

VALE, David

From: VALE,David
Sent: Wednesday, 30 August 2017 10:36 AM
To: 'mbuchan@cfmeuwa.com'; 'Kelly Karolak'
Cc: 'npace@moorestephens.com.au'
Subject: FR2016/343 CFMEU C&G WA Financial Report for year ending 31 December 2016
[SEC=UNCLASSIFIED]
Attachments: CFMEU C&G DIV_WA Branch_FR2016_343_Letter_30082017.pdf

UNCLASSIFIED

Dear Mr Buchan,

Please see attached my letter in relation to the above financial report.

Yours faithfully

DAVID VALE

Principal Adviser

Financial Reporting

Registered Organisations Commission

Tel: (02) 8293 4654

david.vale@roc.gov.au

GPO Box 2983, MELBOURNE VIC 3001 | Street address: Level 13, 175 Liverpool Street Sydney NSW 2000

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Registered Organisations Commission

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From: Kelly Karolak [<mailto:kkarolak@cfmeuwa.com>]

Sent: Thursday, 22 June 2017 9:59 AM

To: ROC - Registered Org Commission

Subject: FR2016/343 CFMEU C&G WA Financial Report for year ending 31 December 2016

Good morning

Please find **attached** the financial report for the CFMEU Construction and General Division WA – for the year ending 31 December 2016.

If you have any queries in regards to this email please contact me on 08 9228 6900 or by return email.

Kind regards



Australian Government
Registered Organisations Commission

30 August 2017

Mr Michael Buchan
WA Divisional Branch Secretary
Construction and General Division
Construction, Forestry, Mining and Energy Union
mbuchan@cfmeuwa.com

CC: npace@moorestephens.com.au

Dear Mr Buchan

**Construction, Forestry, Mining and Energy Union-Construction and General Division, WA
Divisional Branch
Financial Report for the year ended 31 December 2016 - [FR2016/343]**

I acknowledge receipt of the financial report of the WA Divisional Branch of the Construction and General Division of the Construction, Forestry, Mining and Energy Union (the reporting unit). The documents were lodged with the Registered Organisations Commission (the ROC) on 22 June 2017.

The financial report has now been filed.

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

Please note that the financial report for the year ending 31 March 2017 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged, however I make the following comments to assist you when you next prepare a financial report. The ROC will confirm these concerns have been addressed prior to filing next year's report.

Difference in figure reporting in LGD statement and financial report

A Loans, Grants and Donations statement for the above reporting unit was lodged with the ROC as required under subsection 237(1) of the RO Act on 27 March 2017. A figure for donations that exceeded \$1,000 was also supplied in the financial report however this figure for donations was different to the figure supplied on the Loans, Grants and Donations Statement.

I acknowledge the correspondence from Mr Pace, Auditor of Moore Stephens, dated 11 August 2017 and which was lodged with the ROC on 21 August 2017. Mr Pace confirmed that after a further review, the amount reported in the financial statement for Donations that exceeded \$1,000 was inaccurate, and that the error was one of reclassification as it included amounts being of the nature of sponsorship which should not have been included.

I also acknowledge Mr Pace's comments that he will ensure that the error is not repeated in future financial statements.

Content of Designated Officer's Certificate

Section 268(c) of the RO Act requires the certificate by the designated officer to certify that the documents lodged are copies of the documents provided to members and that the full report was presented to either a general meeting of members, or to a meeting of the committee of management, as the case requires, in accordance with section 266 of the RO Act.

I note that the Designated Officer's Certificate provided did not specify which of the above two events had occurred, but had stated 'that the full report was presented to a general meeting of members / meeting of the Management Committee on the 14 day of June 2017'.

As this certificate is certifying that certain events did occur, please ensure that in future years the Designated Officer's Certificate specifies which of the above two events have transpired.

I acknowledge that on 8 August 2017 the Branch confirmed that the full report had been presented to a general meeting of members on 14 June 2017.

Reporting Requirements

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

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

If you have any queries regarding this letter, please contact me on (02) 8293 4654 or via email at david.vale@roc.gov.au.

Yours faithfully



David Vale
Principal Adviser, Financial Reporting
Registered Organisations Commission

VALE, David

From: VALE,David
Sent: Friday, 18 August 2017 4:18 PM
To: 'mbuchan@cfmeuwa.com'
Cc: 'kkarolak@cfmeuwa.com'
Subject: RE: FR2016/343 CFMEU C&G WA Financial Report for year ending 31 December 2016 [SEC=UNCLASSIFIED]

Importance: High

UNCLASSIFIED

Dear Mr Buchan

I am following up on my email query sent to you last week (see copy below) regarding the discrepancy in the amount of donations paid exceeding \$1,000 in the profit or loss statement contained in the financial report lodged by the WA Divisional Branch of the Construction and General Division of the Construction, Forestry, Mining and Energy Union in matter FR2016/343. Could you please contact me on the telephone number below or by return email to provide me with an update or further information. Ms Karolak has provided the requisite information to the other query below.

Yours sincerely

DAVID VALE
Principal Adviser
Financial Reporting
Registered Organisations Commission

Tel: (02) 8293 4654
david.vale@roc.gov.au

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From: VALE,David
Sent: Tuesday, 8 August 2017 2:42 PM
To: 'mbuchan@cfmeuwa.com'
Cc: 'kkarolak@cfmeuwa.com'
Subject: FR2016/343 CFMEU C&G WA Financial Report for year ending 31 December 2016 [SEC=UNCLASSIFIED]
Importance: High

VALE, David

From: Kelly Karolak <kkarolak@cfmeuwa.com>
Sent: Tuesday, 8 August 2017 2:54 PM
To: VALE,David
Cc: Michael Buchan
Subject: RE: FR2016/343 CFMEU C&G WA Financial Report for year ending 31 December 2016 [SEC=UNCLASSIFIED]

Dear David

As discussed, please be advised that the full financial report for the WA Divisional Branch of the CFMEU was presented to a general meeting of members on 14 June 2017.

I will provide further clarification in relation to the donations statements as soon as possible.

Kind regards

Kelly Karolak
Executive Assistant

CFMEU

Construction & General Division, Western Australia
TRADES HALL, 80 Beaufort Street, PERTH, WA 6004
PO BOX 8075, PERTH BC, WA 6849
T: 08 9228 6900 F: 08 9228 6901

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From: VALE,David [mailto:David.Vale@roc.gov.au]
Sent: Tuesday, 8 August 2017 12:42 PM
To: Michael Buchan <mbuchan@cfmeuwa.com>
Cc: Kelly Karolak <kkarolak@cfmeuwa.com>
Subject: FR2016/343 CFMEU C&G WA Financial Report for year ending 31 December 2016 [SEC=UNCLASSIFIED]
Importance: High

UNCLASSIFIED

Dear Mr Buchan

Thank you for the recent lodgement of the financial report for the WA Divisional Branch of the Construction and General Division of the Construction, Forestry, Mining and Energy Union. I am currently examining the financial report and seek the Branch's clarification on the following.

1. The designated officer's certificate does not set out whether on 14 June 2017, the full report was presented to a general meeting of members or a meeting of the Management Committee. Could you please confirm which was it.

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1. The designated officer's certificate does not set out whether on 14 June 2017, the full report was presented to a general meeting of members or a meeting of the Management Committee. Could you please confirm which was it.
2. In the statement of profit or loss, the amount of donations paid which exceeded \$1,000 is stated as \$73,900. However that does not reconcile with the amount shown in the Loans, Grants & Donations Statement which was lodged on 27 March 2017.

Could you please contact me on the number below to clarify these two issues. I look forward to speaking with you.

Yours sincerely

DAVID VALE
Principal Adviser
Financial Reporting
Registered Organisations Commission

Tel: (02) 8293 4654
david.vale@roc.gov.au

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Kind regards06/2017

Kelly Karolak
Executive Assistant

CFMEU

Construction & General Division, Western Australia
TRADES HALL, 80 Beaufort Street, PERTH, WA 6004
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Kelly Karolak
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**Construction Forestry Mining and Energy Union
Construction and General Division – WA Branch**

**Financial Report for the
Year ended 31 December 2016**

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

TABLE OF CONTENTS

	PAGE
OPERATING REPORT	1 - 2
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	4 - 5
STATEMENT OF CHANGES IN EQUITY	6
STATEMENT OF CASHFLOWS	7
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS	8 - 20
RECOVERY OF WAGES - STATEMENT OF RECEIPTS AND PAYMENTS	21
COMMITTEE OF MANAGEMENT STATEMENT	22 - 23
AUDITORS REPORT TO MEMBERS	24 - 25
CERTIFICATE OF SECRETARY	26

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 2016 as follows:

Members of the Management Committee

The members of the Management Committee at any time during the year and the period which they held the position were:

Campbell McCullough, Ian Hawkins, Glenn Hawkins, Joseph McDonald, Graham Pallot, Leslie Wellington, Michael Buchan, Walter Molina, Matt Waters and Robert Pearson.

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 2016 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 Executive notes the challenges presented by the Federal Liberal Government's new workplace laws and the activities of the FWBC (now reborn as the ABCC) as being the intended disruptions to the core business of the Union.

The proposed implementation of the Building Code will likely have a disruptive effect on the activities of the Union in 2017, but more importantly will result in employment uncertainty for members. The Union will use all resources available to it to ensure that EBAs entered into lawfully in good faith during 2016 will continue to be the base for employment conditions moving forward.

The legislative environment did not improve during 2016 and the double dissolution re-election of the LNP government on the pretext of passing the ABCC legislation meant that until the Federal election this Union (and like-minded Unions) will have to dig in and ride out the legislative and administrative burden. The Union has no difficulty with the principal of rigorous scrutiny, but believes that the targeted attack on volunteer committee members is entirely disproportionate to the actual problem. It is noted that despite overwhelming evidence of phoenixing, sham contracting, non-payment of statutory obligations and tax avoidance the Federal government has taken no steps to bring that area of the industry under control.

Regardless of the federal government anti worker agenda our new industry agreement has started to pick up momentum. Builders and subcontractors on several major commercial sites within the CBD and large shopping centre projects have chosen to follow our industry model. The failed model used to develop Perth's New Children's Hospital and similar projects like Perth airport terminal 3 has led to many sub-contractors hitting the wall, not being able to pay employees entitlements. The model has contributed to suicide, marriage break ups, unemployment for many members and their employers. Not to mention the deteriorating safety standards and exploitation of visa workers often used as cheap labour source. The aim of our industry standard is to stop this race to the bottom and bring along with it an industry that will attract new starters which have been turned off over recent years of a downward spiral.

2016 ended with a union election the full ticket led by Mick Buchan was reelected unopposed, some significant changes have been made with a new leadership team and management committee. Joe McDonald did not nominate, Joe remains National President until National Construction and general conference October 2017. Cam McCullough and Graham Pallot hold positions of assistant secretaries. Vinnie Molina holds position as President and with the retirement of Les Wellington the management has changed significantly.

The attached accounts show that the Union has faced challenges presented by the Federal government and the Union continues to be in a sound position.

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

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

- Total revenue was \$6,501,908 which represents a decrease of \$1,611,738 (20%) from the prior year. This reflects a decrease in the number of members during the year, combined with a significant reduction in income generated from the Training Levy and Interest Received. The reduction in revenue reflects the current decline in the economic and industry conditions over the last 12 months.
- The deficit for the year was \$2,526,759, compared with a deficit of \$1,386,129 in 2015. The fall in revenue was partially offset with the reduction of Legal and Settlement Costs resulted in the deficit for the year. Campaign costs were nearly \$400,000 more than 2015. This reflects the costs the Union is spending in campaign activities. Member insurances were significantly increased. This however remains a valuable benefit for our members.
- Full details of revenue 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 decreased to \$15,454,789 as at 31 December 2016 (2015: \$18,280,668) with the decrease arising largely from a reduction in cash balances.
- Total liabilities decreased to \$4,493,488 as at 31 December 2016 (2015: \$4,792,608) with the decrease largely due to a reduction in the provision for Legal and Settlement Costs and a reduction in income received in advance. This latter event is largely a decrease in the number of members during the year.
- Net assets decreased to \$10,961,301 as at 31 December 2016 (2015: \$13,488,060).

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

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 2016 recorded in the register of members and taken to be members of the Branch were 6538.

Employee Information

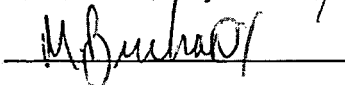
The number of full time equivalent employees of the Branch as at 31 December 2016 was 26.

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 18 day of May, 2017.



Michael Buchan
Secretary

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Note	2016 \$	2015 \$
MEMBERS FUNDS			
Balance at Beginning of Year		13,488,060	14,874,189
Surplus / (Deficiency)		(2,526,759)	(1,386,129)
		<u>10,961,301</u>	<u>13,488,060</u>
REPRESENTED BY:			
CURRENT ASSETS			
Cash on Hand		2100	2,100
Cash in Financial Institutions		9,128,135	11,669,552
Sundry Debtors		228,367	381,930
Managed Investments – at market value		897,950	891,095
TOTAL CURRENT ASSETS		<u>10,256,552</u>	<u>12,944,677</u>
NON-CURRENT ASSETS			
Loans Receivable – CFMEUW	2	2,570,072	2,558,532
Loans Receivable/(Payable) – CSTC	2	(159,007)	(159,007)
Loans Receivable/(Payable) – CFMEU C&G National		-	(44,211)
Furniture & Fittings - at cost		119,718	118,454
Furniture & Fittings - accumulated depreciation		(87,165)	(75,373)
Motor Vehicles - at cost		609,234	667,794
Motor Vehicles - accumulated depreciation		(232,424)	(155,336)
Canteens at Cost		619,294	619,294
Canteens - Accumulated Depreciation		(441,485)	(394,156)
The Herrons property **		660,000	660,000
Karratha property **		455,000	455,000
Birchley Heights property **		1,085,000	1,085,000
TOTAL NON CURRENT ASSETS		<u>5,198,237</u>	<u>5,335,991</u>
TOTAL ASSETS		<u>15,454,789</u>	<u>18,280,668</u>
CURRENT LIABILITIES			
Trade Creditors		15,329	34,335
Sundry Creditors		217,487	141,759
GST clearing Account		42,619	46,289
Income Received in Advance		2,490,161	2,905,394
Payables to employers for the employers making payroll deductions of membership subscriptions		-	-
Provision for Holiday Pay		727,621	666,966
Provision for legal/settlement costs – litigation	4	423,000	487,000
Provision for Legal/Settlement Costs – other legal matters		-	-
TOTAL CURRENT LIABILITIES		<u>3,916,217</u>	<u>4,281,743</u>
NON CURRENT LIABILITIES			
Provision for Long Service Leave	4	577,271	510,865
TOTAL NON CURRENT LIABILITIES		<u>577,271</u>	<u>510,865</u>
TOTAL LIABILITIES		<u>4,493,488</u>	<u>4,792,608</u>
NET ASSETS		<u>10,961,301</u>	<u>13,488,060</u>

** - at Committee of Management valuation – 31 December 2016

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

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 \$	2015 \$
REVENUE			
Subscriptions		5,146,583	6,077,495
Training Levy		461,027	614,209
Building Fund Income		-	-
Revaluation / (Devaluation) of Managed investments		6,855	46,399
Joining Fees		-	-
Other Receipts - Sundry Income		413,617	721,020
Interest Received		280,196	382,572
Rent Received		82,997	107,613
Canteen Income		-	56,419
Merchandise Sales		47,620	51,757
Reimbursement of Travel Expenditure		66,086	45,854
Political and Donations		-	-
Revaluation (Herrons)		-	24,996
Revaluation (Birchley)		-	5,058
Gain / (loss) on Sale of Assets		(3,073)	(19,746)
		6,501,908	8,113,646
EXPENDITURE			
Administration fees		26,799	38,448
Advertising		26,208	25,598
Affiliation Fees			
- Unions WA		65,519	63,912
- Australian Labor Party		59,766	100,212
ALP and Election Expenses		123,496	-
Auditor's Remuneration –audit of the financial statements		30,000	33,000
Auditors Remuneration – other services ##		8,648	30,406
Bank Charges		44,638	51,105
Campaign Costs		285,050	37,822
Canteen Expenditure		-	964
Computer Requirements		87,540	54,835
Consultancy Fees		-	3,565
CSTC Training Top Up		98,540	149,607
Depreciation		173,514	200,150
Donations			
- Less than \$1,000		3,308	1,125
- \$1,000 and more		73,900	92,690
Fees/allowances paid to persons to attend conferences or meetings as a representative of the Branch		-	-
Fees incurred as consideration for employers making payroll deductions of member subscriptions		-	-
Grants – less than \$1,000		-	-
Grants - \$1,000 or more		-	-
Merchandise Purchases		45,656	58,122
Finance Costs		-	-
Freight		20,215	2,217
Funeral Benefits		400	8,497
Fringe Benefits Tax		79,622	52,841
Impairment Loss – Karratha Property		-	305,000
Insurance		174,206	142,902
Insurance - Member Benefit		849,906	462,103
Legal and Settlement Costs			
- Litigation – Settlements / Orders		362,880	1,000,502
- Other Legal Matters		166,582	437,532

To be read in conjunction with the attached notes

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

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 \$	2015 \$
EXPENDITURE (continued)			
Meeting Expenses – meetings of members, conferences, councils, committees, etc		3,696	-
Meeting expenses – other		-	25,719
Member Benefits		298,026	120,066
Motor Vehicle Expenses & Service charges		114,035	107,881
Payroll Tax		329,072	310,360
Parking		32,995	36,894
Penalties imposed under the RO Act		-	-
Photography		1,209	-
Printing, Postage & Stationery		141,065	166,078
Photocopying & Office Expenses		96,257	72,952
Provision for Employee Entitlements		127,061	15,183
Rent, Rates and Electricity		55,783	109,502
Repairs & Maintenance		66,532	53,159
Sponsorship		40,376	26,857
Staff Amenities		10,946	32,776
Subscriptions		16,202	29,234
Superannuation and Redundancy Contributions	5	656,898	650,981
Sustentation / Capitation Fees (Federal)		379,375	467,222
Staff Reimbursements		-	-
Telephone		55,730	96,497
Training		10,205	886
Travel and Accommodation		349,587	360,156
Wages – Office holders	5	799,598	781,520
Wages - Other employees	5	2,637,626	2,682,697
		9,028,667	9,499,775
SURPLUS / (DEFICIT) FOR THE YEAR		(2,526,759)	(1,386,129)
Other comprehensive income for the year		-	-
Deficit attributable to the Union		(2,526,759)	(1,386,129)
Total Comprehensive income / (deficit) attributable to the Union		(2,526,759)	(1,386,129)

Note: During the reporting period no capitation fees were received from another reporting unit, no compulsory levies were raised from members and no financial support was received from another reporting unit (other than to the extent disclosed in note 11 of the full financial report).

During the reporting period no compulsory levies were imposed on the reporting unit.

Auditors Remuneration – other services comprises accounting assistance \$8,648 (2015: \$15,556), taxation advice \$0 (2015: \$14,850)

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	General Funds \$	Hardship Fund \$	Reserves \$	Total \$
Balance at 31 December 2014	14,265,422	608,767	-	14,874,189
Total Comprehensive income for the period ended 31 December 2015	(1,386,129)	-	-	(1,386,129)
Adjustment to Retained Earnings for Change in Accounting Policy	-	-	-	-
Balance at 31 December 2015	12,879,293	608,767	-	13,488,060
Total Comprehensive income for the period ended 31 December 2016	(2,526,759)	-	-	(2,526,759)
Adjustment to Retained Earnings for Change in Accounting Policy	-	-	-	-
Balance at 31 December 2016	10,352,534	608,767	-	10,961,301

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

**STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 \$	2015 \$
Cashflows from Operating Activities			
Receipts from members		6,371,493	7,528,747
Other receipts			
Payments to suppliers and employees		(9,154,273)	(9,775,201)
Interest received		280,196	382,572
Net Cash Provided by (used in) Operating Activities	8	<u>(2,502,584)</u>	<u>(1,863,882)</u>
Cashflows from Investing Activities			
Payments for Property, Plant & Equipment		(1,264)	(268,413)
Proceeds from sale of Property, Plant & Equipment		18,182	
Purchase of investments		-	-
Net Cash Provided by (used in) Investing Activities		<u>16,918</u>	<u>(268,413)</u>
Cashflows from Financing Activities			
Receipts / (payments) to/from Related Entities		(55,751)	44,211
Proceeds from borrowings		-	
Decrease in Loans Payable		-	-
Increase in Loans Receivable		-	-
Net Cash Provided by (used in) Financing Activities		<u>(55,751)</u>	<u>44,211</u>
Net Increase (Decrease) in Cash Held		(2,541,417)	(2,088,084)
Cash at 1 January 2016		11,671,652	13,759,736
Cash at 31 December 2016		<u>9,130,235</u>	<u>11,671,652</u>

Receipts from and payments to other reporting units and related entities are set out in Note 11.

**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 are general purpose financial statements that 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 Branch is a not-for-profit entity for financial reporting purposes.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on the _____ day of _____, 2017 by the members of the committee.

(a) MEMBERSHIP SUBSCRIPTIONS AND LEVY INCOME

Membership subscriptions are accounted for on an accruals basis.

Training levy income is accounted for on a cash receipts basis which, on an annual basis, would not materially differ from that calculated on an accruals 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.

Plant and equipment, motor vehicles and furniture and fittings acquired are brought to account at cost.

Property, comprising land and buildings, is carried at fair value which is based on either independent valuations or third party appraisals. Revaluation increments are credited to an Asset Revaluation Reserve. Properties are revalued regularly so as to ensure they are always reflected at fair value.

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	7.5 - 37.5%pa
Motor Vehicles	22.5%pa
Property	Nil pa

**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)

(c) FAIR VALUE OF ASSETS AND LIABILITIES

The Union measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Union would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(d) 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

(e) 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).

(f) 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.

**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)

(f) FINANCIAL INSTRUMENTS (continued)

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

(g) 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.

(h) 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.

**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)

(i) 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.

(j) NEW AND AMENDED ACCOUNTING POLICIES ADOPTED BY THE UNION

The Union has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The eventual adoption of new, revised or amended Accounting Standards that are not yet mandatory are not expected to significantly impact on the financial performance or position of the Union.

SIGNIFICANT 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.

Key estimates – Provision for Legal and Settlement Costs

At each reporting date the union assesses the amount which should be provided for in relation to legal and settlement costs. The amount determined is based on management's assessment of the likely outcome of actions in progress at year end taking into account the advice from legal counsel.

Actual legal and settlement costs could be lower or higher than the amount provided for at 31 December 2016 depending on the ultimate outcome of actions in progress at year end.

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 have no specified repayment date.

Loans receivable or payable to related parties have been classified as non-current as management do not anticipate their repayment within the next 12 months.

3. PROPERTY, PLANT & EQUIPMENT

Movement in carrying amounts

Movements in carrying amounts for each class of property, plant & equipment between the beginning and the end of the current financial year (for those classes that moved);

	Canteens	Furniture & fittings	Motor vehicles	Total
	\$	\$	\$	\$
Balance at the beginning of year	225,138	43,081	512,458	780,677
Additions	-	1,264	-	1,264
Disposals	-	-	(21,255)	(21,255)
Depreciation & amortisation expense	(47,329)	(11,792)	(114,393)	(173,514)
Revaluation	-			
Carrying amount at the end of year	177,809	32,553	376,810	587,172

4 EMPLOYEE PROVISIONS

	2016	2015
	\$	\$
Office Holders;		
Annual leave	440,582	449,892
Long service leave	353,954	330,294
Separation and redundancies	-	-
Other	-	-
	794,536	780,187
Employees other than Office Holders;		
Annual leave	287,039	217,073
Long service leave	223,317	180,572
Separation and redundancies	-	-
Other	-	-
	510,356	397,645
Total employee provisions	1,304,892	1,177,831
Current	727,621	666,966
Non-current	577,271	510,865
Total employee provisions	1,304,892	1,177,831

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

NOTES TO AND FORMING PART OF THE ACCOUNTS

5 EMPLOYEE BENEFITS

	2016	2015
	\$	\$
Employee benefits paid to Office holders during the year comprised of:		
Wages and Salaries	710,708	749,158
Annual leave/long service leave	88,890	32,362
Non-monetary benefits	13,869	13,869
Superannuation	152,085	138,135
Separation and Redundancy	9,048	10,962
	<u>974,600</u>	<u>944,486</u>
Employee benefits paid to other employees during the year comprised:		
Wages and Salaries	2,456,602	2,474,740
Annual leave/long service leave	181,024	207,957
Non-monetary benefits	37,042	37,042
Superannuation	432,777	438,809
Separation and Redundancy	62,988	63,075
	<u>3,170,433</u>	<u>3,221,623</u>

Office holders comprise key management personnel having authority and responsibility for planning, directing and controlling the activities of the Union, and include members of the management committee.

6 KEY MANAGEMENT PERSONNEL REMUNERATION

Key Management Personnel comprise the members of the Management Committee as set out on page 1 (the Operating Report).

Short term employee benefits

Salary (inc annual leave taken)	799,598	781,520
Annual Leave accrued	41,306	39,229
Performance bonus	-	-
Non monetary benefits	13,869	13,869
Total short term employee benefits	<u>854,773</u>	<u>834,618</u>

Post employment benefits

Superannuation	161,133	149,097
Total post-employment benefits	<u>161,133</u>	<u>149,097</u>

Other Long Term Benefits

Long Service Leave accrued	23,659	7,235
Termination benefits	-	-
Total	<u>1,039,565</u>	<u>990,949</u>

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

NOTES TO AND FORMING PART OF THE ACCOUNTS

7 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, a member of a reporting unit or the General Manager may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application. The application must be in writing and must specify the period within which, and the manner within which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

A reporting unit must comply with an application made under subsection (1).

8 CASHFLOW INFORMATION

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

	2016	2015
	\$	\$
Operating Surplus	(2,526,759)	(1,386,129)
Non cash flows in operating surplus		
Depreciation	173,514	200,150
Revaluation of Managed Investments	(6,855)	(46,399)
Revaluation of PPE	-	274,946
Changes in Assets and Liabilities:		
(Increase)/decrease in receivables	153,563	(145,620)
Increase/(decrease) in payables and Unearned Income	(362,181)	(332,758)
Increase/(decrease) in provisions	63,061	(447,818)
(Profit)/Loss on sale of investments/assets	3,073	19,746
Recognition of Previously Unrecorded Assets	-	-
Cash Flows from/(to) Operations	<u>(2,502,584)</u>	<u>(1,863,882)</u>

9 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 2016 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;

NOTES TO AND FORMING PART OF THE ACCOUNTS

9 FINANCIAL RISK MANAGEMENT (continued)

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 \$53,000 (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.

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.

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 \$95,000. For further details on interest rate risk refer to the table below.

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

NOTES TO AND FORMING PART OF THE ACCOUNTS

9 FINANCIAL RISK MANAGEMENT (continued)

e) Interest Rate Risk

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
2016							
Financial Assets							
Cash Assets	588,225	8,539,910		2,100	9,130,235	2.58%	0.55%
Managed Investments				897,950	897,950		
Sundry Debtors				228,367	228,367		
Related Entity Loans				2,570,072	2,570,072		
Total Financial Assets	588,225	8,539,910		3,698,489	12,826,624		
2015	2,388,981	9,280,571		3,833,657	15,503,209	3.00%	1.35%
2016							
Financial Liabilities							
Trade payables	-	-	-	15,329	15,329		
Other payables	-	-	-	419,113	419,113	-	-
Total Financial Liabilities				434,442	434,442		
2015	-	-	-	381,391	381,391	-	-

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

10 CONTINGENT LIABILITIES

The Union and specified officials are subject to regulatory actions and are being sued for specified and 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 reliably estimate fully the potential financial impact, if any, of these actions at this time, although any potential financial impact (in addition to that already provided for in the financial statements as at 31 December 2016) 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 seriously prejudice 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 2012. 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.

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

NOTES TO AND FORMING PART OF THE ACCOUNTS

11 RELATED PARTY DISCLOSURES

There are no related party transactions other than remuneration of office holders, as disclosed in Notes 5 and 6 and the following transactions and balances listed below:

	2016	2015
	\$	\$
Funds paid to CFMEU Construction & General National Office during the year		
- Capitation fees	414,399	432,198
- National campaign levies	-	-
- Donations	-	-
- Royal Commission contribution	38,311	134,605
- Other payments	19,791	128,581
Amounts payable to CFMEU Construction & General National Office		
- Balance payable at year end	-	44,211
Funds received from CFMEU Construction & General National Office		
- Airfares	79,410	61,944
Amounts receivable from CFMEU Construction & General National Office		
- Balance receivable at year end	658	33,626
Amounts paid to CFMEU Construction & General Victoria Branch		
- Miscellaneous payments	11,912	13,079
Amounts paid to CFMEU Construction & General Queensland Branch		
- Miscellaneous payments	1,000	3,247
Amounts paid to CFMEU Construction & General Australian Capital Territory Branch		
- Miscellaneous payments	-	2,000
Amounts received from CFMEU Construction & General New South Wales Branch		
- Miscellaneous payments	1,045	-
Amounts receivable from Construction Forestry Mining and Energy Union of Workers (CFMEUW)		
- Balance receivable at year end	2,570,072	2,558,532

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

NOTES TO AND FORMING PART OF THE ACCOUNTS

11 RELATED PARTY DISCLOSURES (continued)	2016	2015
	\$	\$
Amounts payable to Construction Skills Training Centre (CSTC)		
- Balance payable at year end	159,007	159,007
Transactions with Construction Skills Training Centre (CSTC)		
- Administration fees paid to CSTC during the year	17,476	38,448
- Administration fees received from CSTC during the year	71,549	142,827
- Transfer of training levies to CSTC	98,540	149,607
- Payroll tax recovered from CSTC	99,574	96,618
Funds paid to CFMEU National Branch during the year		
- National campaign levies	238,868	-

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.

13 CAPITAL EXPENDITURE COMMITMENTS

There are no capital expenditure commitments for 2015 or 2016

14 FAIR VALUE MEASUREMENTS

The Union measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- available-for-sale financial assets; and
- freehold land and buildings.

The Union does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

Fair Value Hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

NOTES TO AND FORMING PART OF THE ACCOUNTS

14 FAIR VALUE MEASUREMENTS (continued)

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation Techniques

The Union selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Union are consistent with one or more of the following valuation approaches:

- *Market approach:* valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach:* valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach:* valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Union gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the Union's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

	31 December 2016			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Recurring fair value measurements				
<i>Financial assets</i>				
Available-for-sale financial assets:				
Shares in listed companies/trusts	525,000	-	-	525,000
Total financial assets recognised at fair value	525,000	-	-	525,000
<i>Non-financial assets</i>				
Land and Buildings	-	2,200,000	-	2,200,000
Total non-financial assets recognised at fair value	-	2,200,000	-	2,200,000

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

NOTES TO AND FORMING PART OF THE ACCOUNTS

14. FAIR VALUE MEASUREMENTS (continued)

	31 December 2015			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	
Recurring fair value measurements				
<i>Financial assets</i>				
Available-for-sale financial assets:				
Shares in listed companies/trusts	567,000	-	-	567,000
Total financial assets recognised at fair value	567,000	-	-	567,000
<i>Non-financial assets</i>				
Land and buildings	-	2,200,000	-	2,200,000
Total non-financial assets recognised at fair value	-	2,200,000	-	2,200,000

Valuation Techniques and Inputs Used to Measure Level 2 Fair Values

Description	Fair Value at 31 December 2016 \$	Valuation Technique(s)	Inputs Used
<i>Non-financial assets</i>			
Land and buildings (i)	2,200,000	Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology	Price per hectare; market borrowing rate
	2,200,000		

- (i) The fair value of land and buildings is determined at least every three years based on valuations by an independent valuer. At the end of each intervening period the executives review the independent valuations and when appropriate update the fair value measurement to reflect current market conditions using the valuation techniques noted above.

There were no changes during the period in the valuation techniques used to determine Level 2 fair values.

15 OTHER MATTERS

None of the activities set out in items 10 and 12 of the Reporting Guidelines occurred during the year ended 31 December 2016.

Other than as noted above, the Branch has not agreed to provide financial support to any other reporting unit or entity nor has the Branch received financial support from another reporting unit or entity.

**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 2016**

	2016 \$	2015 \$
Receipts		
Amounts recovered from employers in respect of wages etc	18,267	-
Interest received on recovered money	-	-
Total receipts	<u>18,267</u>	<u>-</u>
Payments		
Deductions of amounts due in respect of membership for:		
- 12 months or less	1,330	-
- 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	<u>16,937</u>	<u>-</u>
Total payments	<u>18,267</u>	<u>-</u>
Surplus / Deficit for the year	<u><u>-</u></u>	<u><u>-</u></u>

BALANCE SHEET AS AT 31 DECEMBER 2016

Assets		
Cash at bank at beginning of period	60,023	60,023
Add Excess (deficiency) of Receipts over Payments	-	-
Total Assets	<u><u>60,023</u></u>	<u><u>60,023</u></u>
Liabilities		
Unclaimed Wages (in respect of 105 workers In 2013 and 105 workers in 2012)	<u>60,023</u>	<u>60,023</u>
Total Liabilities	<u><u>60,023</u></u>	<u><u>60,023</u></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 17 May 2017 in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 31 December 2016:

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

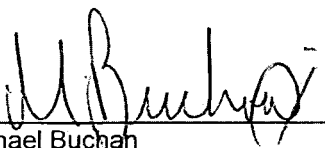
- a) the financial statements and notes comply with the Australian Accounting Standards;
- b) the financial statements and notes comply with the reporting guidelines of the General Manager of Fair Work Commission
- c) the financial statements and notes give a true and fair view of the financial performance, 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 Fair Work Commission 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 Fair Work Commission 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 Fair Work Commission; 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

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 18 day of May, 2017.

MOORE STEPHENS

Level 15, Exchange Tower,
2 The Esplanade, Perth, WA 6000
PO Box 5785, St Georges Terrace,
WA 6831

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www.moorestephens.com.au

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

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 23 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 2016, 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 deficit of the organisation for the year ended on that date.
- iii. Management's use of the going concern basis of accounting in the preparation of the Branch's financial statements is appropriate.

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 2016, comprising the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cashflows, the Summary of Significant Accounting Policies, the Recovery of Wages – Statement of Receipts and Payments and the Committee of Management Statement.

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

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.

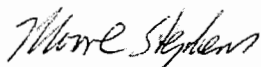
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the accounts are free from material misstatement. Our procedures included examination on a test basis, of evidence supporting the amounts and other disclosures in the Accounts, 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our auditor's report.

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.



MOORE STEPHENS
CHARTERED ACCOUNTANTS
PERTH



NEIL PACE
PARTNER
REGISTERED COMPANY AUDITOR #182668
AND APPROVED AUDITOR FCA AND HOLDER
OF A CURRENT PUBLIC PRACTICE CERTIFICATE

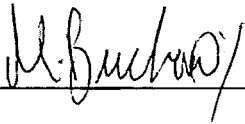
Signed at Perth this 18th day of May 2017.

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

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 23 day of May, 2017; and
- that the full report was presented to a general meeting of members / meeting of the Management Committee on the 14 day of June, 2017 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 19 day of June, 2017.



7 June 2017

Dear Michael Buchan
Branch Secretary
Construction, Forestry, Mining and Energy Union-Construction and General Division, WA
Divisional Branch

Sent via email: mbuchan@cfmeuwa.com

Dear Mr Buchan ,

Lodgement of Financial Report - Reminder to lodge

The Registered Organisations Commission's (the ROC) records disclose that the financial year of the Construction, Forestry, Mining and Energy Union-Construction and General Division, WA Divisional Branch (the reporting unit) ended on the 31 December 2016.

As you would be aware, the *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires that a reporting unit prepare a financial report in accordance with the RO Act, make it available to the members and then must lodge the financial report within 14 days after the general meeting of members, or if the rules of the reporting unit allow, the Committee of Management meeting (s.268).

The maximum period of time allowed under the RO Act for the full financial report to be presented to a general meeting of members or a committee of management meeting is six months after the expiry date of its financial year (s.253, s254, s265, s.266, s.268). The full report must be lodged with the ROC within 14 days of that meeting.

The ROC encourages your reporting unit to lodge its financial report at the earliest opportunity in order to ensure compliance with its obligations. Failure of a reporting unit to lodge its financial report is a breach of a civil penalty provision of the RO Act. This can result in the Commissioner instituting an inquiry or investigation into a reporting unit's non-compliance under Chapter 11, Part 4 of the RO Act. The actions available to the Commissioner following an investigation include issuing Federal Court legal proceedings for breach of a civil penalty provision. The orders available to the Federal Court include imposition of a pecuniary penalty on the organisation or individual officer, whose conduct led to the contravention, of up to \$54,000 per contravention on the organisation and up to \$10,800 per contravention on an officer whose conduct led to the contravention.

Failure to lodge a financial report may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$54,000 for a body corporate and \$10,800 for an individual per contravention) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

We encourage you to lodge the full financial report directly to regorgs@roc.gov.au. That is the official email address for electronic lodgements of material related to registered organisations matters.

Should you seek any clarification in relation to the above, please contact me on (03) 9954 2931 or via email at Sam.Gallichio@roc.gov.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Sam Gallichio', written in a cursive style.

Sam Gallichio
Adviser
Registered Organisations Commission



24 January 2017

The Branch Secretary
 Construction, Forestry, Mining and Energy Union
 Construction and General Division,
 WA Divisional Branch
 By Email: mbuchan@cfmeuwa.com

Dear Branch Secretary ,

**Re: Lodgement of Financial Report - [FR2016/343]
 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) ended on 31 December 2016.

This is a courtesy letter to remind you of the obligation to prepare and lodge the financial report for the reporting unit by the due date under s.268 of the RO Act, that being within 14 days after the meeting referred to in s.266 of the RO Act.

Also you are reminded of the obligation to prepare and lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 requires this statement to be lodged with the FWC within 90 days of the end of the reporting unit's financial year, that is on or before 31 March 2017.

The new Registered Organisations Commission

The Registered Organisations Commission (the ROC) will be established in 2017.

Statements of loans, grants and donation and financial reports must be lodged with the Fair Work Commission until the ROC is established. Once the ROC is established, they must be lodged with the ROC.

It is not yet known when in 2017 the ROC will be established. The Fair Work Commission will be providing information on the transition to the ROC through its subscription service and its website. For details about the subscription service, go to [Subscriptions](#) and subscribe to the Registered organisations information service.

Where to lodge Statements of Loans Grants and Donations and Financial Reports

	Before the ROC is established	From establishment of the ROC
Where to lodge	Lodge your statement of loans grants donations and your financial report with the Fair Work Commission	Lodge your statement of loans grants donations and your financial report and with the ROC
How to lodge	The easiest way to lodge is via email: orgs@fwc.gov.au	Lodgement methods are not yet known

Our focus this year: timelines and disclosure of loans, grants and donations

Over the past year we have noted issues in organisations' financial reports relating to timelines and how loans, grants and donations are reported. We will be focusing closely on these areas this year. Please find attached below fact sheets relating to these requirements or alternatively visit our website for information regarding [financial reporting timelines](#) and [loans, grants and donations](#).

Timelines

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. For your assistance, the attached *Timeline/Planner* summarises these requirements.

As stated above, section 237 requires the loans, grants and donations statement to be lodged with the FWC within 90 days of the end of the reporting unit's financial year, that is on or before 31 March 2017. A sample statement of loans, grants or donations is available at [sample documents](#).

Fact sheets, guidance notes and model statements

Fact sheets and guidance notes in relation to financial reporting under the RO Act are provided on the Fair Work Commission (FWC) website. This includes a model set of financial statements which have been developed by the FWC. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards. The model statements, Reporting Guidelines and other resources can be accessed through our website under [Financial Reporting](#) in the Running a Registered Organisation section.

Civil penalties may apply

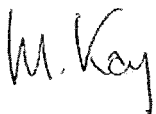
It should be noted that s.268 and s.237 are civil penalty provisions. If a loan, grant or donation over \$1000 has been made, failure to lodge a statement of loans, grants and donations may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$54,000 for a body corporate and \$10,800 for an individual per contravention) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

Failure to lodge a financial report may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$54,000 for a body corporate and \$10,800 for an individual per contravention) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

Contact

Should you wish to seek any clarification in relation to the above, email orgs@fwc.gov.au.

Yours sincerely,

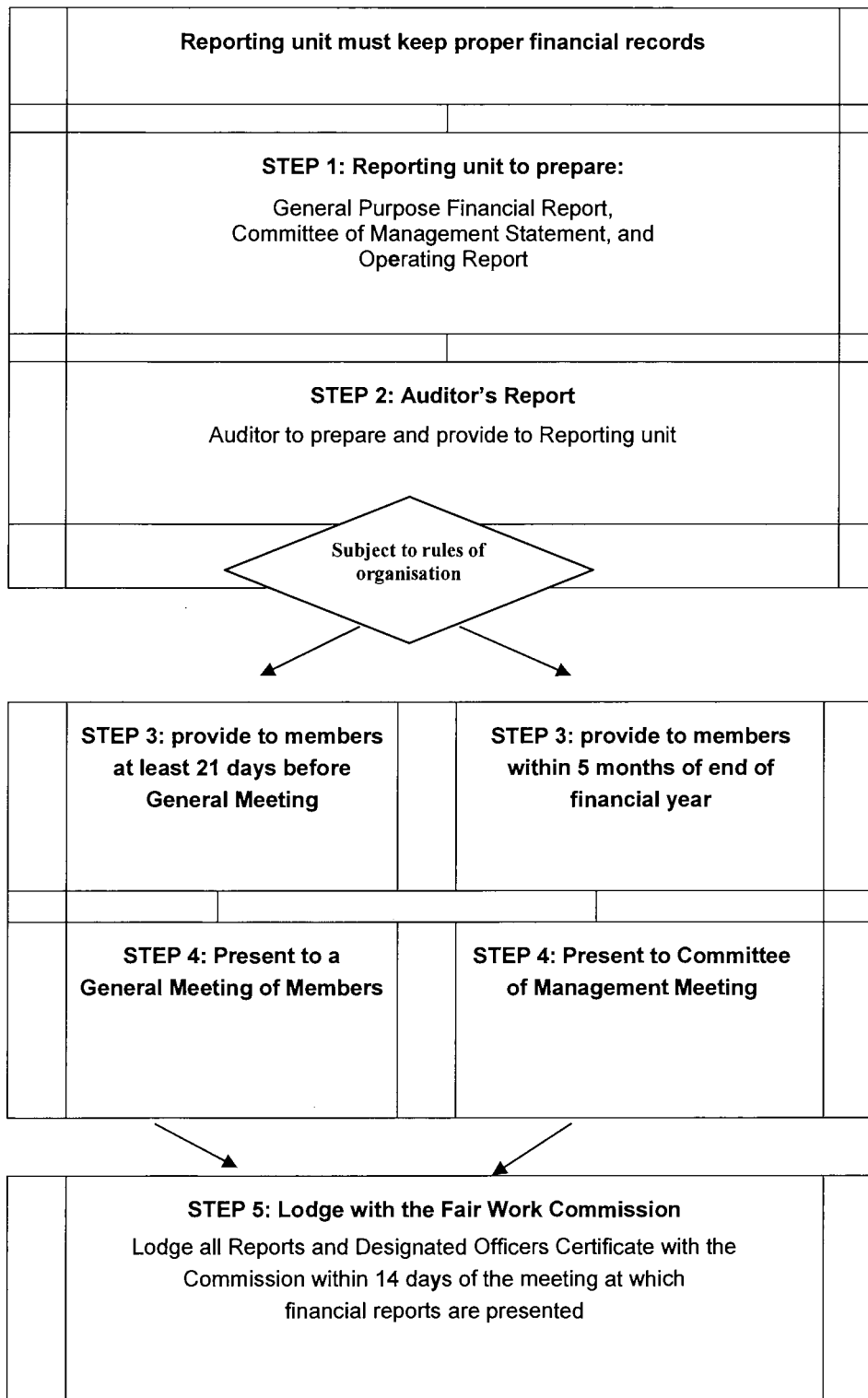


Marianne Kay
Adviser
Regulatory Compliance Branch

Financial reporting timelines

Financial reports are to be lodged with the Fair Work Commission (the Commission) within 14 days of the meeting at which the financial reports have been presented, by completing the steps as outlined below.

See Fact sheet—Financial reporting for an explanation of each of these steps.



Fact Sheet - Loans, Grants & Donations

The Loans, Grants & Donations Requirements

The *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within **90 days** of the ending of the financial year.

Under the General Manager's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.

The Loans, Grants & Donations Statement

Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceed \$1000. The following information must be supplied to the Commission for each relevant loan, grant or donation:

the amount,

the purpose,

the security (if it is a loan),

the name and address of the person to whom it was made,* and

the arrangements for repaying the loan.*

*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.

The statement must be lodged within 90 days of the end of the financial year and the Commission has a [Template Loans, Grants and Donations Statement](#) on its website. The Commission encourages branches and organisations to lodge the statement even if all of the figures are NIL.

Common misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Statement. They include:

Misconception	Requirement
X Only reporting units must lodge the Statement.	✓ All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.
X Employees can sign the Statement.	✓ The statement must be signed by an elected officer of the relevant branch.
X Statements can be lodged with the financial report.	✓ The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.

Grants & Donations within the Financial Report

Item 16(e) of the General Manager's Reporting Guidelines requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

As such, the note in the financial report relating to grants and donations will have four lines.

In the Commission's Model Statements the note appears as follows:

Note 4E: Grants or donations*

Grants:	2016	2015
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Total grants or donations	-	-

Item 17 of the General Manager's Reporting Guidelines requires that these line items appear in the financial report even if the figures are NIL.

Implications for filing the Financial Report

During their review of the 2016 financial report staff of the Commission will confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.

If a reporting unit did not fully comply with these requirements in their 2015 financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

It is strongly recommended that all reporting units review their filing letters from the previous financial year to ensure any targeted concerns are addressed in their latest financial report. Failure to address these individual concerns may mean that a financial report cannot be filed.

Previous financial reports and filing letters are available from the Commission's website.

Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the Regulatory Compliance Branch on orgs@fwc.gov.au