



FAIR WORK  
AUSTRALIA

12 July 2012

Mr Michael Buchan  
Secretary, Western Australian Divisional Branch, Construction and General Division  
CFMEU  
Level 1, 82 Royal Street  
EAST PERTH WA 6004



Dear Mr Buchan

**Re: Lodgement of Financial Accounts and Statements – CFMEU, Construction and  
General Division, Western Australian Divisional Branch – for year ending 31 December  
2011 (FR2011/2839)**

I refer to the above financial statements and accounts which were lodged with Fair Work Australia on 27 June 2012.

The documents have been filed.

Yours sincerely

Stephen Kellett  
Organisations, Research and Advice Branch

FR2011/2839

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

**Financial Report for the  
Year ended 31 December 2011**



**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**

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**OPERATING REPORT**

The Committee of Management present their operating report in respect of the year ended 31 December 2011 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, Michael Buchan, 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 \$13,032,330 which represents an increase of \$2,283,486 (21.25%) from the prior year. This reflects a growth in the number of members during the year and the continuing buoyant activity in the construction and mining industries in Western Australia.
- The increase in income largely resulted from a 10.5% increase in membership subscriptions combined with significant increases in training levies and canteen income.
- The surplus for the year was \$3,738,503 compared with \$3,269,259 in 2010. The 2011 surplus was adversely affected by a significant increase in wages paid to office holders during the year, including a termination payment made to the previous secretary.
- 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 \$17,576,049 as at 31 December 2011 (2010: \$14,935,823) with the increase arising mainly from increased Cash in Financial Institutions.
- Total liabilities decreased to \$2,862,038 as at 31 December 2011 (2010: \$3,960,316) with the decrease mainly due to a decrease in other financial liabilities.
- Net Assets increased to \$14,714,011 as at 31 December 2011 (2010: \$10,975,508).

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**

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**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 2011 recorded in the register of members and taken to be members of the Branch were 10,710.

**Employee Information**

The number of full time equivalent employees of the Branch as at 31 December 2011 was 29.

**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 3<sup>rd</sup> day of April, 2012.



Michael Buchan  
Secretary

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

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2011**

	Note	2011 \$	2010 \$
<b>MEMBERS FUNDS</b>			
Balance at Beginning of Year		10,975,508	7,706,249
Transfer of Funds from Related Entities		-	-
Movement in Asset Revaluation Reserve		-	-
Surplus / (Deficiency)		<u>3,738,503</u>	<u>3,269,259</u>
		<u>14,714,011</u>	<u>10,975,508</u>
<b>REPRESENTED BY:</b>			
<b>CURRENT ASSETS</b>			
Cash on Hand		2,100	600
Cash in Financial Institutions		12,524,999	10,002,346
Sundry Debtors		397,792	299,296
Managed Investments – at market value		<u>751,401</u>	<u>745,499</u>
<b>TOTAL CURRENT ASSETS</b>		<u>13,676,292</u>	<u>11,047,741</u>
<b>NON-CURRENT ASSETS</b>			
Sundry Debtors – CFMEUW		1,590,180	1,590,180
Loans Receivable – CFMEUW	2	348,559	348,559
Loans Receivable – CSTC	2	8,786	8,786
Furniture & Fittings - at cost		230,708	193,638
Furniture & Fittings - accumulated depreciation		(173,778)	(160,508)
Motor Vehicles - at cost		492,596	489,241
Motor Vehicles - accumulated depreciation		(155,892)	(140,412)
The Herrons property - at cost		635,004	635,004
Karratha property – at cost		923,594	923,594
Kalgoorlie property - at fair value		-	-
<b>TOTAL NON CURRENT ASSETS</b>		<u>3,899,757</u>	<u>3,888,082</u>
<b>TOTAL ASSETS</b>		<u>17,576,049</u>	<u>14,935,823</u>
<b>CURRENT LIABILITIES</b>			
Trade Creditors		86,146	102,133
Sundry Creditors		402,890	846,989
GST clearing Account		442,885	230,189
Provision for Holiday Pay	3	559,612	495,551
Other Financial Liabilities		849,057	889,996
Trust Account		-	-
<b>TOTAL CURRENT LIABILITIES</b>		<u>2,340,590</u>	<u>2,564,858</u>
<b>NON CURRENT LIABILITIES</b>			
Provision for Long Service Leave	4	521,448	639,801
Other Financial Liabilities		-	755,657
<b>TOTAL NON CURRENT LIABILITIES</b>		<u>521,448</u>	<u>1,395,458</u>
<b>TOTAL LIABILITIES</b>		<u>2,862,038</u>	<u>3,960,316</u>
<b>NET ASSETS</b>		<u>14,714,011</u>	<u>10,975,508</u>

To be read in conjunction with the attached notes

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

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 \$	2010 \$
<b>REVENUE</b>			
Subscriptions		7,287,739	6,593,716
Training Levy		3,111,663	2,589,021
Hardship Fund Income		6,050	36,499
Revaluation / (Devaluation) of Managed investments		5,901	12,624
Joining Fees		47,736	94,586
Other Receipts - Sundry Income		684,015	465,736
Interest Received		631,939	353,348
Rent Received		32,732	14,080
Canteen Income		805,021	394,523
Eureka Products		289,462	239,520
Political and Donations		141,022	39,290
Gain / (loss) on Sale of Assets		(10,950)	(84,100)
		<u>13,032,330</u>	<u>10,748,844</u>
<b>EXPENDITURE</b>			
Administration fees		63,368	273,843
Advertising		40,841	29,788
Affiliation Fees		32,004	30,010
Auditor's Remuneration		42,291	57,075
Bank Charges		84,874	71,919
Campaign Costs		-	405
Canteen Expenditure		360,685	12,496
Computer Requirements		60,800	42,975
Consulting Fees		-	-
CSTC Training Top Up		373,501	276,743
Depreciation		95,228	80,664
Donations		166,547	59,960
Eureka Products Purchased		196,994	176,550
Freight		6,460	13,341
Funeral Benefits		100	200
Fringe Benefits Tax		10,243	10,454
Insurance		146,915	131,685
Legal and Settlement Costs		1,368,408	1,214,135
Meeting Expenses		77,258	34,254
Motor Vehicle Expenses & Service charges		156,355	141,388
Payroll Tax		231,683	181,320
Parking		9,782	6,495
Photography		-	-
Printing, Postage & Stationery		201,827	169,048
Photocopying & Office Expenses		71,662	72,872
Provision for Employee Entitlements		(54,292)	114,171
Rent, Rates and Electricity		95,766	88,508

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 2011**

	Note	2011 \$	2010 \$
<b>EXPENDITURE (continued)</b>			
Repairs & Maintenance		42,035	18,984
Staff Amenities		24,645	15,146
Subscriptions		22,080	21,814
Superannuation and Redundancy Contributions	5	755,639	446,664
Sustentation Fees (Federal)		520,548	490,960
Tea Money		85,439	77,911
Telephone		104,035	89,180
Training		3,893	23,086
Travel and Accommodation		300,114	352,034
Wages – Office holders	5	2,507,868	1,427,117
Wages - Other employees	5	1,088,231	1,226,931
		<u>9,293,827</u>	<u>7,479,585</u>
<b>SURPLUS FOR THE YEAR</b>		<u><u>3,738,503</u></u>	<u><u>3,269,259</u></u>
<b>Other comprehensive income for the year</b>		<u>                    </u>	<u>                    </u>
Surplus attributable to the Union		<u>3,738,503</u>	<u>3,269,259</u>
Total Comprehensive income attributable to the Union		<u><u>3,738,503</u></u>	<u><u>3,269,259</u></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 2011**

	General Funds \$	Hardship Fund \$	Reserves \$	Total \$
<b>Balance at 31 December 2009</b>	<b>6,977,784</b>	<b>608,767</b>	<b>119,698</b>	<b>7,706,249</b>
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	=	=	=	=
<b>Balance at 31 December 2010</b>	<b>10,247,043</b>	<b>608,767</b>	<b>119,698</b>	<b>10,975,508</b>
Total Comprehensive income for the period ended 31 December 2011	3,738,503	=	=	3,738,503
Transfer of Funds from Related Entities	=	=	=	=
Increase in Asset Revaluation Reserve	=	=	=	=
<b>Balance at 31 December 2011</b>	<b>13,985,546</b>	<b>608,767</b>	<b>119,698</b>	<b>14,714,011</b>

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

**STATEMENT OF CASHFLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Notes	2011 \$	2010 \$
<b>Cashflows from Operating Activities</b>			
Receipts from members		10,376,302	9,182,737
Other receipts		1,930,642	984,940
Payments to suppliers and employees		(10,296,876)	(7,591,152)
Interest received		631,939	353,348
<b>Net Cash Provided by (used in) Operating Activities</b>	7	<u>2,642,007</u>	<u>2,929,873</u>
<b>Cashflows From Investing Activities</b>			
Payments for Property, Plant & Equipment		(156,035)	(1,708,958)
Proceeds from Sale of Property, Plant & Equipment		38,182	259,620
<b>Net Cash Provided by (used in) Investing Activities</b>		<u>(117,854)</u>	<u>(1,449,338)</u>
<b>Cashflows From Financing Activities</b>			
Receipts from Related Entities		*	*
Decrease in Loans Payable		-	-
Decrease in Loans Receivable		*	*
<b>Net Cash Provided by (used in) Financing Activities</b>		<u>*</u>	<u>*</u>
Net Increase (Decrease) in Cash Held		2,524,153	1,480,535
Cash at 1 January 2011		10,002,946	8,522,411
Cash at 31 December 2011		<u>12,527,099</u>	<u>10,002,946</u>

To be read in conjunction with the attached notes

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

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**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.

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

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**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 (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2015).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. 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.

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

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**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)**

- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

- AASB 2010-6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard will only affect certain disclosures relating to financial instruments and is not expected to significantly impact the Union.

- AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurements.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

These Standards are not expected to significantly impact the Union.

- AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is not expected to significantly impact the Union.

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**

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**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** **2011** **2010**

Amounts payable to:

- Office holders	447,717	362,138
- Other Employees	111,895	133,413
	<u>559,612</u>	<u>495,551</u>

**4 PROVISION FOR LONG SERVICE LEAVE**

Amounts payable to:

- Office holders	335,429	480,601
- Other Employees	186,019	159,200
	<u>521,448</u>	<u>639,801</u>

**5 EMPLOYEE BENEFITS**

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

Wages	2,407,088	1,348,816
Annual leave/long service leave	100,780	78,301
Non monetary benefits	89,122	64,503
Superannuation and Redundancy	498,432	189,744
	<u>3,095,422</u>	<u>1,681,364</u>

Employee benefits paid to other employees during the year comprised:

Wages	954,537	1,145,435
Annual leave/long service leave	133,694	81,496
Non monetary benefits	7,624	19,896
Superannuation and Redundancy	257,207	256,920
	<u>1,353,062</u>	<u>1,503,747</u>



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

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**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;

	<b>2011</b>	<b>2010</b>
<b>Operating Surplus</b>	3,738,503	3,269,259
Non cash flows in operating surplus		
Depreciation	95,228	80,664
Revaluation of Managed Investments	(5,901)	(12,624)
Changes in Assets and Liabilities:		
(Increase)/decrease in receivables	(98,496)	(299,296)
Increase/(decrease) in payables	(1,043,985)	(306,402)
Increase/(decrease) in employee entitlements	(54,292)	114,172
(Profit)/Loss on sale of investments/assets	10,950	84,100
<b>Cash Flows from (to) Operations</b>	<u>2,642,007</u>	<u>2,929,873</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 2011 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 \$20,000 (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.

**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 \$125,000. 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
<b>2011</b>							
<b>Financial Assets</b>							
Cash Assets	2,728,098	9,796,901	-	2,100	12,527,099	6%	3.25%
Managed Investments	-	-	-	751,401	751,401	-	-
Sundry Debtors	-	-	-	1,987,972	1,987,972	-	-
Related Entity Loans	-	-	-	357,345	357,345	-	-
<b>Total Financial Assets</b>	<b>2,728,098</b>	<b>9,796,901</b>	<b>-</b>	<b>3,098,818</b>	<b>15,623,817</b>		
<b>2010</b>	166,852	9,660,387	-	2,992,920	12,995,266		
<b>2011</b>							
<b>Financial Liabilities</b>							
Trade payables	-	-	-	86,146	86,146	-	-
Other payables	-	849,057	-	845,775	1,694,832	6%	-
<b>Total Financial Liabilities</b>	<b>-</b>	<b>849,057</b>	<b>-</b>	<b>931,921</b>	<b>1,780,978</b>		
<b>2010</b>	-	-	1,645,654	1,179,310	2,824,964		

*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**

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**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.

In addition to the above, the Union has a contingent liability of \$1 million which arises from a settlement deed executed during the year ended 31 December 2011. Pursuant to the deed, the liability will become due and payable if prohibited industrial action (as defined in the deed) occurs on or before 11 February 2018.

**10 RELATED PARTY DISCLOSURES**

There are no related party transactions other than remuneration of office holders, as disclosed in Note 5, loans receivable 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, administration fees charged to the Construction Skills Training Centre and transfer of training levies to CFMEUW, as disclosed in the Statement Of Comprehensive Income.

**11 107 LEVY – 2006 TO 2010**

In prior years (2006 to 2010) 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 2010, 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 2010 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 2011**

	2011	2010
	\$	\$
<b>Receipts</b>		
Amounts recovered from employers in respect of wages etc	173,640	208,981
Interest received on recovered money	<u>          </u>	<u>          </u>
<b>Total receipts</b>	173,640	208,981
<b>Payments</b>		
Deductions of amounts due in respect of membership for:		
- 12 months or less	5,745	3,377
- greater than 12 months	<u>          </u>	<u>          </u>
Deductions of donations or other contributions to accounts Or funds of:		
- Construction & Building Industry Super	<u>          </u>	<u>          </u>
- WA Construction Industry Redundancy Fund	<u>          </u>	<u>          </u>
Deductions of fees or reimbursement of expenses	<u>          </u>	<u>          </u>
Payments to workers in respect of recovered money	<u>163,800</u>	<u>290,698</u>
<b>Total payments</b>	169,545	294,075
<b>Surplus / Deficit for the year</b>	<u>4,095</u>	<u>(85,094)</u>

**BALANCE SHEET AS AT 31 DECEMBER 2011**

<b>Assets</b>		
Cash at bank at beginning of period	55,928	145,021
Add Excess (deficiency) of Receipts over Payments	<u>4,095</u>	<u>(85,094)</u>
<b>Total Assets</b>	<u>60,023</u>	<u>55,928</u>
<b>Liabilities</b>		
Unclaimed Wages (in respect of 105 workers In 2011 and 105 workers in 2010)	<u>60,023</u>	<u>59,928</u>
<b>Total Liabilities</b>	<u>60,023</u>	<u>59,928</u>

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

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**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 3rd April 2012 in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 31 December 2011:

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

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

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**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:



Michael Buchan  
Secretary

Dated this 3<sup>rd</sup> day of April, 2012.



**AUDITORS REPORT**

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

Level 3, 12 St Georges Terrace  
Perth WA 6000

PO Box 5785 St Georges Terrace  
WA 6831

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**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 2011, including the Recovery of Wages – Statement of Receipts and Payments.

**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**

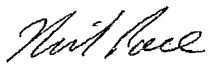
In conducting our audit, we have followed applicable independence requirements of Australian professional pronouncements.

**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 2011, 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 <sup>30</sup> day of April, 2012 in  
Perth, Western Australia.

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

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**CERTIFICATE OF SECRETARY**

I, Michael Buchan being the Secretary of the Construction Forestry Mining and Energy Union Construction and General Division – WA Branch certify:

- that the documentation 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 13<sup>th</sup> June 2012; and
- that the full report was presented to a general meeting of members/meeting of the Management Committee on 26 June 2012 in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.



Michael Buchan  
Secretary

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

Dated this 26<sup>th</sup> day of June, 2012.

13 January 2012

Mr Kevin Reynolds  
Secretary, Western Australia Divisional Branch  
Construction, Forestry, Mining and Energy Union  
PO Box 6681  
EAST PERTH WA 6892

Dear Mr Reynolds



**Lodgment of Financial Statements and Accounts –  
Western Australia Branch, Construction & General Division - for year ended 31 December 2011  
(FR2011/2839)**

The financial year of the Western Australia Branch, Construction & General Division, has recently ended. This is a courtesy letter to remind you of the obligation to prepare the reporting unit's financial documents and to lodge audited financial accounts and statements with Fair Work Australia within the prescribed time frame unless a 1 month extension is applied for and granted.

The documents you must lodge include:

(i) A general purpose financial report [see section 253(2)]; (ii) A Committee of Management statement (see the General Manager's Reporting Guidelines); (iii) An operating report [see section 254(2)]; (iv) An auditor's report [see sections 257(5) to 257(11)]; and (v) A certificate of the secretary or other designated officer [see section 268(c)].

I draw your particular attention to

- (a) s237 which requires you to prepare and lodge a separate statement providing the prescribed particulars of any loan, grant or donation made during the year which exceeds \$1,000;
- (b) s265(5) which requires you to publish or otherwise provide your members with completed/signed copies of the audited accounts, report and statements before final presentation and lodgment; and
- (c) s266 which requires you to present the completed documents to a second meeting. Note that this meeting is distinct from any initial committee meeting convened to prepare, sign or otherwise approve pre-audited documents.

Relevant references may be found at <http://www.fwa.gov.au/index.cfm?pagename=regorgsfrguidelines> and <http://www.fwa.gov.au/index.cfm?pagename=legislationfwroact>. If you are in any doubt as to the requirements or wish to clarify any aspect of the relevant legislation, or anticipate any difficulty in complying with the requirements, do not hesitate to contact Fair Work Australia.

Yours sincerely,

Stephen Kellett  
Organisations, Research and Advice