



11 October 2018

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

Dear Mr Edwards

**Re: – CFMMEU, Construction and General Division, Victoria-Tasmania Divisional Branch –  
Financial reporting – for year ending 31 March 2018 (FR2018/20)**

I refer to the financial report of the Victoria-Tasmania Divisional Branch of the Construction and General Division of the Construction, Forestry, Maritime, Mining and Energy Union in respect of the year ending 31 March 2018. The documents were lodged with the Registered Organisations Commission ('the ROC') on 29 August 2018.

The financial report has been filed. 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.

You are not required to take any further action in respect of the report lodged. Please note the report for year ending 31 March 2019 may be subject to an advanced compliance review.

Reporting requirements

New Reporting Guidelines will apply to organisations and branches with financial years commencing on or after 1 July 2017. The new Reporting Guidelines are now available on the ROC website and any further information or updates on the guidelines will be provided through the [subscription service](#).

On the ROC website is a number of factsheets in relation to the financial reporting process and associated timelines. Along with the new Reporting Guidelines, 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](#).

Yours faithfully

Stephen Kellett  
Financial Reporting  
Registered Organisations Commission



**CONSTRUCTION**

**FORESTRY**

**MINING**

**ENERGY**

**UNION**

29 August, 2018

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 herewith to the Registered Organisations Commission, are copies of the full report of the Construction and General Division of the Construction, Forestry, Mining and Energy Union Victorian/Tasmanian Divisional Branch for the year ended 31 March, 2018 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 17 July, 2018
- Copies of the documents were provided to members on our website on 17 July, 2018 at <https://vic.cfmeu.org.au/resources/financial-report-period-ended-31-march-2018>
- 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 21 August, 2018

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

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

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

**FINANCIAL REPORT  
FOR THE YEAR ENDED 31 MARCH 2018**

**THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH  
OPERATING REPORT FOR THE YEAR ENDED 31 MARCH 2018**

## **Operating Report**

### **Introduction**

The Construction, Forestry, Maritime, 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**

In the prior reporting period the CFMEU 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 surplus of \$9,773,846 for the year ended 31 March 2018 (net loss of \$6,156 for the year three months ended 31 March 2017). The surplus is predominantly due to the sale of 500 Swanston street property. These funds have been utilised to purchase properties in Elizabeth Street.

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 98 full time equivalent employees (2017: 91 full time equivalent employees).

### **Number of Members**

The number of members for the year ended 31 March 2018 was 26,796 (2017: 27,782).

### **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, MARITIME, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH  
OPERATING REPORT FOR THE YEAR ENDED 31 MARCH 2018**

**Operating Report (continued)**

**Office Holders**


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

Akbari F	1 April 2017 to 31 March 2018
Balta S	1 April 2017 to 31 March 2018
Beattie B	1 April 2017 to 31 March 2018
Benstead G	1 April 2017 to 31 March 2018
Booth P	1 April 2017 to 31 March 2018
Booth R	1 April 2017 to 31 March 2018
Christopher D	1 April 2017 to 31 March 2018
Cody M	1 April 2017 to 31 March 2018
Cordier A	1 April 2017 to 31 March 2018
Constantinou J	1 April 2017 to 31 March 2018
Doyle F	1 April 2017 to 31 March 2018
Edwards R	1 April 2017 to 31 March 2018
Graauwmans R	1 April 2017 to 31 March 2018
Gritzalis D	1 April 2017 to 31 March 2018
Hassett R	1 April 2017 to 31 March 2018
Harkins K	1 April 2017 to 31 March 2018
Ioannidis A	1 April 2017 to 31 March 2018
Long S	1 April 2017 to 31 March 2018
Lythgo D	1 April 2017 to 31 March 2018
Misic D	1 April 2017 to 31 March 2018
Perak J	1 April 2017 to 31 March 2018
Perkovic J	1 April 2017 to 31 March 2018
Pitt B	1 April 2017 to 31 March 2018
Raspudic R	1 April 2017 to 31 March 2018
Reardon S	1 April 2017 to 31 March 2018
Round P	1 April 2017 to 31 March 2018
Setka J	1 April 2017 to 31 March 2018
Simpson J	1 April 2017 to 31 March 2018
Spermovasilis E	1 April 2017 to 31 March 2018
Theodorou T	1 April 2017 to 31 March 2018
Zanatta L	1 April 2017 to 31 March 2018

**Signed**

For and on behalf of the Divisional Branch Management Committee

**Dated** 17-7-18



**Ralph Edwards**

**THE CONSTRUCTION, FORESTRY, MARITIME, 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 MARCH 2018**

	Note	31 March 2018 \$	3 Month Period to 31 March 2017 \$
Revenue	2	30,238,248	6,620,150
Less expenses:			
Capitation, affiliation, and amalgamation		2,077,803	438,202
National Union office campaigns		827,332	-
Depreciation	3	1,142,616	240,887
Direct employee benefits – office holders	3	4,167,383	830,345
Direct employee benefits – office employees	3	10,564,440	2,562,550
Employee related costs (payroll tax, FBT)		1,927,403	484,729
Journal costs		43,055	-
Legal costs	3	5,522,384	619,102
Loss on disposal of plant and equipment		200,694	19,911
Loss on disposal of investment properties		-	-
Occupancy		2,025,162	339,824
Office and administration		2,851,309	646,560
Promotional costs		568,737	141,358
Other expenses		1,203,224	302,838
		<u>33,121,542</u>	<u>6,626,306</u>
(Deficit)/Surplus from operational activities		<u>(2,883,293)</u>	<u>(6,156)</u>
Other Income	2	<u>12,657,140</u>	<u>-</u>
<b>Net Surplus/(Deficit)</b>		<u><b>9,773,846</b></u>	<u><b>(6,156)</b></u>
<b>Other Comprehensive Income</b>			
<i>Items that will not be subsequently reclassified to profit or loss</i>			
Transfer of gain on disposal of assets to accumulated funds		5,030,066	-
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net fair value gain/(loss) on available for sale financial assets		<u>(39,311)</u>	<u>182,838</u>
<b>Total comprehensive income for the year</b>		<u><b>14,764,600</b></u>	<u><b>176,682</b></u>

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

**THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION**  
**CONSTRUCTION AND GENERAL DIVISION**  
**VICTORIAN AND TASMANIAN DIVISIONAL BRANCH**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2018**

	Note	31 March 2018 \$	31 March 2017 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	18(a)	20,935,904	9,384,326
Trade and other receivables	4	1,487,561	9,130,666
Other financial assets	5	12,353,100	25,463,984
Inventory		5,750	2,750
		34,782,315	43,981,726
 Non-current assets classified as held for sale	 6	 -	 11,197,500
		34,782,315	55,179,226
 <b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	55,818,240	18,800,740
Other financial assets	5	1,682	1,682
		55,819,922	18,802,422
 <b>TOTAL ASSETS</b>		<b>90,602,237</b>	<b>73,981,648</b>
 <b>CURRENT LIABILITIES</b>			
Trade and other payables	8	6,463,160	1,804,660
Deferred membership subscriptions	9	3,940,387	3,664,017
Provisions	10	11,770,015	9,818,831
<b>TOTAL LIABILITIES</b>		<b>22,173,562</b>	<b>15,287,508</b>
 <b>NET ASSETS</b>		<b>68,428,675</b>	<b>58,694,140</b>
 <b>MEMBERS' FUNDS</b>			
Accumulated members funds		64,880,849	50,076,939
Reserves		3,547,826	8,617,201
<b>TOTAL MEMBERS' FUNDS</b>		<b>68,428,675</b>	<b>58,694,140</b>

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

**THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION**  
**CONSTRUCTION AND GENERAL DIVISION**  
**VICTORIAN AND TASMANIAN DIVISIONAL BRANCH**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	Accumulated Members Funds \$	Asset Revaluation Reserve (i) \$	Available for Sale Financial Assets Reserve (ii) \$	Total \$
Balance at 31 December 2016	50,083,095	7,533,228	901,135	58,517,458
Deficit for the period	(6,156)	-	-	(6,156)
Other comprehensive income	-	-	182,838	182,838
Total comprehensive income	<u>(6,156)</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>
Surplus for the period	9,773,846			9,773,846
Other comprehensive income	5,030,065	(5,030,065)	(39,311)	(39,311)
Total comprehensive income	<u>14,803,911</u>	<u>(5,030,065)</u>	<u>(39,311)</u>	<u>9,734,535</u>
Balance at 31 March 2018	<u>64,880,849</u>	<u>2,503,163</u>	<u>1,044,662</u>	<u>68,428,675</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, MARITIME, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	31 March 2018 \$	3 Month Period to 31 March 2017 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from members		24,653,800	5,204,034
Operating grant receipts		11,213,558	381,221
Rent received		86,549	2,536
Interest received		1,136,021	103,191
Payments to suppliers and employees		(25,783,185)	(6,022,496)
Payments – CFMEU C&G National Office		(2,416,153)	(377,935)
Net cash provided by operating activities	18(b)	<u>8,890,589</u>	<u>(709,449)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		(36,951,871)	(107,118)
Proceeds from sale of property, plant and equipment		25,541,286	7,274
Net proceeds from/(payments for) investments in financial assets		13,071,574	963,487
Loan advance to CFMEU National Office		1,000,000	-
Net cash provided/(used in) by investing activities		<u>2,660,989</u>	<u>863,643</u>
Net increase/(decrease) in cash held		11,551,578	154,194
Cash and cash equivalents at beginning of financial year		<u>9,384,326</u>	<u>9,230,132</u>
Cash and cash equivalents at end of financial year	18(a)	<u>20,935,904</u>	<u>9,384,326</u>

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

**THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH  
RECOVERY OF WAGES ACTIVITY\*  
FOR THE YEAR ENDED 31 MARCH 2018**

	31 March 2018 \$	3 Month Period to 31 March 2017 \$
<b>Cash assets in respect of recovered money at beginning of year</b>	-	-
<b>Receipts</b>		
Amounts recovered from employers in respect of wages etc.	-	-
Interest received on recovered money	-	-
<b>Total receipts</b>	-	-
<b>Payments</b>		
Deductions of amounts due in respect of membership for:		
Deductions of fees or reimbursement of expenses	-	-
Payments to workers in respect of recovered money	-	-
<b>Total payments</b>	-	-
<b>Cash assets in respect of recovered money at end of year</b>	-	-
Number of workers to which the monies recovered relates	-	-
<b>Aggregate payables to workers attributable to recovered monies but not yet distributed</b>		
Payable balance	-	-
Number of workers the payable relates to	-	-
<b>Fund or account operated for recovery of wages</b>	-	-

\*As required by the Reporting Guidelines. Item to remain even if 'nil'.

**THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION**  
**CONSTRUCTION AND GENERAL DIVISION**  
**VICTORIAN AND TASMANIAN DIVISIONAL BRANCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**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 March 2018. 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 540 Elizabeth 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, MARITIME, MINING & ENERGY UNION**  
**CONSTRUCTION AND GENERAL DIVISION**  
**VICTORIAN AND TASMANIAN DIVISIONAL BRANCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**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, MARITIME, MINING & ENERGY UNION**  
**CONSTRUCTION AND GENERAL DIVISION**  
**VICTORIAN AND TASMANIAN DIVISIONAL BRANCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**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, MARITIME, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

**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 year ended 31 March 2018.

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 2018	31 March 2019
AASB 1058 'Income of Not-For-Profit Entities'	1 January 2019	31 March 2020
AASB 9 'Amendments to Australian Accounting Standards - Financial Instruments'	1 January 2018	31 March 2019
AASB 16 'Amendments to Australian Accounting Standards - Leases'	1 January 2019	31 March 2020

The Union does not expect any significant amendments to the measurement or presentation as a result 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, MARITIME, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

	31 March 2018 \$	3 Month Period to 31 March 2017 \$
<b>2 REVENUE</b>		
<b>Operating Activities</b>		
Membership subscriptions	18,644,911	4,008,436
Membership levies – CFMEU	-	410
Membership levies – CFMEU – C&G National Office	516,945	84,457
Interest received	395,510	125,703
Grant income	7,825,261	1,963,370
Rental income	78,681	2,305
Training fees received	766,594	123,995
EBA processing fee	141,954	44,565
Donations	-	-
Other revenue	1,868,392	266,909
	<b>30,238,248</b>	<b>6,620,150</b>
 <b>OTHER INCOME</b>		
Gain from sale of land and buildings	12,657,140	-

**THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION**  
**CONSTRUCTION AND GENERAL DIVISION**  
**VICTORIAN AND TASMANIAN DIVISIONAL BRANCH**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	<b>31 March 2018 \$</b>	<b>3 Month Period to 31 March 2017 \$</b>
<b>3 ITEMS INCLUDED IN SURPLUS/(DEFICIT)</b>		
Surplus/(deficit) has been determined after charging as expenses:		
Depreciation of property, plant and equipment	1,142,616	240,887
Capitation fees – CFMEU – C&G National Office	1,665,885	343,577
Membership levies – CFMEU – C&G National Office	563,979	84,457
Consultancy fees	455,163	37,366
Loss on disposal of non-current assets	200,694	19,911
Meeting of members or council expenses (including room hire)	13,588	3,705
Conferences and meetings attendance expenses	78,237	33,643
Consideration to employers for payroll deductions*	-	-
<b>Affiliation fees</b>		
ALP Tasmanian Branch	2,688	2,512
Australia Asia Workers Links	2,000	-
Australian Labour Party	132,250	33,551
Ballarat Trades Hall	3,052	763
Bendigo Trades Hall Council	744	186
Building and Wood workers International	69,814	-
Campaign for Intern Co-operative	150	-
Community Radio Federation Ltd	3,209	3,163
Geelong Trades Hall Council	13,006	-
Gippsland Trades and Labour Council	5,527	1,381
Goulburn Valley Trades & Labour	1,418	240
Independent & Peaceful Australia Network	100	-
North East & Border Trades & Labour	880	198
South West Trades & Labour	1,053	263
Sunraysia Trades & Labour Council	532	355
Victorian Trades Hall Council	207,900	51,055
Tasmanian Trades and Labour Council	957	957
	<b>445,280</b>	<b>94,624</b>
<b>Grants</b>		
Less than \$1,000	-	-
Greater than \$1,000	-	-
	-	-
<b>Donations</b>		
- \$1,000 and less	3,902	500
- Greater than \$1,000	141,905	8,539
	<b>145,807</b>	<b>9,039</b>
<b>Legal fees</b>		
- Litigation	3,509,457	507,404
- Penalties	1,986,300	96,000
- Other	26,627	15,698
	<b>5,522,384</b>	<b>619,102</b>

\*As required by the Reporting Guidelines. Item to remain even if 'nil'.



**THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2018**

	<b>31 March 2018</b>	<b>3 Month Period to 31 March 2017</b>
	<b>\$</b>	<b>\$</b>
<b>3 ITEMS INCLUDED IN SURPLUS/(DEFICIT) (CONT'D)</b>		
<b>Employee benefits – office holders</b>		
Wages and salaries	3,265,602	635,646
Superannuation	439,555	101,838
Leave entitlements	244,213	(30,288)
Separation and redundancies	218,013	123,149
	<u>4,167,383</u>	<u>830,345</u>
 <b>Employee benefits – office employees</b>		
Wages and salaries	9,149,419	2,210,904
Superannuation	1,066,185	286,623
Leave entitlements	170,916	(116,840)
Separation and redundancies	177,920	181,863
	<u>10,564,440</u>	<u>2,562,550</u>
 <b>Remuneration of the auditors:</b>		
<b>Audit of financial report</b>		
Current year	57,500	30,000
Grant and other audits	18,700	-
	<u>76,200</u>	<u>30,000</u>
	<b>31 March 2018</b>	<b>31 March 2017</b>
	<b>\$</b>	<b>\$</b>
<b>4 TRADE AND OTHER RECEIVABLES</b>		
Trade debtors	823,249	464,222
Accrued income	429,872	4,340,383
Deposits paid for property acquisition	24,125	3,095,585
Loan - CFMEU National Office	-	1,000,000
Prepayments	210,314	230,476
	<u>1,487,561</u>	<u>9,130,666</u>

During the 2016 financial year the branch loaned \$1,000,000 to CFMEU National Office. The loan is non-interest bearing. The balance was been repaid in the current financial period.

Included in trade debtors:

Receivables from other reporting units

CFMEU- National Office	30,702	-
CFMEU- Forestry Division	-	141,689
CFMEU C&G National Office	29,033	54,099
CFMEU Aust Capital Territory	-	-
CFMEU New South Wales	-	-
BLF Queensland Branch	-	-
BLF South Australia Branch	-	250
CFMEU – Western Australia Branch	-	-
Total receivable from other reporting units	<u>59,736</u>	<u>196,038</u>

The carrying amount of accounts receivable approximates fair value. There are no balances within receivables that contain assets that are past due but not impaired. It is expected that these balances will be received when due.

**THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION**  
**CONSTRUCTION AND GENERAL DIVISION**  
**VICTORIAN AND TASMANIAN DIVISIONAL BRANCH**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	31 March 2018 \$	31 March 2017 \$
<b>5 OTHER FINANCIAL ASSETS</b>		
<b>Current</b>		
Available-for-sale investments at fair value	8,853,100	8,463,984
Held to maturity term deposit	3,500,000	17,000,000
	12,353,100	25,463,984
<b>Non-Current</b>		
Unlisted trusts at cost	1,682	1,682
	1,682	1,682
<b>6 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE</b>		
500 Swanston Street	-	11,197,500
	-	11,197,500
<b>7 PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Land and buildings</b>		
Freehold land at fair value	25,163,519	8,760,200
	25,163,519	8,760,200
Buildings at fair value	21,636,326	6,494,800
Less: Accumulated depreciation	(489,276)	(245,910)
	21,147,050	6,248,890
Improvement at cost	6,188,499	373,800
Less: Accumulated depreciation	(31,137)	(14,296)
	6,157,362	359,504
<b>Total land and buildings</b>	52,467,931	15,368,594

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.

**THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION**  
**CONSTRUCTION AND GENERAL DIVISION**  
**VICTORIAN AND TASMANIAN DIVISIONAL BRANCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	<b>31 March 2018 \$</b>	<b>31 March 2017 \$</b>
<b>7 PROPERTY, PLANT AND EQUIPMENT (CONT'D)</b>		
<b>Plant and Equipment</b>		
Plant and equipment	231,549	684,101
Less: Accumulated depreciation	(62,892)	(473,081)
	168,657	211,020
Training equipment	5,057,862	4,906,952
Less: Accumulated depreciation	(3,745,936)	(3,543,412)
	1,311,926	1,363,540
Computer equipment	709,457	1,182,030
Less: Accumulated depreciation	(386,777)	(1,009,273)
	322,680	172,757
Furniture and fittings	109,975	849,777
Less: Accumulated depreciation	(4,003)	(680,227)
	105,972	169,550
Motor vehicles	2,662,232	2,584,922
Less: Accumulated depreciation	(1,221,157)	(1,069,643)
	1,441,075	1,515,279
<b>Total plant and equipment</b>	<b>3,350,310</b>	<b>3,432,146</b>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>55,818,240</b>	<b>18,800,740</b>

**THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION**  
**CONSTRUCTION AND GENERAL DIVISION**  
**VICTORIAN AND TASMANIAN DIVISIONAL BRANCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**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 2018**

	Land and buildings	Improvements	Plant and equipment	Training equipment
Carrying amount at the beginning of the period	15,009,090	359,504	211,020	1,363,540
Additions	31,544,846	6,017,575	66,106	297,602
Disposals	-	(199,924)	(74,431)	(22,980)
Depreciation expense	(243,368)	(19,794)	(34,039)	(326,237)
Carrying amount at the end of the period	<u>46,310,568</u>	<u>6,157,361</u>	<u>168,656</u>	<u>1,311,925</u>

	Motor vehicles	Furniture and fittings	Computer equipment	Total
Carrying amount at the beginning of the period	1,515,279	169,550	172,757	18,800,740
Additions	322,010	103,317	275,070	38,626,526
Disposals	(80,422)	(141,040)	(11,342)	(530,139)
Depreciation expense	(315,791)	(25,854)	(113,804)	(1,078,888)
Carrying amount at the end of the period	<u>1,441,076</u>	<u>105,973</u>	<u>322,681</u>	<u>55,818,240</u>

**31 March 2017**

	Land and buildings	Improvements	Plant and equipment	Training equipment
Carrying amount at the beginning of the year	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 year	<u>15,009,090</u>	<u>359,504</u>	<u>211,020</u>	<u>1,363,540</u>

	Motor vehicles	Furniture and fittings	Computer equipment	Total
Carrying amount at the beginning of the year	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 year	<u>1,515,279</u>	<u>169,550</u>	<u>172,757</u>	<u>18,800,740</u>

**THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION**  
**CONSTRUCTION AND GENERAL DIVISION**  
**VICTORIAN AND TASMANIAN DIVISIONAL BRANCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	31 March 2018 \$	31 March 2017 \$
<b>8 TRADE AND OTHER PAYABLES</b>		
Trade creditors	3,117,585	775,252
Sundry creditors and accruals	3,140,699	729,987
GST payable	204,877	299,421
Consideration to employers for payroll deductions*	-	-
	6,463,160	1,804,660
Included in trade creditors:		
Trade payables to other Reporting Units		
CFMEU – Mining & Energy (Morwell)	800	8,935
CFMEU C&G National Office	247,599	152,877
	248,399	161,812
Legal fees payable included in trade creditors		
Litigation	1,975,973	419,818
Other legal matters	-	-
	1,975,973	419,818
Included in accruals:		
Accruals to other Reporting Units		
CFMEU C&G National Office	1,649,873	7,277
	1,649,873	7,277
Legal fees payable included in accruals:		
Litigation	381,831	138,917
Other legal matters	-	2,879
	381,831	141,796
The carrying amount of accounts payable approximates fair value.		
<b>9 DEFERRED MEMBERSHIP SUBSCRIPTIONS</b>		
Membership subscriptions received in advance	3,940,387	3,664,017
<b>10 PROVISIONS</b>		
Provision for employee entitlements:		
Provision for annual leave – Office Holders	652,346	596,375
Provision for annual leave – Other Employees	1,333,792	1,223,446
Provision for sick leave – Office Holders	145,591	120,129
Provision for sick leave – Other Employees	171,797	270,326
Provision for long service leave – Office Holders	957,981	795,198
Provision for long service leave – Other Employees	1,806,651	1,647,556
Provision for redundancy – Office Holders	1,965,634	1,747,620
Provision for redundancy – Other Employees	2,866,101	2,688,181
Total Employee Provisions	9,899,893	9,088,831
Provision for legal costs	1,870,122	730,000
<b>TOTAL PROVISIONS</b>	11,770,015	9,818,831
Included in provision for legal costs:		
Litigation	1,870,122	730,000
Other legal matters	-	-
	1,870,122	730,000

\*As required by the Reporting Guidelines. Item to remain even if 'nil'.

**THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

	31 March 2018	31 March 2017
	\$	\$

**11 RELATED PARTY TRANSACTIONS**

Capitation fees are paid to CFMEU C&G National Office as disclosed in Note 3 as a percentage of membership income and the minimum membership rate set.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant year.

Building Industry 2000 Plus Pty Ltd:

- Transfer of proceeds to Building industry 2000 Pty Ltd for sales made	(71,653)	(14,470)
- Sponsorship of Grand Final Breakfast	(5,000)	-
- Sponsorship other	-	754
- Commission received from Building industry 2000 Pty Ltd	7,165	1,467
	(69,488)	(12,249)

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 National Office. The loan was non-interest bearing, and the balance has been repaid in the current financial period.

During the 2018 year the Branch sold the 500 Swanston Street property. Previously the Branch set aside an amount against the property to secure a loan from CFMEU C&G National Office. The Victorian Divisional Branch Management Committee has decided to offer CFMEU C&G National Office the original loan of \$750,000 adjusted for CPI, a total of \$1,433,766 as settlement of any claims against the sale of the property. This balance is disclosed in Note 8 along with accruals to other reporting entities.

**12 EVENTS SUBSEQUENT TO BALANCE DATE**

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**

There are ongoing discussions relating to an amount payable by CFMEU VIC/TAS Branch to CFMEU C&G Division National Office in relation to the disposal of the Swanston Street property. At present the Union has provided for an amount approved for payment, any amount owing to the CFMEU C&G Division National Office is contingent upon the outcome of discussions and cannot be reliably estimated at this point in time.

Judgement was handed down to the union in relation to the damage claim brought on by 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.

**THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION**  
**CONSTRUCTION AND GENERAL DIVISION**  
**VICTORIAN AND TASMANIAN DIVISIONAL BRANCH**  
**NOTES TO FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	31 March 2018 \$	31 March 2017 \$
<b>14 FINANCIAL INSTRUMENTS (CONT'D)</b>		
<b>Risk Exposures and Response</b>		
Financial assets		
Cash and cash equivalents	20,935,904	9,384,326
Trade and other receivables	1,487,561	9,130,666
Held to maturity term deposits	3,500,000	17,000,000
Unlisted trusts at cost	1,682	1,682
Available-for-sale investments at fair value	8,853,100	8,463,984
Total financial assets	34,778,247	43,980,658
 Financial Liabilities		
Trade and other payables	6,258,283	1,505,239
Total financial liabilities	6,258,283	1,505,239
 Net exposure	28,519,964	42,475,419

**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:

**THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION**  
**CONSTRUCTION AND GENERAL DIVISION**  
**VICTORIAN AND TASMANIAN DIVISIONAL BRANCH**  
**NOTES TO FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**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
	\$	\$	\$	\$	\$	\$	%
<b>2018</b>							
Financial assets							
Cash	11,180,849	7,310,435	-	-	2,444,619	20,935,903	1.22
Trade and other receivables	-	-	-	-	1,487,561	1,487,561	-
Investments		3,000,000	500,000		8,854,782	12,354,782	2.52
	<u>11,180,849</u>	<u>10,310,435</u>	<u>500,000</u>	<u>-</u>	<u>12,786,962</u>	<u>34,778,246</u>	
Financial liabilities							
Trade and other payables	-	-	-	-	6,258,283	6,258,283	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,258,283</u>	<u>6,258,283</u>	<u>-</u>
<b>2017</b>							
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>-</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>

**Sensitivity Analysis**

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. For the year ending 31 March 2018, 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 2018	31 March 2017	31 March 2018	31 March 2017
	\$	\$	\$	\$
+ 1% (100 basis points)	219,913	63,795	219,913	63,795
- 0.5% (50 basis points)	(109,956)	(31,898)	(109,956)	(31,898)



**THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION**  
**CONSTRUCTION AND GENERAL DIVISION**  
**VICTORIAN AND TASMANIAN DIVISIONAL BRANCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**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 2018.

<b>31 March 2018</b>	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
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	-	8,853,100	-	8,853,100
	-	8,853,100	1,682	8,854,782
<b>Non-financial assets</b>				
Assets classified as held for sale (Note 6)				
Land and building (Note 7)	-	-	46,310,569	46,310,569
	-	-	46,310,569	46,310,569
 <b>31 March 2017</b>				
<b>Financial assets</b>				
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
<b>Non-financial assets</b>				
Assets classified as held for sale (Note 6)				
Land and building (Note 7)	-	-	11,197,500	11,197,500
	-	-	15,009,090	15,009,090
	-	-	26,206,590	26,206,590

**THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION**  
**CONSTRUCTION AND GENERAL DIVISION**  
**VICTORIAN AND TASMANIAN DIVISIONAL BRANCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**15 FAIR VALUE MEASUREMENTS (CONT'D)**

	31 March 2018 \$	31 March 2017 \$
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	-	-
Carrying amount at the end of the period	<u>-</u>	<u>11,197,500</u>
Land and building		
Carrying amount at the beginning of the period	15,009,090	15,058,942
Additions	31,544,846	-
Amortisation for the period	(243,367)	(49,852)
Reclassified as held for sale	-	-
Carrying amount at the end of the period	<u>46,310,569</u>	<u>15,009,090</u>

**THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH  
NOTES TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2018**

**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, MARITIME, MINING & ENERGY UNION**  
**CONSTRUCTION AND GENERAL DIVISION**  
**VICTORIAN AND TASMANIAN DIVISIONAL BRANCH**  
**NOTES TO FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**15 FAIR VALUE MEASUREMENTS (CONT'D)**

Description	Fair value at 31 March 2018	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
<u>Freehold land and building</u>				
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, MARITIME, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH  
NOTES TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2018**

**15 FAIR VALUE MEASUREMENTS (CONT'D)**

Description	Fair value at 31 March 2018	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

	2018 \$	2017 \$
<b>16 REMUNERATION AND RETIREMENT BENEFITS</b>		
Short-term employee benefits	2,884,074	642,402
Post employment benefits	400,555	105,248
Termination benefits	-	-
	<b>3,284,629</b>	<b>747,650</b>

The names of the Division Branch Management Committee who were elected and held office during the financial period ended 31 March 2018 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)  
540 Elizabeth Street  
MELBOURNE VIC 3000

**THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH  
NOTES TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2018**

	31 March 2018 \$	31 March 2017 \$
<b>18 CASH FLOW INFORMATION</b>		
(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	13,621,389	8,280,143
Short-term term deposits	7,310,435	1,100,103
	20,935,904	9,384,326
Fund / account operated in respect to compulsory levies or voluntary contributions are nil (2017: nil).		
Training unit account operated (other than general fund) for the purpose of receiving grants and other training fees are \$87,484 (2017: \$228,848).		
Transfers or withdrawals to a fund, account or controlled entity operated for a special purpose is nil (2017: nil)		
(b) Reconciliation of cash flow from operations surplus		
Net surplus/(deficit)	9,773,846	(6,156)
Depreciation	1,142,616	240,887
Profit on sale of land and buildings	(12,657,139)	-
Loss on disposal of property, plant & equipment	200,694	19,911
(Increase) in trade and other receivables	3,547,521	(1,170,584)
(Increase) in inventory	(3,000)	-
Increase in trade and other payables	4,658,499	173,688
Decrease / (Increase) in deferred membership subscriptions	276,370	139,920
(Decrease) / Increase in provisions	1,951,183	(107,115)
Net cash used in operating activities	8,890,589	(709,449)

**19 Commitments and contingencies**

There were no material contractual commitments to acquire property, plant and equipment at 31 March 2018.

Other than the items disclosed, there were no further commitments and contingencies at the date of this report.

**THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH  
COMMITTEE OF MANAGEMENT STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2018**

On the 17 July 2018 the Divisional Branch Management Committee of The Construction, Forestry, Maritime, 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 March 2018:

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 any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act);
- (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:

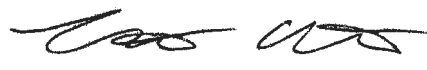
Position: DBMC Member

  
DAVID LYTHGOE 17.7.18

Signature:

Name:

Position: DBMC Member

  
STEVEN GALTA 17.7.18.

Dated: 17 July 2018

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Construction, Forestry, Maritime, Mining & Energy Union Construction and General Division Victorian/Tasmanian Divisional Branch, which comprises the statement of financial position as at 31 March 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, 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, Maritime, Mining & Energy Union Construction and General Division Victorian and Tasmanian Divisional Branch as at 31 March 2018, and its financial performance and cash flows for the period then ended in accordance with Australian Accounting Standards and part 3 of the *Fair Work (Registered Organisations) Act 2009*.

#### 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 reporting unit in accordance with the 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 the *Fair Work (Registered Organisations) Act 2009*, 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 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 registered entity'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 intends 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:

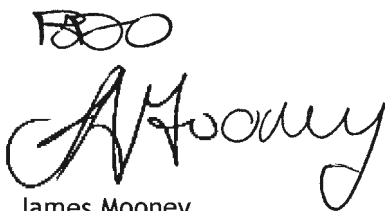
[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our auditor's report.

#### **Declaration by the auditor**

I, James Mooney, declare that I am an approved auditor, a member of the Institute of Chartered Accountants in Australia and hold a current Public Practice Certificate.

**BDO East Coast Partnership**



James Mooney  
Partner

ROC Registration #AA2017/65

Melbourne, 17 July 2018

