



FAIR WORK
COMMISSION

15 June 2016

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

sent to: amandas@vic.cfmeu.asn.au, queries@vic.cfmeu.asn.au

Dear Mr Edwards

Re: Lodgement of Financial Statements and Accounts - Construction, Forestry, Mining and Energy Union, Construction and General Division, Victoria-Tasmania Divisional Branch - for year ended 31 December 2015 (FR2015/439)

I acknowledge receipt of the financial report for the Victoria-Tasmania Divisional Branch. The documents were lodged with the Fair Work Commission on 7 June 2016. The financial report has been filed.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and Reporting Guidelines have been complied with. A primary review does not examine all disclosure requirements. Please note that the financial report for the year ending 31 December 2016 may be subject to an advanced compliance review.

You do not have to take any further action in respect of the report lodged but I make the following comments to assist you when preparing the next report.

Documents must be lodged with the FWC within 14 days of 2nd meeting

Section 268 of the RO Act requires the full report and designated officer's certificate to be lodged with FWC within 14 days of the meeting held for the purposes of presentation under section 266. The Designated Officer's Certificate indicated that this meeting occurred on 17 May 2016. If this is correct the full report should have been lodged with FWC by 31 May. However our record shows the full report was not received by FWC until 3 June.¹

Please note that in future years if the Branch anticipates that it will not be able to lodge on time, it must make a written request for an extension of time, signed by a relevant officer, including any reason for the delay, prior to the expiry of the 14th day after the second meeting.

¹ A hard copy of the report was received by the Sydney office on that day.

Disclosure of grants

Reporting Guideline 17 requires that where grants or donations have not been paid, a statement to that effect² must be included in the notes to the general purpose financial report.

Note 3 did not include a nil or no-activity disclosure in respect of grants. The lodgement, under section 237, of the statement of loans, grants and donations, disclosing no grants, does not satisfy the requirement of Reporting Guideline 17.

Disclosure of payables in respect of legal costs

Note 8 discloses a liability of “fees payable” and Note 10 discloses a separate provision for “legal costs”. Reporting Guideline 20(b) requires any payables in relation to legal costs to be disclosed by breakdown into (i) “litigation” and (ii) “other legal matters”.³

Reporting Requirements

On the FWC website a number of factsheets in relation to the financial reporting process and associated timelines are available. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The FWC recommends reporting units use this model as it assists in ensuring compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).⁴

Should you wish to discuss this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (02) 6746 3283 or by email at stephen.kellett@fwc.gov.au.

Yours sincerely



Stephen Kellett
Senior Adviser
Regulatory Compliance Branch

² Or a nil balance, as per the model financial statements; the donations were correctly disclosed, as in last year's amended report

³ These are the same categories for breakdown for legal expenses as required by Reporting Guideline 16(j), and which were disclosed correctly at Note 3

⁴ <https://www.fwc.gov.au/registered-organisations/compliance-governance/financial-reporting>



31 May, 2016

Fair Work Commission
Level 8, Terrace Towers
80 William Street
East Sydney, NSW 2011



Dear Sir,

RE: Year ended 2015

ACCOUNTS FOR CONSTRUCTION, FORESTRY, MINING
AND ENERGY UNION-CONSTRUCTION AND GENERAL
DIVISION BRANCH, VICTORIA-TASMANIA DIVISIONAL
BRANCH

Please find attached our audited financial accounts for the year ended 31 December, 2015 passed by our Divisional Branch Management Committee on Tuesday the 19 April, 2016.

These accounts were published on our website

www.cfmeuvic.com.au

on the 19 April, 2016.

The accounts were then represented to the Divisional Branch Management Committee on Tuesday 17 May 2016.

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

Yours faithfully

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

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



31 May, 2016

Fair Work Commission
Level 8, Terrace Towers
80 William Street
East Sydney, NSW 2011

CONSTRUCTION

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

FORESTRY

MINING

I, RALPH EDWARDS

ENERGY

Being a prescribed designated officer, certify that the documents lodged with Fair Work Commission, consisting of the general purpose financial report of the Construction and General Division of the Construction, Forestry, Mining and Energy Union Victorian/Tasmanian Branch for the year ended 31 December, 2015 were:

UNION

- 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 19 April, 2016
- Copies of the documents provided to members on our website (www.cfmeuvic.com.au) on 19 April, 2016.
- And subsequently re-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 17 May, 2016

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

VIC/TAS DIVISIONAL
BRANCH
500 SWANSTON STREET
CARLTON STH, VIC 3053

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

Date: 31.5.16

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

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

Operating Report

Introduction

The Construction, Forestry, Mining & Energy Union Construction and General Division Victorian and Tasmanian Divisional Branch ("CFMEU") is committed to providing a broad range of services to members and defending members' rights in Victorian and 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 Enterprise Bargaining Agreements ("EBA") negotiations. The CFMEU employs organisers to help members and provides access to occupational health and safety representatives, training and legal advice. The results of the Union's principal activities are that members continue to have access to services such as EBAs, training, access to occupation health and safety representatives and legal advice. The principal activities of the CFMEU have not changed during the reporting period.

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. In the year ended 31 December 2015 the Unions has had significant legal costs associated with representing our members and officials in disputes. Additionally legal costs have been incurred associated with some of our officials defending their ability to represent our members on site and in disputes. The Union's operations resulted in a net deficit of \$5,966,545 for the year ended 31 December 2015 (2014: net surplus of \$2,982,143).

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 \$500,000 in line with external investment advice during the year. The Investment Committee will continue to monitor the Union's investments.

Number of Employees

The Union had 86 full time equivalent employees (2014: 86 full time equivalent employees).

Number of Members

The number of members for the year ended 31 December 2015 was 25,202 (2014: 23,536)

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.

Trustee of Superannuation Entity

No officer or member of the Union holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of an organisation.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

Operating Report (continued)

Office Holders

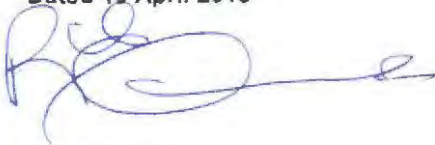
The names of the members of the Divisional Branch Management Committee "DBMC" during financial year were:

Akbari F	1 January 2015 to 31 December 2015
Balta S	1 January 2015 to 31 December 2015
Beattie B	1 January 2015 to 31 December 2015
Bergic S	1 January 2015 to 31 December 2015
Booth P	1 January 2015 to 31 December 2015
Booth R	1 January 2015 to 31 December 2015
Christopher D	1 January 2015 to 31 December 2015
Cody M	1 January 2015 to 31 December 2015
Cordier A	1 January 2015 to 31 December 2015
Constantinou J	1 January 2015 to 31 December 2015
Cracknell D	1 January 2015 to 31 December 2015
Doyle F	1 January 2015 to 31 December 2015
Duggan J	1 January 2015 to 31 December 2015
Edwards R	1 January 2015 to 31 December 2015
Hassett R	16 November 2015 to 31 December 2015
Ioannidis A	1 January 2015 to 31 December 2015
Long S	1 January 2015 to 31 December 2015
Lythgo D	1 January 2015 to 31 December 2015
Perkovic J	1 January 2015 to 31 December 2015
Raspudic R	1 January 2015 to 31 December 2015
Reardon S	1 January 2015 to 31 December 2015
Round P	1 January 2015 to 31 December 2015
Setka J	1 January 2015 to 31 December 2015
Savronidis C	1 January 2015 to 31 March 2015
Spemovasilis E	1 January 2015 to 31 December 2015
Stephenson G	1 January 2015 to 31 December 2015
Stradjot F	1 January 2015 to 31 December 2015
Theodorou T	1 January 2015 to 31 December 2015
Washington N	1 January 2015 to 31 December 2015
Williams R	1 January 2015 to 31 December 2015
White B	1 January 2015 to 20 October 2015

Signed

For and on behalf of the Divisional Branch Management Committee

Dated 19 April 2016



Ralph Edwards
President

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$	2014 \$
Revenue	2a	29,313,851	27,331,818
Other income	2b	1,276,708	-
Less expenses:			
Capitation, affiliation, and amalgamation		1,932,902	2,171,666
National Union office campaigns		291,952	624,871
Depreciation	3	1,140,175	1,232,087
Direct employee benefits – office holders	3	4,409,629	3,637,654
Direct employee benefits – office employees	3	8,488,779	8,083,040
Employee related costs (payroll tax, FBT)		1,640,457	1,542,489
Journal costs		360,276	398,258
Legal costs	3	13,098,682	2,260,097
Loss on disposal of plant and equipment		79,200	152,847
Loss on disposal of investment properties		443,445	-
Occupancy		1,326,873	934,048
Office and administration		2,158,808	2,086,527
Other expenses		1,185,926	1,226,091
		36,557,104	24,349,675
Net (Deficit) / Surplus		(5,966,545)	2,982,143
Other Comprehensive Income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Revaluation increment on land and buildings		5,380,493	-
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net fair value gain on available for sale financial assets		58,819	247,635
Total comprehensive income for the year		(527,233)	3,229,778

The Statement of Profit or 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 AND TASMANIAN DIVISIONAL BRANCH
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	18(a)	15,659,767	14,353,117
Trade and other receivables	4	3,333,251	2,271,405
Other financial assets	5	23,404,789	27,859,577
		<u>42,397,807</u>	<u>44,484,099</u>
NON-CURRENT ASSETS			
Investment properties	6	-	1,100,000
Property, plant and equipment	7	30,162,128	25,552,397
Other financial assets	5	1,682	1,682
		<u>30,163,810</u>	<u>26,654,079</u>
TOTAL ASSETS		<u>72,561,617</u>	<u>71,138,178</u>
CURRENT LIABILITIES			
Trade and other payables	8	1,518,592	1,256,615
Deferred membership subscriptions	9	3,639,141	3,521,666
Provisions	10	9,068,304	7,497,084
TOTAL LIABILITIES		<u>14,226,037</u>	<u>12,275,365</u>
NET ASSETS		<u>58,335,580</u>	<u>58,862,813</u>
MEMBERS' FUNDS			
Accumulated members funds		49,856,239	55,822,784
Reserves		8,479,341	3,040,029
TOTAL MEMBERS' FUNDS		<u>58,335,580</u>	<u>58,862,813</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 AND TASMANIAN DIVISIONAL BRANCH
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Accumulated Members Funds \$	Asset Revaluation Reserve (i) \$	Available for Sale Financial Assets Reserve (ii) \$	Total \$
Balance at 1 January 2014	52,840,641	2,152,735	625,944	55,619,320
Surplus for the year	2,982,143	-	-	2,982,143
Other comprehensive income	-	-	247,635	247,635
Total comprehensive income	2,982,143	-	247,635	3,229,778
Previously recognised in equity transferred to profit or loss on disposal	-	-	13,715	13,715
Balance at 31 December 2014	55,822,784	2,152,735	887,294	58,862,813
Deficit for the year	(5,966,545)	-	-	(5,966,545)
Other comprehensive income	-	5,380,493	58,819	5,439,312
Total comprehensive income	(5,966,545)	5,380,493	58,819	(527,233)
Balance at 31 December 2015	49,856,239	7,533,228	946,113	58,335,580

- (i) The reserve is used to recognise increments in the fair value of land and buildings, excluding investment properties.
- (ii) The reserve is used to recognise increments and decrements in the fair value of available for sale financial assets.

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 AND TASMANIAN DIVISIONAL BRANCH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 \$	2014 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members		22,474,954	19,768,708
Operating grant receipts		8,812,882	8,230,725
Rent received		10,140	10,140
Receipts from sale of publications		91,395	61,265
Interest received		1,745,246	1,647,585
Payments to suppliers and employees		(34,764,358)	(25,722,972)
Payments – CFMEU – C&G National Office		(1,785,157)	(2,173,426)
Net cash (used in)/provided by operating activities	18(b)	<u>(3,414,898)</u>	<u>1,822,025</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(687,742)	(1,509,144)
Proceeds from sale of property, plant and equipment		139,129	174,910
Proceeds from sale of investment properties		756,555	385,704
Proceeds from matured investments		5,574,460	1,500,000
Payment for investments		(1,060,854)	(1,689,762)
Net cash provided by/(used in) investing activities		<u>4,721,548</u>	<u>(1,138,292)</u>
Net increase in cash held		1,306,650	683,733
Cash and cash equivalents at beginning of financial year		14,353,117	13,669,384
Cash and cash equivalents at end of financial year	18(a)	<u>15,659,767</u>	<u>14,353,117</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 AND TASMANIAN DIVISIONAL BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note 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 2015. 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. 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. 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.

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Property, Plant and Equipment (cont'd)

(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 the 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%

D. 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.

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Other Financial Assets (cont'd)

(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.

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. 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.

J. Revenue

(i) Membership Revenue

Members' subscriptions are paid bi-annually in advance and are allocated to revenue on a monthly pro rata time basis. The portion of subscriptions received, which relate to the period after the reporting date, are included in the financial statements as "deferred membership subscriptions".

(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.

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

K. Acquisition of Assets and or Liabilities

No assets and or liabilities were transferred to the Union for an amalgamation under Part 2 of Chapter 3 of the Fair Work (Registered Organisations) Act 2009; or a restructure of the branches of the Union; or a determination by the General Manager under subsections 245(1) of the Fair Work (Registered Organisations) Act 2009; or a revocation by the General Manager under subsection 249(1) of the Fair Work (Registered Organisations) Act 2009.

L. 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).

M. New Accounting Standards and Interpretations

The Union 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 effective 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.

N. 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.

O. Going Concern

The Union is not reliant on any financial support from other reporting unit to continue on a going concern basis.

The Union has not agreed to provide any financial support other reporting unit to ensure they can continue on a going concern basis.

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		2015	2014
		\$	\$
2a	REVENUE		
	Operating Activities		
	Membership subscriptions	17,263,834	16,550,983
	Membership levies – CFMEU	463,409	204,490
	Membership levies – CFMEU – C&G National Office	472,982	204,499
	Interest received	1,492,346	1,603,118
	Grant income	7,979,968	7,582,393
	Rental income	9,218	9,218
	Training fees received	607,531	352,651
	EBA processing fee	87,335	84,544
	Donations	98	65
	Other revenue	937,130	739,857
		<u>29,313,851</u>	<u>27,331,818</u>
2b	OTHER INCOME		
	Capital losses recovered – investments previously impaired	<u>1,276,708</u>	<u>-</u>

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	2015	2014
	\$	\$
3 ITEMS INCLUDED IN (DEFICIT)/ SURPLUS		
Surplus has been determined after charging as expenses:		
Depreciation of property, plant and equipment	1,140,175	1,232,087
Direct operating expense related to investment properties	-	1,134
Capitation fees – CFMEU – C&G National Office	1,622,870	1,861,067
Membership levies – CFMEU – C&G National Office	472,982	310,818
Consultancy fees	95,773	284,865
Loss on disposal of non-current assets	79,200	152,847
Proceeds from sale of plant and equipment	5,028	174,910
Meeting of members or council expenses (including room hire)	97,336	96,047
Penalties imposed by the Fair Work (Registered Organisations) Act 2009	-	-
Expenses related to payroll deductions of membership subscriptions	-	-
Conferences and meetings attendance fees or allowances	12,791	1,278
Affiliation fees		
ALP Tasmanian Branch	2,617	2,208
Australia Asia Workers Links	1,000	1,000
Australian Labour Party	119,165	127,585
Ballarat Trades Hall	2,809	2,081
Bendigo Trades Hall Council	555	370
Community Radio Federation Ltd	3,163	3,057
Geelong Trades Hall Council	11,422	10,644
Goulburn Valley Trades & Labour	600	720
North East & Border Trades & Labour	1,566	-
South West Trades & Labour	1,053	1,053
Sunraysia Trades & Labour Council	895	818
Victorian Trades Hall Council	158,367	154,047
Campaign for the Intern Co-Operation	150	300
Tasmanian Trades and Labour Council	2,930	2,002
Gippsland Trades and Labour Council	3,739	4,714
	<u>310,031</u>	<u>310,599</u>
Donations		
- Less than \$1,000	11,165	10,363
- Greater than \$1,000	133,941	142,775
	<u>145,106</u>	<u>153,138</u>
Legal fees		
- Litigation	12,605,940	2,175,870
- Other	492,742	84,227
	<u>13,098,682</u>	<u>2,260,097</u>

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	2015 \$	2014 \$
3 ITEMS INCLUDED IN (DEFICIT) / SURPLUS (CONT'D)		
Employee benefits – office holders		
Wages and salaries	2,924,847	3,129,317
Superannuation	447,802	348,094
Leave entitlements	635,915	(33,631)
Seperation and redundancies	401,065	193,874
Other	-	-
	4,409,629	3,637,654
 Employee benefits – office employees		
Wages and salaries	7,176,775	6,199,301
Superannuation	936,380	955,103
Leave entitlements	271,377	413,189
Seperation and redundancies	12,862	465,100
Other	91,385	50,347
	8,488,779	8,083,040
 Remuneration of the auditors:		
Audit of financial report		
Current year	55,000	51,000
Prior year	13,470	5,000
Grant and other audits	27,300	18,800
Other services	8,610	2,020
	104,380	76,820
 4 TRADE AND OTHER RECEIVABLES		
Other debtors	449,989	299,087
Accrued income	2,212,913	1,335,132
Prepayments	593,360	594,362
GST receivable	76,989	42,824
	3,333,251	2,271,405
 Included in other debtors:		
Receivables from other reporting units		
CFMEU - C&G National Office	-	2,025
CFMEU Aust Capital Territory	107	-
CFMEU New South Wales	1,932	-
BLF Queensland Branch	1,050	-
BLF South Australia Branch	158	-
CFMEU – Western Australia Branch	599	-
Total receivable from other reporting units	3,846	2,025

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.

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	2015 \$	2014 \$
5 OTHER FINANCIAL ASSETS		
Current		
Available-for-sale investments at fair value	7,904,789	6,859,577
Held to maturity term deposit	15,500,000	21,000,000
	23,404,789	27,859,577
Non Current		
Unlisted trusts at cost	1,682	1,682
	1,682	1,682
6 INVESTMENT PROPERTIES		
Freehold land at fair value	-	1,100,000
	-	1,100,000

The Union engages independent valuer, Charter Keck Cramer and Opteon Property Group, to determine the fair value of its freehold land and buildings. Fair value is the amount for which the asset would be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an 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.

Movement 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:

	Land	Building	Total
2015			
Carrying amount at the beginning of the year	1,100,000	-	1,100,000
Disposal of investment property	(1,000,000)	-	(1,000,000)
Carrying amount at the end of the year	-	-	-
2014			
Carrying amount at the beginning of the year	1,100,000	-	1,100,000
Carrying amount at the end of the year	1,100,000	-	1,100,000

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	2015 \$	2014 \$
7 PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Freehold land at fair value	18,479,630	13,739,625
	<u>18,479,630</u>	<u>13,739,625</u>
Buildings at fair value	7,972,870	6,676,774
Less: Accumulated depreciation	-	(354,728)
	<u>7,972,870</u>	<u>6,322,046</u>
Improvement at cost	10,395	1,393,550
Less: Accumulated depreciation	(8,355)	(68,297)
	<u>2,041</u>	<u>1,325,253</u>
Total land and buildings	<u>26,454,541</u>	<u>21,386,924</u>
<p>The revaluations of land and buildings were based on the assessment of their current market value, subject to vacant possession. The independent revaluations were carried out by Certified Practising Valuer, Charter Keck Cramer and Opteon Property Group. The valuations were made in accordance with a regular policy of obtaining independent valuation of land and buildings a maximum of every three years or as required ensuring that requirements of accounting standards regarding fair value basis of valuation are met. The effective date of the revaluation was 31 December, 2015. Refer to Note 15 for further details.</p>		
Plant and Equipment		
Plant and equipment	614,925	589,839
Less: Accumulated depreciation	(434,064)	(402,882)
	<u>180,861</u>	<u>186,957</u>
Training equipment	4,800,883	4,683,920
Less: Accumulated depreciation	(3,064,995)	(2,603,023)
	<u>1,735,888</u>	<u>2,080,897</u>
Computer equipment	1,074,459	1,061,925
Less: Accumulated depreciation	(901,602)	(859,826)
	<u>172,857</u>	<u>202,099</u>
Furniture and fittings	846,638	846,638
Less: Accumulated depreciation	(642,187)	(605,030)
	<u>204,451</u>	<u>241,608</u>
Motor vehicles	2,395,135	2,335,243
Less: Accumulated depreciation	(981,605)	(881,331)
	<u>1,413,530</u>	<u>1,453,912</u>
Total plant and equipment	<u>3,707,587</u>	<u>4,165,473</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>30,162,128</u>	<u>25,552,397</u>

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7 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Movement in carrying amounts

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

2015

	Land and buildings	Improvements	Plant and equipment	Training equipment
Carrying amount at the beginning of the year	20,061,671	1,325,253	186,957	2,080,897
Revaluation	6,568,284	(1,287,812)	-	-
Additions	-	-	25,087	118,230
Disposals	-	-	-	(73)
Depreciation expense	(177,455)	(35,400)	(31,183)	(463,166)
Carrying amount at the end of the year	26,452,500	2,041	180,861	1,735,888

	Motor vehicles	Furniture and fittings	Computer equipment	Total
Carrying amount at the beginning of the year	1,453,912	241,608	202,099	25,552,397
Revaluation	-	-	-	5,280,472
Additions	483,187	-	61,238	687,742
Disposals	(217,771)	-	(464)	(218,308)
Depreciation expense	(305,798)	(37,157)	(90,016)	(1,140,175)
Carrying amount at the end of the year	1,413,530	204,451	172,857	30,162,128

2014

	Land and buildings	Improvements	Plant and equipment	Training equipment
Carrying amount at the beginning of the year	20,239,126	1,315,181	143,789	1,987,534
Additions	-	44,715	71,551	624,087
Disposals	-	-	-	-
Depreciation expense	(177,455)	(34,643)	(28,383)	(530,724)
Carrying amount at the end of the year	20,061,671	1,325,253	186,957	2,080,897

	Motor vehicles	Furniture and fittings	Computer equipment	Total
Carrying amount at the beginning of the year	1,493,582	281,615	142,270	25,603,097
Additions	600,980	3,520	164,291	1,509,144
Disposals	(327,757)	-	-	(327,757)
Depreciation expense	(312,893)	(43,527)	(104,462)	(1,232,087)
Carrying amount at the end of the year	1,453,912	241,608	202,099	25,552,397

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	2015 \$	2014 \$
8 TRADE AND OTHER PAYABLES		
Trade creditors	1,095,506	603,648
Sundry creditors and accruals	423,086	652,967
	<u>1,518,592</u>	<u>1,256,615</u>
Included in trade creditors:		
Trade payables to other Repotring Units		
CFMEU - C&G National Office	<u>279,359</u>	-
Legal fees payable (Slater & Gordon)	<u>323,105</u>	<u>305,325</u>
The carrying amount of accounts payable approximates fair value.		
9 DEFERRED MEMBERSHIP SUBSCRIPTIONS		
Deferred membership subscriptions	<u>3,639,141</u>	<u>3,521,666</u>
10 PROVISIONS		
Provision for employee entitlements:		
Provision for annual leave – Office Holders	742,374	569,250
Provision for annual leave – Other Employees	1,253,885	1,157,731
Provision for sick leave – Office Holders	325,444	99,795
Provision for sick leave – Other Employees	162,722	179,700
Provision for long service leave – Office Holders	780,734	643,387
Provision for long service leave – Other Employees	1,491,118	1,199,121
Provision for redundancy – Office Holders	1,895,463	1,494,397
Provision for redundancy – Other Employees	2,166,564	2,153,703
Total Employee Provisions	<u>8,818,304</u>	<u>7,497,084</u>
Provison for legal costs	250,000	-
TOTAL PROVISIONS	<u>9,068,304</u>	<u>7,497,084</u>
11 RELATED PARTY TRANSACTIONS		
CFMEU – Construction and General Division National Office		
Capitation fees are paid to the National Office as disclosed in Note 3 as a percentage of membership income and the minimum membership rate as set by the National Office.		
Building Industry 2000 Plus Pty Ltd		
- Transfer of proceeds to Building industry 2000 Pty Ltd for sales made	(132,137)	(98,916)
- Sponsorship of Grand Final Breakfast	(5,000)	(5,000)
- Commission received from Building industry 2000 Pty Ltd	13,033	10,088
	<u>(124,104)</u>	<u>(93,828)</u>

Building Industry 2000 Plus Pty Ltd ("BI2000PPL") is a public company limited by guarantee of which two current DBMC officials (Mr Ralph Edwards and Mr John Setka) are acting in the capacity of directors as well as being members of the company. The CFMEU receives commission for administrative services provided to manage the sale of inventories on behalf of BI2000PPL. The commission is calculated based on 10% of monthly sales.

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12 EVENTS SUBSEQUENT TO BALANCE DATE

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

13 CONTINGENT LIABILITY

The legal matter in relation to the civil damages claim brought on by Boral Limited has been resolved in the current year. The damages and contempt claim brought on by Boral Limited are ongoing. The claims in relation to the ongoing legal matters are not yet determined and it is not practical to estimate the potential effect of the claims.

Judgement was handed down to the union in relation to the damage claim brought on by Bald Hills Wind Farm. The Union is currently disputing the matter as insufficient detail was provided to estimate the costs related to the contempt case. At this stage, it is not practical to estimate the potential financial effect of the charges.

14 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 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	2015	2014
	\$	\$
Financial assets		
Cash and cash equivalents	15,659,767	14,353,117
Trade and other receivables	3,333,251	2,271,405
Held to maturity term deposits	15,500,000	21,000,000
Unlisted trusts at cost	1,682	1,682
Available-for-sale investments at fair value	7,904,789	6,859,577
Total financial assets	42,399,489	44,485,781
Financial Liabilities		
Trade and other payables	1,518,592	1,256,615
Total financial liabilities	1,518,592	1,256,615
Net exposure	40,880,897	43,229,166

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14 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 counterparty, 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 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
	\$	\$	\$	\$	\$	\$	%
2015							
Financial assets							
Cash	9,046,875	6,000,000	-	-	612,892	15,659,767	2.19
Trade and other receivables	-	-	-	-	3,333,251	3,333,251	-
Investments	1,000,000	14,000,000	500,000	-	7,906,471	23,404,789	2.95
	<u>10,046,875</u>	<u>20,000,000</u>	<u>500,000</u>	<u>-</u>	<u>11,852,614</u>	<u>42,399,489</u>	
Financial liabilities							
Trade and other payables	-	-	-	-	1,518,592	1,518,592	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,518,592</u>	<u>1,518,592</u>	<u>-</u>
2014							
Financial assets							
Cash	4,849,037	9,500,000	-	-	4,080	14,353,117	2.59
Trade and other receivables	-	-	-	-	2,271,405	2,271,405	-
Investments	4,000,000	6,000,000	11,000,000	-	6,861,259	27,861,259	3.62
	<u>8,849,037</u>	<u>15,500,000</u>	<u>11,000,000</u>	<u>-</u>	<u>9,136,744</u>	<u>44,485,781</u>	
Financial liabilities							
Trade and other payables	-	-	-	-	1,256,615	1,256,615	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,256,615</u>	<u>1,256,615</u>	<u>-</u>

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14 FINANCIAL INSTRUMENTS (CONT'D)

Sensitivity Analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. At 31 December 2015, 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	
	2015	2014	2015	2014
	\$	\$	\$	\$
+ 1% (100 basis points)	305,469	316,573	305,469	316,573
- 0.5% (50 basis points)	(152,734)	(158,287)	(152,734)	(158,287)

15 FAIR VALUE MEASUREMENTS

The group measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Available-for-sale financial assets
- Land and buildings
- Investment properties

The fair value hierarchy consists of the following levels:

- Level 1 - quoted prices in active markets for identical assets or liabilities;
- Level 2 - 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); and
- Level 3 - inputs for asset or liability values that are not based on observable market data (unobservable inputs).

The following presents the Union's assets and liabilities measured and recognised at fair value at 31 December 2015

2015	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale financial assets (Note 5)				
- Units held in Australian Council of Trade Unions (ACTU)	-	-	1,682	1,682
- Investments in managed investment schemes	-	7,904,789	-	7,904,789
	-	7,904,789	1,682	7,906,471
Non-financial assets				
Investment properties (Note 6)				
Land and building (Note 7)	-	-	26,454,541	26,454,541
	-	-	26,454,541	26,454,541
2014				
Financial assets				
Available for sale financial assets (Note 5)				
- Units held in Australian Council of Trade Unions (ACTU)	-	-	1,682	1,682
- Investments in managed investment schemes	-	6,859,577	-	6,859,577
	-	6,859,577	1,682	6,861,259
Non-financial assets				
Investment properties (Note 6)				
Land and building (Note 7)	-	-	1,100,000	1,100,000
	-	-	20,061,671	20,061,671
	-	-	21,161,671	21,161,671

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15 FAIR VALUE MEASUREMENTS (CONT'D)

	2015	2014
	\$	\$
Reconciliation of Level 3 fair value movements		
Financial assets		
Carrying amount at the beginning of the year	1,682	1,682
Carrying amount at the end of the year	<u>1,682</u>	<u>1,682</u>
Non-financial assets		
Investment properties		
Carrying amount at the beginning of the year	1,100,000	-
Transfer in from Level 2	-	1,100,000
Disposal	<u>(1,100,000)</u>	
Carrying amount at the end of the year	<u>-</u>	<u>1,100,000</u>
Land and building		
Carrying amount at the beginning of the year	20,061,671	-
Amortisation for the year	-	(177,455)
Transfer in from Level 2	-	20,239,126
Revaluation increment	<u>6,390,829</u>	
Carrying amount at the end of the year	<u>26,452,500</u>	<u>20,061,671</u>

Valuation techniques used to derive level 2 and level 3 fair values

(a) Recurring fair value measurement

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities which is not considered material.

For its investment properties and freehold land and buildings (classified as property, plant and equipment), the Union obtains independent valuations at least every three years. At the end of each reporting period, the committee members update their assessment of the fair value of each property, taking into account the most recent independent valuations. The committee members determine a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the committee members consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

All resulting fair value estimates for properties are included in level 3. The level 3 fair value of land and buildings has been derived using the sales comparison approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre.

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15 FAIR VALUE MEASUREMENTS (CONT'D)

Description	Fair value at 31 December 2015	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
<u>Freehold land and building</u>				
500 Swanston Street	\$11,197,500	Direct sales comparison approach supported by the capitalisation of income approach	Building value rates per square metre	1% change in building value rate p.s.m would increase / decrease fair value by \$111,975
78 Fyans Street	\$390,000	Direct sales comparison approach supported by the capitalisation of income approach	Land value rates per square metre	1% change in land value rate p.s.m would increase / decrease fair value by \$3,900
80 Fyans Street	\$405,000			1% change in land value rate p.s.m would increase / decrease fair value by \$4,050
4/31 Sabre Drive, Port Melbourne, Victoria	\$1,050,000	Direct sales comparison approach supported by the capitalisation of income approach	Building value rates per square metre	1% change in building value rate p.s.m would increase / decrease fair value by \$10,500
8/41 Sabre Drive, Port Melbourne, Victoria	\$910,000			1 % change in building value rate p.s.m would increase / decrease fair value by \$9,100
9/41 Sabre Drive, Port Melbourne, Victoria	\$1,050,000			1 % change in building value rate p.s.m would increase / decrease fair value by \$10,500
10/41 Sabre Drive, Port Melbourne, Victoria	\$1,050,000			1 % change in building value rate p.s.m would increase / decrease fair value by \$10,500

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015**

15 FAIR VALUE MEASUREMENTS (CONT'D)

Description	Fair value at 31 December 2015	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
<u>Freehold land and building</u>				
1-7 Wharf Road, Port Melbourne, Victoria	\$6,800,000	Direct sales comparison approach supported by the capitalisation of income approach	Land value rates per square metre	1% change in land value rate p.s.m would increase / decrease fair value by \$68,000
11 Wharf Road, Port Melbourne, Victoria	\$3,200,000	Direct sales comparison approach	Building value rates per square metre	1% change in building value rate p.s.m would increase / decrease fair value by \$32,000
33A New Town Road, New Town, Tasmania	\$400,000	Capitalisation of income approach supported by the direct sales comparison approach	Building value rates per square metre	1% change in land value rate p.s.m would increase / decrease fair value by \$4,000

16 REMUNERATION AND RETIREMENT BENEFITS

	2015 \$	2014 \$
Short-term employee benefits	2,001,189	2,110,480
Post employment benefits	321,809	294,993
Termination benefits	-	84,028
	<u>2,322,998</u>	<u>2,489,501</u>

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

Akbari F	Balta S	Booth R	Beattie B
Bergic S	Booth P	Constantinou J	Christopher D
Cody M	Cordier A	Cracknell D	Doyle F
Duggan J	Edwards R	Hassett R	Ioannidis A
Long S	Lythgo D	Perkovic J	Raspudic R
Reardon S	Round P	Savronidis C	Setka J
Spernovasilis E	Stephenson G	Stradjot F	Theodorou T
Washington N	White B	Williams R	

17 UNION DETAILS

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

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015 \$	2014 \$
18 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	4,080	4,080
Cash at bank	9,655,687	4,849,037
Short-term term deposits	6,000,000	9,500,000
	<u>15,659,767</u>	<u>14,353,117</u>
Fund / account operated in respect to compulsory levies or voluntary contributions are nil (2014: nil).		
Training unit account operated (other than general fund) for the purpose of receiving grants and other training fees are \$361,267 (2014: \$165,536).		
Transfers or withdrawals to a fund, account or controlled entity operated for a special purpose is nil (2014: nil)		
(b) Reconciliation of cash flow from operations surplus		
Net (deficit)/surplus	(5,966,545)	2,982,143
Depreciation	1,140,175	1,232,087
Loss on disposal of property, plant & equipment	79,200	152,847
Loss on disposal of investment properties	443,445	-
Loss sale of financial asset	-	9,180
Increase in trade and other receivables	(1,061,846)	(27,777)
Increase /(decrease) in trade and other payables	261,977	(2,595,387)
Increase /(decrease) in deferred membership subscriptions	117,476	(310,625)
Increase in provisions	1,571,220	379,557
Net cash provided from operating activities	<u>(3,414,898)</u>	<u>1,822,025</u>

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 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Divisional Branch Management Committee declaration.

Office Holders' Responsibility for the financial report

The Divisional Branch Management Committee is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the *Fair Work (Registered Organisations) Act 2009* and the reporting guidelines of the General Manager, and for such internal control as the Divisional Branch Management Committee 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 Divisional Branch Management Committee, 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 2015, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards, the *Fair Work (Registered Organisations) Act 2009* and the reporting guidelines of the General Manager.

Use of Going Concern Assumption

As part of our audit of the financial report, we have concluded that managements use of the going concern assumption as set out in Note 1 in the preparation of the financial statements is appropriate. Because not all future events or conditions can be predicted, this statement is not a guarantee as to the entity's ability to continue as a going concern.

Declaration by the auditor

I, James Mooney, declare the following:

- i. I am a registered auditor;
- ii. I am a member of the Institute of Chartered Accountants in Australia; and
- iii. I hold a current Public Practice Certificate.

BDO East Coast Partnership

James Mooney

Partner

Registered company auditor #311052

Melbourne, 19 April 2016

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015**

On the 19 April, 2016 the Divisional Branch Management Committee of the Construction, Forestry, Mining & Energy Union Construction and General Division Victorian and Tasmanian Divisional Branch ("the reporting unit") passed the following resolution in relation to the general purpose financial report ("GPFR") for the year ended 31 December 2015:

The Divisional Branch Management Committee declares that in its opinion:

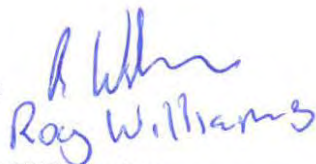
- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the General Manager;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position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

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

Signature:

Name:

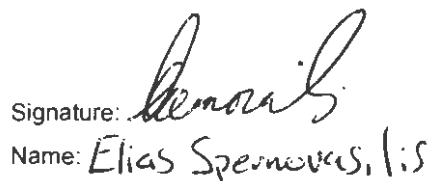
Position: DBMC Member


Ray Williams

Signature:

Name:

Position: DBMC Member


Elias Spornovos, IIS

Dated: 19 April 2016



15 January 2016

Mr John Setka
Divisional State Secretary
Construction, Forestry, Mining and Energy Union-Construction and General Division, Victoria-Tasmania
Divisional Branch
Sent via email: queries@vic.cfmeu.asn.au

Dear Mr Setka,

**Re: Lodgement of Financial Report - [FR2015/439]
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 2015.

This is a courtesy letter to remind you of the obligation to prepare and lodge the financial report for the reporting unit by the due date under s.268 of the RO Act, namely 15 July 2016 (being the expiry date of 6 months and 14 days from the end of the financial year).

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 and guidance notes in relation to financial reporting under the RO Act are provided on the Fair Work Commission website. Further, the General Manager's updated Reporting Guidelines that apply to all financial reports prepared on or after 30 June 2014 are also available on the website supported by a webinar presentation.

The Fair Work Commission has developed a model set of financial statements. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards. The model statement and other resources can be accessed through our website under [Financial Reporting](#) in the Compliance and Governance section.

I request that the financial report and any statement of loans, grants or donations made during the financial year (statement must be lodged within 90 days of end of financial year) be emailed, rather than posted, to orgs@fwc.gov.au. A sample statement of loans, grants or donations is available at [sample documents](#).

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 \$51,000 for a body corporate and \$10,200 for an individual per contravention) being imposed upon an officer whose conduct led to the contravention and/or your organisation.

Should you wish to seek any clarification in relation to the above, please contact me on (03) 8656 4699 or via email at Sam.Gallichio@fwc.gov.au.

Yours sincerely,

Sam Gallichio
Adviser
Regulatory Compliance Branch

TIMELINE/ PLANNER

Financial reporting period ending:	/ /	
Prepare financial statements and Operating Report.		
<p>(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.</p> <p>(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).</p>	/ /	As soon as practicable after end of financial year
Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /	<p>Within a reasonable time of having received the GPFR</p> <p>(NB: Auditor's report must be dated on or after date of Committee of Management Statement</p>
<p>Provide full report free of charge to members – s265</p> <p>The full report includes:</p> <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. 	/ /	<p>(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,</p> <p>or</p> <p>(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.</p>
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.



15 January 2016

Ms Amanda Swayn

Industrial Officer

Construction, Forestry, Mining and Energy Union-Construction and General Division, Victoria-Tasmania
Divisional Branch

Sent via email: amandas@vic.cfmeu.asn.au

Dear Ms Swayn,

**Re: Lodgement of Financial Report - [FR2015/439]
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 2015.

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I request that the financial report and any statement of loans, grants or donations made during the financial year (statement must be lodged within 90 days of end of financial year) be emailed, rather than posted, to orgs@fwc.gov.au. A sample statement of loans, grants or donations is available at [sample documents](#).

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Should you wish to seek any clarification in relation to the above, please contact me on (03) 8656 4699 or via email at Sam.Gallichio@fwc.gov.au.

Yours sincerely,

Sam Gallichio

Adviser

Regulatory Compliance Branch

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

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

TIMELINE/ PLANNER

Financial reporting period ending:	/ /	
Prepare financial statements and Operating Report.		
<p>(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.</p> <p>(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).</p>	/ /	As soon as practicable after end of financial year
Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /	<p>Within a reasonable time of having received the GPFR</p> <p>(NB: Auditor's report must be dated on or after date of Committee of Management Statement</p>
<p>Provide full report free of charge to members – s265</p> <p>The full report includes:</p> <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. 	/ /	<p>(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,</p> <p>or</p> <p>(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.</p>
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