323	1,031,777
Profit on Disposal of Non-current Assets		158,464	4,196
		<u>21,343,366</u>	<u>16,755,322</u>
 3 ITEMS INCLUDED IN PROFIT			
Profit has been determined after:			
Charging as Expenses:			
Borrowing costs		2,566	-
Depreciation of property, plant and equipment		732,558	447,180
Affiliation Fees		291,514	172,229
Direct operating expenses relating to investment properties		43,261	23,833
Captations fees - CFMEU - C&G National Office		1,117,667	949,380
Donations		87,855	7,629
Legal Fees		71,091	70,700
Consultancy fees		311,885	217,496
Bad and doubtful debts		-	63,204
Remuneration of the auditors:			
Graeme Pratt and Associates-accounting and audit FEDFA		11,313	-
PKF-audit services		40,727	21,700
PKF-other services		7,450	-
		<u>59,490</u>	<u>21,700</u>
 Total Employee Benefits excluding superannuation		6,431,230	4,767,269
Total Superannuation		1,353,500	670,438
		<u>7,784,730</u>	<u>5,437,707</u>

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BRANCH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2006

	2006	2005
	\$	\$
4 CASH AND CASH EQUIVALENTS		
Cash on hand	3,100	2,200
Cash at Bank	229,567	330,728
Short term deposits	4,168,741	129,719
	4,401,408	462,647
Cash at bank earns interest at the floating rates based on daily bank deposit rates.		
The carrying amounts of cash and cash equivalents represent fair value.		
Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group and earn interest at the respective short term deposit rates.		
5 TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade Debtors	278,357	928,480
Less: Provision for doubtful debts	-	(63,204)
	278,357	865,276
		-
Accrued Income	193,308	213,614
Prepayment	139,651	168,444
	611,316	1,247,334
6 OTHER FINANCIAL ASSETS		
CURRENT		
Other current investments-at cost		
Floating Rate Notes and Other Bank Issued Investments	-	5,000,000
	-	5,000,000
NON-CURRENT		
Unlisted trusts- at cost	1,682	1,682
	1,682	1,682
Other investments -at cost		
Floating Rate Notes and Other Bank Issued Investments	22,477,825	16,350,000
	22,477,825	16,350,000
7 NON-CURRENT ASSETS HELD FOR SALE		
Property held for sale (Refer Note 8)	-	600,000
	-	600,000
8 INVESTMENT PROPERTIES		
Balance at beginning of financial year at fair value	3,540,000	4,140,000
Movement (Property held for sale refer Note7)	-	(600,000)
	3,540,000	3,540,000

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2006

	2006	2005
	\$	\$
9 PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold land at fair value	3,805,299	2,429,400
	<u>3,805,299</u>	<u>2,429,400</u>
Buildings at fair value	4,819,362	1,059,250
Less: Accumulated depreciation	<u>(107,394)</u>	<u>(26,481)</u>
	4,711,968	1,032,769
Improvements at cost	953,703	22,147
Less: Accumulated depreciation	<u>(26,796)</u>	<u>(1,329)</u>
	926,907	20,818
TOTAL LAND AND BUILDINGS	<u><u>9,444,174</u></u>	<u><u>3,482,987</u></u>

Valuations

The revaluations of freehold land and buildings were based on the assessment of their current market subject to vacant possession.

The independent revaluations dated 15th & 16th of December 2004

were carried out by N. Diamantopoulos AAPI registered valuer with LandMark White.

The valuation was made in accordance with a regular policy of obtaining independent valuation of land and buildings every three years to ensure that requirements of accounting standards regarding fair value basis of valuation are met.

(a) Plant and Equipment	765,971	719,390
Less: Accumulated depreciation	<u>(462,722)</u>	<u>(415,376)</u>
	303,249	304,014
(b) Training Equipment	160,248	22,570
Less: Accumulated depreciation	<u>(25,183)</u>	<u>(4,590)</u>
	135,065	17,980
(c) Computer Equipment	1,378,738	999,983
Less: Accumulated depreciation	<u>(971,090)</u>	<u>(790,618)</u>
	407,648	209,365
(d) Furniture and Fittings	402,106	401,747
Less: Accumulated depreciation	<u>(296,586)</u>	<u>(273,827)</u>
	105,520	127,920
(e) Motor Vehicles at Cost	2,267,822	2,102,883
Less: Accumulated depreciation	<u>(751,645)</u>	<u>(797,344)</u>
	1,516,177	1,305,539
TOTAL PLANT AND EQUIPMENT	<u><u>2,467,659</u></u>	<u><u>1,964,818</u></u>
TOTAL Property, Plant and Equipment	<u><u>11,911,833</u></u>	<u><u>5,447,805</u></u>

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2006

9 PROPERTY, PLANT AND EQUIPMENT (continued)
Movements in Carrying amounts

Movements in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

2006	Land & Improvements Buildings	Plant & Equipment	Training Equipment
	\$	\$	\$
Balance at the beginning of the year	3,462,169	20,818	304,014
Additions	5,158,090	909,477	46,581
Disposals	-	-	137,678
Depreciation expense	(102,992)	(3,388)	(47,346)
Carrying amount at end of year	<u>8,517,267</u>	<u>926,907</u>	<u>303,249</u>

2006	Motor vehicles	Furniture & Fittings	Computer Equipment	Total
	\$	\$	\$	\$
Balance at the beginning of the year	1,305,539	127,920	209,365	5,447,805
Additions	1,213,741	358	378,755	7,844,680
Disposals	(648,094)	-	-	(648,094)
Depreciation expense	(355,009)	(22,759)	(180,472)	(732,558)
Carrying amount at end of year	<u>1,516,177</u>	<u>105,519</u>	<u>407,648</u>	<u>11,911,833</u>

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BRANCH
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	2006	2005
	\$	\$
10 PAYABLES		
Trade creditors	821,808	376,114
CFMEU - C&G National Office	562,353	274,318
Sundry Creditors and Accruals	1,016,613	326,678
GST Payables	524,632	384,532
	<u>2,925,406</u>	<u>1,361,642</u>
Grant Liability Held	<u>1,080,000</u>	<u>-</u>
11 PROVISION FOR EMPLOYEE ENTITLEMENTS		
Provision for annual leave - Office Holders	221,356	194,929
Provision for annual leave - Other Employees	412,953	350,522
Provision for long service leave - Office Holders	450,566	221,805
Provision for long service leave - Other Employees	625,790	499,168
Provision for redundancy - Office Holders	505,683	244,491
Provision for redundancy - Other Employees	537,970	468,939
	<u>2,754,318</u>	<u>1,979,854</u>

12 RELATED PARTY TRANSACTIONS

Capitation fees are paid to CFMEU - Construction and General Division National Office as disclosed in Note 3 as a percentage of membership income and the minimum membership rate set by the National Office.

13 EVENTS SUBSEQUENT TO BALANCE DATE

As noted in prior year accounts the legal action taken by a company against the CFMEU has been discontinued by the plaintiff. We note that discontinuance in 2003 does not prevent the plaintiff from instituting new proceedings about the claim. The claim will only be extinguished by the plaintiff signing a release, or by the expiration of the limitation period.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2006**

	2006	2005
	\$	\$
12 REMUNERATION AND RETIREMENT BENEFITS		
Income paid or payable to all executives of the union by the union.	1,542,171	985,520
Executives remuneration		
Number of executives whose income was in the following bands:		
\$0-9,999	15	12
\$70,000-79,999	2	1
\$80,000-89,999	2	6
\$90,000-99,999	7	2
\$100,000-109,999	2	2
\$110,000-119,999	2	
\$120,000-129,999	1	
Total number of executives including those joining and terminating during the year.	31	23

The names of the Division Branch Management Committee who held office during the financial year are:

M.Kingham	J. Canning	G. Thorson	M.Hill
W.Oliver	D. Berardi	R. Williams	K.Johns
F.O'Grady	A. Littler	F. Akbari	J.Duggan
J.Cummins	D.Christopher	S. Reardon	B.Neilson
R.Edwards	G. Paterson	E. Spornovasilis	R.Booth
J. Setka	R. Perham	S. Bergic	R.Hallett
G. Stephenson	S. Sposito	T.Watson	S.Long
A. McLoughlin	T. Zordan	N.Washington	A. Susic

13 Union Details

The principal place of business of the union is:
CFMEU Construction and General Division (Victoria Branch)
500 Swanston Street
Carlton South VIC 3053
The union had 86 employees (2005: 74)

14 Segment Information

The Union operates predominantly in one business segment, being the provision of union services, in one geographic segment, being Victoria.

Note 15: FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The union's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows

	Weighted Average Effective Interest Rate	Fixed Interest Rates Maturing							
				Floating Interest Rate		Within 1 Year		1 to 5 Years	
		2006 %	2005 %	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$
Financial Assets:									
Cash and Cash Equivalents	0.6	0.6	4,401,409	462,647	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-
Investments	4.6	6.9	-	-	-	5,000,000	22,477,825	16,350,000	-
Total Financial Assets			4,401,409	462,647	-	5,000,000	22,477,825	16,350,000	-
Financial Liabilities:									
Trade and Sundry Creditors	-	-	-	-	-	-	-	-	-
Bank Loans and overdrafts	-	-	(256,869)	-	-	-	-	-	-
Total Financial Liabilities			(256,869)	-	-	-	-	-	-

	Fixed Interest Rates Maturing over 5 years		Non-Interest Bearing		Total	
	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$
	Financial Assets:					
Cash	-	-	-	-	4,401,409	462,647
Receivables	-	-	611,316	1,247,334	611,316	1,247,334
Investments	-	-	1,682	1,682	22,479,507	21,351,682
Total Financial Assets	-	-	612,998	1,249,016	27,492,232	23,061,663
Financial Liabilities:						
Bank Loans and overdrafts	(256,868)	-	-	-	(256,868)	-
Trade and Sundry Creditors	-	-	2,925,406	1,361,642	2,925,406	1,361,642
Total Financial Liabilities	(256,868)	-	2,925,406	1,361,642	2,668,538	1,361,642

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the financial position and notes to the financial report

The union does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the union.

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2006

NOTE 16: CASH FLOW INFORMATION

(a) Reconciliation of Cash

Cash at the end of the financial year as shown in the statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:

	2006	2005
	\$	\$
Cash on hand	3,100	2,200
Cash at bank	229,567	330,728
Bank overdrafts	(256,868)	-
Short term deposits	4,168,741	129,719
	<u>4,144,540</u>	<u>462,647</u>

(b) Reconciliation of cash flow from operations with profit

Net profit	6,627,370	6,043,110
Non-cash flows in profit		
Depreciation	732,558	447,180
Net profit on disposal of property, plant and equipment	(158,464)	(4,196)
Realisation of FEDFA Integration	(3,021,064)	-
Changes in assets and liabilities	-	-
Decrease/(Increase) in receivables	648,347	(661,636)
Decrease/(Increase) in other assets	-	(2,683)
Increase in grant liability	1,080,000	-
Increase in inventories	(7,867)	(851)
Increase/(decrease) in payables	778,702	(453,550)
Increase in provisions	7,622	101,828
Cash flows from operations	<u>6,687,204</u>	<u>5,469,202</u>

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2006**

NOTE 17: BUSINESS COMBINATION

A merger took place during the financial year with the FEDFA Victorian Branch (FEDFA). At the date of the merger FEDFA was a registered trade union. As of the 1st of January 2006 the members of the former FEDFA became members of the CFMEU Construction and General Division (Vic Branch). All employees of the FEDFA were offered employment at the time of the merger but some took voluntary redundancies. The fair value of the identifiable assets and liabilities of FEDFA at the date of the merger were:

	Recognised on acquisition \$	Carrying Value \$
Property, Plant and equipment	1,606,875	1,606,875
Cash and cash equivalents	2,306,219	2,306,219
Other	12,329	12,329
	<u>3,925,423</u>	<u>3,925,423</u>
Other payables	137,161	137,161
Employee entitlements	767,198	767,198
	<u>904,359</u>	<u>904,359</u>
Fair value of identifiable net assets	<u>3,021,064</u>	<u>3,021,064</u>
Cost and cash outflow on combination	-	-
Surplus of assets over liabilities recognized in income	<u>3,021,064</u>	<u>3,021,064</u>

NOTE 18: COMMITMENTS

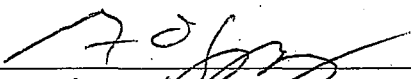
On the 29th of September 2006, the Union has awarded Schiavello (Vic) Pty Ltd the contract of fit out works at 500 Swanston Street, Melbourne. The cost of building work contracted was \$2,174,528 (excluding GST). Total recognised at balance sheet date was \$931,556, with committed costs of \$1,242,972 to be paid after year as works are completed.


Construction, Forestry, Mining and Energy Union
Construction and General Division
Victorian Branch

The Divisional Branch Management Committee resolves that in relation to the general purpose financial report of the CFMEU Construction & General Division Victorian Building unions Divisional Branch for the year ended 31st December 2006.

- (a) *The financial report and notes for the financial year ended 31st December 2006 comply with Australian Accounting Standards;*
- (b) *The financial report and notes for the financial year ended 31st December 2006 comply with the reporting guidelines of the Industrial Registrar;*
- (c) *The financial report and notes give a true and fair view of the financial performance, financial position and cash flows of the Union for the year ended 31st December 2006;*
- (d) *There are reasonable ground 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 ended 31st December 2006 and since the end of the financial year:-*
 - (i) *Meetings of the Committee of management were held in accordance with the rules of the Union; and*
 - (ii) *The financial affairs of the Union have been managed in accordance with the rules of the Union; and*
 - (iii) *The financial records of the Union have been kept and maintained in accordance with RAO Schedules and RAO Regulations; and*
 - (iv) *The financial records of the Union have been kept, as far as practicable, in a consistent manner to each other reporting unit of the organization; and*
 - (v) *No information has been sought in any request of a member of the Union or a Registrar duly made under section 272 of the RAO Schedule; and*
 - (vi) *No orders have been made by the Commission, in regard to inspection of financial records under section 273 of the RAO Schedule during the year.*

For the Committee of Management:

1. 
FRANK J. GRAY

2. 
WILLIAM OLIVER

**INDEPENDENT AUDIT REPORT TO MEMBERS OF
CFMEU CONSTRUCTION AND GENERAL DIVISION
- VICTORIA BRANCH****Scope****The Financial Report and Office Holders' Responsibility**

The financial report comprises the Balance Sheet, Income Statement, Statement of Changes in Equity, Cash Flow Statement, accompanying Notes to the Financial Statements, and Committee of Management Statement, for CFMEU Construction and General Division - Victoria Branch for the year ended 31 December 2006.

The Office Holders are responsible for the preparation and true and fair presentation of the financial report in accordance with the Workplace Relations Act 1996. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of CFMEU Construction and General Division - Victoria Branch. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance requirements of the Workplace Relations Act 1996, Part 3 - Accounts and Audit, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the CFMEU Construction and General Division - Victoria Branch's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- ◆ examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- ◆ assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Office holders.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

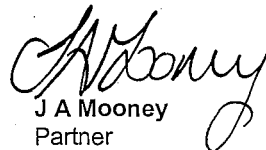
Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In our opinion, the financial report of CFMEU Construction and General Division - Victoria Branch is in accordance with:

- (a) the Workplace Relations Act 1996, including:
 - (i) giving a true and fair view of CFMEU Construction and General Division - Victoria Branch's financial position at 31 December 2006, and of its performance for the year ended on that date, and
 - (ii) complying with Accounting Standards in Australia and the requirements of the Workplace Relations Act 1996, Part 3 - Accounts and Audit; and
- (b) other mandatory financial reporting requirements in Australia.

PKFPKF
Chartered Accountants10 August 2007
Melbourne
J A Mooney
Partner

		2006	2005
INCOME		\$	\$
2000	Membership Subs	10,092,315	9,967,244
2001	Levy	796,240	833,473
2010	Donations Received	42	30,920
2020	Outgoings Recovered	94,793	404,195
2021	Costs Recovered from Other Unions	(140)	6,466
2030	Interest Received	1,412,229	1,452,111
2040	Rents Received	59,089	76,819
2050	Wages Recovered - Workcover	6,563	39,849
2070	Advertising - Journal	84,367	136,129
2080	Other Income	6,811	310,398
2081	Directors Fees	66,948	40,500
2082	C+BUS Advertising	-	-
2090	Counter Sales	41,560	77,688
2100	Grant Income	4,832,659	2,192,956
2110	Loss on Sale of Fixed Assets	(62,206)	(4,322)
2120	Profit on Sale of Fixed Assets	220,670	8,518
2130	Over / (Under) Banking	(2,352)	(466)
2135	Rounding	(227)	-
2140	asset realisation	-	-
2141	asset clearing	-	-
2142	Gain(Loss) on Asset Revaluation	-	-
2180	OHS Fees Received	-	120
2190	Wages Recovered from CFMEU CCID	-	-
2210	Training Fees Received	430,832	558,537
2230	EBA Processing Fee	242,109	567,839
2240	Realisation of FEDFA Intergration	3,021,064	-
Total Income		21,343,366	16,698,974

		2006	2005
EXPENDITURE			
3000	Accountancy Fees	8,393	-
3010	Advertising	2,224	35,004
3020	Administration Expenses	-	-
3030	Affiliation Fees	291,514	172,229
3040	Audio Visual & Teaching Aids	75,157	900
3050	Audit Fees	59,490	21,700
3060	Bank Charges	66,824	62,896
3080	Call Centre Costs	-	5,294
3090	Courier Charges	2,195	2,244
3100	Capitation Fees - Federal Office	1,117,667	949,380
3120	Cleaning	66,299	33,213
3130	Clothing Allowance	-	-
3170	Consultancy Fees	311,885	217,496
3190	Conference Expenses - State	9,460	-
3200	Conference Expenses - National	-	262
3210	Computer Software & Maintenance	93,834	58,056
3250	Depreciation - Building Improvements	3,388	1,329
3260	Depreciation - Buildings	102,992	26,481
3270	Depreciation - Computer Equipment	180,472	103,566
3271	Depreciation - Training Equipment	20,592	2,922
3280	Depreciation - Furniture & Fittings	22,759	28,244
3290	Depreciation - Motor Vehicles	355,009	239,159
3300	Depreciation - Motel	-	-
3301	Depreciation - Plant and Equipment	47,346	45,478
3360	Donations	87,855	7,629
3380	Electricity	70,664	90,032
3390	Entertainment	104,666	78,171
3420	Fines	14,340	-
3450	Fringe Benefits Tax	278,223	116,820
3530	Funeral Benefits	7,443	1,950
3540	Flowers	2,691	2,527
3580	Gas	2,571	2,459
3585	General Expenses	-	-
3590	Grant Expenses	-	-
3610	Industrial Legal & Arbitration	2,382	659
3620	Insurances	128,562	125,910

3625	Insurances - fire	-	201,201
3630	Integration Costs - FEDFA	-	-
3650	Interest Charged	2,566	-
3680	Internet Charges	60,321	18,323
3750	Commissions on Subscriptions	4,810	7,394
3760	Journal Costs	236,503	195,819
3770	Legal Fees	71,091	70,700
3771	ACTU Campaign Levy	146,333	100,982
3772	Election Levy	55,240	-
3820	Motor Vehicle Expenses	370,456	235,320
3840	Newspapers	49,811	49,437
3850	Office Security	4,871	6,389
3860	Organisers Expenses	20,044	44,608
3880	OHS Grant Expenses	-	69
3940	Payroll Tax	444,816	287,945
3990	Postage	111,735	104,410
4000	Printing (Excluding Journal)	215,554	260,482
4005	Publications	45,412	12,364
4010	Purchase of Goods for Resale	72,789	100,087
4011	Purch of Training Course Material	19,438	11,430
4015	Property Sale Costs	13,442	3,135
4017	Provision for Long Service Leave - Office Holders	-	41,913
4018	Provision for Annual Leave - Office Holders	-	29,156
4019	Provision for Redundancies - Office Holders	-	41,518
4020	Provision for Long Service Leave	(49,534)	29,622
4021	Provision for Annual Leave	(35,177)	(19,851)
4022	Provision for Redundancies	84,713	(20,532)
4023	Provision for Doubtful Debts	-	-
4030	Promotional Costs	131,383	81,720
4040	Quota - C+BUS Superannuation	1,353,500	670,438
4041	Quota - C+BUS Superannuation - Office Holders	239,451	198,536
4110	Pagers & Mobile Phones	210,250	163,833
4115	Property Agents Fees	-	-
4120	Rates and Land Taxes	177,473	167,812
4130	Rents	68,758	42,406
4140	Rental & Hire of Equipment	1,671	801
4150	Registration	1,064	3,211
4160	Relocation Expenses	-	-
4180	Renovation Expenses	183,093	-
4200	Repairs and Maintenance	138,912	176,480
4201	Repairs & Maint Investment Prop	-	23,833
4209	Salaries FEDFA	5,599,305	-
4210	Salaries - Other Employees	4,647,492	3,844,735
4211	Salaries - Other Employees	(442,024)	(186,698)
4212	Salaries - Office Holders	1,393,837	786,984
4290	Staff Amenities	32,420	(1,288)
4300	Staff on Costs	-	-
4430	Stamp Duty and Title Fees	-	-
4440	Stationery and Consumables	55,329	59,921
4450	Secondary Storage Costs	23,289	12,459
4470	Subscriptions and Library	43,341	26,800
4540	Telephones Office	39,295	53,385
4550	Training and Education	21,211	10,091
4560	Secretarial and Temp Staff	104,904	21,884
4570	Traffic Offences & Parking Fines	12,517	5,710
4590	Travelling and Accommodation	133,960	91,341
4600	Valuation	-	2,600
4620	Union Banners and Flags	20,236	3,645
4650	Workcover Levy	151,029	149,400
4680	Workcover Medical Expenses	3,907	1,891

Total Expenditure

14,715,996 10,655,861

Surplus/(Deficit)

6,627,370 6,043,113



Mr Ralph Edwards
President, Victorian Branch, Construction and General Division
Construction, Forestry, Mining and Energy Union
500 Swanston Street
CARLTON SOUTH VIC 3053

Dear Mr Edwards

Re: Lodgement of Financial Statements and Accounts – Construction, Forestry, Mining and Energy Union, Construction and General Division, Victorian Divisional Branch – for year ending 31 December 2006 (FR2006/594)

Thank you for lodging the abovementioned financial statements and accounts which were received in the Registry on 30 October 2007. The documents have been filed. However I draw your attention to the following items.

Dating of Committee of Management Statement

The Committee of Management Statement was not dated or signed and did not indicate the date of the resolution passed by the Committee, in accordance with Paragraph 26 of the Industrial Registrar's Guidelines, the relevant extract of which I enclose.

Donations over \$1,000

In the Statement of Expenditure the item 3360 Donations shows an amount of \$87,855. If this included any single donation exceeding \$1,000, s237 of the RAO Schedule requires a statement giving various particulars of that donation to be lodged. If this is relevant and you have not already done so, please lodge such a statement at your earliest opportunity. I enclose the relevant extract from s237.

Recovery of Wages Activity Report

In the Statement of Income the item 2050 *Wages Recovered – Workcover* suggests a Recovery of Wages Activity Report should have been included in the return, in accordance with paragraph 16 of the Industrial Registrar's Guidelines. Paragraph 16 provides:

Where the reporting unit has undertaken recovery of wages activity (and has derived revenues for the financial year in respect of such activity) the reporting unit must cause to be prepared for purposes of paragraph 253(2)(c) of the RAO Schedule a financial report in which is disclosed financial information associated with such activity.

Paragraphs 17-23 of the Guidelines go on to describe what such a report must contain, and paragraph 25(f) requires that the Committee of Management Statement contain various declarations in relation to such recovery wages activity.

If this applies and one was prepared but omitted by oversight, please lodge the document so that it may be added to the file. Otherwise there is no further action required.

Yours sincerely,

Stephen Kellett
Statutory Services Branch

5 November 2007

Extract from Industrial Registrar's reporting guidelines (1)

Committee of Management Statement

26. The committee of management statement must:

- (a) be made in accordance with such resolution as is passed by the committee of management of the reporting unit in relation to the matters requiring declaration;
- (b) specify the date of passage of the resolution;
- (c) be signed by a designated officer within the meaning of section 243 of the RAO Schedule; and
- (d) be dated as at the date the designated officer signs the statement.

Extract from s237 Schedule 1 of Workplace Relations Act 1996 (2)

237 Organisations to notify particulars of loans, grants and donations

(1) An organisation must, within 90 days after the end of each financial year (or such longer period as the Registrar allows), lodge in the Industrial Registry a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 made by the organisation during the financial year.

Note: This subsection is a civil penalty provision (see section 305).

(2) A statement lodged in the Industrial Registry under subsection (1) must be signed by an officer of the organisation.

(6) The relevant particulars, in relation to a grant or donation made by an organisation, are:

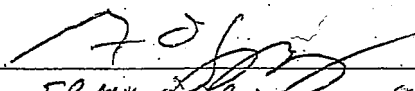
- (a) the amount of the grant or donation; and
- (b) the purpose for which the grant or donation was made; and
- (c) except where the grant or donation was made to relieve a member of the organisation, or a dependant of a member of the organisation, from severe financial hardship—the name and address of the person to whom the grant or donation was made.


Construction, Forestry, Mining and Energy Union
Construction and General Division
Victorian Branch

The Divisional Branch Management Committee resolves that in relation to the general purpose financial report of the CFMEU Construction & General Division Victorian Building unions Divisional Branch for the year ended 31st December 2006.

- (a) *The financial report and notes for the financial year ended 31st December 2006 comply with Australian Accounting Standards;*
- (b) *The financial report and notes for the financial year ended 31st December 2006 comply with the reporting guidelines of the Industrial Registrar;*
- (c) *The financial report and notes give a true and fair view of the financial performance, financial position and cash flows of the Union for the year ended 31st December 2006;*
- (d) *There are reasonable ground 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 ended 31st December 2006 and since the end of the financial year:-*
 - (i) *Meetings of the Committee of management were held in accordance with the rules of the Union; and*
 - (ii) *The financial affairs of the Union have been managed in accordance with the rules of the Union; and*
 - (iii) *The financial records of the Union have been kept and maintained in accordance with RAO Schedules and RAO Regulations; and*
 - (iv) *The financial records of the Union have been kept, as far as practicable, in a consistent manner to each other reporting unit of the organization; and*
 - (v) *No information has been sought in any request of a member of the Union or a Registrar duly made under section 272 of the RAO Schedule; and*
 - (vi) *No orders have been made by the Commission, in regard to inspection of financial records under section 273 of the RAO Schedule during the year.*

For the Committee of Management:

1. 
FRANK O'GRADY 8 May 2007

2. 
WILLIAM OLIVER, 8 May 2007