



7 August 2017

Mr Ralph Edwards
President, Victoria-Tasmania Divisional Branch
Construction and General Division
Construction, Forestry, Mining and Energy Union

Sent via email: edithh@cfmeu.org

Dear Mr Edwards

Re: Construction, Forestry, Mining and Energy Union, Construction and General Division, Victoria-Tasmania Divisional Branch – financial report for year ending 31 March 2017 (FR2017/24)

I refer to the financial report of the Victoria-Tasmania Divisional Branch. The documents were lodged with the Registered Organisations Commission ('the ROC') on 21 July 2017.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

The financial report was filed based on a primary review. This involved confirming whether the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the period ending 31 March 2018 may be subject to an advanced compliance review.

Reporting Requirements

On the ROC website is a number of factsheets in relation to the financial reporting process and associated timelines. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The ROC recommends reporting units use this model as it will assist in ensuring compliance with the RO Act, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

Please note that new Reporting Guidelines will apply to organisations and branches with financial years *commencing* on or after 1 July 2017. Updates and information on the new guidelines will be provided through the ROC website and the [subscription service](#).

If you have any queries, please contact me via email at stephen.kellett@roc.gov.au.

Yours faithfully

A handwritten signature in black ink that reads "Stephen Kellett". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Stephen Kellett
Financial Reporting
Registered Organisations Commission



20 July, 2017

Registered Organisations Commission
GPO Box 2983
Melbourne
VIC 3001

Dear Sir,

RE: Period ended 2017

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 March, 2017 passed by our Divisional Branch Management Committee on Tuesday 20 June, 2017. These accounts were published on our website on the 21 June, 2017. The accounts were then represented to the Divisional Branch Management Committee on Tuesday 18 July, 2017.

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

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



CONSTRUCTION

FORESTRY

MINING

ENERGY

UNION

20 July, 2017

Registered Organisations Commission
GPO Box 2983
Melbourne
VIC 3001

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

I, RALPH EDWARDS

Being a prescribed designated officer, certify that the documents lodged with Registered Organisations Commission, consisting of the general purpose financial report of the Construction and General Division of the Construction, Forestry, Mining and Energy Union Victorian/ Tasmanian Divisional Branch for the period ended 31 March, 2017 were:

- 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 20 June, 2017
- Copies of the documents provided to members on our website on 21st June 2017 at <https://vic.cfmeu.org.au/resources/financial-report-period-ended-31-march-2017>
- 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 18 July, 2017

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

Date: 20.7.17

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

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

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

**FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2017**

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
OPERATING REPORT FOR THE PERIOD ENDED 31 MARCH 2017**

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 Victoria 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 come from Enterprise Bargaining Agreement ("EBA") negotiations for good wages and conditions. The CFMEU employs organisers to help members and provides access to services such as occupational health and safety representatives, training and legal advice. The results of the Union's principal activities are that members continue to have decent wages and conditions and access to services. The principal activities of the CFMEU have not changed during the reporting period.

Financial Position

The CFMEU has decided to change the timing of the financial year end from 31 December to 31 March to better fit in with industry activities and facilitate timely reporting. The Union 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 loss of \$6,156 for the period ended 31 March 2017 (net surplus of \$226,856 for the year ended 31 December 2016).

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 will continue to monitor the Union's investments.

Number of Employees

The Union had 91 full time equivalent employees (2016: 92 full time equivalent employees).

Number of Members

The number of members for the period ended 31 March 2017 was 27,782 (2016: 25,211)

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.

Trustees 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 PERIOD ENDED 31 MARCH 2017**

Operating Report (continued)

Office Holders

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

Akbari F	2 January 2017 to 31 March 2017
Balta S	2 January 2017 to 31 March 2017
Beattie B	2 January 2017 to 31 March 2017
Benstead G	2 January 2017 to 31 March 2017
Booth P	2 January 2017 to 31 March 2017
Booth R	2 January 2017 to 31 March 2017
Christopher D	2 January 2017 to 31 March 2017
Cody M	2 January 2017 to 31 March 2017
Cordier A	2 January 2017 to 31 March 2017
Constantinou J	2 January 2017 to 31 March 2017
Doyle F	2 January 2017 to 31 March 2017
Edwards R	2 January 2017 to 31 March 2017
Graauwmans R	2 January 2017 to 31 March 2017
Gritzalis D	2 January 2017 to 31 March 2017
Hassett R	2 January 2017 to 31 March 2017
Harkins K	2 January 2017 to 31 March 2017
Ioannidis A	2 January 2017 to 31 March 2017
Long S	2 January 2017 to 31 March 2017
Lythgo D	2 January 2017 to 31 March 2017
Misic D	2 January 2017 to 31 March 2017
Perak J	2 January 2017 to 31 March 2017
Perkovic J	2 January 2017 to 31 March 2017
Pitt B	2 January 2017 to 31 March 2017
Raspudic R	2 January 2017 to 31 March 2017
Reardon S	2 January 2017 to 31 March 2017
Round P	2 January 2017 to 31 March 2017
Setka J	2 January 2017 to 31 March 2017
Simpson J	2 January 2017 to 31 March 2017
Spermovasilis E	2 January 2017 to 31 March 2017
Theodorou T	2 January 2017 to 31 March 2017
Zanatta L	2 January 2017 to 31 March 2017

Signed

For and on behalf of the Divisional Branch Management Committee

Dated 20.6.17



**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 PERIOD ENDED 31 MARCH 2017**

	Note	3 Month Period to 31 March 2017 \$	2016 \$
Revenue	2	6,620,150	30,958,899
Less expenses:			
Capitation, affiliation, and amalgamation		438,202	2,098,143
National Union office campaigns		-	409,233
Depreciation	3	240,887	1,075,330
Direct employee benefits – office holders	3	830,345	3,276,802
Direct employee benefits – office employees	3	2,562,550	9,797,749
Employee related costs (payroll tax, FBT)		484,729	1,597,721
Journal costs		-	330,018
Legal costs	3	619,102	5,015,174
Loss on disposal of plant and equipment		19,911	114,017
Loss on disposal of investment properties		-	-
Occupancy		339,624	1,447,020
Office and administration		646,560	3,056,672
Promotional costs		141,356	1,354,355
Other expenses		<u>302,838</u>	<u>1,180,011</u>
		<u>6,626,308</u>	<u>30,732,043</u>
Net (Deficit) / Surplus		<u>(6,156)</u>	<u>226,856</u>
Other Comprehensive Income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net fair value gain/(loss) on available for sale financial assets		<u>182,838</u>	<u>(44,978)</u>
Total comprehensive income for the year		<u>176,682</u>	<u>181,878</u>

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 MARCH 2017**

	Note	31 March 2017 \$	31 December 2016 \$
CURRENT ASSETS			
Cash and cash equivalents	18(a)	9,384,326	9,230,132
Trade and other receivables	4	9,130,666	7,960,083
Other financial assets	5	25,463,984	26,244,634
Inventory		<u>2,750</u>	<u>2,750</u>
		43,981,726	43,437,599
Non-current assets classified as held for sale	6	<u>11,197,500</u>	<u>11,197,500</u>
		55,179,226	54,635,099
 NON-CURRENT ASSETS			
Property, plant and equipment	7	18,800,740	18,961,694
Other financial assets	5	<u>1,682</u>	<u>1,682</u>
		18,802,422	18,963,376
 TOTAL ASSETS			
		<u>73,981,648</u>	<u>73,598,475</u>
 CURRENT LIABILITIES			
Trade and other payables	8	1,804,660	1,630,973
Deferred membership subscriptions	9	3,664,017	3,524,097
Provisions	10	<u>9,018,831</u>	<u>9,925,947</u>
TOTAL LIABILITIES		<u>15,287,508</u>	<u>15,081,017</u>
 NET ASSETS			
		<u>58,694,140</u>	<u>58,517,458</u>
 MEMBERS' FUNDS			
Accumulated members funds		50,076,939	50,083,095
Reserves		<u>8,617,201</u>	<u>8,434,363</u>
TOTAL MEMBERS' FUNDS		<u>58,694,140</u>	<u>58,517,458</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 PERIOD ENDED 31 MARCH 2017**

	Accumulated Members Funds \$	Asset Revaluation Reserve (i) \$	Available for Sale Financial Assets Reserve (ii) \$	Total \$
Balance at 1 January 2016	49,856,239	7,533,228	946,113	58,335,580
Surplus for the year	226,856	-	-	226,856
Other comprehensive income	-	-	(44,978)	(44,978)
Total comprehensive income	<u>226,856</u>	<u>-</u>	<u>(44,978)</u>	<u>181,878</u>
Balance at 31 December 2016	<u>50,083,095</u>	<u>7,533,228</u>	<u>901,135</u>	<u>58,517,458</u>
Deficit for the period	(8,156)	-	-	(6,156)
Other comprehensive income	-	-	182,838	182,838
Total comprehensive income	<u>(8,156)</u>	<u>-</u>	<u>182,838</u>	<u>176,682</u>
Balance at 31 March 2017	<u>50,076,939</u>	<u>7,533,228</u>	<u>1,083,973</u>	<u>58,694,140</u>

- (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 PERIOD ENDED 31 MARCH 2017**

	3 Month Period to 31 March 2017 \$	2016 \$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from members	5,204,034	20,115,357
Operating grant receipts	381,221	8,630,852
Rent received	2,536	10,140
Receipts from sale of publications	-	136,512
Interest received	103,191	1,352,139
Payments to suppliers and employees	(6,022,496)	(29,672,997)
Payments – CFMEU – C&G National Office	(377,935)	(1,930,203)
Net cash used in operating activities	18(b) <u>(709,449)</u>	<u>(1,358,400)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	(107,118)	(1,309,026)
Proceeds from sale of property, plant and equipment	7,274	122,613
Net proceeds from/(payments for) investments in financial assets	963,487	(2,884,822)
Loan advance to CFMEU - C&G National Office	-	(1,000,000)
Net cash provided/(used in) by investing activities	<u>863,643</u>	<u>(5,071,235)</u>
Net increase/(decrease) in cash held	154,194	(6,429,635)
Cash and cash equivalents at beginning of financial year	9,230,132	15,659,787
Cash and cash equivalents at end of financial year	18(a) <u>9,384,326</u>	<u>9,230,132</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 PERIOD ENDED 31 MARCH 2017**

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 period ended 31 March 2017. 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 PERIOD ENDED 31 MARCH 2017**

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 PERIOD ENDED 31 MARCH 2017

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 PERIOD ENDED 31 MARCH 2017**

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

At the date of approving the financial report, the following Australian Accounting Standards and Interpretations relevant to the Union have recently been issued or amended but are not yet mandatory, have not been early adopted by the Union for the period ended 31 March 2017.

Standard/Interpretation	Effective for the annual reporting period beginning on	Expected to be Initially applied in the financial year ending
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	31 March 2018
AASB 1058 'Income of Not-For-Profit Entities'	1 January 2019	31 March 2019
AASB. 9 'Amendments to Australian Accounting Standards - Financial Instruments'	1 January 2018	31 March 2018
AASB 16 'Amendments to Australian Accounting Standards - Leases'	1 January 2019	31 March 2019

The Union has not yet determined the full effect of the above amendments to standards and interpretations.

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 to any other reporting unit to ensure they can continue on a going concern basis.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017**

		3 Month Period to 31 March 2017 \$	31 December 2016 \$
2	REVENUE		
	Operating Activities		
	Membership subscriptions	4,008,436	19,377,243
	Membership levies – CFMEU	410	8,561
	Membership levies – CFMEU – C&G National Office	84,457	479,493
	Interest received	125,703	776,456
	Grant income	1,963,370	8,150,393
	Rental income	2,305	9,218
	Training fees received	123,995	495,784
	EBA processing fee	44,565	448,561
	Donations	-	98
	Other revenue	266,909	1,213,092
		6,820,150	30,958,899

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
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	31 March 2017 \$	31 December 2016 \$
3 ITEMS INCLUDED IN (DEFICIT)/ SURPLUS		
Surplus has been determined after charging as expenses:		
Depreciation of property, plant and equipment	240,887	1,075,330
Capitation fees – CFMEU – C&G National Office	343,577	1,754,730
Membership levies – CFMEU – C&G National Office	84,457	479,493
Consultancy fees	37,366	382,036
Loss on disposal of non-current assets	19,911	114,017
Proceeds from sale of plant and equipment	-	-
Meeting of members or council expenses (including room hire)	3,705	95,760
Penalties imposed by the Fair Work (Registered Organisations) Act 2009	96,000	-
Conferences and meetings attendance expenses	33,643	31,409
Affiliation fees		
ALP Tasmanian Branch	2,512	2,411
Australia Asia Workers Links	-	2,000
Australian Labour Party	33,551	125,160
Ballarat Trades Hall	763	3,052
Bendigo Trades Hall Council	186	743
Community Radio Federation Ltd	3,163	3,163
Geelong Trades Hall Council	-	10,262
Goulburn Valley Trades & Labour	240	821
North East & Border Trades & Labour	198	704
South West Trades & Labour	263	1,053
Sunraysia Trades & Labour Council	355	532
Victorian Trades Hall Council	51,055	182,446
Tasmanian Trades and Labour Council	957	5,703
Gippsland Trades and Labour Council	1,381	5,364
	94,624	343,414
Grants		
\$1,000 and less	-	-
Greater than \$1,000	-	-
	-	-
Donations		
- \$1,000 and less	500	6,193
- Greater than \$1,000	8,539	839,978
	9,039	846,171
Legal fees		
- Litigation	603,404	4,704,179
- Other	15,698	310,995
	619,102	5,015,174

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	31 March 2017 \$	31 December 2016 \$
3 ITEMS INCLUDED IN (DEFICIT)/ SURPLUS		
Surplus has been determined after charging as expenses:		
Depreciation of property, plant and equipment	240,887	1,075,330
Capitation fees – CFMEU – C&G National Office	343,577	1,754,730
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Loss on disposal of non-current assets	19,911	114,017
Proceeds from sale of plant and equipment	-	-
Meeting of members or council expenses (including room hire)	3,705	95,760
Penalties imposed by the Fair Work (Registered Organisations) Act 2009	96,000	-
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Victorian Trades Hall Council	51,055	182,446
Tasmanian Trades and Labour Council	957	5,703
Gippsland Trades and Labour Council	1,381	5,364
	94,624	343,414
Grants		
Less than \$1,000	-	-
Greater than \$1,000	-	-
	-	-
Donations		
- Less than \$1,000	500	6,193
- Greater than \$1,000	8,539	839,978
	9,039	846,171
Legal fees		
- Litigation	603,404	4,704,179
- Other	15,698	310,995
	619,102	5,015,174

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	31 March 2017	31 December 2016
	\$	\$
3 ITEMS INCLUDED IN (DEFICIT) / SURPLUS (CONT'D)		
Employee benefits – office holders		
Wages and salaries	635,646	3,402,994
Superannuation	101,838	451,158
Leave entitlements	(30,288)	(306,560)
Separation and redundancies	123,149	(270,990)
	830,345	3,276,602
 Employee benefits – office employees		
Wages and salaries	2,210,904	8,037,810
Superannuation	286,623	1,069,746
Leave entitlements	(116,840)	350,439
Separation and redundancies	181,863	339,754
	2,562,550	9,797,749
 Remuneration of the auditors:		
Audit of financial report		
Current year	30,000	68,000
Prior year	-	4,750
Grant and other audits	-	21,620
	30,000	94,370
 4 TRADE AND OTHER RECEIVABLES		
Trade debtors	464,222	289,017
Accrued income	4,340,383	2,926,033
Deposits paid for property acquisition	3,095,585	3,022,585
Loan - CFMEU – C&G National Office	1,000,000	1,000,000
Prepayments	230,476	669,621
GST receivable	-	52,827
	9,130,666	7,960,083

During the 2016 financial year the branch loaned \$1,000,000 to CFMEU – C&G National Office. The loan is non interest bearing. The balance has been repaid after balance date.

Included in trade debtors:

Receivables from other reporting units

CFMEU- Forestry Division	141,689	-
CFMEU - C&G National Office	54,099	2,383
CFMEU Aust Capital Territory	-	-
CFMEU New South Wales	-	1,080
BLF Queensland Branch	-	-
BLF South Australia Branch	250	250
CFMEU – Western Australia Branch	-	-
Total receivable from other reporting units	196,038	3,713

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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	31 March 2017 \$	31 December 2016 \$
5 OTHER FINANCIAL ASSETS		
Current		
Available-for-sale investments at fair value	8,463,984	8,244,634
Held to maturity term deposit	17,000,000	18,000,000
	25,463,984	26,244,634
Non Current		
Unlisted trusts at cost	1,682	1,682
	1,682	1,682
6 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		
500 Swanston Street	11,197,500	11,197,500
	11,197,500	11,197,500

On 21 February 2017, the Divisional Branch Management Committee made the decision to sell the property at 500 Swanston Street. The decision was undertaken to move to larger premises to facilitate the growing needs of the Union. The value allocated to the land and buildings has been reclassified from property, plant and equipment to held for sale at 31 March 2017. The property has been sold subsequent to the reporting date.

7 PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Freehold land at fair value	8,780,200	8,780,200
	8,780,200	8,780,200
Buildings at fair value	6,494,800	6,494,800
Less: Accumulated depreciation	(245,910)	(196,058)
	6,248,890	6,298,742
Improvement at cost	373,800	369,292
Less: Accumulated depreciation	(14,296)	(12,851)
	359,504	356,441
Total land and buildings	15,368,594	15,415,583

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.

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	31 March 2017 \$	31 December 2016 \$
7 PROPERTY, PLANT AND EQUIPMENT (CONT'D)		
Plant and Equipment		
Plant and equipment	684,101	666,111
Less: Accumulated depreciation	<u>(473,081)</u>	<u>(485,132)</u>
	<u>211,020</u>	<u>200,979</u>
Training equipment	4,906,952	4,876,763
Less: Accumulated depreciation	<u>(3,543,412)</u>	<u>(3,461,465)</u>
	<u>1,363,540</u>	<u>1,415,298</u>
Computer equipment	1,182,030	1,182,030
Less: Accumulated depreciation	<u>(1,009,273)</u>	<u>(990,169)</u>
	<u>172,757</u>	<u>191,861</u>
Furniture and fittings	849,777	846,638
Less: Accumulated depreciation	<u>(680,227)</u>	<u>(673,556)</u>
	<u>169,550</u>	<u>173,082</u>
Motor vehicles	2,584,922	2,603,244
Less: Accumulated depreciation	<u>(1,069,643)</u>	<u>(1,038,356)</u>
	<u>1,515,279</u>	<u>1,564,888</u>
Total plant and equipment	<u><u>3,432,146</u></u>	<u><u>3,546,111</u></u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u><u>18,800,740</u></u>	<u><u>18,961,694</u></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.

31 March 2017

	Land and buildings	Improvements	Plant and equipment	Training equipment
Carrying amount at the beginning of the period	15,058,942	356,641	200,979	1,415,298
Additions	-	4,508	17,990	30,189
Disposals	-	-	-	-
Depreciation expense	(49,852)	(1,645)	(7,949)	(81,947)
Carrying amount at the end of the period	15,009,090	359,504	211,020	1,363,540

	Motor vehicles	Furniture and fittings	Computer equipment	Total
Carrying amount at the beginning of the period	1,564,888	173,082	191,864	18,961,694
Additions	51,292	3,139	-	107,118
Disposals	(27,184)	-	-	(27,184)
Depreciation expense	(73,717)	(6,671)	(19,107)	(240,888)
Carrying amount at the end of the period	1,515,279	169,550	172,757	18,800,740

31 December 2016

	Land and buildings	Improvements	Plant and equipment	Training equipment
Carrying amount at the beginning of the year	26,452,500	2,041	180,861	1,735,888
Revaluation	-	-	-	-
Reclassified as held for sale	(11,197,500)	-	-	-
Additions	-	358,897	51,185	75,879
Disposals	-	-	-	-
Depreciation expense	(196,058)	(4,297)	(31,067)	(396,469)
Carrying amount at the end of the year	15,058,942	356,641	200,979	1,415,298

	Motor vehicles	Furniture and fittings	Computer equipment	Total
Carrying amount at the beginning of the year	1,413,530	204,451	172,857	30,162,128
Revaluation	-	-	-	-
Reclassified as held for sale	-	-	-	(11,197,500)
Additions	712,618	-	110,447	1,309,026
Disposals	(236,630)	-	-	(236,630)
Depreciation expense	(324,630)	(31,369)	(91,440)	(1,075,330)
Carrying amount at the end of the year	1,564,888	173,082	191,864	18,961,694

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	31 March 2017 \$	31 December 2016 \$
8 TRADE AND OTHER PAYABLES		
Trade creditors	775,252	186,785
Sundry creditors and accruals	729,987	1,444,188
GST payable	299,421	-
	<u>1,804,660</u>	<u>1,630,973</u>
Included in trade creditors:		
Payables in relation to payroll deductions of membership subscriptions	-	-
Trade payables to other Reporting Units		
CFMEU – Mining & Energy (Morwell)	8,935	-
CFMEU - C&G National Office	152,877	-
	<u>161,812</u>	<u>-</u>
Legal fees payable included in trade creditors		
Litigation	419,818	-
Other legal matters	-	-
	<u>419,818</u>	<u>-</u>
Included in accruals:		
Payables in relation to payroll deductions of membership subscriptions	-	-
Accruals to other Reporting Units		
CFMEU - C&G National Office	7,277	358,348
	<u>7,277</u>	<u>358,348</u>
Legal fees payable included in accruals:		
Litigation	138,917	621,284
Other legal matters	2,879	-
	<u>141,796</u>	<u>621,284</u>
The carrying amount of accounts payable approximates fair value.		
9 DEFERRED MEMBERSHIP SUBSCRIPTIONS		
Membership subscriptions received in advance	<u>3,664,017</u>	<u>3,524,097</u>
10 PROVISIONS		
Provision for employee entitlements:		
Provision for annual leave – Office Holders	596,375	629,360
Provision for annual leave – Other Employees	1,223,446	1,463,859
Provision for sick leave – Office Holders	120,129	135,471
Provision for sick leave – Other Employees	270,326	216,962
Provision for long service leave – Office Holders	795,198	777,161
Provision for long service leave – Other Employees	1,647,556	1,577,344
Provision for redundancy – Office Holders	1,747,620	1,624,472
Provision for redundancy – Other Employees	2,688,181	2,506,318
Total Employee Provisions	<u>9,088,831</u>	<u>8,930,947</u>
Provision for legal costs	<u>730,000</u>	<u>995,000</u>
TOTAL PROVISIONS	<u>9,818,831</u>	<u>9,925,947</u>
Included in provision for legal costs:		
Litigation	730,000	995,000
Other legal matters	-	-
	<u>730,000</u>	<u>995,000</u>

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	31 March 2017 \$	31 December 2016 \$
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 set.		
Building Industry 2000 Plus Pty Ltd:		
- Transfer of proceeds to Building industry 2000 Pty Ltd for sales made	(14,470)	(100,250)
- Sponsorship of Grand Final Breakfast	-	(5,000)
- Sponsorship other	754	(4,545)
- Commission received from Building industry 2000 Pty Ltd	1,467	10,024
	(12,249)	(99,771)

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.

During the 2016 financial year the branch loaned \$1,000,000 to CFMEU – C&G National Office. The loan is non interest bearing, and balance has been repaid after 31 March 2017.

12 EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to the period end the Union entered into a contract for the sale of 500 Swanston street for \$26 million. No events or circumstances other than those disclosed have arisen since the end of the financial period 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 periods.

13 CONTINGENT LIABILITY

The legal matter in relation to the civil damages claim brought on by Boral Limited has been resolved. 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 Docklands - Grocon & Mirvac (Tower 8). 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.

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	31 March 2017 \$	31 December 2016 \$
14 FINANCIAL INSTRUMENTS (CONT'D)		
Risk Exposures and Response		
Financial assets		
Cash and cash equivalents	9,384,326	9,230,132
Trade and other receivables	9,130,666	7,907,256
Held to maturity term deposits	17,000,000	18,000,000
Unlisted trusts at cost	1,682	1,682
Available-for-sale investments at fair value	<u>8,463,984</u>	<u>8,244,834</u>
Total financial assets	<u>43,980,658</u>	<u>43,383,704</u>
 Financial Liabilities		
Trade and other payables	<u>1,505,239</u>	<u>1,630,973</u>
Total financial liabilities	<u>1,505,239</u>	<u>1,630,973</u>
 Net exposure	<u>42,475,419</u>	<u>45,014,677</u>

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:

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14 FINANCIAL INSTRUMENTS (CONT'D)

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 %
2017							
Financial assets							
Cash	7,417,960	1,100,103	-	-	866,263	9,384,326	1.30
Trade and other receivables	-	-	-	-	9,130,666	9,130,666	-
Investments	9,500,000	1,000,000	6,500,000	-	8,463,984	25,463,984	2.82
	<u>16,917,960</u>	<u>2,100,103</u>	<u>6,500,000</u>		<u>18,460,913</u>	<u>43,978,976</u>	
Financial liabilities							
Trade and other payables	-	-	-	-	1,505,239	1,505,239	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,505,239</u>	<u>1,505,239</u>	<u>-</u>
2016							
Financial assets							
Cash	6,859,566	1,059,721	-	-	1,310,845	9,230,132	1.30
Trade and other receivables	-	-	-	-	7,907,256	7,907,256	-
Investments	1,000,000	4,000,000	13,000,000	-	8,244,634	26,244,634	2.83
	<u>7,859,566</u>	<u>5,059,721</u>	<u>13,000,000</u>		<u>17,462,735</u>	<u>43,382,022</u>	
Financial liabilities							
Trade and other payables	-	-	-	-	1,630,973	1,630,973	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,630,973</u>	<u>1,630,973</u>	<u>-</u>

Sensitivity Analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. For the 3 month period ending 31 March 2017, 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	
	31 March 2017 \$	31 December 2016 \$	31 March 2017 \$	31 December 2016 \$
+ 1% (100 basis points)	63,795	259,192	63,795	259,192
- 0.5% (50 basis points)	(31,898)	(129,956)	(31,898)	(129,956)

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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 March 2017

31 March 2017	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	-	8,463,984	-	8,463,984
	-	8,463,984	1,682	8,465,666
Non-financial assets				
Assets classified as held for sale (Note 6)			11,197,500	11,197,500
Land and building (Note 7)	-	-	15,009,090	15,009,090
	-	-	26,206,590	26,206,590
31 December 2016				
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	-	8,244,634	-	8,244,634
	-	8,244,634	1,682	8,246,316
Non-financial assets				
Assets classified as held for sale (Note 6)	-	-	11,197,500	11,197,500
Land and building (Note 7)	-	-	15,058,942	15,058,942
	-	-	26,256,442	26,256,442

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15 FAIR VALUE MEASUREMENTS (CONT'D)

	31 March 2017 \$	31 December 2016 \$
Reconciliation of Level 3 fair value movements		
Financial assets		
Carrying amount at the beginning of the period	1,682	1,682
Carrying amount at the end of the period	<u>1,682</u>	<u>1,682</u>
Assets classified as held for sale		
Carrying amount at the beginning of the period	11,197,500	-
Reclassified as held for sale	-	11,197,500
Carrying amount at the end of the period	<u>11,197,500</u>	<u>11,197,500</u>
Land and building		
Carrying amount at the beginning of the period	15,058,942	26,452,500
Additions	-	-
Amortisation for the period	(49,852)	(196,058)
Reclassified as held for sale	-	(11,197,500)
Carrying amount at the end of the period	<u>15,009,090</u>	<u>15,058,942</u>

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15 FAIR VALUE MEASUREMENTS (CONT'D)

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.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
NOTES TO FINANCIAL STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2017**

15 FAIR VALUE MEASUREMENTS (CONT'D)

Description	Fair value at 31 March 2017	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 PERIOD ENDED 31 MARCH 2017**

15 FAIR VALUE MEASUREMENTS (CONT'D)

Description	Fair value at 31 March 2017	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

	2017 \$	2016 \$
16 REMUNERATION AND RETIREMENT BENEFITS		
Short-term employee benefits	642,402	2,127,407
Post employment benefits	105,248	352,236
Termination benefits	-	<u>367,882</u>
	<u>747,650</u>	<u>2,877,505</u>

The names of the Division Branch Management Committee who were elected and held office during the financial period ended 31 March 2017 are:

Akbari F	Balta S	Beattie B	Benstead B
Booth P	Booth R	Christopher D	Cody M
Cordier A	Constantinou J	Doyle F	
Edwards R	Graauwmans R	Gritzalis D	Hassett R
Ioannidis A	Long S	Lythgo D	Harkins K
Misic D	Perak J	Perkovic J	Pitt B
Raspudic R	Reardon S	Round P	Setka J
Simpson J	Spernovasilis E	Theodorou T	Zanatta L

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 PERIOD ENDED 31 MARCH 2017**

	31 March 2017 \$	31 December 2016 \$
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	8,280,143	8,166,331
Short-term term deposits	1,100,103	1,050,721
	9,384,326	9,230,132
Fund / account operated in respect to compulsory levies or voluntary contributions are nil (2016: nil).		
Training unit account operated (other than general fund) for the purpose of receiving grants and other training fees are \$228,848 (2016: \$66,417).		
Transfers or withdrawals to a fund, account or controlled entity operated for a special purpose is nil (2016: nil)		
(b) Reconciliation of cash flow from operations surplus		
Net (deficit)/surplus	(6,156)	226,856
Depreciation	240,887	1,075,330
Loss on disposal of property, plant & equipment	19,911	114,017
(Increase) in trade and other receivables	(1,170,584)	(3,626,833)
(Increase) in inventory	-	(2,750)
Increase in trade and other payables	173,688	112,381
Decrease / (Increase) in deferred membership subscriptions	139,920	(115,044)
(Decrease) / Increase in provisions	(107,115)	657,643
Net cash used in operating activities	(709,449)	(1,358,400)

19 Commitments and contingencies

The Union has a contractual commitment to acquire property to the value of \$30,000,000 payable in 2017. This contractual agreement was entered into during 2016. There were no other material contractual commitments to acquire property, plant and equipment at 31 March 2017. Other than the items disclosed, there were no further commitments and contingencies at the date of this report.

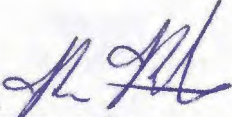
**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
COMMITTEE OF MANAGEMENT STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2017**

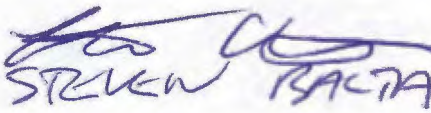
On the 20 June 2017 the Divisional Branch Management Committee of the Construction, Forestry, Mining & Energy Union Construction and General Division Victorian and Tasmanian Divisional Branch ("the reporting unit") passed the following resolution in relation to the general purpose financial report ("GPFR") for the period ended 31 March 2017:

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: THEO THEODOROU
Position: DBMC Member

Signature: 
Name: STEVEN BARTA
Position: DBMC Member

Dated: 20 June 2017



Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Collins Square, Tower Four
Level 18, 727 Collins Street
Melbourne VIC 3008
GPO Box 5099 Melbourne VIC 3001
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 Audit of the Financial Report

Opinion

We have audited the financial report of Construction, Forestry, Mining & Energy Union Construction and General Division Victorian and Tasmanian Divisional Branch, which comprises the statement of financial position as at 31 March 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and notes to the financial report, including a summary of significant accounting policies, and the Divisional Branch Management Committee declaration.

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 March 2017, and its financial performance and cash flows for the period then ended in accordance with Australian Accounting Standards, *the Fair Work (Registered Organisations) Act 2009* and the reporting guidelines of the General Manager.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The members of the Divisional Branch Management Committee are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Operating Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the members of the Office Holders' for the Financial Report

The Divisional Branch Management Committee of the Union are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and for such internal control as the members of the Divisional Branch Management Committee determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the members of the Divisional Branch Management Committee are responsible for assessing the Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members of the Divisional Branch Management Committee either intend to liquidate the Union or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_files/ar3.pdf.

This description forms part of our auditor's report.



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

A handwritten version of the BDO logo, with the letters 'BDO' in a cursive, black ink style.

A handwritten signature in black ink that reads 'James Mooney' in a cursive script.

James Mooney
Partner
Registered company auditor #311052

Melbourne, 20 June 2017