



FAIR WORK
COMMISSION

21 October 2013

Mr Ralph Edwards
President, Victoria-Tasmania Divisional Branch
CFMEU
500 Swanston Street
CARLTON SOUTH VIC 3053

Dear Mr Edwards

Re: Lodgement of Financial Statements and Accounts - Construction, Forestry, Mining & Energy Union, Victoria-Tasmania Branch - for year ended 31 December 2012 (FR2012/608)

I refer to the above financial statements and accounts which were lodged with the Fair Work Commission on 23 August 2013.

I have filed the documents. There is no further action required in respect of the report. However, if in future years it is anticipated that a delay in lodgement will occur because of a delay in providing the report to the members or presenting to the second meeting under s266, the Branch must apply to the General Manager for an extension of time under subsection 265(5).

You will be aware that new Reporting Guidelines were issued on 26 June 2013 and will apply to the next financial report. I attach a copy for your convenient reference. I have set out clarifications of particular disclosure requirements that are either additional or may not have been previously brought to the Branch's attention, in the table attached. Please bring these to the attention of the Auditor.

Please do not hesitate to contact me on (02) 6723 7237 if you have any queries about the financial reporting requirements at any time.

Yours sincerely

Stephen Kellett
Senior Adviser, Regulatory Compliance Branch

Table of particular disclosures

Provision	What it says	Explanation/Clarification
S254(2)(a) RO Act 2009	“The operating report must contain a review of the reporting unit’s principal activities during the year, <i>the results of those activities</i> and any significant changes in the nature of those activities during the year”	<p>This is a subtle and overlooked or misinterpreted element of many operating report reviews, and it does not appear that FWC has previously clarified this.</p> <p>The results envisaged by the Act here are those which reflect the activities described under the heading “Principal activities” - There should be some indication that results have been reviewed.</p> <p>There is no prescribed degree of detail; a brief statement that the activities listed have achieved their objectives would suffice, (although the Branch may choose to individually identify any particular results it regards as significant.)</p>
S254(2)(d)	“The operating report must give detailsof any officer or member of the reporting unit who is (1) a trustee of a superannuation entity.....” etc	See paragraph 36 of the new Reporting Guidelines. The Guidelines replace “member” with “employee” and make it a requirement to make an explicit statement if there are no officers or employees who should be disclosed under this provision.
Regulation 159(b)	“The following information is prescribed: The number of persons who were, at the end of the financial year to which the report relates, employees of the reporting unit, where the number of employees includes both full-time and part-time employees measured <u>on a full-time equivalent basis</u> ”	<p>This means that where the number of employees includes part-time employees they must be calculated and expressed as a full-time equivalent.</p> <p>This year, the total number of employees was reported as 94. It was not possible to ascertain what this figure represented in full-time equivalent terms.</p>
S265(5) FW(RO) Act	“The copies....must be provided within: (a) if a general meeting of members of the reporting unit to consider the reports is held within 6 months after the end of the financial year - the period starting at the end of the financial year and ending 21 days before that meeting; or (b) in any other case - the period of 5 months starting at the end of the financial year.”	<p>The explanation for the delay in lodgement provided to FWC on 2 August 2013 stated that the audited accounts had been “<i>published for the required period of time</i>” and that they were waiting approval at the next scheduled Branch Committee meeting.</p> <p>The circumstances for the delay in this case are noted, but in case of any misunderstanding, and to avoid unnecessary delays in ordinary circumstances the 21 day interval between publication of the audited report to members and the presentation to a 2nd meeting referred to here in subsection 265(5) only applies where the 2nd meeting is to be a general members’ meeting. If the 2nd meeting is to be a Branch Committee of Meeting, then there is no prescribed interval. The significant time frames to observe are simply, provision to members by the end of 5 months (i.e. 31 May) and the holding of the 2nd meeting by the end of 6 months (i.e. 30 June). In this case, the 2nd meeting by a committee can be held at any time after provision to members.</p>

Section 252(3)	“Financial records of an organisation may.....be kept on a cash basis or accrual basis....”	These references need to be read together. A distinction exists between <i>keeping</i> records and <i>reporting</i> . This distinction has been overlooked by a number of organisations but is now being clarified and corrected by FWC. It means that membership subscriptions (i.e. membership contributions) should be <i>reported</i> on the accrual basis even if, during the year, the original records are <i>kept</i> on a cash basis. Your report states that revenue from membership is recognised upon a cash basis. Future reports should make clear that membership contributions are reported on the accrual basis.
Section 253(4)	“...it may keep the financial records for its membership subscriptions on a cash basis”	
Section 253(1)	“...a reporting unit must cause a general purpose financial report to be prepared in accordance with the Australian Accounting Standards...”	
AASB 101(27)	“An entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting”	
Paragraph 26 Reporting Guidelines (pre-2013)	“The committee of management statement must (b) specify the date of passage of the resolution; (d) be dated as at the date the designated officer signs the statement”	The committee of management statement did not indicate the date of the passage of the resolution at the first meeting of the committee, and was not dated.
Paragraph 42 Reporting Guidelines (26-06-2013)		
<p><i>General Note</i></p> <p>The new Reporting Guidelines set out a number of specific items for disclosure and make it a requirement to avoid doubt by making specific statements in relation to specifically prescribed items even where they have not occurred in any reporting period. [see paragraphs 14,16,18,20,22,24,26,33,38]</p>		



20th of August, 2013

Attention: Robert Pfeiffer
Fair Work Commission
Level 8, Terrace Towers
80 William Street
East Sydney, NSW 2011



Dear Sir,

RE: FR 2012/608
ACCOUNTS FOR CONSTRUCTION, FORESTRY, MINING AND
ENERGY UNION-CONSTRUCTION AND GENERAL
DIVISION BRANCH, VICTORIA-TASMANIA DIVISIONAL
BRANCH

Please find attached our financial accounts for the year ended 31
December, 2012 passed by our Divisional Branch Management
Committee on Tuesday the 20th of August, 2013.

These accounts were published on our website

www.cfmeuvic.com.au

on the 20th of June, 2013.

Also attached is a required list of donations.

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

Yours faithfully

CFMEU

**CONSTRUCTION &
GENERAL
DIVISION,
VIC/TAS
DIVISIONAL
BRANCH**

ABN 74 392 029 244
500 Swanston Street
Carlton South 3053
Ph 03 9341 3444 Fax
03 9341 3427

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



Attention: Robert Pfeiffer
Fair Work Australia
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 with Fair Work Australia, 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, 2012 are:

- copies of the documents provided to members on our website(www.cfmeuvic.com.au) on the 20th of June, 2013
- And subsequently presented to the Divisional Branch Management Committee in accordance with the Fair Work (Registered Organisations) Act 2009 and Fair Work (Registered Organisations) Regulations 2009, on the 20th of August, 2013.

Ralph Edwards
President
CFMEU Construction and General Division (Victorian Divisional Branch)

VICTORIAN/TASMANIAN
DIVISIONAL BRANCH
500 SWANSTON STREET
CARLTON STH, VIC 3053

ABN 74 392 029 244
PH: (03) 9341 3444
FAX: (03) 9341 3427

Date:

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

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012**

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2012**

Operating Report

Introduction

As of the 5th of July, 2012 the CFMEU Construction and General Division - Victorian Divisional Branch, merged with the CFMEU Construction & General Division (Tasmanian Divisional Branch) to become The Construction, Forestry, Mining & Energy Union Construction and General Division Victorian and Tasmanian Divisional Branch ("CFMEU"). Our organisation remains committed to providing a broad range of services to members and defending their rights in Victorian and now in Tasmania.

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 Fair Work (Registered Organisations) Act 2009. The many benefits of membership include unity in EBA negotiations. The CFMEU employs organisers to help members and provides access to occupational health and safety representatives, training and legal advice.

Financial Position

The CFMEU remains 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 net surplus of \$3,829,561 for the year ended 31 December 2012 (2011:\$3,749,363).

The investments of the Union are handled by the Investment Committee which is made up of Officers and Trustees taking advice from professional investment advisers. The investment committee increased investment holdings by \$1,000,000 in line with external investment advice during the year. The property at 64-66 Great Ocean Road was sold during the year and the merger with our Tasmanian branch means we now have a property in Hobart. The Investment Committee will continue to monitor the Union's investments.

Number of Employees

The union had 94 (2011: 91) employees.

Number of Members

The number of members for the year ended 31 December 2012 was 25,608 (2011: 25,598)

Rights of Members

A member can resign from membership by written notice and in accordance with Chapter 6, Part 3, Section 174 of the Fair Work (Registered Organisation) Act 2009 and the rules of the CFMEU.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2012**

Operating Report (continued)

Office Holders

The names of the members of the Divisional Branch Management Committee "DBMC" during financial year were:

Akbari F	1 January 2012 to 31 December 2012
Berardi D	1 January 2012 to 31 December 2012
Beattie B	1 January 2012 to 31 December 2012
Bergic S	1 January 2012 to 31 December 2012
Booth P	1 January 2012 to 31 December 2012
Booth R	1 January 2012 to 31 December 2012
Christopher D	1 January 2012 to 31 December 2012
Cody M	1 January 2012 to 31 December 2012
Cordier A	1 January 2012 to 31 December 2012
Doyle F	1 January 2012 to 31 December 2012
Duggan J	1 January 2012 to 31 December 2012
Edwards R	1 January 2012 to 31 December 2012
Ioannidis A	1 January 2012 to 31 December 2012
Littler A	1 January 2012 to 31 December 2012
McLoughlin A	1 January 2012 to 31 December 2012
Neilson B	1 January 2012 to 31 December 2012
O'Grady F	1 January 2012 to 31 December 2012
Oliver W	1 January 2012 to 31 December 2012
Perkovic J	1 January 2012 to 31 December 2012
Reardon S	1 January 2012 to 31 December 2012
Round P	1 January 2012 to 31 December 2012
Setka J	1 January 2012 to 31 December 2012
Savronidis C	1 January 2012 to 31 December 2012
Spernovasilis E	1 January 2012 to 31 December 2012
Stephenson G	1 January 2012 to 31 December 2012
Stradjot F	1 January 2012 to 31 December 2012
Theodorou T	1 January 2012 to 31 December 2012
Washington N	1 January 2012 to 31 December 2012
Williams R	1 January 2012 to 31 December 2012

Signed

For and on behalf of the Divisional Branch Management Committee

Date

18.6.13



**Ralph Edwards
President**

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 \$	2011 \$
Revenue	2	28,120,696	25,132,995
Less expenses			
Office and administration		1,800,642	1,705,466
Capitation, affiliation, and amalgamation		1,610,557	1,577,694
Depreciation	3	1,331,806	1,196,077
Direct employee benefits – office holders		4,034,525	3,393,599
Direct employee benefits – office employees		7,203,521	7,668,937
Employee related costs		1,748,177	1,578,633
Occupancy		969,813	942,524
Organisers, conference and consultancy expenses		4,705,288	2,902,020
Journal costs		340,883	250,960
Loss on disposal of plant and equipment		194,882	167,722
Loss on disposal of investment properties		351,041	-
		24,291,135	21,383,632
Net Surplus		3,829,561	3,749,363
Other Comprehensive Income			
Net fair value gain /(loss) on available for sale financial assets		96,168	(270,644)
Revaluation increment on land and buildings		1,671,190	-
Write back to profit/loss upon sale of available for sale financial asset		37,335	-
Total comprehensive income for the year		5,634,254	3,478,719

The statement of profit and loss and other comprehensive income is to be read in conjunction with the accompanying notes

THE CONSTRUCTION, FORESTRY & MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Note	2012 \$	2011 \$
CURRENT ASSETS			
Cash and cash equivalents	17(a)	12,382,559	6,098,190
Trade and other receivables	5	2,201,324	1,505,677
Inventories		28,515	41,846
Other financial assets	6	16,635,355	15,166,084
		<u>31,247,753</u>	<u>22,811,797</u>
NON-CURRENT ASSETS			
Investment properties	7	3,273,648	4,660,000
Property, plant and equipment	8	26,611,612	25,422,304
Other financial assets	6	1,001,682	1,001,682
		<u>30,886,942</u>	<u>31,083,986</u>
TOTAL ASSETS		<u>62,134,695</u>	<u>53,895,783</u>
CURRENT LIABILITIES			
Trade and other payables	9	1,467,112	1,911,297
Grant liability held	9	-	6,050
Provisions	10	8,736,089	5,681,196
TOTAL LIABILITIES		<u>10,203,201</u>	<u>7,598,543</u>
NET ASSETS		<u>51,931,494</u>	<u>46,297,240</u>
MEMBERS' FUNDS			
Accumulated Members Funds		48,668,659	44,248,885
Asset Revaluation Reserve		3,262,835	2,048,355
TOTAL MEMBERS' FUNDS		<u>51,931,494</u>	<u>46,297,240</u>

The statement of financial position is to be read in conjunction with the accompanying notes

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Accumulated Members Funds \$	Asset Revaluation Reserve \$	Available for Sale Financial Assets Reserve \$	Total \$
Balance at 31 December 2010	40,055,408	2,529,804	233,309	42,818,521
Total comprehensive income				
Surplus for the year	3,749,363	-	-	3,749,363
Net fair value loss on available for sale assets	-	-	(270,644)	(270,644)
Total comprehensive income	<u>3,749,363</u>	<u>-</u>	<u>(270,644)</u>	<u>3,478,719</u>
Transfer to / (from)	<u>444,114</u>	<u>(444,114)</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2011	<u>44,248,885</u>	<u>2,085,690</u>	<u>(37,335)</u>	<u>46,297,240</u>
Total comprehensive income				
Surplus for the year	3,829,561	-	-	3,829,561
Other comprehensive income	-	1,671,190	133,503	1,804,693
Total comprehensive income	<u>3,829,561</u>	<u>1,671,190</u>	<u>133,503</u>	<u>5,634,254</u>
Transfer to / (from)	<u>590,213</u>	<u>(590,213)</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2012	<u>48,668,659</u>	<u>3,166,667</u>	<u>96,168</u>	<u>51,931,494</u>

The statement of changes in equity is to be read in conjunction with the accompanying notes

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 \$	2011 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members		20,812,076	18,136,700
Operating grant receipts		7,249,485	7,952,293
Rent received		105,349	91,596
Receipts from sale of publications		68,131	73,992
Interest received		1,283,033	1,400,085
Payments to suppliers and employees		(21,256,809)	(19,607,466)
Payments – CFMEU – C&G National Office		(1,100,743)	(1,334,805)
Net cash provided by operating activities	17(b)	<u>7,160,522</u>	<u>6,712,395</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(829,705)	(3,350,324)
Proceeds from sale of property, plant and equipment		166,864	2,101,136
Proceeds from matured investments		2,164,117	4,300,000
Proceeds from business combinations		49,738	-
Payment for investments		(2,427,167)	(9,204,031)
Net cash used in investing activities		<u>(876,153)</u>	<u>(6,153,219)</u>
Net increase in cash held		6,284,369	559,176
Cash and cash equivalents at beginning of financial year		6,098,190	5,539,014
Cash and cash equivalents at end of financial year	17(a)	<u>12,382,559</u>	<u>6,098,190</u>

The statement of cash flows is to be read in conjunction with the accompanying notes

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The financial report is for CFMEU Construction and General Division Victorian and Tasmanian Divisional Branch as an individual entity for the year ended 31 December 2012. The CFMEU 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 and 33A New Town Road, New Town, Hobart for the Tasmanian division.

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 Fair Work (Registered Organisations) Act 2009. The Executive has 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 Fair Work (Registered Organisations) Act 2009.

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 Union'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.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

(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 statement of profit or loss and other comprehensive income 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%
Improvements	15%
Plant and Equipment	7.5 – 22.5%
Motor Vehicles	22.5%
Furniture, Fixtures and Fittings	15 – 25%
Computer Equipment	20-40%

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

(ii) Trade and Other Receivables

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

(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 exception 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.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- 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 sick leave, 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 Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of subsections (1), (2) and (3) of Chapter 8, Part 3, Division 7, Section 272 which read as follows:
(1) A member of a reporting unit, or the General Manager, 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.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
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FOR THE YEAR ENDED 31 DECEMBER 2012**

L. New Accounting Standards and Interpretations

The Unions has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and affective for the current reporting period.

The adoption of these amendments has not resulted in any changes to the Union's accounting policies and have no affect on the amounts reported for the current or prior periods.

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 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.

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	2012 \$	2011 \$
2 REVENUE		
Operating Activities		
Membership subscriptions	17,631,970	14,561,412
Interest received	1,265,223	1,445,077
Grant income	7,100,218	7,229,357
Rental income from investment properties	95,772	83,269
Training fees received	486,806	698,015
EBA processing fee	434,449	259,178
Gain on revaluation of investment properties	33,888	-
Gain on disposal of financial assets	57,777	-
Gain on Tasmanian Divisional Branch merger	322,266	-
Other revenue	692,327	856,687
	<u>28,120,696</u>	<u>25,132,995</u>
3 ITEMS INCLUDED IN SURPLUS		
Surplus has been determined after charging as expenses:		
Depreciation of property, plant and equipment	1,331,806	1,196,077
Affiliation fees	289,647	257,459
Direct operating expense related to investment properties	51,507	76,811
Capitation fees – CFMEU – C&G National Office	1,320,909	1,320,234
Donations	51,900	133,080
Legal fees	3,177,825	1,641,167
Consultancy fees	80,094	230,837
Loss on disposal of non-current assets	194,882	167,722
Proceeds from sale of plant and equipment	166,864	2,101,136
Remuneration of the auditors:		
Audit of financial report		
BDO - Current year	40,150	42,500
- Prior year	9,325	9,510
BDO - grant and other audits	10,800	11,000
MC Watts	2,000	-
	<u>62,275</u>	<u>63,010</u>
Total employee benefits excluding superannuation	9,383,230	8,427,376
Total superannuation	<u>1,124,000</u>	<u>1,144,503</u>
	<u>10,507,230</u>	<u>9,571,879</u>
4 BUSINESS COMBINATION		
On 5 July 2012, the CFMEU Construction & General Division- Victorian Divisional Branch merged with the Tasmania Divisional Branch to become The Construction, Forestry, Mining & Energy Union Construction and General Division Victoria and Tasmanian Divisional Branch. The Tasmania Divisional Branch's net tangible assets of \$322,266 were transferred to the Victorian Branch for nil consideration on the day of the merger.		
5 TRADE AND OTHER RECEIVABLES		
Other debtors	248,959	10,622
Accrued income	1,208,795	697,671
Prepayment	743,570	797,384
	<u>2,201,324</u>	<u>1,505,677</u>

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 that these balances will be received when due. There are no impaired assets.

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	2012 \$	2011 \$
6 OTHER FINANCIAL ASSETS		
Current		
Available for sale investments at fair value	2,635,355	1,462,053
Held to maturity term deposit	14,000,000	13,704,031
	<u>16,635,355</u>	<u>15,166,084</u>
Non current		
Unlisted trusts at cost	<u>1,682</u>	<u>1,682</u>
Held to maturity investments at amortised cost	3,000,000	3,000,000
Allowance for impairment of held to maturity investments	(2,000,000)	(2,000,000)
	<u>1,000,000</u>	<u>1,000,000</u>
	<u>1,001,682</u>	<u>1,001,682</u>
7 INVESTMENT PROPERTIES		
Land and buildings		
Freehold land at fair value	<u>2,810,000</u>	<u>4,325,000</u>
	<u>2,810,000</u>	<u>4,325,000</u>
Buildings at fair value	<u>463,648</u>	<u>335,000</u>
	<u>463,648</u>	<u>335,000</u>
TOTAL LAND AND BUILDINGS	<u>3,273,648</u>	<u>4,660,000</u>
TOTAL INVESTMENTS PROPERTIES	<u>3,273,648</u>	<u>4,660,000</u>

Revaluation of freehold land and freehold buildings

The Union engages independent valuer, Charter Keck Cramer, to determine the fair value of its freehold land and buildings. Fair value is the amount for which the asset would be exchanged between knowledgeable willing buyer and a knowledgeable willing seller in arm's length transaction as the valuation date. Fair value is determined by direct reference to recent market transactions on arm's length terms for land and buildings comparable in size and location to those held by the Union, and to market based yields for comparable properties. The effective date of the revaluation was 31 December, 2012.

Movements in Carrying amounts

Movements in the carrying amounts of each class of investment properties between the beginning and the end of the current financial year.

2012	Land	Buildings	TOTAL
Balance at beginning of the year	4,325,000	335,000	4,660,000
Fair Value adjustments	(115,000)	128,648	13,648
Disposals	(1,400,000)	-	(1,400,000)
Carrying amount at the end of the year	<u>2,810,000</u>	<u>463,648</u>	<u>3,273,648</u>

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7 INVESTMENT PROPERTIES (Continued)

2011	Land	Buildings	TOTAL
Balance at beginning of the year	3,850,000	390,000	4,240,000
Fair value adjustment	475,000	(55,000)	420,000
Carrying amount at the end of the year	<u>4,325,000</u>	<u>335,000</u>	<u>4,660,000</u>

8 PROPERTY, PLANT AND EQUIPMENT

Land and buildings		
Freehold land at fair value	15,439,625	14,035,920
	<u>15,439,625</u>	<u>14,035,920</u>
Buildings at fair value	6,676,774	5,423,587
Less: Accumulated depreciation	(2,500)	(204,337)
	<u>6,674,274</u>	<u>5,219,250</u>
Improvements at costs	38,778	1,060,619
Less: Accumulated depreciation	(6,711)	(57,522)
	<u>32,067</u>	<u>1,003,097</u>
TOTAL LAND AND BUILDINGS	<u>22,145,966</u>	<u>20,258,267</u>

The revaluations of land and buildings were based on the assessment of their current market value, subject to vacant possession. The independent revaluations dated were carried out by Certified Practising Valuer, Charter Keck Cramer. The valuations were made in accordance with a regular policy of obtaining independent valuation of land and buildings a maximum of every three years to ensure that requirements of accounting standards regarding fair value basis of valuation are met. The effective date of the revaluation was 31 December, 2012.

Valuations

(a) Plant and equipment	531,542	548,877
Less: Accumulated depreciation	(358,381)	(340,294)
	<u>173,161</u>	<u>208,583</u>
(b) Training equipment	3,933,128	3,685,975
Less: Accumulated depreciation	(1,531,414)	(854,309)
	<u>2,401,714</u>	<u>2,831,666</u>
(c) Computer equipment	1,121,536	1,003,718
Less: Accumulated depreciation	(958,932)	(877,948)
	<u>162,604</u>	<u>125,770</u>
(d) Furniture and fittings	822,764	820,786
Less: Accumulated depreciation	(513,008)	(455,954)
	<u>309,756</u>	<u>364,832</u>
(e) Motor vehicles at cost	2,239,365	2,428,581
Less: Accumulated depreciation	(820,954)	(795,395)
	<u>1,418,411</u>	<u>1,633,186</u>
TOTAL PLANT AND EQUIPMENT	<u>4,465,646</u>	<u>5,164,037</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>26,611,612</u>	<u>25,422,304</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

2012	Land & Buildings	Improvements	Plant & Equipment	Training Equipment
Balance at beginning of the year	19,255,170	1,003,097	208,583	2,831,666
Additions	-	82,357	3,385	247,153
Acquisition through business combinations	350,000	-	-	-
Disposals	-	(42,557)	(8,146)	-
Revaluations	2,655,195	(984,005)	-	-
Depreciation expense	(146,466)	(26,825)	(30,661)	(677,105)
Carrying amount at the end of the year	22,113,899	32,067	173,161	2,401,714
	Motor Vehicles	Furniture & Fittings	Computer Equipment	Total
Balance at beginning of the year	1,633,186	364,832	125,770	25,422,304
Additions	387,389	1,977	111,962	834,223
Acquisition through business combination	21,589	-	5,857	377,446
Disposals	(311,042)	-	-	(361,745)
Revaluations	-	-	-	1,671,190
Depreciation expense	(312,711)	(57,053)	(80,985)	(1,331,806)
Carrying amount at the end of the year	1,418,411	309,756	162,604	26,611,612
	Land & Buildings	Improvements	Plant & Equipment	Training Equipment
2011				
Balance at beginning of the year	20,991,650	1,043,966	209,126	866,343
Additions	-	-	35,889	2,495,422
Disposals	(1,587,500)	(12,702)	-	(11,093)
Depreciation expense	(148,980)	(28,167)	(36,432)	(519,006)
Carrying amount at the end of the year	19,255,170	1,003,097	208,583	2,831,666
	Motor Vehicles	Furniture & Fittings	Computer Equipment	Total
Balance at beginning of the year	1,531,223	426,434	158,541	25,227,283
Additions	773,370	5,830	39,813	3,350,324
Disposals	(345,339)	-	(2,592)	(1,959,226)
Depreciation expense	(326,068)	(67,432)	(69,992)	(1,196,077)
Carrying amount at the end of the year	1,633,186	364,832	125,770	25,422,304

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
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	2012 \$	2011 \$
9 PAYABLES		
Trade creditors	147,981	339,538
CFMEU – C&G National Office	-	320,234
Sundry creditors and accruals	597,321	456,067
GST payables	721,810	795,458
Trade and other payables	<u>1,467,112</u>	<u>1,911,297</u>
Grant Liability Held	-	<u>6,050</u>

The carrying amount of accounts payable approximates fair value.

10 PROVISIONS

Provision for employee entitlements		
Provision for annual leave – Office Holders	575,905	549,822
Provision for annual leave – Other Employees	917,578	722,549
Provision for long service leave – Office Holders	367,879	568,032
Provision for long service leave – Other Employees	1,177,864	887,334
Provision for redundancy – Office Holders	1,253,907	1,492,922
Provision for redundancy – Other Employees	2,182,956	1,375,537
Provisions for sick leave-Office Holders	260,000	-
	<u>6,736,089</u>	<u>5,596,196</u>
Provision for legal expenses	2,000,000	85,000
	<u>8,736,089</u>	<u>5,681,196</u>

Movements in carrying amount - legal settlement

Opening balance	85,000	1,100,000
Additional provision made	2,000,000	85,000
Amount paid	(85,000)	(1,100,000)
Closing balance	<u>2,000,000</u>	<u>85,000</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

On 20 February 2013, the Federal Magistrates Court at Melbourne ordered the CFMEU to pay a penalty of \$10,000 in relation charges filed by Fair Work Building and Construction (FWBC) in relation to construction project at the Royal Melbourne Institute of Technology (RMIT) in La Trobe St, Melbourne.

On 31 May 2013, The Federal Court of Australia at Melbourne has ordered the CFMEU and five of its representatives to pay penalties totalling \$115,000 regarding St Hilliers in relation to an industrial action case filed by FWBC on 4 September 2012.

Penalties imposed by the Court in relation to the above cases have been taken up in the provision for legal costs in the 2012 financial year.

On 24 May 2013, the Supreme Court of Victoria has also handed down judgment in the original charges filed by Grocon in September 2012 in favour of the plaintiff. Court hearing in relation to the parties' submissions on penalties is scheduled on 19 to 20 August 2013.

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13 CAPITAL COMMITMENT

The Union has a commitment for capital works for renovation and development of 7 Wharf Road which is a training facility, the amount of the contract totals \$1,527,380. At balance date the works had been commenced.

14 CONTINGENT LIABILITY

As a result of the protest at the Myer Emporium Site and McNab Avenue Site, in late August and early September 2012, the Grocon group made two applications for breach of court orders. Grocon is also pursuing a \$10.5 million civil claim for damages.

On 5 October 2012, Fair Work Building and Construction (FWBC) has filed Federal Court proceedings against CFMEU and its officials in relation to the Grocon dispute.

A third application was filed by Grocon on 29 April 2013 which is listed for hearing from 21 to 26 August 2013.

On 24 May 2013, the Supreme Court of Victoria has handed down judgment in the original charges brought by Grocon in favour of the plaintiff. Court hearing in relation to the parties' submissions on penalties is scheduled on 19 to 20 August 2013.

Furthermore, as noted in prior years financial report the legal action taken by a company against the Union 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.

At this time, it is not possible to predict the potential financial impact on the Union of an adverse decision.

15 FINANCIAL INSTRUMENTS

2012 **2011**
\$ **\$**

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 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 and manages the policies and risks facing the Union, including review of policies for trading in investments, proportions of investments held and future cash flow forecast projections.

Risk Exposures and Response

Financial Assets

Cash and cash equivalents	12,382,559	6,098,190
Trade and other receivables	2,201,324	1,505,677
Held to maturity term deposits	14,000,000	13,704,031
Unlisted trusts at cost	1,682	1,682
Available for sale investments at fair value	2,635,355	1,462,053
Held to maturity investment at amortised costs	3,000,000	3,000,000
Allowance for impairment	(2,000,000)	(2,000,000)
Total financial assets	32,220,920	23,771,633

Financial Liabilities

Trade and other payables	1,467,112	1,911,297
Total financial liabilities	1,467,112	1,911,297

Net exposure

	30,753,808	21,860,336
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15 FINANCIAL INSTRUMENTS (Cont'd)

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 equals to the carrying amount of these instruments. Exposure at balance date is disclosed in each applicable note.

For the remaining financial assets there is 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.

Foreign Currency Risk

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

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

Interest rate risk

Exposure to market interest 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.

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:

	1 month or less	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 to 5 years	Non- interest bearing	Total	Weighted average effective interest rate
Financial instruments 2012							
	2012 \$	2012 \$	2012 \$	2012 \$	2012 \$	2012 \$	2012 %
(i) Financial assets							
Cash	6,382,559	6,000,000	-	-	-	12,382,559	3.12
Trade & other receivables	-	-	-	-	2,201,324	2,201,324	-
Investments	1,500,000	8,500,000	5,000,000	-	2,637,037	17,637,037	5.29
	<u>7,882,559</u>	<u>14,500,000</u>	<u>5,000,000</u>	<u>-</u>	<u>4,838,361</u>	<u>32,220,920</u>	
(ii) Financial liabilities							
Trade and other payable	-	-	-	-	1,467,112	1,467,112	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,467,112</u>	<u>1,467,112</u>	
Financial instruments 2011							
	2011 \$	2011 \$	2011 \$	2011 \$	2011 \$	2011 \$	2011 %
(i) Financial assets							
Cash	4,094,790	2,000,000	-	-	3,400	6,098,190	3.62
Trade & other receivables	-	-	-	-	1,505,677	1,505,677	-
Investments	900,000	7,000,000	5,804,031	1,000,000	1,463,735	16,167,766	6.08
	<u>4,994,790</u>	<u>9,000,000</u>	<u>5,804,031</u>	<u>1,000,000</u>	<u>2,972,812</u>	<u>23,771,633</u>	
(ii) Financial liabilities							
Trade and other payable	-	-	-	-	1,911,297	1,911,297	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,911,297</u>	<u>1,911,297</u>	

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15 FINANCIAL INSTRUMENTS (Cont'd)

Sensitivity Analysis

The follow sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. At 31 December 2012, if interest rates had moved, as illustrated in table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Net Profit		Net Assets	
	2012	2011	2012	2011
	\$	\$	\$	\$
+ 1% (100 basis points)	349,577	198,697	349,577	198,697
- 0.5% (50 basis points)	(174,789)	(99,349)	(174,789)	(99,349)

Net Fair Values

The net fair value of traded investments is based on the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

For investments with no active market, fair values are determined using valuation techniques. Such techniques include using recent arm's length market transactions.

The aggregate net fair values and carrying amount of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

The financial instruments recognised at fair value in the Statement of Financial Position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements.

The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for asset or liability values that are not based on observable market data (unobservable inputs) (Level 3).

	2012			Total
	Level 1	Level 2	Level 3	
Financial Assets				
Available for sale financial assets carried at cost less accumulated impairment	-	-	1,000,000	1,000,000
Investments in managed investment schemes	-	2,635,355	-	2,635,355
	-	2,635,355	1,000,000	3,635,355

	2011			Total
	Level 1	Level 2	Level 3	
Financial Assets				
Available for sale financial assets carried at cost less accumulated impairment	-	-	1,000,000	1,000,000
Investments in managed investment schemes	-	1,462,053	-	1,462,053
	-	1,462,053	1,000,000	2,462,053

For financial instruments not quoted in active markets, the Union uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

Financial instruments that use valuation techniques which only observable market inputs or unobservable inputs that are not significant to the overall valuation include investments in unitised managed investment schemes

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NOTES TO FINANCIAL STATEMENTS
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15 FINANCIAL INSTRUMENTS (Cont'd)

Reconciliation of Level 3 fair value movements	2012	2011
	\$	\$
Opening balance	1,000,000	5,300,000
Write back of impairment loss on disposal	-	(4,300,000)
	<u>1,000,000</u>	<u>1,000,000</u>

15 REMUNERATION AND RETIREMENT BENEFITS

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.

2,119,602	3,393,598
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The names of the Division Branch Management Committee who were elected and held office during the financial year are:

Akbari F	Edwards R	Setka J
Berardi D	Ioannidis A	Savronidis C
Beattie B	Little A	Spernovasilis E
Berardi D	McLaughlin A	Stephenson G
Bergic S	Neilson B	Stradjot F
Booth R	O'Grady F	Theodorou T
Booth R	Oliver W	Washington N
Christopher D	Perkovic J	Williams R
Cody M	Reardon S	
Cordier A	Round P	
Doyle F		
Duggan J		

Union Details

The principal place of business of the Union is:
CFMEU Construction and General Division (Victoria and Tasmanian Branch)
500 Swanston Street
CARLTON SOUTH VIC 3053

The union had 94 employees (2011: 91)

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
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17 CASH FLOW INFORMATION

	2012	2011
	\$	\$
(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	3,900	3,400
Cash at bank	6,378,659	4,094,790
Short term deposits	6,000,000	2,000,000
	12,382,559	6,098,190
 (b) Reconciliation of cash flow from operations surplus		
Net surplus	3,829,561	3,749,363
Depreciation	1,331,806	1,196,077
Net deficit/(gain) on disposal of property plant & equipment	194,882	(137,001)
Net gain on sale of financial asset	(57,777)	-
Reversal of asset realisation account	-	(4,913)
Net loss on revaluation of investment properties	351,041	-
Gain on Tasmanian Branch Merger	(322,266)	-
Fair value gain on investment properties	(33,888)	-
Other non-cash items	23,344	-
(Increase)/decrease in receivables	(694,989)	209,395
(Decrease)/increase in payables	(477,858)	1,104,232
Decrease in inventories	13,331	8,761
Decrease in grant liability	-	(28,649)
Increase in provisions	3,003,335	615,130
	7,160,522	6,712,395
Cash flows from operations		



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AUSTRALIA

INDEPENDENT AUDITOR'S REPORT

To the members of the Construction, Forestry, Mining & Energy Union Construction and General Division Victorian and Tasmanian Divisional Branch

Report on the Financial Report

We have audited the accompanying financial report of the Construction, Forestry, Mining & Energy Union Construction and General Division Victorian and Tasmanian Divisional Branch, which comprises the statement of financial position as at 31 December 2012, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 and the Fair Work (Registered Organisation) Act 2009, and for such internal control as the office holders determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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.



Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of the Construction, Forestry, Mining & Energy Union Construction and General Division Victorian and Tasmanian Divisional Branch as at 31 December 2012, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards and the Fair Work (Registered Organisation) Act 2009.

BDO East Coast Partnership

A small, stylized version of the BDO logo.

A handwritten signature in black ink, appearing to read 'James Mooney'.

James Mooney

Partner

Registered company auditor #311052

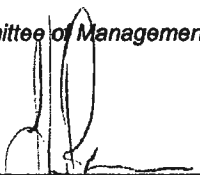
Melbourne, 18 June 2013

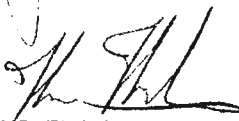
**Construction, Forestry, Mining and Energy Union
Construction and General Division
Victorian and Tasmanian Divisional Branch**

The Divisional Branch Management Committee resolves that in relation to the general purpose financial report of the CFMEU Construction & General Division, Victorian and Tasmanian Divisional Branch for the year ended 31st December 2012:

- (a) *The financial report and notes for the financial year ended 31st December, 2012 comply with applicable accounting standards;*
- (b) *The financial report and notes for the financial year ended 31st December, 2012 comply with the reporting guidelines of Fair Work Australia;*
- (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, 2012;*
- (d) *There are reasonable grounds to believe that the Union will be able to pay its debts as and when they become due and payable; and*
- (e) *During the financial year ended 31st December, 2012 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 the Fair Work (Registered Organizations) Act 2010 and Fair Work (Registered Organizations) 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 the Manager of Fair Work Australia duly made under section 272 of the Fair Work (Registered Organizations) Act 2010 ; and*
 - (vi) *no orders have been made by the Manager of Fair Work Australia, in regard to inspection of financial records under section 273 of the Fair Work (Registered Organizations) Act 2010 during the year.*

For the Committee of Management:

1. 

2. 

From: [Edith Harris](#)
To: [PFEIFFER, Robert](#)
Cc: [Ralph Edwards](#); [John Setka](#)
Subject: FR2012/608
Date: Friday, 2 August 2013 10:54:10 AM
Attachments: [IGA 19 6 2013 8 27 20 584.pdf](#)

Dear Mr Pfeiffer,

I refer to your letter dated the 24th of July, 2013 with respect to lodgement of audited accounts and note that the finalisation of the audit was delayed this year due to a number of circumstances beyond out of our control.

One factor was the wall collapse in Swanston street immediately outside our offices . Our auditors were present that day and they physically helped remove bloody bricks from the victims and so the audit was delayed due to the trauma to all concerned and difficulties in rescheduling. A number of other factors also meant a delay in the audit (if you need details I can provide these). I have attached the audited accounts for your information. They have been published for the required period of time and are awaiting the final step in the approval process which is to have them passed for lodgement at our next Divisional Branch Management Committee (DBMC)meeting which is scheduled for the 20th of August, 2013.

Please note that the accounts have been approved by the DBMC for publishing but they are required to be re-submitted once they have been published for the required period. Please advise if you need any more information otherwise I will send you the attached accounts together with other required documents on the 20th of August after the DBMC meeting.

Yours Sincerely

Edith Harris CA
Finance Manager
CFMEU Construction and General Division ,Vic/Tas Divisional Branch
500 Swanston Street
Carlton South Vic 3053
Ph:9341 3456 Fax:9341 3427 email:edithh@vic.cfmeu.asn.au



FAIR WORK
COMMISSION

24 July 2013

Mr John Setka
Divisional State Secretary
Construction, Forestry, Mining and Energy Union-Construction and General Division, Victoria-
Tasmania Divisional Branch
2/500 Swanston Street
Carlton South VIC 3053

Dear Mr Setka,

Failure to lodge audited financial report - [FR2012/608]

Our records indicate that the Construction and General Division, Victoria -Tasmania Divisional Branch of the Construction, Forestry, Mining and Energy Union (the reporting unit) has failed to lodge its audited financial report for the financial year ended 31 December 2012 despite the Fair Work Commission reminding the reporting unit of its obligation to do so by letter dated 18 January 2013.

As you have previously been advised, section 268 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires reporting units to lodge an audited financial report with the Fair Work Commission within a maximum of 6 months and 14 days of the end of their financial year. In this case, that was no later than 14 July 2013.

Paragraph 7.4 of the FWC Regulatory Compliance Policy (a copy of which is attached) states as follows:

- 7.4 *Where the possible contravention involves failure by an organisation, branch or reporting unit to lodge a matter with FWC in accordance with the timeframes specified in the RO Act, RO Regulations or the rules of the organisation, branch or reporting unit:*
- a. *The Regulatory Compliance Branch will contact the organisation, branch or reporting unit, by telephone and/or in writing, within two weeks to advise that lodgement is overdue;*
 - b. *If lodgement has not occurred within one month of the timeframe specified in the RO Act, RO Regulations or rules, the Regulatory Compliance Branch will advise the organisation, branch or reporting unit that it is seeking voluntary compliance within a specified timeframe and that, in the absence of such voluntary compliance without cause, FWC will commence an inquiry or investigation or initiate court proceedings; and*
 - c. *If lodgement has not occurred within the timeframe specified in the correspondence referred to in paragraph b and the organisation, branch or reporting unit has not been able to show cause regarding why it should not do so, FWC will commence an inquiry or investigation or initiate court proceedings in accordance with this policy as soon as reasonably practicable.*

Section 331 of the RO Act empowers the General Manager of the Fair Work Commission to investigate compliance by a reporting unit (such as the Construction and General Division, Victoria -Tasmania Divisional Branch of the Construction, Forestry, Mining and Energy Union), its officers, employees and auditor(s) with:

- Part 3 of Chapter 8 of the RO Act;
- the reporting guidelines made under that Part;
- the regulations made for the purposes of that Part;
- the Construction, Forestry, Mining and Energy Union-Construction and General Division, Victoria-Tasmania Divisional Branch rules regarding finances and financial administration; and
- civil penalty provisions of the RO Act (see s.305).

In accordance with the processes specified in paragraph 7.4(b) of the *FWC Regulatory Compliance Policy* which are set out above, the reporting unit is required to lodge its outstanding audited financial report with the Fair Work Commission by no later than 14 August 2013.

Should the reporting unit fail to do so without reasonable cause, the General Manager or her Delegate may commence an investigation under s.331 of the RO Act without further notice.

Should you seek any clarification in relation to the above, please contact me on (03) 8661 7936 or via email at robert.pfeiffer@fwc.gov.au .

Yours sincerely,

Robert Pfeiffer
Senior Adviser
Regulatory Compliance Branch



FAIR WORK
COMMISSION

18 January 2013

Mr Bill Oliver
Branch Secretary
Construction, Forestry, Mining and Energy Union-Construction and General Division, Victoria-
Tasmania Divisional Branch
2/500 Swanston Street
Carlton South VIC 3053

Dear Mr Oliver,

Re: Lodgement of Financial Report - [FR2012/608]

Fair Work (Registered Organisations) Act 2009 (the RO Act)

The financial year of the Construction, Forestry, Mining and Energy Union-Construction and General Division, Victoria-Tasmania Divisional Branch (the reporting unit) ended on 31 December 2012.

This is a courtesy letter to remind you of the obligation to prepare and lodge the financial report for the reporting unit by the due date, namely 15 July 2013 (that is the period within 6 months and 14 days of the end of the financial year) under s.268 of the RO Act.

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

Fact sheets regarding financial reporting under the RO Act are provided on the Fair Work Commission website at: [Financial Reporting Fact Sheets](#).

The documents can be emailed to orgs@fwc.gov.au. If it is envisaged that the financial report cannot be lodged by the due date you are requested to contact this office prior to the due date to discuss the issue.

It should be noted that s.268 is a civil penalty provision. Failure to lodge a financial report may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$33,000 for a body corporate and \$6,600 for an individual per contravention) being imposed upon an officer whose conduct led to the contravention and/or your organisation.

Should you seek any clarification in relation to the above, please contact me on (03) 8661 7936 or via email at robert.pfeiffer@fwc.gov.au.

Yours sincerely,

Robert Pfeiffer
Senior Adviser
Regulatory Compliance Branch

TIMELINE/ PLANNER

Financial reporting period ending:	/ /	
Prepare financial statements and Operating Report.		
(a) A Committee of Management Meeting must consider the financial statements, and if satisfied, pass a resolution declaring the various matters required to be included in the Committee of Management Statement.	/ /	As soon as practicable after end of financial year
(b) A #designated officer must sign the Statement which must then be forwarded to the auditor for consideration as part of the General Purpose Financial Report (GPFR).		
Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /	Within a reasonable time of having received the GPFR (NB: Auditor's report must be dated on or after date of Committee of Management Statement)
Provide full report free of charge to members – s265 The full report includes: <ul style="list-style-type: none"> the General Purpose Financial Report (which includes the Committee of Management Statement); the Auditor's Report; and the Operating Report. 	/ /	(a) if the report is to be presented to 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.
Present full report to:		
(a) General Meeting of Members - s266 (1),(2); OR	/ /	Within 6 months of end of financial year
(b) where the rules of organisation or branch allow* - a Committee of Management meeting - s266 (3)	/ /	Within 6 months of end of financial year
Lodge full report with the Fair Work Commission, together with the #Designated Officer's certificate++ – s268	/ /	Within 14 days of meeting

* the full report may only be presented to a committee of management meeting if the rules of the reporting unit provide that a percentage of members (not exceeding 5%) are able to call a general meeting to consider the full report.

The Committee of Management Statement and the Designated Officer's certificate must be signed by the Secretary or another officer who is an elected official and who is authorised under the rules (or by resolution of the organisation) to sign the statement or certificate – s243.

++ The Designated Officer's certificate must state that the documents lodged are copies of the documents provided to members and presented to a meeting in accordance with s266 – dates of such events must be included in the certificate. The certificate cannot be signed by a non-elected official.