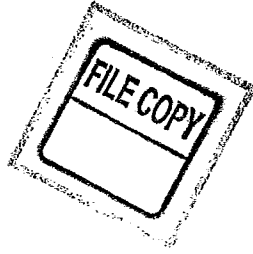




FAIR WORK
AUSTRALIA

4 July 2011



Mr Kevin Reynolds
Secretary, Western Australian Construction and General Divisional Branch
Construction, Forestry, Mining and Energy Union
Level 1, 82 Royal Street
EAST PERTH WA 6004

Dear Mr Reynolds

**Lodgment of Financial Accounts and Statements - Construction, Forestry, Mining and
Energy Union, Construction and General Division, Western Australian Branch
(FR2010/2833)**

Thank you for lodging the abovementioned financial accounts and statements which were received by Fair Work Australia on 27 May 2011.

The documents have been filed.

Yours sincerely,

Stephen Kellett
Statutory Services Branch
Fair Work Australia



**Construction Forestry Mining and Energy Union
Construction and General Division – WA Branch**

**Financial Report for the
Year ended 31 December 2010**

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

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**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

OPERATING REPORT

The Committee of Management present their operating report in respect of the year ended 31 December 2010 as follows:

Members of the Management Committee

The members of the Management Committee at any time during the year and the period for which he/she held the position were:

Campbell McCullough, Ian Hawkins, Glenn Hawkins, Kevin Reynolds, Joseph McDonald, Graham Pallot, Leslie Wellington, Peter Ballard, James Reid, Peter McGrahan, Tony Kelly and Matt Waters.

Each of the above members held the position for the full year.

Review of Activities

The principal activity of the Branch during the course of the financial year was to act as the Western Australian representative of the federally registered Construction, Forestry, Mining, and Energy Union – Construction and General Division (CFMEU C&G). The primary role of the Branch is to act on behalf of and to further the interests of its members.

There were no significant changes in the nature of the Branch's activities during the year.

The results of the activities for the year are summarised as follows:

- Total income was \$10,748,844 which represents an increase of \$633,910 from the prior year.
- The increase in income largely resulted from a 10.5% increase in membership contribution revenue combined with significant increases in interest received and sale of Eureka products, partially offset by an 8% decline in revenues from training levies.
- The surplus for the year was \$3,269,259 compared with \$235,863 in 2009. The 2009 surplus was adversely affected by abnormally high legal expenses and related settlement costs of more than \$4,000,000.
- Full details of income and expenditure are set out on page 4 and 5.

Significant Changes in Financial Affairs

Significant changes in the state of affairs of the Branch during the year were:

- Total assets increased to \$14,935,823 as at 31 December 2010 (2009: \$11,858,794) with the increase arising mainly from increased Cash in Financial Institutions.
- Total liabilities decreased to \$3,960,315 as at 31 December 2010 (2009: \$4,152,545) with the decrease mainly due to a decrease in other financial liabilities.
- Net Assets increased to \$10,975,508 as at 31 December 2010 (2009: \$7,706,249).

There were no other significant changes in the Branch's affairs during the financial period.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

The Right of Members to Resign

A member may resign from the membership of the Union by a written notice addressed and delivered to the Divisional Branch Secretary or other officer of the Divisional Branch authorised to receive such correspondence.

Membership Information

The number of members of the Branch as at 31 December 2010 recorded in the register of members and taken to be members of the Branch were 10,164.

Employee Information


The number of full time equivalent employees of the Branch as at 31 December 2010 was 25.

Trustee of a Superannuation Entity

No officer or member is a trustee of a superannuation entity or an exempt public sector superannuation scheme or a director of a company that is a trustee of such an entity or scheme, where the criterion for the officer or member holding such a position is being an officer or member of a registered organisation.

Signed on behalf of the Committee of Management

Dated this 29th day of March, 2011.



Kevin Noel Reynolds
Secretary

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

	Note	2010 \$	2009 \$
MEMBERS FUNDS			
Balance at Beginning of Year		7,706,249	7,470,386
Transfer of Funds from Related Entities		-	-
Movement in Asset Revaluation Reserve		-	-
Surplus / (Deficiency)		<u>3,269,259</u>	<u>235,863</u>
		<u>10,975,508</u>	<u>7,706,249</u>
REPRESENTED BY:			
CURRENT ASSETS			
Cash on Hand		600	600
Cash in Financial Institutions		10,002,346	8,521,811
Sundry Debtors		299,296	-
Managed Investments – at market value		745,499	732,875
TOTAL CURRENT ASSETS		<u>11,047,741</u>	<u>9,255,286</u>
NON-CURRENT ASSETS			
Sundry Debtors – CFMEUW		1,590,180	1,590,556
Loans Receivable – CFMEUW	2	348,559	348,559
Loans Receivable – CSTC	2	8,786	8,786
Furniture & Fittings - at cost		193,638	193,638
Furniture & Fittings - accumulated depreciation		(160,508)	(150,343)
Motor Vehicles - at cost		489,241	364,425
Motor Vehicles - accumulated depreciation		(140,412)	(146,675)
The Herrons property - at cost		635,004	115,562
Karratha property – at cost		923,594	-
Kalgoorlie property - at fair value		-	279,000
TOTAL NON CURRENT ASSETS		<u>3,888,082</u>	<u>2,603,508</u>
TOTAL ASSETS		<u>14,935,823</u>	<u>11,858,794</u>
CURRENT LIABILITIES			
Trade Creditors		102,133	74,249
Sundry Creditors		846,989	136,803
GST clearing Account		230,189	186,242
Provision for Holiday Pay	3	495,551	449,305
Other Financial Liabilities		889,996	943,396
Trust Account		-	145,021
TOTAL CURRENT LIABILITIES		<u>2,564,858</u>	<u>1,935,016</u>
NON CURRENT LIABILITIES			
Provision for Long Service Leave	4	639,801	571,875
Other Financial Liabilities		755,657	1,645,654
TOTAL NON CURRENT LIABILITIES		<u>1,395,458</u>	<u>2,217,529</u>
TOTAL LIABILITIES		<u>3,960,316</u>	<u>4,152,545</u>
NET ASSETS		<u>10,975,508</u>	<u>7,706,249</u>

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 \$	2009 \$
REVENUE			
Subscriptions		6,593,716	5,986,158
Training Levy		2,589,021	2,807,775
Hardship Fund Income		36,499	44,957
Revaluation / (Devaluation) of Managed investments		12,624	(37,612)
Joining Fees		94,586	115,800
Other Receipts - Sundry Income		465,736	429,707
Interest Received		353,348	132,817
Rent Received		14,080	17,662
Canteen Income		394,523	390,853
Eureka Products		239,520	89,842
Political and Donations		39,290	129,541
Gain / (loss) on Sale of Assets		(84,100)	7,434
		<u>10,748,844</u>	<u>10,114,934</u>
EXPENDITURE			
Administration fees		273,843	228,288
Advertising		29,788	23,007
Affiliation Fees		30,010	50,792
Auditor's Remuneration		57,075	37,125
Bank Charges		71,919	53,054
Campaign Costs		405	13,102
Canteen Expenditure		12,496	5,019
Computer Requirements		42,975	64,719
Consulting Fees		-	900
CSTC Training Top Up		276,743	276,387
Depreciation		80,664	71,841
Donations		59,960	89,950
Eureka Products Purchased		176,550	86,603
Freight		13,341	4,067
Funeral Benefits		200	100
Fringe Benefits Tax		10,454	12,165
Insurance		131,685	84,166
Legal and Settlement Costs		1,214,135	4,000,169
Meeting Expenses		34,254	26,684
Motor Vehicle Expenses & Service charges		141,388	128,927
Payroll Tax		181,320	169,315
Parking		6,495	7,424
Photography		-	427
Printing, Postage & Stationery		169,048	212,696
Photocopying & Office Expenses		72,872	194,892
Provision for Employee Entitlements		114,171	126,865
Rent, Rates and Electricity		88,508	92,142

Continued on following page

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

**STATEMENT OF COMPREHENSIVE INCOME (continued)
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 \$	2009 \$
EXPENDITURE (continued)			
Repairs & Maintenance		18,984	184
Staff Amenities		15,146	22,657
Subscriptions		21,814	18,379
Superannuation and Redundancy Contributions	5	446,664	409,253
Sustentation Fees (Federal)		490,960	466,977
Tea Money		77,911	74,161
Telephone		89,180	127,949
Training		23,086	1,500
Travel and Accommodation		352,034	363,452
Wages – Office holders	5	1,427,117	1,273,203
Wages - Other employees	5	1,226,931	1,060,530
		<u>7,479,585</u>	<u>9,879,071</u>
SURPLUS FOR THE YEAR		<u>3,269,259</u>	<u>235,863</u>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Surplus attributable to the Union		<u>3,269,259</u>	<u>235,863</u>
Total Comprehensive income attributable to the Union		<u>3,269,259</u>	<u>235,863</u>

To be read in conjunction with the attached notes

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010**

	General Funds \$	Hardship Fund \$	Reserves \$	Total \$
Balance at 31 December 2008	6,741,921	608,767	119,698	7,470,386
Total Comprehensive income for the period ended 31 December 2009	235,863	-	-	235,863
Transfer of Funds from Related Entities	-	-	-	-
Increase in Asset Revaluation Reserve	-	-	-	-
Balance at 31 December 2009	6,977,784	608,767	119,698	7,706,249
Total Comprehensive income for the period ended 31 December 2010	3,269,259	-	-	3,269,259
Transfer of Funds from Related Entities	-	-	-	-
Increase in Asset Revaluation Reserve	-	-	-	-
Balance at 31 December 2010	10,247,043	608,767	119,698	10,975,508

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

**STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Notes	2010 \$	2009 \$
Cashflows from Operating Activities			
Receipts from members		9,182,737	9,031,757
Other receipts		984,940	1,102,562
Payments to suppliers and employees		(7,591,152)	(7,274,111)
Interest received		353,348	132,817
Net Cash Provided by (used in) Operating Activities	7	<u>2,929,873</u>	<u>2,993,025</u>
Cashflows From Investing Activities			
Payments for Property, Plant & Equipment		(1,708,958)	(188,974)
Proceeds from Sale of Property, Plant & Equipment		259,620	27,273
Net Cash Provided by (used in) Investing Activities		<u>(1,449,338)</u>	<u>(161,701)</u>
Cashflows From Financing Activities			
Receipts from Related Entities		-	746,125
Decrease in Loans Payable		-	-
Decrease in Loans Receivable		-	-
Net Cash Provided by (used in) Financing Activities		<u>-</u>	<u>746,125</u>
Net Increase (Decrease) in Cash Held		1,480,535	3,577,449
Cash at 1 January 2010		8,522,411	4,944,962
Cash at 31 December 2010		<u>10,002,946</u>	<u>8,522,411</u>

To be read in conjunction with the attached notes

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

NOTES TO AND FORMING PART OF THE ACCOUNTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Accounting Standards, Urgent Issues Group Interpretations, other pronouncements of the Australian Accounting Standards Board and the reporting guidelines made under section 255 of the Fair Work (Registered Organisations) Act 2009.

The financial report of Construction Forestry Mining and Energy Union Construction and General Division – WA Branch complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The financial statements have been prepared on an accruals basis and based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(a) MEMBERSHIP CONTRIBUTIONS AND LEVY INCOME

Membership contributions and levy income are accounted for on a cash receipts basis.

(b) PROPERTY, PLANT AND EQUIPMENT

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment loss.

Property, plant and equipment is carried at cost, other than the Kalgoorlie property which is carried at fair value based on an appraisal (not an independent valuation) of relevant sales evidence, as at August 2008.

The carrying amount of property, plant and equipment is reviewed annually by board members to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal.

Depreciation

The Depreciable amount of all fixed assets is depreciated on the diminishing value over their useful lives to the Union commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Furniture & Fittings	10-37.5%pa
Motor Vehicles	22.5%pa
Property	Nil pa

(c) IMPAIRMENT OF ASSETS

At each reporting date, the union reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income

(d) INCOME TAX

No provision for income tax is necessary as "Trade Unions" are exempt from income tax under section 50-15 of the Income Tax Assessment Act (1997).

NOTES TO AND FORMING PART OF THE ACCOUNTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) FINANCIAL INSTRUMENTS

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of comprehensive income in the period which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Union assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income

f) EMPLOYEE BENEFITS

Provision is made for the Union's liability for employee benefits arising from services rendered by employees at balance date.

Liability for Annual Leave benefits are expected to be settled within 12 months and are therefore considered current liabilities. Liability for Long Service Leave benefits are not expected to be settled within 12 months and are therefore considered non current liabilities, notwithstanding that any immaterial amounts may be settled within the next 12 months.

Provisions for employee benefits are brought to account at the amounts expected to be paid when the liability is settled, plus related on-costs. Provisions for redundancy fund are accrued at its current value. Any movement in the redundancy provision is expensed through the superannuation account.

Superannuation contributions made by the Union are expensed when due, except in the case for the redundancy fund mentioned above.

NOTES TO AND FORMING PART OF THE ACCOUNTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) GOODS & SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST except;

- Where GST incurred on purchases is not recoverable from the ATO, GST is recognised as part of the cost of the purchase.

Receivables and payables are stated with the amount of GST included.

h) MANAGED INVESTMENTS

Managed Investments comprise of a diversified portfolio of tradeable equities, managed funds and cash, managed by an independent fund manager. Managed Investments are classified as “financial assets at fair value through profit and loss” and are recorded at net market value, with any changes in net market value brought to account in the Statement of Comprehensive Income in the periods in which they occur.

(I) ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

During the current year the Union adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory, none of which impacted significantly on the financial results or financial position of the Union.

(J) NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Union has decided not to early adopt. A discussion of those future requirements and their impact on the Union is as follows:

- AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards are applicable retrospectively and amend the classification and measurement of financial assets. The Union has not yet determined potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- requiring financial assets to be reclassified where there is a change in an entity’s business model as they are initially classified based on: (a) the objective of the entity’s business model for managing the financial assets; and (b) the characteristics of the contractual cash flows.

NOTES TO AND FORMING PART OF THE ACCOUNTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(J) NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS (continued)

- AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards — Reduced Disclosure Requirements.

This Standard deems the Union to be a Tier 1 entity and hence there is no accounting impact to be considered going forward.

The Union does not anticipate early adoption of any of the above Australian Accounting Standards or Interpretations.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

NOTES TO AND FORMING PART OF THE ACCOUNTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Union evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the union.

Key estimates – Impairment

The Union assesses impairment at each reporting date by evaluating conditions specific to the Union that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

REGISTRATION STATUS

The Construction Forestry Mining and Energy Union Construction and General Division – WA Branch is a federally registered divisional branch of the Construction Forestry Mining and Energy Union.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

NOTES TO AND FORMING PART OF THE ACCOUNTS

2 LOANS RECEIVABLE

The loans receivable from the Construction Forestry Mining and Energy Union of Workers (CFMEUW) and the Construction Skills Training Centre (CSTC) are unsecured, interest free and at call.

3 PROVISION FOR HOLIDAY PAY	2010	2009
Amounts payable to:		
- Office holders	362,138	260,339
- Other Employees	<u>133,413</u>	<u>188,966</u>
	<u>495,551</u>	<u>449,305</u>

4 PROVISION FOR LONG SERVICE LEAVE

Amounts payable to:		
- Office holders	480,601	426,582
- Other Employees	<u>159,200</u>	<u>145,293</u>
	<u>639,801</u>	<u>571,875</u>

5 EMPLOYEE BENEFITS

Employee benefits paid to Office holders during the year comprised of:

Wages	1,348,816	1,182,118
Annual leave/long service leave	78,301	91,085
Non monetary benefits	64,503	78,030
Superannuation and Redundancy	<u>189,744</u>	<u>270,668</u>
	<u>1,681,364</u>	<u>1,621,901</u>

Employee benefits paid to other employees during the year comprised:

Wages	1,145,435	975,812
Annual leave/long service leave	81,496	84,718
Non monetary benefits	19,896	21,421
Superannuation and Redundancy	<u>256,920</u>	<u>138,585</u>
	<u>1,503,747</u>	<u>1,220,536</u>

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

NOTES TO AND FORMING PART OF THE ACCOUNTS

6 INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirements of Section 272, subsections (1), (2) and (3) of the Fair Work (Registered Organisations) Act 2009, an organisation shall, on the application of a member of the organisation or the General Manager of Fair Work Australia (FWA) made as prescribed, make available to the member or to the General Manager of FWA, as the case may be, specified information in such manner and within such time as is prescribed.

The General Manager of FWA shall not make an application except at the request of a member of the organisation concerned, the General Manager, when he receives information as result of an application, made at the request of such a member, shall furnish the information to the member.

7 CASHFLOW INFORMATION

Reconciliation of Cashflow from Operations with Operating Surplus is as follows;

	2010	2009
Operating Surplus	3,269,259	235,863
Non cash flows in operating surplus		
Depreciation	80,664	71,841
Revaluation of Managed Investments	(12,624)	37,612
Changes in Assets and Liabilities:		
(Increase)/decrease in receivables	(299,296)	-
Increase/(decrease) in payables	(306,402)	2,528,279
Increase/(decrease) in employee entitlements	114,172	126,864
(Profit)/Loss on sale of investments/assets	84,100	(7,434)
Cash Flows from (to) Operations	<u>2,929,873</u>	<u>2,993,025</u>

NOTES TO AND FORMING PART OF THE ACCOUNTS

8 FINANCIAL RISK MANAGEMENT

The Union undertakes transactions in a range of financial instruments. The material financial instruments are:

- Cash assets
- Managed investments (a diversified portfolio of tradeable listed investments, managed funds and cash management trusts)
- Sundry debtors and loans receivable
- Trade and sundry creditors
- Other financial liabilities

The union does not have any derivative instruments as at 31 December 2010 and does not speculate in any types of financial instruments.

The activities of the Union expose it primarily to the financial risks, associated with its financial instruments, of market risk, credit risk and interest rate risk. The Committee of Management are responsible for the monitoring and managing the financial risks of the Union. They monitor these risks through monthly board meetings where management accounts are presented and analysed. Any changes or issues identified are communicated to the administration team who implement changes. Management of the different types of financial risks are explained below;

a) Market Risk

The only material market risk we are exposed to is the risk that the fair value or future cash flows of our managed investments will fluctuate because of changes in market prices. We manage these risks by having a diversified portfolio of tradeable equities, managed funds and cash, managed by an independent funds manager. The investment value and returns are regularly reported to and monitored by the Committee of Management who makes changes as required.

Sensitivity Analysis

If market prices of our tradeable securities were 10% higher or lower the impact on our operating surplus would be to increase/decrease the surplus by approximately \$40,000 (as a substantial proportion of the managed investments are currently held in cash). A sensitivity of 10% has been selected as this is considered reasonable given the diversified portfolio.

NOTES TO AND FORMING PART OF THE ACCOUNTS

8 FINANCIAL RISK MANAGEMENT (continued)

b) Credit Risk

Credit risk is the risk that a contracting entity will not complete its obligations to repay us and thus will cause us to make a financial loss.

The largest material credit risk we are exposed to relates to cash assets, which comprises cash at banks and managed investments. We manage these risks by limiting the amount of funds invested with any financial institution and by evaluation of the financial institutions selected.

The Union also has exposure to credit risk through its sundry debtors and loans receivable. Most receivables are from a related union (the CFMEUW). Whilst there is a concentration of credit risk it has been assessed that the CFMEUW can comfortably meet its obligations.

c) Liquidity Risk

Liquidity risk is the risk that the Union will not be able to meet its financial obligations as they fall due, the Union manages liquidity risk by maintaining adequate cash reserves and by monitoring forecast cash flows, which reflect managements' expectations of the settlement of financial assets and liabilities.

All financial assets and liabilities mature within a period of less than 12 months, other than non current financial liabilities of \$755,657 which are payable in instalments over 1.5 years.

d) Fair Value Financial Instruments

The carrying amounts of financial assets and liabilities approximate their fair values.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

NOTES TO AND FORMING PART OF THE ACCOUNTS

8 FINANCIAL RISK MANAGEMENT (continued)

e) Interest Rate Risk

The Unions' exposure to interest rate risk, which is the risk that a financial instruments' value will fluctuate as a result of the changes in market interest rates, is limited only to its cash holdings with a number of banks.

To demonstrate the Unions' sensitivity to changes in interest rates a movement in rate of plus or minus 1% at the reporting date would have increased / decreased net profit by approximately \$82,000. For further details on interest rate risk refer to the table below.

The following table summarises interest rate risk for the Company together with effective interest rates as at balance date:

	Floating Interest Rate	Fixed rate maturing:		Non - Interest Bearing	TOTAL	Interest Rates:	
		1 year or less	Over 1 year			Fixed	Floating
2010							
Financial Assets							
Cash Assets	166,852	9,660,387	-	600	10,002,946	6%	3.25%
Managed Investments	-	-	-	745,499	745,499	-	-
Sundry Debtors	-	-	-	1,889,476	1,889,476	-	-
Related Entity Loans	-	-	-	357,345	357,345	-	-
Total Financial Assets	166,852	9,660,387	-	2,992,920	12,995,266		
2009	7,358,229	1,163,582	-	2,681,376	11,203,187		
2010							
Financial Liabilities							
Trade payables	-	-	-	102,133	102,133	-	-
Other payables	-	-	1,645,654	1,077,177	2,722,831	6%	-
Total Financial Liabilities	-	-	1,645,654	1,179,310	2,824,964		
2009	-	-	2,589,050	542,315	3,131,365		

Floating interest rates represent the most recently determined rate applicable to the instrument at balance date.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

NOTES TO AND FORMING PART OF THE ACCOUNTS

9 CONTINGENT LIABILITIES

The Union and specified officials are subject to regulatory actions and are being sued for unspecified damages in a number of separate actions arising from industrial disputes. The Committee of Management are of the opinion that the actions can be successfully defended by the Union and are currently involved in litigation challenging the actions.

Given the complex and protracted nature of these actions and advice from legal counsel, it is not practicable to estimate the potential financial impact, if any, of these actions at this time, although any potential financial impact is not expected to be significant.

The information usually required by AASB 137 Provisions, Contingent Liabilities and Contingent Assets, is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the litigation.

10 RELATED PARTY DISCLOSURES

There are no related party transactions other than remuneration of office holders, as disclosed in Note 5, loans receivable and sundry debtors from the Construction Forestry Mining and Energy Union of Workers (CFMEUW) and Construction Skills Training Centre (CSTC), as disclosed in the Statement of Financial Position and Administration fees charged to the Construction Skills Training Centre and reimbursement of legal fees from CFMEUW, as disclosed in the Statement Of Comprehensive Income.

11 107 LEVY – 2006 TO 2009

In prior years (2006 to 2009) the Federal Divisional Branch raised a levy from members titled "107 Levy" for the purposes of paying the legal costs of 107 members and the associated legal costs of the Federal Divisional Branch in relation to an action taken by the Australian Building & Construction Commission in the Federal Court.

The levy raised was recorded as income in the accounts of the Construction, Forestry, Mining and Energy Union of Workers ("State Registered Union") for the years ended 31 December 2006 to 2009, whilst the legal costs were paid for partially by the State Registered Union and partially by the Federal Divisional Branch over the same period.

The funds raised pursuant to the "107 Levy" and the related expenditure on legal costs should have been recorded in the accounts of the Federal Divisional Branch and not those of the State Registered Union, because they arose out of an action taken on a site covered by Federal Enterprise Bargaining Agreements.

The total amount of the levy raised, as reflected in the accounts of the State Registered Union, for the years ended 31 December 2006 to 2009 was \$1,636,764. All of these funds were expended during the same period on legal costs of the 107 members and associated legal costs of the Federal Divisional Branch.

12 EVENTS SUBSEQUENT TO BALANCE DATE

No matters or events have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Branch, the results of those operations or the state of affairs of the Branch in subsequent financial periods.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

**STATEMENT OF RECEIPTS AND PAYMENTS FOR RECOVERY OF WAGES ACTIVITY
CASH BASIS FOR YEAR ENDED 31 DECEMBER 2010**

	2010	2009
	\$	\$
Receipts		
Amounts recovered from employers in respect of wages etc	208,981	429,428
Interest received on recovered money	-	-
Total receipts	208,981	429,428
Payments		
Deductions of amounts due in respect of membership for:		
- 12 months or less	3,377	26,498
- greater than 12 months	-	-
Deductions of donations or other contributions to accounts Or funds of:		
- Construction & Building Industry Super	-	-
- WA Construction Industry Redundancy Fund	-	-
Deductions of fees or reimbursement of expenses	-	-
Payments to workers in respect of recovered money	290,698	280,906
Total payments	294,075	307,404
Surplus / Deficit for the year	<u>(85,094)</u>	<u>122,024</u>

BALANCE SHEET AS AT 31 DECEMBER 2010

Assets

Cash at bank at beginning of period	145,021	22,997
Add Excess (deficiency) of Receipts over Payments	<u>(85,094)</u>	<u>122,024</u>
Total Assets	<u>55,928</u>	<u>145,021</u>

Liabilities

Unclaimed Wages (in respect of 105 workers in 2010 and 189 workers in 2009)	<u>59,928</u>	<u>145,021</u>
Total Liabilities	<u>59,928</u>	<u>145,021</u>

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

COMMITTEE OF MANAGEMENT STATEMENT

The Committee of Management of Construction Forestry Mining and Energy Union Construction and General Division – WA Branch passed the following resolution at a Management Committee meeting held on 29th MARCH 2011 in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 31 December 2010:

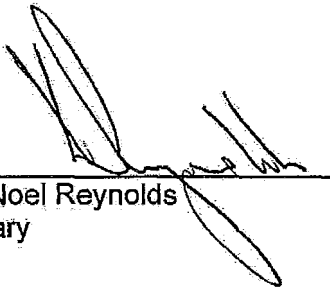
The Committee of Management declares in relation to the GPFR that in its opinion:

- a) the financial statements and notes comply with the Australian Accounting Standards;
- b) the financial statements and notes comply with the reporting guidelines of the General Manager of FWA;
- 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;
- e) during the financial year to which the GPFR relates and since the end of the 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 the Fair Work (Registered Organisations) Regulations 2009; and
 - (iv) where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
 - (v) the information sought in any request of a member of the reporting unit or the General Manager of FWA duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or General Manager; and
 - (vi) there has been compliance with any order for inspection of financial records made by FWA under section 273 of the Fair Work (Registered Organisations) Act 2009.
- f) In relation to recovery of wages activity;
 - (i) the financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the reporting guidelines of the General Manager of FWA; and
 - (ii) the committee of management caused the Auditor to include in the scope of the audit required under subsection 257(1) of the Fair Work (Registered Organisations) Act 2009 all recovery of wages activity by the reporting unit in which revenues had been derived for the financial year in respect of such activity; and

COMMITTEE OF MANAGEMENT STATEMENT (continued)

- (iii) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers other than reported in the financial report on recovery of wages activity and the notes to the financial statements; and
- (iv) that prior to engaging in any recovery of wages activity, the organisation has disclosed to members by way of a written policy or fees to be charged or reimbursement of expenses required for recovery of wages activity, and any likely request for donations or other contributions in acting for a worker in recovery of wages activity; and
- (v) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers until distributions of recovered money were made to the workers.

This declaration is true and I know that it is an offence to make a declaration knowing that it is false in a material particular - for and on behalf of the Committee of Management:



Kevin Noel Reynolds
Secretary

Dated this 29th day of March, 2011.

AUDITORS REPORT

TO THE MEMBERS OF CONSTRUCTION FORESTRY MINING AND ENERGY UNION THE CONSTRUCTION AND GENERAL DIVISION – WA BRANCH

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

Report on the Financial Report

We have audited the Accounts of the Construction Forestry Mining and Energy Union Construction and General Division – WA Branch for the year ended 31 December 2010, including the Recovery of Wages – Statement of Receipts and Payments.

Level 3, 12 St Georges Terrace
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Terrace WA 6832

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F +61 (0)8 9225 6181

www.moorestephens.com.au

Management Committees' Responsibility for the financial report

The Management Committee is responsible for the preparation and presentation of the financial statements and the information contained therein. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the accounts that it is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors Responsibility

We have conducted an independent audit of these accounts in order to express an opinion on them to the Members of the Branch.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the accounts are free from material misstatement. Our procedures included examination on a test basis, of evidence supporting the amounts and other disclosures in the Accounts, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects the accounts are presented fairly in accordance with Australian Accounting Standards and statutory requirements so as to present a view of the Branch which is consistent with our understanding of its financial position and the results of its operations.

The audit opinion expressed in this report has been formed on the above basis.

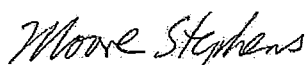
Independence

In conducting our audit, we have followed applicable independence requirements of Australian professional pronouncements.

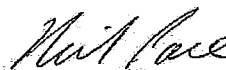
Audit Opinion

In our opinion:

- (i) there were kept by the organisation in respect of the period satisfactory accounting records detailing the sources and nature of the income of the organisation (including income from members) and the nature and purpose of expenditure;
- (ii) the attached accounts, notes, Recovery of Wages – Statement of Receipts and Payments and statements on pages 3 to 21 have been prepared in accordance with applicable Accounting Standards, and are properly drawn up in accordance with the provisions of Section 255 of the Fair Work (Registered Organisations) Act 2009 in accordance with the rules of the organisation, and so as to give a true and fair view of,
 - a) the financial affairs of the organisation as at 31 December 2010, including properly and fairly reporting all information required by the reporting guidelines of the General Manager of FWA; and
 - b) the income and expenditure and surplus of the organisation for the year ended on that date.



MOORE STEPHENS



NEIL PACE
PARTNER
REGISTERED COMPANY AUDITOR
182668

Dated this ^h 30 day of March, 2011 in
Perth, Western Australia.


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**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION – WESTERN AUSTRALIA DIVISIONAL BRANCH**

CERTIFICATE OF AUTHORISED OFFICER

I, Joseph McDonald, being Assistant Secretary of the Construction Forestry Mining and Energy Union, Construction and General Division – Western Australia Divisional Branch, am duly authorised by the Divisional Branch Management Committee to certify:

- that the documents lodged herewith are copies of the full report referred to in s268 of the *Fair Work (Registered Organisations) Act 2009*; and
- That the full report was provided to members on the 11 May 2011; and
- That the full report was presented to a meeting of the Divisional Branch Management Committee on 24th May 2011 in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009*.



Assistant Secretary
CONSTRUCTION FORESTRY MINING AND ENERGY UNION
CONSTRUCTION & GENERAL DIVISION – WESTERN AUSTRALIA DIVISIONAL BRANCH

Dated this 24th day of May 2011



FAIR WORK
AUSTRALIA

11 January 2011

Mr Kevin Reynolds
Secretary
Construction, Forestry, Mining and Energy Union-Construction and General Division, WA
Divisional Branch
cfmeuwa@cfmeuwa.com

Dear Mr Reynolds,

**Lodgement of Financial Documents for year ended 31 December 2010 [FR2010/2833]
Fair Work (Registered Organisations) Act 2009 (the RO Act)**

The financial year of the Construction, Forestry, Mining and Energy Union-Construction and General Division, WA Divisional Branch (the "reporting unit") has recently ended. This is a courtesy letter to remind you of the obligation to prepare and process the reporting unit's financial documents. The full financial report must be lodged with Fair Work Australia within a period of 6 months and 14 days of the end of the financial year.

The RO Act sets out a particular chronological order in which financial documents and statements must be prepared, audited, provided to members and presented to a meeting. The attached *Timeline/Planner* summarises these requirements, but I also describe the sequence here.

When the accounts have been prepared ready for the auditor, you or other officers of the Committee of Management must complete, sign and date a "Committee of Management Statement". This Statement effectively approves the accounts for audit and is usually completed at a "first" Committee meeting.

When the auditor has completed his or her audit, he or she must sign and date the "Auditor's Report". The signing and dating of the Auditor's Report may coincide with the date of the "first" Committee Meeting.

Only when the Auditor's Report has been signed and dated is the financial report ready for distribution or publication for the members. This is because the members must be able to see that the report has been audited.

The final event is a formal presentation of the financial report to a "second" meeting. This can be a general meeting of the members, or a separate meeting of the Committee. A general meeting of the members is the default format unless your rules provide for members to petition a special general meeting to consider the report, in which case you can avail itself of the convenience of a Committee meeting instead (see s266).

If you intend to present the report to a general meeting, you must not hold the meeting until at least 21 days have elapsed since distributing or publishing the report to your members. (see s265(5)) If you intend and are permitted to present the report to a Committee meeting, this can be held at any time after the Auditor has signed his report. But this must be a "second" Committee meeting, separate from that at which the various documents were originally signed.

The documents must be lodged within 14 days of the "second" meeting. Your Certificate should provide the date the report was distributed/made available to the members and the date of presentation to the "second" meeting. This will enable Fair Work Australia to be satisfied that you have complied with the relevant sections of the Act

For additional information, if you need it, financial reporting fact sheets and sample documents can be found on our Fair Work Australia website (www.fwa.gov.au). You will find that the legislative requirements remain largely unchanged to that of the former requirements under Schedule 1 of the Workplace Relations Act 1996. The information can be viewed at [FWA Registered Organisations Fact Sheets](#)

This office encourages you to lodge all financial reports electronically (e.g. as pdf files) at RIASydney@fwa.gov.au. Alternatively, you can forward the documents by fax to (02) 9380 6990 .

If you need any further information or if you believe you will be unable to lodge the full financial report within the period mentioned above please contact me on (02) 8374 6666 or by email at RIASydney@fwa.gov.au.

Yours sincerely,



Steve Teece
Registered Organisations – New South Wales
Fair Work Australia

TIMELINE/ PLANNER

Financial reporting period ending:	/ /	
Prepare financial statements and Operating Report.		
<p>(a) A Committee of Management Meeting must consider the financial statements, and if satisfied, pass a resolution declaring the various matters required to be included in the Committee of Management Statement.</p> <p>(b) A #designated officer must sign the Statement which must then be forwarded to the auditor for consideration as part of the General Purpose Financial Report (GPFR).</p>	/ /	As soon as practicable after end of financial year
Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /	<p>Within a reasonable time of having received the GPFR <i>(NB: Auditor's report <u>must</u> be dated on or after date of Committee of Management Statement)</i></p>
<p>Provide full report free of charge to members – s265</p> <p>The full report includes:</p> <p><input type="checkbox"/> the General Purpose Financial Report (which includes the Committee of Management Statement);</p> <p><input type="checkbox"/> the Auditor's Report; and</p> <p><input type="checkbox"/> the Operating Report.</p>	/ /	<p>(a) if the report is to be presented to a General Meeting (which must be held within 6 months after the end of the financial year), the report must be provided to members 21 days before the General Meeting,</p> <p align="center">or</p> <p>(b) in any other case including where the report is presented to a Committee of Management meeting*, the report must be provided to members within 5 months of end of financial year.</p>
Present full report to:		
(a) General Meeting of Members - s266 (1),(2); OR	/ /	Within 6 months of end of financial year
(b) where the rules of organisation or branch allow* - a Committee of Management meeting - s266 (3)	/ /	Within 6 months of end of financial year
Lodge full report with Fair Work Australia, together with the #Designated Officer's certificate** – s268	/ /	Within 14 days of meeting

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

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

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