



10 September 2020

John Setka
Secretary, Victoria-Tasmania Divisional Branch
Construction, Forestry, Maritime, Mining and Energy Union

Dear Mr John Setka

Re: – Financial reporting – Construction, Forestry, Maritime, Mining and Energy Union, Victoria-Tasmania Divisional Branch - for year ending 31 March 2020 (FR2020/20)

I refer to the financial report of the Victoria-Tasmania Divisional Branch in respect of the year ending 31 March 2020. The documents were lodged with the Registered Organisations Commission ('ROC') on 25 August 2020.

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. Please note the report for year ending 31 March 2021 may be subject to an advanced compliance review.

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

New Accounting Standards – AASB 16, AASB 15 and AASB 1058

Australian Accounting Standards AASB 16 *Leases*, AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* are applicable to not-for-profit entities for annual periods beginning on or after 1 January 2019. General purpose financial reports must include all relevant and required financial disclosures in accordance with Australian Accounting Standards. I have noted the disclosures and information set out in the report for the new Standards. In relation to AASB 15 and AASB 1058, I draw attention, for future reference, to the following.

AASB 15 - Disaggregation of revenue from contracts with customers

Australian Accounting Standard AASB 15 *Revenue from Contracts with Customers* paragraph 114 requires an entity to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

AASB 1058 - Disaggregation of income of not-for-profit entities

Australian Accounting Standard AASB 1058 *Income of Not-for-Profit Entities* paragraph 26 requires an entity to disclose income recognised during the period, disaggregated into categories that reflect how the nature and amount of income are affected by economic factors based on the following categories:

- a. grants, bequests and donations of cash, other financial assets and goods;

- b. recognised volunteer services; and
- c. for government departments and other public sector entities, appropriation amounts recognised as income, by class of appropriation.

Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements. The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 Reporting Guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

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



CONSTRUCTION

FORESTRY

MINING

ENERGY

UNION

25 August 2020

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, 2020 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 21 July, 2020
- Copies of the documents were provided to members on our website on 22 July, 2020 at <https://vic.cfmeu.org/sites/vic.cfmeu.org/files/CFMEU%202020%20Financial%20Report%20Signed.pdf>
- And subsequently passed by the Divisional Branch Management Committee in accordance with the Fair Work (Registered Organisations) Act 2009 and Fair Work (Registered Organisations) Regulations 2009, on 18 August, 2020

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

VIC/TAS DIVISIONAL
BRANCH
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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 2020**

**THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

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THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
REPORT REQUIRED UNDER SUBSECTION 255(2A) FOR THE YEAR ENDED 31 MARCH 2020

REPORT REQUIRED UNDER SUBSECTION 255(2A)

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 31 March 2020.

2020 - EXPENDITURE AS REQUIRED UNDER S255(2A) RO ACT



2019 - EXPENDITURE AS REQUIRED UNDER S255(2A) RO ACT



Signature of designated officer:

Name and title of designated officer:RALPH EDWARDS.....

Dated:21.7.20.....

**THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
OPERATING REPORT FOR THE YEAR ENDED 31 MARCH 2020**

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

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 \$4,542,352 for the year ended 31 March 2020 (2019: \$2,768,769). The surplus in 2020 includes a recovery amount of \$2,422,934 that relates to losses made on collateral debt obligations at the time of the global financial crisis.

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. Losses made due to the financial impacts of the Covid-19 pandemic have been limited to -7.52% of investment values as at 31 March 2020. The Investment Committee will continue to monitor the Union's investments.

Number of Employees

The Union had 99 full time equivalent employees (2019: 97 full time equivalent employees).

Number of Members

The number of members for the year ended 31 March 2020 was 31,739 (2019: 29,165).

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 2020**

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 2019 to 31 March 2020
Balta S	1 April 2019 to 31 March 2020
Beattie B	1 April 2019 to 31 March 2020
Benstead G	1 April 2019 to 31 March 2020
Booth P	1 April 2019 to 31 March 2020
Booth R	1 April 2019 to 31 March 2020
Christopher D	1 April 2019 to 31 March 2020
Cody M	1 April 2019 to 31 March 2020
Cordier A	1 April 2019 to 31 March 2020
Constantinou J	1 April 2019 to 31 March 2020
Doyle F	1 April 2019 to 31 March 2020
Edwards R	1 April 2019 to 31 March 2020
Graauwmans R	1 April 2019 to 31 March 2020
Gritzalis D	1 April 2019 to 31 March 2020
Hassett R	1 April 2019 to 31 March 2020
Harkins K	1 April 2019 to 31 March 2020
Ioannidis A	1 April 2019 to 31 March 2020
Long S	1 April 2019 to 31 March 2020
Lythgo D	1 April 2019 to 31 March 2020
Misic D	1 April 2019 to 31 March 2020
Perak J	1 April 2019 to 31 March 2020
Perkovic J	1 April 2019 to 31 March 2020
Pitt B	1 April 2019 to 31 March 2020
Raspudic R	1 April 2019 to 31 March 2020
Reardon S	1 April 2019 to 1 July 2019
Round P	1 April 2019 to 31 March 2020
Setka J	1 April 2019 to 31 March 2020
Simpson J	1 April 2019 to 31 March 2020
Spernovasilis E	1 April 2019 to 31 March 2020
Theodorou T	1 April 2019 to 31 March 2020
Zanatta L	1 April 2019 to 31 March 2020

Signed

For and on behalf of the Divisional Branch Management Committee

Dated



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 2020

	Note	31 March 2020 \$	31 March 2019 \$
Income			
Revenue from contracts with customers	2	27,647,478	23,808,622
Income for furthering objectives	2	8,431,000	8,358,314
Other Income	2	5,687,713	3,424,804
Total income		41,766,191	35,591,740
Expenses			
Capitation, affiliation, and amalgamation		2,430,156	2,332,674
National Union office campaigns		914,336	459,923
Depreciation		1,697,821	1,627,447
Direct employee benefits – office holders	3	4,747,914	4,102,036
Direct employee benefits – office employees	3	13,067,837	11,362,062
Employee related costs (payroll tax, FBT)		2,143,472	2,056,575
Journal costs		249,588	243,867
Legal costs	3	3,432,633	3,403,950
Loss on disposal of plant and equipment		110,986	129,438
Occupancy		1,731,580	1,573,865
Office and administration		4,149,093	2,399,108
Donations	3	452,829	1,634,183
Promotional costs		379,297	361,164
Other expenses		1,716,297	1,136,679
Total expenses		37,223,839	32,822,971
Surplus for the year		4,542,352	2,768,769
Other Comprehensive Income			
<i>Items that will not be subsequently reclassified to profit or loss</i>			
Revaluation of land and buildings		-	502,409
Net loss on financial assets at fair value through other comprehensive income		(1,123,208)	(137,037)
Total comprehensive income for the year		3,419,144	3,134,141

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 2020

	Note	31 March 2020 \$	31 March 2019 \$
CURRENT ASSETS			
Cash and cash equivalents	20(a)	22,003,295	21,827,197
Trade and other receivables	4	4,015,629	1,096,836
Other financial assets	5	12,028,976	12,726,271
Inventory		-	5,750
		<u>38,047,900</u>	<u>35,656,054</u>
Non-current assets classified as held for sale	6	424,286	-
		<u>38,472,186</u>	<u>35,656,054</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	53,952,923	55,583,157
Right-of-use assets	8	102,334	-
Other financial assets	6	1,682	1,682
		<u>54,056,939</u>	<u>55,584,839</u>
TOTAL ASSETS		<u>92,529,125</u>	<u>91,240,892</u>
CURRENT LIABILITIES			
Trade and other payables	9	1,296,945	4,109,460
Contract liabilities	10	5,355,290	4,807,528
Provisions	11	10,436,637	10,761,088
Lease liabilities	8	37,573	-
		<u>17,126,445</u>	<u>19,678,076</u>
NON-CURRENT LIABILITIES			
Lease liabilities	8	68,627	-
		<u>68,627</u>	<u>-</u>
TOTAL LIABILITIES		<u>17,195,072</u>	<u>19,678,076</u>
NET ASSETS		<u>75,334,053</u>	<u>71,562,816</u>
MEMBERS' FUNDS			
Accumulated members funds		72,813,887	67,919,441
Reserves		2,520,166	3,643,375
TOTAL MEMBERS' FUNDS		<u>75,334,053</u>	<u>71,562,816</u>

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 2020**

	Accumulated Members Funds \$	Asset Revaluation Reserve (i) \$	Financial Assets Reserve (ii) \$	Total \$
Balance at 31 March 2018	64,880,849	2,503,163	1,044,662	68,428,675
Surplus for the period	2,768,769	-	-	2,768,769
Other comprehensive income	-	502,409	(137,037)	365,372
Total comprehensive income	2,768,769	502,409	(137,037)	3,134,141
Transfers to Accumulated members funds	269,823	(269,823)	-	-
Balance at 31 March 2019	67,919,441	2,735,749	907,625	71,562,816
Adjustment for change in accounting policy (note 1)	352,093	-	-	352,093
Balance at 1 April 2019 - restated	68,271,534	2,735,749	907,625	71,914,909
Surplus for the period	4,542,352	-	-	4,542,352
Other comprehensive income	-	-	(1,123,208)	(1,123,208)
Total comprehensive income	4,542,352	-	(1,123,208)	3,419,144
Transfers to Accumulated members funds	-	-	-	-
Balance at 31 March 2020	72,813,886	2,735,749	(215,583)	75,334,053

- (i) The reserve is used to recognise increments in the fair value of land and buildings.
- (ii) The reserve is used to recognise increments and decrements in the fair value of financial assets through other comprehensive income.

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 2020**

	Note	31 March 2020 \$	31 March 2019 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members		31,379,459	28,355,747
Receipts from other reporting units	20(c)	697,053	273,090
Operating grant receipts		8,534,039	9,506,015
Rent received		773,020	743,178
Interest and dividends received		208,325	853,802
Payments to suppliers and employees		(33,023,334)	(34,134,821)
Payments to other reporting units	20(c)	(7,622,617)	(3,757,627)
Net cash provided by operating activities	20(b)	<u>945,945</u>	<u>1,839,384</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(657,461)	(1,950,669)
Proceeds from sale of property, plant and equipment		328,092	1,238,712
Net payments for investments in financial assets		(425,915)	(236,134)
Net cash used in investing activities		<u>(755,284)</u>	<u>(948,091)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of lease liabilities	8	(14,563)	-
Net cash used in investing activities		<u>(14,563)</u>	-
Net increase in cash held		176,098	891,293
Cash and cash equivalents at beginning of financial year		21,827,197	20,935,904
Cash and cash equivalents at end of financial year	20(a)	<u>22,003,295</u>	<u>21,827,197</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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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 2020. 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.

New or amended Accounting Standards and Interpretations adopted

Impact on adoption of AASB 15 Revenue from Contracts with Customers and AASB 1058 Income for Not-For-Profit Entities
AASB 15 Revenue from Contracts with Customers supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. AASB 15 also includes implementation guidance to assist not-for-profit entities to determine whether particular transactions, or components thereof, are contracts with customers. If a transaction is outside the scope of AASB 15, the recognition and measurement of income arising from the transaction may instead be specified by another Standard, for example AASB 1058 Income of Not-for-Profit Entities.

AASB 1058 replaces the income recognition requirements in AASB 1004 Contributions that had previously applied to the Union. AASB 1058 provides a more comprehensive model for accounting for income of not-for-profit entities and specifies that:

- (i) the timing of revenue or income recognition will depend on whether a performance obligation is identified or a liability is recognised;
- (ii) not-for-profit lessees can elect to recognise assets, including leases provided at significantly less than fair value, at their fair value; and
- (iii) all not-for-profit entities can elect to recognise volunteer services at fair value if the fair value of those services can be reliably measured.

The Union adopted AASB 15 and AASB 1058 using the modified retrospective method of adoption, with the date of initial application of 1 April 2019. In accordance with the transition approach, the Union recognised the cumulative effect of applying these new standards as an adjustment to opening accumulated member funds at the date of initial application. Consequently, the comparative information presented has not been restated and continues to be reported under the previous standards on revenue and income recognition. In addition, Union has applied the practical expedient and elected to apply these standards retrospectively only to contracts and transactions that were not completed contracts at the date of initial application.

The adoption of AASB 15 and AASB 1058 did not have a material impact on the Unions financial statements. The impact on opening accumulated member funds as at 1 April 2019 was \$352,093.

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 2020

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

New or amended Accounting Standards and Interpretations adopted (cont'd)

Impact on adoption of AASB 16 Leases

AASB 16 Leases supersedes AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases—Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 does not have an impact for leases where the the Union is the lessor.

The Union has adopted AASB 16 using the modified retrospective method of transition, with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Union elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 April 2019.

Instead, the Union applied the standard only to contracts that were previously identified as leases applying AASB 117 and Interpretation 4 at the date of initial application.

The Union has lease contracts for various items of plant and equipment. Before the adoption of AASB 16, the Union classified each of its leases (as lessee) at the inception date an operating lease.

Upon adoption of AASB 16, the Union applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 1E for the accounting policy beginning 1 April 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Union.

The adoption of AASB 16 did not have a material impact on the Unions financial statements. There was no impact on opening accumulated member funds as at 1 April 2019.

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. Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale are presented separately on the face of the statement of financial position, in current assets.

THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
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VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Property, Plant and Equipment

(i) Impairment of Assets

At each reporting date the carrying amounts of assets are reviewed to determine whether there is any indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. The Committee of Management are satisfied that the carrying amounts of assets do not exceed the net amounts that are expected to be recovered through the cash inflows and outflows arising from the continued use and subsequent disposal of the assets.

(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	2.5-15%
Plant and Equipment	7.5 – 22.5%
Motor Vehicles	18.75%
Furniture, Fixtures and Fittings	15 – 25%
Computer Equipment	20 - 40%

E. Leases

The Union assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Union as a lessee

The Union applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Union recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Union recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets

If ownership of the leased asset transfers to the Union at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
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FOR THE YEAR ENDED 31 MARCH 2020

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Leases (cont'd)

Lease liabilities

At the commencement date of the lease, the Union recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Union and payments of penalties for terminating the lease, if the lease term reflects the Union exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Union uses the incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Union's short-term leases are those that have a lease term of 12 months or less from the commencement. It also applies the lease of low-value assets recognition exemption. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

F. Other Financial Assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Union has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

(i) **Trade and Other Receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

The Union has applied the simplified approach to measuring expected credit losses, which uses a lifetime loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

(ii) **Financial assets at fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income include equity investments which the Union intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

(iii) **Impairment of financial assets**

The Union recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Union's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

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STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

G. Provisions

Provisions are recognised when the Union has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

H. 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.

I. 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.

J. 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.

K. Revenue and income

The Union enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of membership subscriptions, capitation fees, levies, grants, and donations. The timing of recognition of these amounts as either revenue or income depends on the rights and obligations in those arrangements.

Revenue from contracts with customers

Where the Union has a contract with a customer, the Union recognises revenue when or as it transfers control of goods or services to the customer. The Union accounts for an arrangement as a contract with a customer if the following criteria are met:

- the arrangement is enforceable; and
- the arrangement contains promises (that are also known as performance obligations) to transfer goods or services to the customer (or to other parties on behalf of the customer) that are sufficiently specific so that it can be determined when the performance obligation has been satisfied.

Membership subscriptions

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of the Union.

If there is only one distinct membership service promised in the arrangement, the Union recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect the Union's promise to stand ready to provide assistance and support to the member as required.

If there is more than one distinct good or service promised in the membership subscription, the Union allocates the transaction price to each performance obligation based on the relative standalone selling prices of each promised good or service. In performing this allocation, standalone selling prices are estimated if there is no observable evidence of the price that the Union charges for that good or service in a standalone sale. When a performance obligation is satisfied, which is either when the customer obtains control of the good (for example, books or clothing) or as the service transfers to the customer (for example, member services or training course), the Union recognises revenue at the amount of the transaction price that was allocated to that performance obligation.

For member subscriptions paid annually in advance, the Union has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

When a member subsequently purchases additional goods or services from the Union at their standalone selling price, the Union accounts for those sales as a separate contract with a customer.

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STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

K. Revenue (cont'd)

Income of the Union as a Not-for-Profit Entity

Consideration is received by the Union to enable the entity to further its objectives. The Union recognises each of these amounts of consideration as income when the consideration is received (which is when the Union obtains control of the cash) because, based on the rights and obligations in each arrangement:

- the arrangements do not meet the criteria to be contracts with customers because either the arrangement is unenforceable or lacks sufficiently specific promises to transfer goods or services to the customer; and
- the Union's recognition of the cash contribution does not give to any related liabilities.

During the year, the Union received cash consideration from the following arrangements whereby that consideration will be recognised as income upon receipt:

- Grant income

Gains from sale of assets

An item of property, plant and equipment is derecognised upon disposal (which is at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

Interest income

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rental income

Leases in which the Union as a lessor, does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the relevant lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Grant income

Grant income will be recognised as revenue when received (which is when the Union obtains control of the cash) unless the performance obligations are sufficiently specific to allow recognition to be deferred.

Other income

Other income is recognised when it is received or when the right to receive payment is established.

L. 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.

M. Information to be provided to members or Commissioner

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) to (3) of section 272, which reads as follows:

- (1) A member of a reporting unit, or the Commissioner, 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).

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STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

N. New Accounting Standards and Interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Union for the annual reporting period ended 31 March 2020. The Union has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

O. Critical Accounting Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The key estimates and assumptions which are material to the financial reports are found in the following notes:

- Impairment of financial assets (Note 1F);
- Provisions (Note 1G);
- Employee benefits (Note 1H); and
- Fair value of land and buildings (Note 16)

P. 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.

Q. Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

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	31 March 2020 \$	31 March 2019 \$
2 REVENUE AND INCOME		
Revenue from contracts with customers		
Membership subscriptions	26,483,041	22,527,578
Membership levies	627,291	459,923
Training fees	461,692	690,667
EBA processing fee	75,454	130,454
Total revenue from contracts with customers	27,647,478	23,808,622
Income for furthering objectives		
Grant income	8,431,000	8,358,314
Total income for furthering objectives	8,431,000	8,358,314
Other Income		
Net gains from sale of assets	146,000	581,510
Interest income	208,325	298,924
Rental income	773,020	675,616
Donations	400	-
Collateral debt obligations recovery	2,422,934	-
Other income	2,137,034	1,868,754
Total other income	5,687,713	3,424,804
Total income	41,766,191	35,591,740

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	31 March 2020 \$	31 March 2019 \$
3 ITEMS INCLUDED IN SURPLUS		
Surplus has been determined after charging as expenses:		
Depreciation of property, plant and equipment	1,681,316	1,627,447
Capitation fees – CFMEU – C&G National Office	1,986,655	1,909,377
Membership levies – CFMEU – C&G National Office	-	459,923
Consultancy fees	848,773	312,326
Loss on disposal of plant and equipment	110,986	129,438
Meeting of members or council expenses (including room hire)	1,993	9,200
Conferences and meetings attendance expenses	20,428	81,410
Swanston Street property settlement	766,234	-
Affiliation fees		
ALP Tasmanian Branch	2,698	2,408
Australia Asia Workers Links	-	4,000
Australian Labour Party	151,049	132,023
Ballarat Trades Hall	3,125	3,052
Bendigo Trades Hall Council	744	744
Building and Wood workers International	46,090	39,730
Community Radio Federation Ltd	3,332	3,267
Geelong Trades Hall Council	10,822	10,640
Gippsland Trades and Labour Council	5,527	5,527
Goulburn Valley Trades & Labour	900	1,020
North East & Border Trades & Labour	880	880
South West Trades & Labour	790	790
Sunraysia Trades & Labour Council	886	532
Victorian Trades Hall Council	213,054	212,073
Tasmanian Trades and Labour Council	3,678	4,587
	443,575	421,273
Donations		
- \$1,000 and less	21,061	13,923
- Greater than \$1,000	431,768	1,620,260
	452,829	1,634,183
Legal fees		
- Litigation	1,793,014	2,187,142
- Penalties	1,391,611	1,199,871
- Other	248,008	16,937
	3,432,633	3,403,950

THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
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	31 March 2020 \$	31 March 2019 \$
3 ITEMS INCLUDED IN SURPLUS (CONT'D)		
Employee benefits – office holders		
Wages and salaries	4,305,457	3,449,552
Superannuation	474,236	451,181
Leave entitlements	(108,691)	(25,830)
Separation and redundancies	76,912	227,133
	<u>4,747,914</u>	<u>4,102,036</u>
 Employee benefits – office employees		
Wages and salaries	11,475,225	10,571,844
Superannuation	1,205,283	1,097,326
Leave entitlements	337,049	(216,812)
Separation and redundancies	50,280	(90,296)
	<u>13,067,837</u>	<u>11,362,062</u>
 Remuneration of the auditors:		
Audit of financial report		
Current year	62,000	59,500
Grant and other audits	23,100	14,190
	<u>85,100</u>	<u>73,690</u>
	 31 March 2020 \$	 31 March 2019 \$
4 TRADE AND OTHER RECEIVABLES		
Trade debtors	3,503,476	696,301
Accrued income	14,964	118,003
Deposits paid	24,325	24,325
Prepayments	472,864	258,207
	<u>4,015,629</u>	<u>1,096,836</u>
 Included in trade debtors:		
Receivables from other reporting units		
CFMEU- National Office	147,860	101,250
CFMEU- Forestry Division	112,474	228,046
CFMEU C & G Divisional Branch	2,149	-
CFMEU C&G National Office	-	-
CFMEU Aust Capital Territory	-	-
CFMEU New South Wales	-	-
BLF Queensland Branch	-	-
BLF South Australia Branch	-	-
CFMEU – Western Australia Branch	-	-
Total receivable from other reporting units	<u>262,483</u>	<u>329,296</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.

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	31 March 2020 \$	31 March 2019 \$
5 OTHER FINANCIAL ASSETS		
Current		
Financial assets at fair value through other comprehensive income	8,528,976	9,226,271
Amortised cost investments	3,500,000	3,500,000
	<u>12,028,976</u>	<u>12,726,271</u>
Non-Current		
Unlisted trusts at cost	1,682	1,682
	<u>1,682</u>	<u>1,682</u>
6 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		
Land and building	220,000	-
Building	204,286	-
	<u>424,286</u>	<u>-</u>

The land and building situated at 33A New Town Road, New Town, Tasmania is currently for sale and is expected to be sold within twelve months from the reporting date.

7 PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Freehold land at fair value	24,175,000	24,395,000
	<u>24,175,000</u>	<u>24,395,000</u>
Buildings at fair value	27,110,000	27,320,000
Less: Accumulated depreciation	(709,092)	-
	<u>26,400,908</u>	<u>27,320,000</u>
Improvement at cost	12,000	12,000
Less: Accumulated depreciation	(447)	(90)
	<u>11,553</u>	<u>11,910</u>
Total land and buildings	<u>50,587,461</u>	<u>51,726,910</u>

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 Sutherland Farrelly, Knight Frank 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 latest revaluation was 31 March, 2019. Refer to Note 16 for further details.

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	31 March 2020 \$	31 March 2019 \$
7 PROPERTY, PLANT AND EQUIPMENT (CONT'D)		
Plant and Equipment		
Plant and equipment	449,984	435,602
Less: Accumulated depreciation	(160,305)	(109,755)
	289,679	325,847
Training equipment	5,231,306	5,153,613
Less: Accumulated depreciation	(4,336,371)	(4,063,923)
	894,935	1,089,690
Computer equipment	1,268,973	1,038,046
Less: Accumulated depreciation	(799,113)	(544,336)
	469,860	493,710
Furniture and fittings	289,777	266,262
Less: Accumulated depreciation	(69,194)	(31,170)
	220,583	235,092
Motor vehicles	2,629,017	2,779,049
Less: Accumulated depreciation	(1,138,612)	(1,067,141)
	1,490,405	1,711,908
Total plant and equipment	3,365,462	3,856,247
TOTAL PROPERTY, PLANT AND EQUIPMENT	53,952,923	55,583,157

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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 2019

	Land and buildings	Improvements	Plant and equipment	Training equipment
Carrying amount at the beginning of the period	46,310,568	6,157,361	168,656	1,311,925
Additions	-	284,342	204,053	95,752
Disposals	(795,000)	(631)	-	-
Transfers	6,237,989	(6,237,989)	-	-
Revaluation	502,410	-	-	-
Depreciation expense	(540,967)	(191,173)	(46,862)	(317,987)
Write-back on disposal	-	-	-	-
Carrying amount at the end of the period	51,715,000	11,910	325,847	1,089,690

	Motor vehicles	Furniture and fittings	Computer equipment	Total
Carrying amount at the beginning of the period	1,441,076	105,973	322,681	55,818,240
Additions	859,960	156,287	350,275	1,950,669
Disposals	(263,798)	-	(1,286)	(1,060,715)
Transfers	-	-	-	-
Revaluation	-	-	-	502,410
Depreciation expense	(325,332)	(27,167)	(177,959)	(1,627,447)
Write-back on disposal	-	-	-	-
Carrying amount at the end of the period	1,711,906	235,093	493,711	55,583,157

31 March 2020

	Land and buildings	Improvements	Plant and equipment	Training equipment
Carrying amount at the beginning of the year	51,715,000	11,910	325,847	1,089,690
Additions	-	-	14,382	77,694
Classified as held for sale (note 6)	(424,286)	-	-	-
Disposals	-	-	-	-
Transfers	-	-	-	-
Revaluation	-	-	-	-
Depreciation expense	(714,806)	(357)	(50,550)	(272,449)
Write-back on disposal	-	-	-	-
Carrying amount at the end of the year	50,575,908	11,553	289,679	894,935

	Motor vehicles	Furniture and fittings	Computer equipment	Total
Carrying amount at the beginning of the year	1,711,908	235,093	493,711	55,583,159
Additions	310,942	23,514	230,925	657,457
Classified as held for sale (note 6)	-	-	-	(424,286)
Disposals	(460,973)	-	-	(460,973)
Transfers	-	-	-	-
Revaluation	-	-	-	-
Depreciation expense	(350,354)	(38,024)	(254,776)	(1,681,316)
Write-back on disposal	278,882	-	-	278,882
Carrying amount at the end of the year	1,490,405	220,583	469,860	53,952,923

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	31 March 2020 \$	31 March 2019 \$
8 LEASES		
Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:		
Plant and equipment - as at 1 April	118,839	-
Depreciation expense	(16,605)	-
Right-of-use assets	102,334	-

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Lease liability as at 1 April	118,839	-
Accretion of interest	1,924	-
Payments	(14,563)	-
Lease liability	106,200	-

The Union has entered into a lease arrangement for the provision of photocopiers. The lease has been accounted for as a right-of-use asset and a lease liability by recognising the present value of minimum lease payments, including any guaranteed residual values, at the inception of the lease.

9 TRADE AND OTHER PAYABLES

Trade creditors	385,557	1,213,044
Sundry creditors and accruals	642,984	2,521,588
GST payable	268,404	374,828
	1,296,945	4,109,460

Included in trade creditors:

Trade payables to other Reporting Units		
CFMEU – Mining & Energy (Morwell)	8,935	500
CFMEU- Western Australia	-	1,638
CFMEU C&G National Office	5,333	414,373
	14,268	416,511

Legal fees payable included in trade creditors

Litigation	155,841	216,975
Other legal matters	-	-
	155,841	216,975

Included in accruals:

Accruals to other Reporting Units		
CFMEU C&G National Office	77,278	1,677,307
	77,278	1,677,307

Legal fees payable included in accruals:

Litigation	-	230,356
Other legal matters	3,428	-
	3,428	230,356

The carrying amount of accounts payable approximates fair value.

10 CONTRACT LIABILITY

Membership subscriptions and other revenue received in advance	5,355,290	4,807,528
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Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period was \$4,807,528.

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	31 March 2020 \$	31 March 2019 \$
11 PROVISIONS		
Provision for employee entitlements:		
Provision for annual leave – Office Holders	514,787	581,361
Provision for annual leave – Other Employees	1,313,841	1,145,634
Provision for sick leave – Office Holders	116,826	148,085
Provision for sick leave – Other Employees	280,392	282,550
Provision for long service leave – Office Holders	989,783	1,000,641
Provision for long service leave – Other Employees	1,838,245	1,667,245
Provision for redundancy – Office Holders	2,269,678	2,192,767
Provision for redundancy – Other Employees	2,826,085	2,775,805
Total Employee Provisions	10,149,637	9,794,088
 Provision for legal costs	 287,000	 967,000
 TOTAL PROVISIONS	 10,436,637	 10,761,088
 Included in provision for legal costs:		
Litigation	287,000	967,000
Other legal matters	-	-
	287,000	967,000

12 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	(9,260)	(29,686)
- Sponsorship of Grand Final Breakfast	(5,000)	(5,000)
- Received	16,687	6,896
- Commission received from Building industry 2000 Pty Ltd	-	2,698
	2,247	(25,092)

Amounts owed to Building Industry 2000 Plus Pty Ltd include the following:

- Trade creditors	6,640	-
- Accruals	2,401	-
	9,041	-

Amounts owed by Building Industry 2000 Plus Pty Ltd include the following:

- Trade debtors	778	-
	778	-

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

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12 RELATED PARTY TRANSACTIONS (CONT'D)

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. In the prior year, the Victorian Divisional Branch Management Committee 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 9 along with accruals to other reporting entities. In the current year, the Branch agreed to a settlement of \$2,200,000 with the CFMEU C&G National Office. The additional settlement costs of \$766,234 is included within the surplus for the 2020 year. This amount has been disclosed in Note 3 along with other items included in the surplus.

13 EVENTS SUBSEQUENT TO BALANCE DATE

As a result of the evolving nature of the COVID-19 outbreak and the rapidly evolving government policies of restrictive measures put in place to contain it, as at the date of these financial statements, the Union is not in a position to reasonably estimate the financial effects of the COVID-19 outbreak on the future financial performance and financial position of the Union. However, as the construction industry was considered an essential service, and the Union is in a strong financial position and has sufficient reserves, it is expected to continue as a going concern for the 12 months following the signing of these accounts. Other than the current disclosures, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has 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 subsequent financial periods.

14 CONTINGENT LIABILITY

The legal matter in relation to the civil damages claim brought on in the Pentridge Village case is ongoing. The claims in relation to the ongoing legal matter are not yet determined and it is not practical to estimate the potential effect of the claims.

There are other ongoing claims and legal proceedings against the Union. The expected outcome of the claims has not yet been determined nor can the potential effects of the claims be reliably estimated.

15 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.

	31 March 2020 \$	31 March 2019 \$
Risk Exposures and Response		
Financial assets		
Cash and cash equivalents	22,003,295	21,827,197
Trade and other receivables	4,015,629	1,096,836
Amortised cost investments	3,500,000	3,500,000
Unlisted trusts at cost	1,682	1,682
Financial assets at fair value through other comprehensive income	8,528,976	9,226,271
Total financial assets	38,049,582	35,651,986
Financial Liabilities		
Trade and other payables	1,296,945	4,109,460
Lease liabilities	106,200	-
Total financial liabilities	1,403,145	4,109,460
Net exposure	36,646,437	31,542,526

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15 FINANCIAL INSTRUMENTS (CONT'D)

Credit Risk

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

For the remaining financial assets there is no significant concentration of credit risk within the Union and financial instruments are spread amongst a number of reputable financial institutions to minimise the risk of default of counterparties.

Foreign Currency Risk

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

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

Interest Rate Risk

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

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

Maturing in	1 month or less	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 to 5 years	Non-interest bearing	Total	Weighted average effective interest rate
	\$	\$	\$	\$	\$	\$	%
2019							
Financial assets							
Cash	21,179,072	-	-	-	648,125	21,827,197	1.05
Trade and other receivables	-	-	-	-	1,096,836	1,096,836	-
Investments	-	3,000,000	500,000	-	9,227,953	12,727,953	2.66
	<u>21,179,072</u>	<u>3,000,000</u>	<u>500,000</u>	<u>-</u>	<u>10,972,914</u>	<u>35,651,986</u>	
Financial liabilities							
Trade and other payables	-	-	-	-	4,109,460	4,109,460	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,109,460</u>	<u>4,109,460</u>	<u>-</u>
2020							
Financial assets							
Cash	21,273,212	-	-	-	730,083	22,003,295	0.21
Trade and other receivables	-	-	-	-	4,015,629	4,015,629	-
Investments	-	3,000,000	500,000	-	8,530,658	12,030,658	1.55
	<u>21,273,212</u>	<u>3,000,000</u>	<u>500,000</u>	<u>-</u>	<u>13,276,370</u>	<u>38,049,582</u>	
Financial liabilities							
Trade and other payables	-	-	-	-	1,296,945	1,296,945	-
Lease liabilities	37,573	-	-	68,627	-	106,200	7.08
	<u>37,573</u>	<u>-</u>	<u>-</u>	<u>68,627</u>	<u>1,296,945</u>	<u>1,403,145</u>	

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15 FINANCIAL INSTRUMENTS (CONT'D)

Sensitivity Analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. For the year ending 31 March 2020, 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	31 March	31 March	31 March
	2020	2019	2020	2019
	\$	\$	\$	\$
+ 1% (100 basis points)	253,971	253,272	253,971	253,272
- 0.5% (50 basis points)	126,985	126,636	126,985	126,636

16 FAIR VALUE MEASUREMENTS

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

- Financial assets at fair value through other comprehensive income
- Land and buildings

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 2020.

31 March 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through other comprehensive income (Note 5)				
- Units held in Australian Council of Trade Unions (ACTU)	-	-	1,682	1,682
- Investments in managed investment schemes	-	9,226,271	-	9,226,271
	-	9,226,271	1,682	9,227,953
Non-financial assets				
Land and building (Note 7)	-	-	51,715,000	51,715,000
	-	-	51,715,000	51,715,000
31 March 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through other comprehensive income (Note 5)				
- Units held in Australian Council of Trade Unions (ACTU)	-	-	1,682	1,682
- Investments in managed investment schemes	-	8,528,976	-	8,528,976
	-	8,528,976	1,682	8,530,658
Non-financial assets				
Land and building (Note 7)	-	-	51,000,194	51,000,194
	-	-	51,000,194	51,000,194

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16 FAIR VALUE MEASUREMENTS (CONT'D)

	31 March 2020 \$	31 March 2019 \$
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>
Land and building		
Carrying amount at the beginning of the period	51,715,000	46,310,569
Additions	-	5,945,399
Classified as held for sale (note 6)	(424,286)	
Amortisation for the period	(714,806)	(540,968)
Carrying amount at the end of the period	<u>50,075,908</u>	<u>51,715,000</u>

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

(a) Recurring fair value measurement

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

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

Specific valuation techniques used to value financial instruments include:

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

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

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

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

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

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

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16 FAIR VALUE MEASUREMENTS (CONT'D)

Description	Fair value at 31 March 2020	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Freehold land and building				
4/31 Sabre Drive, Port Melbourne, Victoria	\$1,375,000	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 \$13,750
8/41 Sabre Drive, Port Melbourne, Victoria	\$1,160,000			1 % change in building value rate p.s.m would increase / decrease fair value by \$11,600
9/41 Sabre Drive, Port Melbourne, Victoria	\$1,375,000	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 \$13,750
10/41 Sabre Drive, Port Melbourne, Victoria	\$1,375,000			1 % change in building value rate p.s.m would increase / decrease fair value by \$13,750
1-7 Wharf Road, Port Melbourne, Victoria	\$7,600,000	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 \$76,000
11 Wharf Road, Port Melbourne, Victoria	\$4,500,000	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 \$45,000
33A New Town Road, New Town, Tasmania	\$430,000	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 \$4,300
532 Elizabeth Street, Melbourne, Victoria	\$4,300,000	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 \$43,000
540 Elizabeth Street, Melbourne, Victoria	\$29,600,000	Capitalisation of income approach supported by the 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 \$296,000

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FOR THE YEAR ENDED 31 MARCH 2019**

	2020 \$	2019 \$
17 MANAGEMENT COMMITTEE REMUNERATION		
Short-term employee benefits	3,352,006	3,443,873
Post-employment benefits	395,573	389,691
Other long-term employment benefits	613,869	613,706
Termination benefits	653,872	-
Total	5,015,320	4,447,270

The names of the Division Branch Management Committee who were elected and held office during the financial period ended 31 March 2020 are:

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

18 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

19 COMMITMENTS AND CONTINGENCIES

There were no material contractual commitments to acquire property, plant and equipment at 31 March 2020.
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
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NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019

	31 March 2020 \$	31 March 2019 \$
20 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	4,460	4,280
Cash at bank	14,462,103	14,383,523
Short-term term deposits	7,536,732	7,439,394
	22,003,295	21,827,197
Fund / account operated in respect to compulsory levies or voluntary contributions are nil (2019: nil).		
Training unit account operated (other than general fund) for the purpose of receiving grants and other training fees are \$123,838 (2019: \$3,823,714).		
Transfers or withdrawals to a fund, account or controlled entity operated for a special purpose is nil (2019: nil).		
(b) Reconciliation of cash flow from operations surplus		
Net surplus	4,542,352	2,768,769
Depreciation	1,697,821	1,627,447
Profit on sale of land and buildings		(581,510)
(Profit)/Loss on disposal of property, plant & equipment	(146,000)	129,438
(Increase)/Decrease in trade and other receivables	(2,918,793)	390,725
Decrease in inventory	5,750	-
Decrease in trade and other payables	(2,810,590)	(2,353,700)
Increase in deferred revenue	899,856	867,142
Decrease in provisions	(324,451)	(1,008,927)
Net cash provided by operating activities	945,945	1,839,384
(c) Cash flow to/from other reporting units		
Cash inflows		
CFMEU C & G Division - National Office	338,667	45,649
CFMEU National Office	117,360	37,774
CFMEU Manufacturing Division	239,040	187,937
CFMEU Mining and Energy Division	1,906	1,730
CFMEU South Australia	80	-
Total cash inflows	697,053	273,090
Cash outflows		
CFMEU C & G Division - National Office	7,432,369	3,427,565
CFMEU National Office	47,970	55,590
CFMEU Manufacturing Division	10,906	219,217
CFMEU Morwell	29,734	51,923
CFMEU WA	1,638	3,032
CFMEU QLD	-	300
CFMEU ACT	100,000	-
Total cash outflows	7,622,617	3,757,627

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 2020


On the 21st July 2020 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 2020:

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: THEO THEODOROU
Position: DBMC Member

Signature: 
Name: STEVEN BALTIA
Position: DBMC Member


Dated: 21 July 2020

**THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
OFFICER DECLARATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020**

I, Ralph Edwards being the President of the Construction, Forestry, Maritime, Mining & Energy Union Construction and General Division Victorian and Tasmanian Divisional Branch declare that the following activities did not occur during the reporting period ending 31 March, 2020.

The reporting unit did not:

- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay a grant that was \$1,000 or less
- pay a grant that exceeded \$1,000
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit
- receive capitation fees from another reporting unit
- receive any other revenue from another reporting unit
- receive revenue via compulsory levies
- pay compulsory levies
- pay other employment expenses for holders of offices
- paying other employment expenses for employees (other than holders of offices)
- have a liability for other employment provisions for holders of offices
- have a liability for other employment provisions for employees (other than holders of offices)

Signed by the officer: 

Dated: 21.7.20

INDEPENDENT AUDITOR'S REPORT

To the members of the Construction, Forestry, 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, Mining & Energy Union Construction and General Division Victorian/Tasmanian Divisional Branch, which comprises the statement of financial position as at 31 March 2020, 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 statements, including a summary of significant accounting policies, the committee of management statement, the subsection 255(2A) report and the officer declaration statement.

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 2020, and its financial performance and cash flows for the year then ended in accordance with:

- a) Australian Accounting Standards; and
- b) part 3 of the *Fair Work (Registered Organisations) Act 2009*.

We declare that management's use of the going concern basis in the preparation of the financial statements of the reporting unit is appropriate.

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

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 Audit Pty Ltd

A handwritten signature in black ink that reads 'James Mooney'. Above the signature, the letters 'BDO' are written in a stylized, cursive font.

James Mooney
Director

ROC Registration #AA2017/65

Melbourne, 21 July 2020