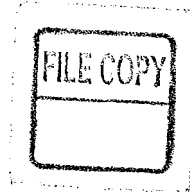




**Australian Government**  
**Australian Industrial Registry**

12 January 2009

Mr Martin Kingham  
Secretary, Victorian Divisional Branch  
Construction, Forestry, Mining and Energy Union  
2/500 Swanston Street  
CARLTON SOUTH VIC 3053



Dear Mr Kingham

**Lodgement of Financial Statements and Accounts – Victorian Divisional Branch -  
Schedule 1 of *Workplace Relations Act 1996* (RAO Schedule) -  
for year ended 31 December 2008 (FR2008/558)**

The financial year of the Victorian Divisional Branch of the Construction and General Division of the Construction, Forestry, Mining and Energy Union has recently ended. This is a courtesy letter to remind the Branch of the obligations imposed by the RAO Schedule regarding the preparation of financial accounts and statements.

I direct your attention to our website <http://www.airc.gov.au/registered/FR/information.htm> where detailed information including Fact sheets, sample documents, the Registrar's Reporting Guidelines and the Schedule provisions and RAO Regulations may be found.

The time frame for completing the audit, presentation and lodgment of the Branch's return will expire - unless a one month extension under s265(5) is granted - on 14 July 2009.

The presentation of the full report to an appropriate meeting in accordance with s266 should occur after copies of the report have been distributed, published, internet-posted or otherwise provided in accordance with s265(5) to the members of the Branch.

The Registry strongly encourages you to lodge documents electronically by sending an email with the documents attached to [orgs@airc.gov.au](mailto:orgs@airc.gov.au). Alternatively, you may wish to send the documents by fax to (02) 9380 6990.

If you need any further information or assistance or if you do not believe that the documents will be lodged within the timeframe specified please contact me on 0429 462 979 or by email at [stephen.kellett@airc.gov.au](mailto:stephen.kellett@airc.gov.au).

Yours sincerely,

Stephen Kellett  
Statutory Services Branch

Attention: Belinda PENNA/Stephen Kellett

Australian Industrial Registry  
Level 8, Terrace Towers  
80 William Street  
East Sydney, NSW 2011



**CONSTRUCTION**

**FORESTRY**

**MINING**

**ENERGY**

**UNION**

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

I, RALPH EDWARDS

Being a prescribed designated officer, certify that the documents lodged in the Industrial Registry Consisting of the general purpose financial report of the Victorian Divisional Branch of the Construction and General Division of the Construction, Forestry, Mining and Energy Union for the year ended 31 December, 2008 are:

- copies of the documents provided to members on our website([www.cfmeuvic.com.au](http://www.cfmeuvic.com.au)) on the 1<sup>st</sup> of May, 2009

And

- And subsequently presented to the Divisional Branch Management Committee in accordance with section 266 of the ROA Schedule on the 16<sup>th</sup> of June, 2009



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

6<sup>th</sup> of August, 2009

VICTORIAN BRANCH  
500 SWANSTON STREET  
CARLTON STH, VIC 3053

PH: (03) 9341 3444

FAX: (03) 9341 3427

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN DIVISIONAL BRANCH**

**FINANCIAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN DIVISIONAL BRANCH  
OPERATING REPORT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2008**

## **Operating Report**

### **Introduction**

In 2008 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, employing 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 office holders have ensured that a "safety net" exists for members both individually and as a union so that our united strength can be defended. The Union's operations resulted in a surplus, but due to requirements to book unrealized losses on investments, and due to the global economic down turn adversely affecting the value of investments, a deficit for the year ended 31 December 2008 of -\$71,208 has arisen. In the previous year the adjustment to the surplus was minor in relation to dropping of investment values and therefore the surplus disclosed for the year ended 31 December 2007 was \$3,833,446. A conservative approach has been taken in regard to the disclosure of the value of investments. The retained earnings of the Union are more than adequate however to withstand the unrealised decrease in investment values due to this down turn.

The investments of the union are handled by the Investment Committee made up of office holders and taking advice from professional advisers. The global financial crisis has thus far affected the values of some CDOs and listed assets. The Investment Committee will continue to monitor the union's investments and seek professional advice in regard to further investment decisions.

### **Number of Employees**

The union had 87 employees.

### **Number of Members**

The number of members for the year ended 31 December 2008 was 25,518.  
(2007 :21,571)

### **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 members of the Divisional Branch Management Committee "DBMC" during financial year were:

Akbari F.	1 January 2008 to 31 December 2008
Berardi D.	1 January 2008 to 31 December 2008
Bergic S.	1 January 2008 to 31 December 2008
Booth R.	1 January 2008 to 31 December 2008
Canning J.	1 January 2008 to 31 December 2008

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN DIVISIONAL BRANCH  
OPERATING REPORT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2008


Operating Report (continued)

Christopher D.	1 January 2008 to 31 December 2008
Duggan J.	1 January 2008 to 31 December 2008
Edwards R.	1 January 2008 to 31 December 2008
Hill M.	1 January 2008 to 31 December 2008
Johns K.	1 January 2008 to 31 December 2008
Kearney D.	1 January 2008 to 31 December 2008
Kingham K.	1 January 2008 to 31 December 2008
Littler A.	1 January 2008 to 31 December 2008
McLaughlin A.	1 January 2008 to 31 December 2008
Neilson B.	1 January 2008 to 31 December 2008
O'Grady F.	1 January 2008 to 31 December 2008
Oliver W.	1 January 2008 to 31 December 2008
Paterson G.	1 January 2008 to 31 December 2008
Perham R.	1 January 2008 to 31 December 2008
Rearдон S.	1 January 2008 to 31 December 2008
Setka J.	1 January 2008 to 31 December 2008
Spernovasilis E.	1 January 2008 to 31 December 2008
Sposito S.	1 January 2008 to 31 December 2008
Stephenson G.	1 January 2008 to 31 December 2008
Sucic A.	1 January 2008 to 31 December 2008
Thorson G.	1 January 2008 to 31 December 2008
Washington N.	1 January 2008 to 31 December 2008
Watson T.	1 January 2008 to 31 December 2008
Williams R.	1 January 2008 to 31 December 2008
Zordan T.	1 January 2008 to 31 December 2008

**SIGNED**

For and on behalf of the Divisional Branch Management Committee

DATE 21.4.09



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**RALPH EDWARDS**  
President

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN DIVISIONAL BRANCH  
INCOME STATEMENT  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2008**

		2008	2007
		\$	\$
Revenue	2	20,560,778	18,143,933
Less expenses			
Office and Administration		1,460,025	1,155,644
Capitation, affiliation, and amalgamation		1,805,754	1,398,064
Depreciation	3	833,072	837,693
Direct employee benefits - Office holders		3,123,763	1,590,531
Direct employee benefits - Other employees		4,691,318	5,681,107
Employee related costs		1,462,320	1,296,682
Occupancy		602,823	591,820
Organisers, conference and consultancy expenses		1,782,219	1,286,231
Journal Costs		228,560	223,592
Loss of disposal of non current assets		161,623	242,677
Impairment of available for sale investments		709,764	6,446
Impairment of held to maturity investments		3,770,745	0
		<u>20,631,986</u>	<u>14,310,487</u>
<b>Net Surplus/(Deficit)</b>		<u><b>(71,208)</b></u>	<u><b>3,833,446</b></u>

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION**  
**CONSTRUCTION AND GENERAL DIVISION**  
**VICTORIAN DIVISIONAL BRANCH**  
**BALANCE SHEET**  
**AS AT 31<sup>ST</sup> DECEMBER 2008**

		2008	2007
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	4	8,924,935	4,739,422
Trade and Other Receivables	5	652,296	1,230,291
Inventories		34,396	41,619
Other Financial Assets	6	2,983,791	3,643,555
		<u>12,595,418</u>	<u>9,654,887</u>
<b>NON-CURRENT ASSETS</b>			
Units in Unlisted Trusts	6	1,682	1,682
Investment Properties	7	4,240,000	4,240,000
Property, Plant and Equipment	8	13,831,382	12,846,798
Other Financial Assets	6	15,029,255	18,800,000
		<u>33,102,319</u>	<u>35,888,480</u>
<b>TOTAL ASSETS</b>		<u>45,697,737</u>	<u>45,543,367</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	9	1,310,573	1,555,094
Grant Liability Held	9	1,539,167	1,123,200
Provision for Employee Entitlements	10	3,123,421	3,069,289
<b>TOTAL LIABILITIES</b>		<u>5,973,161</u>	<u>5,747,583</u>
<b>NET ASSETS</b>		<u>39,724,576</u>	<u>39,795,785</u>
<b>MEMBERS' FUNDS</b>			
Accumulated Members Funds		37,460,564	37,531,772
Asset Revaluation Reserve		2,264,012	2,264,012
<b>TOTAL MEMBERS' FUNDS</b>		<u>39,724,576</u>	<u>39,795,784</u>

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN DIVISIONAL BRANCH  
STATEMENT OF CHANGES  
IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2008**

	Accumulated Members Funds \$	Asset Revaluation Reserve \$	Total \$
Balance at 1 January 2007	33,698,326	2,280,316	35,978,642
Surplus for the year	3,833,446		3,833,446
Revaluation of Property plant and equipment		(16,304)	(16,304)
Balance at 31 December 2007	<u>37,531,772</u>	<u>2,264,012</u>	<u>39,795,784</u>
Deficit for the year	(71,208)		(71,208)
Balance at 31 December 2008	<u><u>37,460,564</u></u>	<u><u>2,264,012</u></u>	<u><u>39,724,576</u></u>



**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN DIVISIONAL BRANCH  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2008**

	Note	2008	2007
		\$	\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from members		13,271,146	10,964,606
Operating grant receipts		5,826,830	4,682,870
Grant received		71,427	67,715
Receipts from sale of publications		97,221	85,849
Interest received		2,093,005	1,836,295
Payments to suppliers and employees		(13,988,584)	(12,887,546)
Payments - CFMEU - C&G National Office		(1,156,253)	(1,451,095)
<b>Net cash provided by operating activities</b>	<b>15(b)</b>	<b>6,214,792</b>	<b>3,298,694</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		(2,204,126)	(2,904,459)
Proceeds from sale of property, plant and equipment		224,847	172,822
Proceeds from matured investments		2,200,000	1,477,825
Payment for investments		(2,250,000)	(1,450,000)
<b>Net cash used in investing activities</b>		<b>(2,029,279)</b>	<b>(2,703,812)</b>
<b>Net increase in cash held</b>		4,185,513	594,882
<b>Cash at beginning of financial year</b>		4,739,422	4,144,540
<b>Cash at end of financial year</b>	<b>15(a)</b>	<b>8,924,935</b>	<b>4,739,422</b>

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION**  
**CONSTRUCTION AND GENERAL DIVISION**  
**VICTORIAN DIVISIONAL BRANCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**Introduction**

The financial report is for CFMEU Construction and General Division Victorian Divisional Branch as an individual entity for the year ended 31 December 2008. 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 the Australian Accounting Interpretations, and other pronouncements of the Australian Accounting Standards Board and the requirements of the Workplace Relations Act 1996.

**Compliance with IFRS**

For the purposes of this financial report, the Union is considered to be a not-for-profit entity and as such has prepared this financial report with reference to the requirements regarding Not-For-Profits in the Australian Accounting Standards.

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 and training fees received which are 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 DIVISIONAL BRANCH  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**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 are 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 diminishing value method. 20% of assets are depreciated on a straight line basis

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	20-40%

**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: 'Available for Sale', '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 DIVISIONAL BRANCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

**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.

**(iii) Available-for-sale securities**

Investments are those non-derivative financial assets, principally equity securities that are designated as available-for-sale. After initial recognition available-for sale securities are measured at fair value with gains or losses being recognised as a separated component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit and loss. The fair value of investments traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date.

**(iv) Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of held to maturity investments and trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exertion of available- for-sale equity instruments, if in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly to equity.

**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.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION**  
**CONSTRUCTION AND GENERAL DIVISION**  
**VICTORIAN DIVISIONAL BRANCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

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

**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 Schedule 21, Division 7 Section 272 which read as follows:

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

**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.

**L. New Accounting Standards and Interpretations**

In the current year, the Union has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to the operations and effective for the current reporting period. The adoption of these new and revised Standards and Interpretations have not resulted in changes to the Union's accounting policies for the current and prior years. Although there were no changes to accounting policy, the introduction of AASB7 *Financial Instruments: Disclosure* has resulted in a number of new and enhanced disclosures surrounding financial instruments.

At the date of this report certain new accounting Standards and Interpretations have been published that are not mandatory for the financial year ending 31 December 2008. They are available for early adoption, but have not been applied in preparing this financial report. The Union's assessment of the impact of the new Standards and Interpretations relevant to the Union is set out below:

- AASB 101 *Presentation of Financial Statements* was revised amending the name and disclosure requirements of the three primary statements to *Statement of Comprehensive Income* (previously *Income Statement*), *Statement of Financial Position* (previously *Balance Sheet*) and *Statement of Cash Flows* (previously *Cash Flow Statement*). The changes will not affect any of the amounts recognised in the financial statements. The revised standards are effective for annual reporting periods on or after 1 January 2009.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN DIVISIONAL BRANCH  
OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2008**

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

- AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvement Program* specifies amendments to 25 Standards. The amendments to some Standards result in accounting changes for presentation, recognition and measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The full impact on the Union's future financial statements has not yet been assessed. The revised standards will be effective for annual reporting periods beginning on or after 1 January 2009.

**M. Critical Accounting Estimates**

The preparation of financial statements in conformity with AAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Union's accounting policies. Other than that disclosed in Note 1 (e) (iv) Impairment of financial assets, management does not consider that any of the judgements or estimations adopted have had a significant impact on the financial report.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN DIVISIONAL BRANCH  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2008**

		2008	2007
		\$	\$
<b>2</b>	<b>REVENUE</b>		
	<b>Operating activities</b>		
	Membership subscriptions	11,485,651	10,754,322
	Interest received	1,949,165	1,945,673
	Grant income	5,826,830	4,639,670
	Rental income from investment properties	71,427	67,715
	Training fees received	830,031	408,376
	EBA processing fee	90,226	80,640
	Other revenue	307,448	247,537
		<b>20,560,778</b>	<b>18,143,933</b>
<b>3</b>	<b>ITEMS INCLUDED IN PROFIT</b>		
	Profit has been determined after:		
	Charging as expenses:		
	Depreciation of property, plant and equipment	833,072	837,693
	Affiliation fees	273,479	310,284
	Direct operating expense related to investment properties	21,173	21,173
	Capitation fees - CFMEU - C&G National Office	1,132,276	952,912
	Donations	29,780	76,499
	Legal Fees	479,273	236,808
	Consultancy fees	199,637	358,427
	Bad and doubtful debts	6,856	0
	Loss on disposal of Non-current Assets	161,623	242,677
	 <b>Remuneration of the auditors:</b>		
	 PKF-audit of financial report	 36,300	 34,900
	PKF- grant audit and internal audit review	9,820	24,800
		<b>46,120</b>	<b>59,700</b>
	 Total Employee Benefits excluding superannuation	 6,518,660	 5,883,334
	Total superannuation	1,363,381	1,253,667
		<b>7,882,040</b>	<b>7,137,001</b>

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION**  
**CONSTRUCTION AND GENERAL DIVISION**  
**VICTORIAN DIVISIONAL BRANCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2008**

	2008	2007
	\$	\$
<b>4 CASH AND CASH EQUIVALENTS</b>		
Cash on hand	6,550	4,300
Cash at bank	3,697,124	815,315
Short term deposits	5,221,261	3,919,807
	<u>8,924,935</u>	<u>4,739,422</u>
<b>5 TRADE AND OTHER RECEIVABLES</b>		
<b>CURRENT</b>		
Other Debtors	251,172	718,774
Accrued income	158,959	302,800
Prepayment	242,165	208,717
	<u>652,296</u>	<u>1,230,291</u>
<p>The carrying amount of accounts receivable approximates fair value. There are no balances within receivables that contain assets that are past due but not impaired. It is expected these balances will be received when due. There are no impaired assets.</p>		
<b>6 OTHER FINANCIAL ASSETS</b>		
<b>CURRENT</b>		
Available for sale investments at fair value	983,791	1,443,555
Held to maturity investment at amortised cost	2,000,000	2,200,000
	<u>2,983,791</u>	<u>3,643,555</u>
<b>NON CURRENT</b>		
Unlisted trusts at cost	<u>1,682</u>	<u>1,682</u>
Held to maturity investments at amortised cost	18,800,000	18,800,000
Allowance for Impairment	(3,770,745)	0
	<u>15,029,255</u>	<u>18,800,000</u>
<b>7 INVESTMENT PROPERTY</b>		
Balance at beginning of financial year at fair value	4,240,000	3,850,000
Movement due to revaluation	0	390,000
Balance at end of financial year at fair value	<u>4,240,000</u>	<u>4,240,000</u>



**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION**  
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	2008	2007
	\$	\$
<b>8 PROPERTY, PLANT AND EQUIPMENT</b>		
Land and Buildings		
Freehold land at fair value	6,784,612	6,419,800
	<u>6,784,612</u>	<u>6,419,800</u>
Buildings at fair value	3,168,682	2,483,599
Less: Accumulated depreciation	(111,718)	0
	<u>3,056,964</u>	<u>2,483,599</u>
Improvements at costs	1,192,432	958,603
Less: Accumulated depreciation	(72,654)	(7,976)
	<u>1,119,778</u>	<u>950,627</u>
<b>TOTAL LAND AND BUILDINGS</b>	<u>10,961,354</u>	<u>9,854,026</u>

**Valuations**

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

The independent revaluations dated 15th of November 2007 were carried out by Certified Practising Valuers, Charter Keck Cramer.

The value 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	486,140	496,401
Less: Accumulated depreciation	(226,723)	(192,927)
	<u>259,417</u>	<u>303,474</u>
(b) Training Equipment	343,512	314,172
Less: Accumulated depreciation	(112,997)	(64,046)
	<u>230,515</u>	<u>250,126</u>
(c) Computer Equipment	1,041,014	1,070,523
Less: Accumulated depreciation	(791,396)	(782,885)
	<u>249,618</u>	<u>287,638</u>
(d) Furniture and Fittings	761,130	760,955
Less: Accumulated depreciation	(221,413)	(131,032)
	<u>539,717</u>	<u>629,923</u>
(e) Motor Vehicles at Cost	2,341,832	2,280,217
Less: Accumulated depreciation	(751,071)	(758,606)
	<u>1,590,761</u>	<u>1,521,611</u>
<b>TOTAL PLANT AND EQUIPMENT</b>	<u>2,870,028</u>	<u>2,992,772</u>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<u>13,831,382</u>	<u>12,846,798</u>

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION  
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**8 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.

2008	Land & Buildings	Improvements	Plant & Equipment	Training Equipment
Balance at beginning	8,903,399	950,627	303,474	250,126
Additions	1,049,895	241,667	7,700	29,340
Disposals	0	(4,453)	(5,568)	0
Revaluations	0	0	0	0
Depreciation expense	(111,718)	(68,063)	(46,189)	(48,951)
Carrying amount at the end of the year	<u>9,841,576</u>	<u>1,119,778</u>	<u>259,417</u>	<u>230,515</u>

	Motor Vehicles	Furniture & Fittings	Computer Equipment	Total
Balance at beginning	1,521,611	629,923	287,638	12,846,798
Additions	762,079	10,956	102,489	2,204,126
Disposals	(366,544)	(5,579)	(4,326)	(386,470)
Revaluations	0	0	0	0
Depreciation expense	(326,385)	(95,583)	(136,183)	(833,072)
Carrying amount at the end of the year	<u>1,590,761</u>	<u>539,717</u>	<u>249,618</u>	<u>13,831,382</u>

2007	Land & Buildings	Improvements	Plant & Equipment	Training Equipment
Balance at beginning	8,517,267	926,907	303,249	135,065
Additions	0	1,286,509	122,314	153,925
Disposals	0	0	(76,068)	0
Revaluations	460,874	(1,177,179)	0	0
Depreciation Expense	(74,743)	(85,610)	(46,021)	(38,864)
Carrying amount at end of year	<u>8,903,398</u>	<u>950,627</u>	<u>303,474</u>	<u>250,126</u>

	Motor vehicles	Furniture & Fittings	Computer Equipment	Total
Balance at beginning	1,516,177	105,519	407,649	11,911,833
Additions	600,698	684,337	56,311	2,904,094
Disposals	(249,127)	(78,117)	(11,819)	(415,131)
Revaluation	0	0	0	(716,305)
Depreciation Expense	(346,137)	(81,816)	(164,502)	(837,693)
Carrying amount at end of year	<u>1,521,611</u>	<u>629,923</u>	<u>287,639</u>	<u>12,846,798</u>

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
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	2008	2007
	\$	\$
<b>9 PAYABLES</b>		
Trade Creditors	714,596	387,662
CFMEU - C&G National Office	40,193	64,170
Sundry Creditors and Accruals	362,489	503,606
GST Payables	193,295	599,656
Trade and other payables	<u>1,310,573</u>	<u>1,555,094</u>
Grant Liability Held	<u>1,539,167</u>	<u>1,123,200</u>

The carrying amount of accounts payable approximates fair value.

**10 PROVISION FOR EMPLOYEE ENTITLEMENTS**

Provision for annual leave - Office Holders	443,541	241,083
Provision for annual leave - Other Employees	347,061	523,913
Provision for long service leave - Office Holders	598,928	542,129
Provision for long service leave - Other Employees	554,444	635,903
Provision for redundancy - Office Holders	764,998	521,837
Provision for redundancy - Other Employees	<u>414,449</u>	<u>604,424</u>
	<u>3,123,421</u>	<u>3,069,289</u>

**11 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 as set by the National Office.

**12 EVENTS SUBSEQUENT TO BALANCE DATE**

As noted in prior year accounts the legal action taken by a company against the Union has been discounted 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**  
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**NOTE 13 FINANCIAL INSTRUMENTS**

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The union's principal financial instruments comprise of receivables, payables, cash and various forms of investments, including bank notes, CDO'S and equity funds. The union manages its exposure to key financial risks in accordance with the union's financial risk management policy. The objective of the policy is to support the delivery of the union's financial targets whilst protecting future financial security.

The main risks arising from the union's financial instruments are interest rate risk and credit risk. The union uses different methods to measure and manage different types of risks to which it is exposed. The Investment Committee and Executive Committee on behalf of the DBMC reviews, agrees and manages the policies and risks facing the Union, including review of policies for trading in investments, credit allowances, and future cash flow forecast projections.

**Risk Exposures and Responses**

**Interest rate risk**

Exposure to market interest rates rates primarily to cash investments held. At balance date, Union had the following mix of financial assets and liabilities exposed to variable interest rate risk that are not designated in cash flow hedges.

	2008	2007
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	8,924,935	4,739,422
Investments	18,013,046	22,445,237
Net exposure	<u>26,937,981</u>	<u>27,184,659</u>

The union's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

	Maturing in:				Non-interest bearing	Total	Weighted average effective interest rate
	6 months or less	Over 6 months to 1 year	Over 1 to 5 years	Over 5 years			
	2008	2008	2008	2008			
<b>Financial Instruments 2008</b>	\$	\$	\$	\$	\$	\$	%
<b>(i) Financial assets</b>							
Cash	6,418,385	2,500,000			6,550	8,924,935	0.059%
Trade and other receivables					652,296	652,296	
Investments		2,000,000	13,529,255		2,483,791	18,013,046	3.880%
						<u>27,590,277</u>	
<b>(ii) Financial liabilities</b>							
Trade and other payables					1,234,006	1,234,006	

	Maturing in:				Non-interest bearing	Total	Weighted average effective interest rate
	6 months or less	Over 6 months to 1 year	Over 1 to 5 years	Over 5 years			
	2007	2007	2007	2007			
<b>Financial Instruments 2007</b>	\$	\$	\$	\$	\$	\$	%
<b>(i) Financial assets</b>							
Cash	4,739,422	-	-	-	-	4,739,422	0.046%
Trade and other receivables	-	-	-	-	1,230,291	1,230,291	
Investments	-	2,200,000	16,800,000	2,000,000	1,445,237	22,445,237	3.950%
						<u>28,414,950</u>	
<b>(ii) Financial liabilities</b>							
Trade and other payables	-	-	-	-	1,555,094	1,555,094	

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2008**

**NOTE 13 FINANCIAL INSTRUMENTS**

**Sensitivity Analysis**

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. At 31 December 2008, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Net Profit		Net Assets	
	Higher / (Lower)		Higher / (Lower)	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
+ 1% (100 basis points)	239,508	238,721	239,508	238,721
- 0.5 % (50 basis points)	(119,277)	(119,360)	(119,277)	(119,360)

**Credit Risk**

Credit risk arises from the financial assets of the union, which comprise cash and cash equivalents, trade and other receivables, investments and available-for-sale financial assets. The union's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is disclosed in each applicable note.

For the remaining financial assets there are no significant concentration of credit risk within the Union and financial instruments are spread amongst a number of reputable financial institutions to minimise the risk of default of counterparties. Due to the global economic down turn however a number of the Union's CDO's have had defaults against them and \$10,800,000 of the CDOs are no longer paying interest.

**Foreign Currency risk**

The union's exposure to foreign currency risk is minimal.

Both the functional and presentation currency of CFMEU is in Australian dollars (A\$).

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION  
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Note 14	2008	2007
	\$	\$
<b>REMUNERATION AND RETIREMENT BENEFITS</b>		
Income paid to any members of the Divisional Branch Management Committee "DBMC" by the union including salaries, termination payments, long service leave, motor vehicle benefits etc.	1,955,815	1,731,050

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

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

**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 87 employees (2007: 86)

**Segment Information**

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

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION  
 CONSTRUCTION AND GENERAL DIVISION  
 VICTORIAN DIVISIONAL BRANCH  
 NOTES TO THE FINANCIAL STATEMENTS  
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	2008	2007
	\$	\$

**NOTE 15: 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:

Cash on hand	6,550	4,300
Cash at bank	3,697,124	815,315
Short term deposits	5,221,261	3,919,807
	8,924,935	4,739,422

(b) Reconciliation of cash flow from operations with deficit

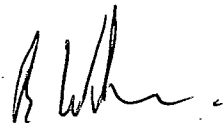
Net surplus/ (deficit)	(71,208)	3,839,891
<b>Non-cash flows in deficit</b>		
Depreciation	833,072	837,693
Net deficit( surplus) on disposal of property, plant and equipment	161,623	242,677
Unrealised loss on investments	4,480,509	0
Decrease/(Increase) in receivables	577,995	(618,975)
Increase/(Decrease) in payables	(244,521)	(1,370,311)
Decrease/(Increase) in inventories	7,223	9,552
Increase/(decrease) in grant liability	415,967	43,200
Increase in provisions	54,132	314,967
Cash flows from operations	6,214,792	3,298,694

**Construction, Forestry, Mining and Energy Union  
Construction and General Division  
Victorian Divisional 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 31<sup>st</sup> December 2008*

- (a) *The financial report and notes for the financial year ended 31<sup>st</sup> December 2008 comply with Australian Accounting Standards;*
- (b) *The financial report and notes for the financial year ended 31<sup>st</sup> December 2008 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 31<sup>st</sup> December 2008;*
- (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 31<sup>st</sup> December 2008 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.  \_\_\_\_\_

2.  \_\_\_\_\_



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF CFMEU CONSTRUCTION AND GENERAL DIVISION  
– VICTORIA BRANCH**

We have audited the accompanying financial report of CFMEU Construction and General Division – Victoria Branch which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Committee of Management Statement.

*Office Holders' Responsibility for the Financial Report*

The Office Holders are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Workplace Relations Act 1996*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Office Holders, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Independence*

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

*Auditor's Opinion*

In our opinion, the financial report presents fairly, in all material respects, the financial position of the CFMEU Construction and General Division - Victoria Branch as of 31 December 2008 and of its performance and its cash flows for the year ended on that date; and is in accordance with:

- a) Accounting Standards in Australia and the requirements of the Workplace Relations Act, 1996, Schedule 1, Chapter 8, Part 3 – Accounts and Audit; and
- b) other mandatory financial reporting requirements in Australia.

PKF

**J A Mooney**  
Partner

Registered Company Auditor # 311052

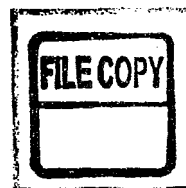
22 April 2009  
Melbourne

Tel: 61 3 9603 1700 | Fax: 61 3 9602 3870 | [www.pkf.com.au](http://www.pkf.com.au)  
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GPO Box 5099 | Melbourne | Victoria 3001



Fair Work  
Australia

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



Dear Mr Edwards

**Lodgment of Financial Accounts and Statements – Construction, Forestry, Mining and Energy Union, Construction and General Division, Victorian Divisional Branch – for year ending 31 December 2008 (FR2008/558)**

I refer to the abovementioned financial accounts and statements which were lodged with Fair Work Australia on 12 August 2009. The documents included a list of particulars of Donations exceeding \$1,000.

The legislative requirements appear to have been met and the documents have been filed.

Yours sincerely,

Stephen Kellett  
Statutory Services Branch

20 August 2009