



1 November 2019

Michael Buchan  
Branch Secretary  
Construction, Forestry, Maritime, Mining and Energy Union-Construction and General Division, WA  
Divisional Branch  
Sent via email: [mbuchan@cfmeuwa.com](mailto:mbuchan@cfmeuwa.com)  
CC: [npace@moorestephens.com.au](mailto:npace@moorestephens.com.au)

Dear Michael Buchan,

**Construction, Forestry, Maritime, Mining and Energy Union-Construction and General  
Division, WA Divisional Branch  
Financial Report for the year ended 31 March 2019 – (FR2019/5)**

I acknowledge receipt of the financial report of the Construction, Forestry, Maritime, Mining and Energy Union-Construction and General Division, WA Divisional Branch (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 19 September 2019.

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 (**RGs**) 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 2020 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged. 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.

**General purpose financial report (GPFR)**

Nil activities disclosure

Item 21 of the RGs states that if any of the activities identified within items 10-20 of the RGs have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement. The notes contained nil activity information for all prescribed RG categories except the following:

- Acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisations, a determination or revocation by the General Manager, Fair Work Commission (RG12);

- Having another entity administer the financial affairs of the reporting unit (RG19); and
- Making a payment to a former related party of the reporting unit (RG20).

Please ensure in future years that the above mentioned items are disclosed in either the financial statements, the notes or in the officer's declaration statement as per the RGs.

#### Committee of management statement – date of resolution

Item 27 of the RGs requires that the committee of management statement be made in accordance with such resolution as is passed by the committee of management. Such statement must also specify the date of passage of the resolution. I note that the date of the resolution was not provided. Please ensure in future years that the committee of management statements include the date of passage of the resolution.

#### Recovery of wages disclosure

Please note that under the 5<sup>th</sup> edition of the RGs made under section 255 of the RO Act issued 4 May 2018 a recovery of wages activity statement is no longer required. Furthermore, the RGs no longer require a statement in regard to recovery of wages activity in the committee of management statement.

In place of the former requirements, item 13(e) of the 5<sup>th</sup> edition RGs requires the disclosure of any revenue derived from undertaking recovery of wages activity in either the statement of comprehensive income or the notes to the financial statements. RG 21 states that if any activity described within items 10-20 of the RGs have not occurred in the reporting period, a statement to this effect must be included in the financial statements, the notes or in an officer's declaration statement.

#### Notice setting out sections 272(1), (2) and (3)

Note 7 refers to the information that must be provided to members in accordance with the requirements under subsections 272(5). Subsection 272(5) of the RO Act specifically requires the GPFR to include the information as prescribed under subsections 272(1), (2) and (3). In note 7 however each of those subsections cannot be clearly identified. In future years, please ensure that the note relating to the information to be provided to members on request in accordance with section 272 is clearly disclosed as follows:

- (1) A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1).

I also note that reference has been made in note 7 to old legislation. Following the enactment of the *Fair Work (Registered Organisations) Amendment Act 2016*, the ROC is the new regulator for registered organisations, with effect from 1 May 2017. All references to the Fair Work Commission and General Manager or Registrar must be changed to the Registered Organisations Commission and Commissioner except in relation to declaration (e)(vi) in the committee of management statement.

#### All statements to be presented with equal prominence

Australian Accounting Standard *AASB 101 Presentation of Financial Statements* paragraph 11 requires all financial statements to be presented with equal prominence. The statement of changes in equity and statement of profit and loss and other comprehensive income are currently presented on the same page. This is not considered to meet the requirement of paragraph 11.

#### Going concern

*AASB 101* paragraph 25 relates to the assessment of an entity's ability to continue as a going concern. Australian Auditing Standard *ASA 570: Going Concern* looks at the requirements for auditors in relation to their responsibility to obtain sufficient appropriate audit evidence about the

appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial report and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern.

On review of the reporting unit's previous financial reports I note the following:

- revenue has decreased approximately 60% from \$12,849,369 in the 2012 financial year to \$5,049,997 in the 2019 financial year;
- expenditure has decreased slightly over the same period (approximately 19%) from \$9,181,404 to \$7,423,596;
- net profit has decreased by approximately 165% from a net profit of \$3,667,965 in the 2012 financial year to a net loss of (\$2,373,559) in the 2019 financial year;
- net cash held has decreased over the same period of time (approximately 76%) from \$16,117,840 to \$3,855,161; and
- net assets have decreased by approximately 71% from \$18,381,976 as at the end of the 2012 financial year to \$5,315,209 as at the end of 2019 financial year.

I remind the officers of the reporting unit of their duties under sections 285 and 287 of the RO Act in relation to the financial management of the reporting unit. These sections require officers to exercise their powers and discharge their duties with care and diligence, in the best interest of the organisation and not to cause detriment to the organisation (these are civil penalty provisions). It is incumbent on the officers of the reporting unit to take appropriate steps to address the current history of net operating losses to ensure the reporting unit remains solvent.

#### Property, plant and equipment reconciliation

Australian Accounting Standard *AASB 116 Property, Plant and Equipment* paragraph 73(e) requires a reconciliation of the carry amount at the beginning and end of the period for each class of property, plant and equipment.

Note 3 *Property, Plant & Equipment* contains the reconciliation for all other of property, plant & equipment classes except for land and buildings. Please ensure a reconciliation of the carry amount for land and buildings is disclosed as per the requirement under AASB 116 paragraph 73(e).

#### Property, plant and equipment valuation

Note 1(b) *Property, Plant and Equipment* states that the property, comprising land and buildings, is carried at fair value which is based on either independent valuations or third-party appraisals. The statement of financial position however indicates that at 31 March 2019 the committee of management placed their own valuation on land and buildings which is the amount disclosed within the financial report. It would appear that this valuation approach is not in accordance with the reporting unit's policy stated in Note 1(b).

#### Managed Investments disclosure

Australian Accounting Standard *AASB 7 Financial Instruments: Disclosures* paragraph 6 requires that an entity shall provide sufficient information to permit reconciliation to the line items presented in the statement of financial position.

It would appear that the GPFR does not include information to allow a reconciliation of the market value of the Managed Investments figures reported as a current asset within the reporting unit's statement of financial position.

Please ensure in future years that sufficient information related to Managed Investments is provided to permit such reconciliation to happen.

#### **Reporting Requirements**

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 RGs and a model set of financial statements.

The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 RGs and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any queries regarding this letter, please contact me on (03) 9603 0764 or via email at [kylie.ngo@roc.gov.au](mailto:kylie.ngo@roc.gov.au).

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Kylie', written over a horizontal line.

**Kylie Ngo**  
**Registered Organisations Commission**

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

**Financial Report for the 12 Months  
ended 31 March 2019**

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

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**CONSTRUCTION FORESTRY MARITIME 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 12 months ended 31 March 2019 as follows:

**Members of the Management Committee**

The members of the Management Committee at any time during the 12 months and the period which they held the position were:

Michael Buchan, Campbell McCullough, Robert Benkesser Glenn Hawkins, Graham Pallot, Walter Molina, Robert Pearson, Doug Heath, Aaron Mackrell, Les Wylie, John Pound, Nigel Alexander, Mick Vassila, Alan Luke.

**Review of Activities**

The principal activities of the Branch during the 12 months ended 31 March 2019 was to act as the Western Australian representative of the Construction and General Division of the Construction, Forestry, Maritime, Mining and Energy Union. This included recruiting, organising, advocating for, promoting the interests of, and protecting the safety of members drawn from the West Australian construction industry.

There was no significant change in the nature of the Branch's activities during the 12 months ended 31 March 2019.

The Branch has continued to be active in advocating for legislative changes in the areas of:

- Labour Hire and Job Security through Labour Hire licencing laws
- Government Procurement and Public Infrastructure spending through the Delivering Quality for WA Research Paper and Policy Recommendations
- Occupational Health and Safety through Industrial Manslaughter laws

We continued to engage the WA Labor State government in these and other areas where we believe legislative changes would have a positive impact on fairness, safety, wellbeing and dignity for our members.

Our efforts to support the working men and women of Western Australia have been particularly affected during this period by the ongoing efforts of the Federal Liberal Government to undermine the ability of unions to represent the interests of workers. We have seen increased anti-union legislation that seeks to criminalise legitimate union activities and the renewed funding of a Government body, the ABCC, set up specifically to attack our union and our membership.

These legislative attacks on our union and on the bargaining strength of the workers we represent have, during this period, resulted in:

- A clear decrease in the willingness of workers to speak up about poor conditions, undue safety risks, underpayment, poor industrial practices and other legitimate issues on West Australian construction sites.
- Further weakening of job and income security for West Australian workers and their families.
- Critically low wage growth to the point that the entire WA economy is being affected.
- Erosion of wages, conditions and subcontractor margins to the point that the ongoing viability of some parts of the construction industry in WA is questionable.

Despite this we continue to advocate for the rights of all workers and act in the interests of our members. We are confident we will withstand these attacks and succeed in our effort to secure and maintain fair and safe conditions of employment for West Australian construction workers.

The results of the activities for the financial period are summarised as follows:

- Total revenue was \$5,049,997 for the 12 months ended 31 March 2019, which represents an effective decrease of 8% compared to the last reporting period.
- The deficit for the 12-month period was \$2,373,599, compared with a deficit of \$2,889,501 for the last reporting period.
- Full details of revenue and expenditure are set out on page 4 and 5.

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

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**Significant Changes in Financial Affairs**

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

- Total assets decreased to \$9,285,531 as at 31 March 2019 (31 March 2018: \$11,807,062), with the decrease arising from the operating deficit for the 12 months and largely reflected in a reduction in cash balances.
- Total liabilities decreased to \$3,970,322 as at 31 March 2019 (31 March 2018: \$4,118,254), largely consistent with the prior period.
- Net assets decreased to \$5,315,209 as at 31 March 2019 (31 March 2018: \$7,688,808).

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 March 2019 recorded in the register of members and taken to be members of the Branch were 5,453.

**Employee Information**

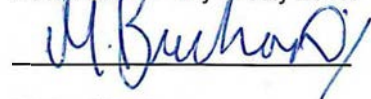
The number of full-time equivalent employees of the Branch as at 31 March 2019 was 25.

**Trustee of a Superannuation Entity**

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

Signed on behalf of the Committee of Management

Dated this 31<sup>st</sup> day of July 2019.



Michael Buchan  
Secretary



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

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

**REPORT REQUIRED UNDER SUBSECTION 255(2A)**

for the year ended 31 March 2019

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 31 March 2019.

Descriptive form

<b>Categories of expenditures</b>	<b>2019 \$</b>	<b>2018 \$</b>
Remuneration and other employment-related costs and expenses - employees	4,019,214	4,448,293
Advertising	43,351	25,722
Other Operating costs	2,984,140	3,397,959
Donations to political parties	-	-
Legal costs	376,891	531,130

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

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2019**

	Note	31 Mar 2019 \$	31 Mar 2018 \$
<b>MEMBERS FUNDS</b>			
Balance at Beginning of Year		7,688,808	10,578,309
Surplus / (Deficiency)		(2,373,599)	(2,889,501)
		<u>5,315,209</u>	<u>7,688,808</u>
<b>CURRENT ASSETS</b>			
Cash on Hand		2,160	2,100
Cash in Financial Institutions		3,853,001	5,618,286
Sundry Debtors		265,589	196,982
Managed Investments – at market value		1,068,421	1,003,805
<b>TOTAL CURRENT ASSETS</b>		<u>5,189,171</u>	<u>6,821,173</u>
<b>NON-CURRENT ASSETS</b>			
Loans Receivable – CFMEUW	2	1,702,072	2,570,072
Loans Receivable – CFMEU C&G National		-	-
Furniture & Fittings - at cost		125,920	119,718
Furniture & Fittings - accumulated depreciation		(97,780)	(97,780)
Motor Vehicles - at cost		686,247	489,594
Motor Vehicles - accumulated depreciation		(156,092)	(262,906)
Canteens at Cost		406,794	406,794
Canteens - Accumulated Depreciation		(406,794)	(280,596)
The Herrons property **		600,000	660,000
Karratha property **		355,000	455,000
Birchley Heights property **		1,040,000	1,085,000
<b>TOTAL NON-CURRENT ASSETS</b>		<u>4,255,367</u>	<u>5,144,896</u>
		<u>9,444,538</u>	<u>11,966,069</u>
<b>TOTAL ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Trade Creditors		86,757	22,962
Sundry Creditors		91,071	92,255
GST clearing Account		21,467	92,794
Income Received in Advance		1,998,949	2,046,351
Payables to employers for the employers making payroll deductions of membership subscriptions		-	-
Provision for Holiday Pay	4	493,853	546,881
Provision for legal/settlement costs – litigation		150,000	150,000
Provision for Legal/Settlement Costs – other legal matters		-	-
Provision for Retirement Benefit	4	670,147	679,221
<b>TOTAL CURRENT LIABILITIES</b>		<u>3,512,244</u>	<u>3,630,464</u>
<b>NON-CURRENT LIABILITIES</b>			
Loans Payable – CSTC	2	159,007	159,007
Provision for Long Service Leave	4	458,078	487,790
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>617,085</u>	<u>646,797</u>
<b>TOTAL LIABILITIES</b>		<u>4,129,329</u>	<u>4,277,261</u>
		<u>5,315,209</u>	<u>7,688,808</u>
<b>NET ASSETS</b>			

\*\* - at Committee of Management valuation – 31 March 2019

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

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE 12 MONTHS ENDED 31 MARCH 2019**

	Note	12 Months Ended 31 Mar 2019 \$	12 Months Ended 31 Mar 2018 \$
<b>REVENUE</b>			
Membership Subscriptions		4,214,490	4,374,005
Training Levy		381,844	418,021
Revaluation / (Devaluation) of Managed investments		38,241	82,625
Joining Fees		-	-
Other Receipts - Sundry Income		194,034	350,665
Interest Received		134,291	137,932
Rent Received		74,110	80,014
Merchandise Sales		13,158	19,048
Reimbursement of Travel Expenditure		-	-
Grants and Donations		-	-
Revaluation (Herrons)		-	-
Revaluation (Birchley)		-	-
Gain / (loss) on Sale of Assets		(171)	51,293
		5,049,997	5,513,603
<b>EXPENDITURE</b>			
Administration fees		17,520	17,520
Advertising		43,351	25,722
Affiliation Fees			
- Unions WA		53,158	51,684
- Australian Labor Party		48,453	49,591
- Woodworkers International		-	9,564
- BWI Affiliation fees		8,272	8,309
ALP and Election Expenses		44,314	50,828
Auditor's Remuneration –audit of the financial statements		42,000	57,900
Auditors Remuneration – other services ##		9,450	9,100
Bank Charges		14,815	28,830
Campaign Costs		135,697	208,259
Computer Requirements		30,308	36,993
Consultancy Fees		18,615	18,583
CSTC Training Top Up		47,628	115,363
Depreciation		265,997	133,631
Donations			
- Less than \$1,000		-	-
- \$1,000 and more		263,899	89,865
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		64,529	18,068
Finance Costs		-	-
Freight		1,414	770

To be read in conjunction with the attached notes

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

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE 12 MONTHS ENDED 31 MARCH 2019**

	Note	12 Months Ended 31 Mar 2019 \$	12 Months Ended 31 Mar 2018 \$
<b>EXPENDITURE (continued)</b>			
Funeral Benefits		9,665	11,272
Fringe Benefits Tax		34,012	70,068
Impairment Loss – Property		205,000	-
Insurance		166,131	183,580
Insurance - Member Benefit		285,063	417,070
Legal and Settlement Costs			
- Litigation – Settlements / Orders		376,891	531,130
- Other Legal Matters		-	-
Meeting Expenses – meetings of members, conferences, councils, committees, etc		28,421	217,386
Meeting expenses – other		-	-
Member Benefits		20,364	132,905
Motor Vehicle Expenses & Service charges		96,193	109,198
Payroll Tax		201,493	276,155
Parking		37,075	30,046
Penalties imposed under the RO Act		-	-
Photography		-	-
Printing, Postage & Stationery		142,574	109,604
Photocopying & Office Expenses		83,448	78,107
Provision for Employee Entitlements		(91,815)	379,104
Rent, Rates and Electricity		86,030	71,879
Repairs & Maintenance		17,170	19,182
Sponsorship		124,775	25,048
Staff Amenities		5,119	9,299
Subscriptions		15,400	20,607
Superannuation and Redundancy Contributions	5	569,897	625,616
Sustentation / Capitation Fees (Federal)		379,666	227,670
Staff Reimbursements		-	-
Telephone		48,150	53,264
Training		6,886	1,250
Travel and Accommodation		131,197	141,108
Wages – Office holders	5	1,043,556	1,041,715
Wages - Other employees	5	2,291,815	2,690,261
		<u>7,423,596</u>	<u>8,403,104</u>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>(2,373,599)</b>	<b>(2,889,501)</b>
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
Deficit attributable to the Union		<u>(2,373,599)</u>	<u>(2,889,501)</u>
Total Comprehensive income / (deficit) attributable to the Union		<u><b>(2,373,599)</b></u>	<u><b>(2,889,501)</b></u>



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

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE 12 MONTHS ENDED 31 MARCH 2019**

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 comprise accounting assistance \$5,500 (2018: \$4,000), taxation advice \$3,950 (2018: \$5,100)

**STATEMENT OF CHANGES IN EQUITY  
FOR THE 12 MONTHS ENDED 31 MARCH 2019**

	General Funds \$	Hardship Fund \$	Reserves \$	Total \$
<b>Balance at 31 March 2017</b>	9,969,542	608,767	-	10,578,309
Total Comprehensive income for the period ended 31 March 2018	(2,889,501)	-	-	(2,889,501)
Adjustment to Retained Earnings for Change in Accounting Policy	-	-	-	-
<b>Balance at 31 March 2018</b>	7,080,041	608,767	-	7,688,808
Total Comprehensive income for the period ended 31 March 2019	(2,373,599)	-	-	(2,374,999)
Adjustment to Retained Earnings for Change in Accounting Policy	-	-	-	-
<b>Balance at 31 March 2019</b>	4,706,442	608,767	-	5,315,209

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

**STATEMENT OF CASHFLOWS  
FOR THE 12 MONTHS ENDED 31 MARCH 2019**

	Note	12 Months Ended 31 Mar 2019 \$	12 Months Ended 31 Mar 2018 \$
<b>Cashflows from Operating Activities</b>			
Receipts from members		5,282,736	5,132,774
Other receipts		-	-
Payments to suppliers and employees		(7,574,238)	(8,305,567)
Interest received		134,291	137,932
<b>Net Cash Provided by (used in) Operating Activities</b>	8	<u>(2,157,211)</u>	<u>(3,034,861)</u>
<b>Cashflows from Investing Activities</b>			
Payments for Property, Plant & Equipment		(632,378)	(35,295)
Proceeds from sale of Property, Plant & Equipment		156,364	142,000
<b>Net Cash Provided by (used in) Investing Activities</b>		<u>(476,014)</u>	<u>106,705</u>
<b>Cashflows from Financing Activities</b>			
Proceeds from borrowings		868,000	-
Decrease in Loans Payable		-	-
Increase in Loans Receivable		-	-
<b>Net Cash Provided by (used in) Financing Activities</b>		<u>868,000</u>	<u>-</u>
Net Increase (Decrease) in Cash Held		(1,765,225)	(2,928,156)
Cash at 1 April 2018		5,620,386	8,548,542
Cash at 31 March 2019		<u>3,855,161</u>	<u>5,620,386</u>

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

**CONSTRUCTION FORESTRY MARITIME 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 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 31<sup>st</sup> day of July 2019 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



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**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) 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.



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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**

AASB 9 Financial Instruments became effective from the 1 April 2018. Management have determined that the adoption of this amended standard has not had a material impact on the Union.

**(j) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS**

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided not to early adopt these Standards. The following paragraphs summarise those future requirements and their impact on the Union where the standard is relevant.

**AASB 1058: Income of Not-for-Profit Entities**

Applicable to annual reporting periods beginning on or after 1 January 2019. This Standard is applicable to transactions that do not arise from enforceable contracts with customers involving performance obligations.

The significant accounting requirements of AASB 1058 are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.
- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. The liabilities must be amortised to profit or loss as income when the entity satisfies its obligations under the transfer.

An entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated.

Recognised volunteer services should be measured at fair value and any excess over the related amounts (such as contributions by owners or revenue) immediately recognised as income in profit or loss.

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**NOTES TO AND FORMING PART OF THE ACCOUNTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(j) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)**

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented in accordance with AASB 108 (subject to certain practical expedients);

or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. For this purpose, a completed contract is a contract or transaction for which the entity has recognised all of the income in accordance with AASB 1004 Contributions.

AASB 1058 is not expected to significantly impact the Union's financial statements.

**AASB 16 Leases**

AASB replaces the current AASB 17 lease standard. AASB 16 removes the classification of leases as either operating leases or finance leases, effectively treating all leases as finance leases. Most leases will be capitalized on the balance sheet by recognizing a "right-of-use" asset and a lease liability for the present value obligation. This will result in an increase in the recognized assets and liabilities in the statement of financial position as well as a change in expense recognition, with interest and depreciation replacing operating lease expense.

Lessor accounting remains similar to current practice, i.e. lessors continue to classify leases as finance and operating leases.

The standard is mandatory for annual reporting periods beginning on or after 1 January 2019. At this stage, the Union does not intend to adopt the standard before its effective date and does not expect its impact to be significant.

**Financial Instruments.**

*Non-derivative financial liabilities*

*Trade and other payables*

Liabilities are recognised for amounts to be paid for goods or services received. Trade payables are settled on terms aligned with the normal commercial terms in the Union's operation. They are measured at amortised cost using the effective interest rate method.

*Non-derivative financial assets*

*(i) Classification*

From 1 April 2018, the Union classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- Those to be measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

*(ii) Measurement*

At initial recognition, the Union measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of the financial assets carried at fair value through profit or loss are expensed in profit or loss. Measurement of cash and cash equivalents and trade and other receivables, including contract assets, remain at amortised cost consistent with the comparative period.

*(iii) Impairment*

For trade receivables the union applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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**NOTES TO AND FORMING PART OF THE ACCOUNTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 March 2019 depending on the ultimate outcome of actions in progress at year end.

**REGISTRATION STATUS**

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



**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION  
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**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	126,198	21,938	226,688	374,824
Additions	-	14,607	591,396	606,003
Disposals	-	-	(156,534)	(156,534)
Depreciation & amortisation expense	(126,198)	(8,404)	(131,395)	(265,997)
Revaluation	-	-	-	-
Carrying amount at the end of year	-	28,141	530,155	558,296

**4. EMPLOYEE PROVISIONS**

	31 Mar 2019 \$	31 Mar 2018 \$
Office Holders;		
Annual leave	371,418	384,997
Long service leave	312,734	296,694
Separation and redundancies	-	-
Retirement Benefit	413,846	387,759
	1,097,998	1,069,450
Employees other than Office Holders;		
Annual leave	122,435	161,884
Long service leave	145,344	191,096
Separation and redundancies	-	-
Retirement benefit	256,301	291,353
	524,080	644,333
Total employee provisions	1,622,078	1,713,783
Current	1,164,000	1,225,993
Non-current	458,078	487,790
Total employee provisions	1,622,078	1,713,783

**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION  
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**NOTES TO AND FORMING PART OF THE ACCOUNTS**

**5. EMPLOYEE BENEFITS**

	12 Months Ended 31 Mar 2019 \$	12 Months Ended 31 Mar 2018 \$
Employee benefits paid to Office holders during the year comprised of:		
Wages and Salaries	922,606	546,886
Leave and Other Entitlements	120,950	494,829
Non-monetary benefits	49,086	34,885
Superannuation	167,160	176,892
Separation and Redundancy	9,831	13,572
	1,269,633	1,267,064

Employee benefits paid to other employees during the year comprised:

Wages and Salaries	1,873,633	2,234,677
Leave and Other Entitlements	418,182	455,584
Non-monetary benefits	64,860	55,816
Superannuation	342,969	371,405
Separation and Redundancy	49,937	63,747
	2,749,581	3,181,229

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)	922,607	1,041,715
Annual Leave accrued	68,002	69,596
Performance bonus	-	-
Non-monetary benefits	49,085	34,885
Total short-term employee benefits	1,039,694	1,146,196

**Post-employment benefits**

Superannuation	167,160	176,892
Total post-employment benefits	167,160	176,892

**Other Long-Term Benefits**

Long Service Leave accrued	30,291	27,583
Retirement Benefit accrued	26,087	291,353
Termination benefits	-	-
Total other long-term benefits	56,378	318,936

Total Key Management Personnel Remuneration	1,263,232	1,642,024
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**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;

	<b>12 Months Ended 31 Mar 2019 \$</b>	<b>12 Months Ended 31 Mar 2018 \$</b>
<b>Operating Surplus</b>	(2,373,599)	(2,889,501)
Non-cash flows in operating surplus		
Depreciation	265,997	133,631
Revaluation of Managed Investments	(38,241)	(106,041)
Revaluation of PPE	205,000	-
Changes in Assets and Liabilities:		
(Increase)/decrease in receivables	(68,607)	(85,562)
Increase/(decrease) in payables and Unearned Income	(56,118)	(142,200)
Increase/(decrease) in provisions	(91,814)	106,105
(Profit)/Loss on sale of investments/assets	171	(51,293)
Recognition of Previously Unrecorded Assets	-	-
<b>Cash Flows from/(to) Operations</b>	<b>(2,157,211)</b>	<b>(3,034,861)</b>

**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 March 2019 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;

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**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 \$72,000 (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 \$42,000. For further details on interest rate risk refer to the table below.



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**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
<b>2019</b>							
<b>Financial Assets</b>							
Cash Assets	917,617	3,280,503		2,100	4,200,220	2.65%	0.55%
Managed Investments				723,304	723,304		
Sundry Debtors				271,664	271,664		
Related Entity Loans				1,543,065	1,543,065		
<b>Total Financial Assets</b>	917,617	3,280,503		2,540,133	6,738,253		
<b>2018</b>	753,794	5,335,875		3,142,569	9,232,238		
<b>2019</b>							
<b>Financial Liabilities</b>							
Trade payables	-	-	-	86,757	86,757		
Other payables	-	-	-	91,074	91,074	-	-
<b>Total Financial Liabilities</b>	-	-	-	177,831	177,831		
<b>2018</b>	-	-	-	115,217	115,217	-	-

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 prosecuted for Civil penalties under Federal Legislation in 2 cases. The Union and its officials have a cross claim in respect of one of the matters. 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 March 2019) is not expected to be material and will likely not be known until 2021.

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.



**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION  
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**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:

	12 Months Ended 31 Mar 2019	12 Months Ended 31 Mar 2018
	\$	\$
Cash flows paid to the CFMEU Construction & General National Office during the year		
- Capitation fees	379,666	420,516
- National campaign levies	114,870	131,520
- Legal cost contribution - litigation	8,855	39,766
- Penalties – contribution	-	24,385
- ABCC Campaign contribution	-	47,832
- Staff Expense Contribution (Andrea Grivias)	2,500	-
- ACTU Change the rules campaign	86,272	-
- CFMEU National campaign donation	86,272	-
- Moss Group TV Production	18,182	-
Amounts payable to CFMEU Construction & General National Office (GST Inc)		
- Balance payable at year end	36,121	-
Cash flows received from CFMEU Construction & General National Office		
- Travel & conference reimbursements	30,005	110,589
- Capitation fee reimbursement relating to prior period	-	119,159
Amounts receivable from CFMEU Construction & General National Office (GST Inc)		
- Travel Reimbursement	-	15,150
- Capitation fee reimbursement relating to current period	-	81,056
Cash flows paid to CFMEU Construction & General Victoria Branch		
- Miscellaneous payments	-	1,030
Cash flows received from CFMEU Construction & General Victoria Branch		
- WA Conference related	2,757	-
Cash flows received from CFMEU Construction & General Queensland Branch		
- Miscellaneous receipts	-	727
- WA Conference related	795	-
Cash flows received from CFMEU Construction & General New South Wales Branch		
- Miscellaneous receipts	-	182
- WA Conference Related	5,514	-

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**NOTES TO AND FORMING PART OF THE ACCOUNTS**

11. RELATED PARTY DISCLOSURES (continued)	12 Months Ended 31 Mar 2019	12 Months Ended 31 Mar 2018
- WA Conference related	636	-
Cash flows received from CFMEU Construction & General ACT Branch		
- WA Conference related	1,273	-
Cash flows paid to CFMEU Mining and Energy Queensland Branch		
- Donations	-	25,000
Cash flows received from the Forestry & Furnishing Products Division		
- Miscellaneous receipts	-	57,818
Amounts receivable from Construction Forestry Mining and Energy Union of Workers (CFMEUW)		
- Balance receivable at year end	1,702,072	2,570,072
Amounts payable to Construction Skills Training Centre (CSTC)		
- Balance payable at year end	197,550	178,279
Amounts receivable from Construction Skills Training Centre (CSTC)		
- Balance receivable at year end	151,337	75,669
Transactions with Construction Skills Training Centre (CSTC)		
- Administration fees owed to CSTC	17,520	17,520
- Administration fees owed from CSTC	68,790	68,790
- Transfer of training levies to CSTC	47,628	115,363
- Payroll tax recovered from CSTC	52,206	62,766

**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 the 12 months ended 31 March 2019.

**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION  
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**NOTES TO AND FORMING PART OF THE ACCOUNTS**

**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:

<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the 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. 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

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**NOTES TO AND FORMING PART OF THE ACCOUNTS**

**14. FAIR VALUE MEASUREMENTS (continued)**

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>31 March 2019</b>				
<b>Recurring fair value measurements</b>				
<i>Financial assets</i>				
Available-for-sale financial assets:				
Shares in listed companies/trusts	723,304	-	-	723,304
<b>Total financial assets recognised at fair value</b>	<b>723,304</b>	<b>-</b>	<b>-</b>	<b>723,304</b>
<i>Non-financial assets</i>				
Land and Buildings	-	1,995,000	-	1,995,000
<b>Total non-financial assets recognised at fair value</b>	<b>-</b>	<b>1,995,000</b>	<b>-</b>	<b>1,995,000</b>
<b>31 March 2018</b>				
<b>Recurring fair value measurements</b>				
<i>Financial assets</i>				
Available-for-sale financial assets:				
Shares in listed companies/trusts	532,000	-	-	532,000
<b>Total financial assets recognised at fair value</b>	<b>532,000</b>	<b>-</b>	<b>-</b>	<b>532,000</b>
<i>Non-financial assets</i>				
Land and Buildings	-	2,200,000	-	2,200,000
<b>Total non-financial assets recognised at fair value</b>	<b>-</b>	<b>2,200,000</b>	<b>-</b>	<b>2,200,000</b>

**Valuation Techniques and Inputs Used to Measure Level 2 Fair Values**

Description	Fair Value at 31 March 2019 \$	Valuation Technique(s)	Inputs Used
<i>Non-financial assets</i>			
Land and buildings (i)	1,995,000	Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology	Price per hectare; market borrowing rate
	<u>1,995,000</u>		

- (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.



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

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**NOTES TO AND FORMING PART OF THE ACCOUNTS**

**15. OTHER MATTERS**

None of the activities set out in items 10 and 12 of the Reporting Guidelines occurred during the 12 months ended 31 March 2019.

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

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**STATEMENT OF RECEIPTS AND PAYMENTS FOR RECOVERY OF WAGES ACTIVITY  
CASH BASIS FOR 12 MONTHS ENDED 31 MARCH 2019**

	12 Months Ended 31 Mar 2019 \$	12 Months Ended 31 Mar 2018 \$
<b>Receipts</b>		
Amounts recovered from employers in respect of wages etc	-	-
Interest received on recovered money		
<b>Total receipts</b>	-	-
<b>Payments</b>		
Deductions of amounts due in respect of membership for:		
- 12 months or less	-	-
- 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	-	-
<b>Total payments</b>	-	-
<b>Surplus / Deficit for the year</b>	-	-

**BALANCE SHEET AS AT 31 MARCH 2019**

<b>Assets</b>		
Cash at bank at beginning of period	60,023	60,023
Add Excess (deficiency) of Receipts over Payments	-	-
<b>Total Assets</b>	60,023	60,023
<b>Liabilities</b>		
Unclaimed Wages (in respect of 105 workers In 2013 and 105 workers in 2012)	60,023	60,023
<b>Total Liabilities</b>	60,023	60,023

**CONSTRUCTION FORESTRY MARITIME 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 Maritime Mining and Energy Union Construction and General Division – WA Branch passed the following resolution at a Management Committee meeting held on \_\_\_\_\_ in relation to the general purpose financial report (GPFR) of the reporting unit for the 12-month financial period ended 31 March 2019:

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 any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act);
- c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- e) during the financial year to which the GPFR relates and since the end of the period:
  - (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 RO Act; and
  - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
  - (v) where information has been sought in any request of a member of the reporting unit or the Commissioner duly made under section 272 of the RO Act, that information has been provided to the member or the Commissioner; and
  - (vi) where any order for inspection of financial records made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.
- 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; and
  - (ii) the committee of management instructed the Auditor to include in the scope of the audit required under subsection 257(1) of the RO Act all recovery of wages activity by the reporting unit from which revenues had been derived for the financial year in respect of such activity; and

**CONSTRUCTION FORESTRY MARITIME 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 31<sup>st</sup> day of July 2019.



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

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

T +61 (0)8 9225 5355

F +61 (0)8 9225 6181

[www.moorestephens.com.au](http://www.moorestephens.com.au)

**Report on the Audit of the Financial Report**

**Opinion**

I have audited the financial report of Construction Forestry Maritime Mining and Energy Union Construction and General Division – WA Branch (the Reporting Unit), which comprises the statement of financial position as at 31 March 2019, the statement of comprehensive income, statement of changes in equity, the report required under subsection 255(2A) and statement of cash flows for the year ended 31 March 2019, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management Statement.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Construction Forestry Maritime Mining and Energy Union Construction and General Division – WA Branch as at 31 March 2019, and its financial performance and its cash flows for the year ended on that date in accordance with:

- a) the Australian Accounting Standards; and
- b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

I declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

**Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Reporting Unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Information Other than the Financial Report and Auditor's Report Thereon**

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report. My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

**Responsibilities of Committee of Management for the Financial Report**

The Committee of Management of the Reporting Unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee of Management is responsible for assessing the Reporting Unit's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intend to liquidate the Reporting Unit or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Report**

My objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standard Board website at [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our audit report.

I communicate with the Committee of Management regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I declare that I am an approved auditor, a member of the Chartered Accountants Australia & New Zealand and hold a current Public Practice Certificate.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of section 257(7) of the RO Act, I am required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act.

My opinion on the financial report is not modified in respect of these matters.

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

**Report on the Recovery of Wages Activity financial report**

**Opinion on the recovery of wages activity financial report**

The scope of my work extended to the recovery of wages activity and I have audited the recovery of wages activity financial report for the year ended 31 March 2019.

In my opinion, the financial statements and notes and recovery of wages activity financial report properly and fairly report all information required by the reporting guidelines of the General Manager, including:

- a) any fees charged to, or reimbursements of expenses claimed from, members and others for recovery of wages activity; and
- b) any donations or other contributions deducted from recovered money.

**Responsibilities**

The Committee of Management is responsible for the preparation and presentation of the recovery of wages activity financial report in accordance with the reporting guidelines of the General Manager. My responsibility is to express an opinion on the recovery of wages activity financial report, based on my audit conducted in accordance with Australian Auditing Standards.

*Moore Stephens*

MOORE STEPHENS  
CHARTERED ACCOUNTANTS  
PERTH

*Neil Pace*

NEIL PACE  
PARTNER  
REGISTERED AUDITOR #AA2017/14  
AND APPROVED AUDITOR FCA AND HOLDER  
OF A CURRENT PUBLIC PRACTICE CERTIFICATE

Signed at Perth this 6<sup>th</sup> day of August 2019.



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**CONSTRUCTION FORESTRY MARITIME 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 Maritime Mining and Energy Union Construction and General Division – WA Branch certify:

- that the documents lodged herewith are copies of the full report for the Construction Forestry Maritime Mining and Energy Union Construction and General Division – WA Branch for the period ended 31 March 2019 referred to in s.268 of the Fair Work (Registered Organisations) Act 2009; and
- that the full report was provided to members of the reporting unit on 7<sup>th</sup> August 2019 ; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 12<sup>th</sup> September 2019 in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.



Michael Buchan  
Secretary

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

Dated this 19<sup>th</sup> day of September, 2019.



18 September 2019

Michael Buchan  
Branch Secretary  
Construction, Forestry, Maritime, Mining and Energy Union-Construction and General Division, WA  
Divisional Branch  
Sent via email: mbuchan@cfmeuwa.com

Dear Michael 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, Maritime, Mining and Energy Union-Construction and General Division, WA Divisional Branch (the reporting unit) ended on the 31 March 2019.

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 \$105,000 per contravention on the organisation and up to \$21,000 per contravention on an officer whose conduct led to the contravention.

We encourage you to lodge the full financial report directly to [regorgs@roc.gov.au](mailto: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 1300 341 665 or via email at [regorgs@roc.gov.au](mailto:regorgs@roc.gov.au).

Yours faithfully,

**Kylie Ngo**  
Registered Organisations Commission



3 April 2019

Michael Buchan  
Branch Secretary  
Construction, Forestry, Maritime, Mining and Energy Union-Construction and General Division, WA  
Divisional Branch  
Sent via email: mbuchan@cfmeuwa.com

Dear Michael Buchan,

**Re: Lodgement of Financial Report - FR2019/5  
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the Construction, Forestry, Maritime, Mining and Energy Union-Construction and General Division, WA Divisional Branch (the reporting unit) ended on 31 March 2019. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

### **Loans Grants and Donations Statement**

The reporting unit is required to 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 of the RO Act requires this statement to be lodged with the Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, that is on or before 29 June 2019.

The attached fact sheet *Loans Grants and Donations* (FS 009) summarises the requirements of the Loans Grants and Donations Statement. A sample statement of loans, grants or donations is available on our [website](#).

It should be noted that s.237 is a civil penalty provision. If a loan, grant or donation over \$1000 has been made, failure to lodge a statement of loans, grants and donations (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

### **Financial report**

The RO Act sets out a particular chronological order in which your financial report must be prepared, audited, provided to members, presented to a meeting and then lodged with the ROC. The attached document *Summary of Financial Reporting timelines* (FS 008) summarises these requirements.

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on your rules) no later than 30 September 2019 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

When assessing your financial report, we will continue to focus closely on timelines as well as how loans, grants and donations are reported. The financial report must break down the amounts of grants and donations and these figures will be compared to the loans, grants and donations statement (see attached *Loans Grants and Donations* fact sheet FS 009).

You can visit our website for more information regarding [financial reporting](#), and fact sheets regarding [financial reporting processes and requirements](#). A model set of financial statements developed by the ROC is also available on our website. 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.

It should be noted that s.268 of the RO Act is a civil penalty provision. Failure to lodge the full financial report (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

### **Auditor's report**

When assessing the financial report we will also focus on the structure and content of the auditor's report to ensure that it complies with the revisions made to the Auditing Standards which came into effect from 15 December 2016. Please find [here](#) a link to guidance note *Illustrative Auditor's Report* (GN 004) relating to these requirements (which can also be located on our website).

## **REMINDER**

### **YOUR AUDITOR MUST BE REGISTERED (s.256)**

You must ensure that your auditor is registered by the Registered Organisations Commissioner. A list of registered auditors is available on our [website](#).

### **Contact**

Should you require any clarification in relation to the above, please email [regorgs@roc.gov.au](mailto:regorgs@roc.gov.au).

Yours faithfully,

**Kylie Ngo**  
**Registered Organisations Commission**

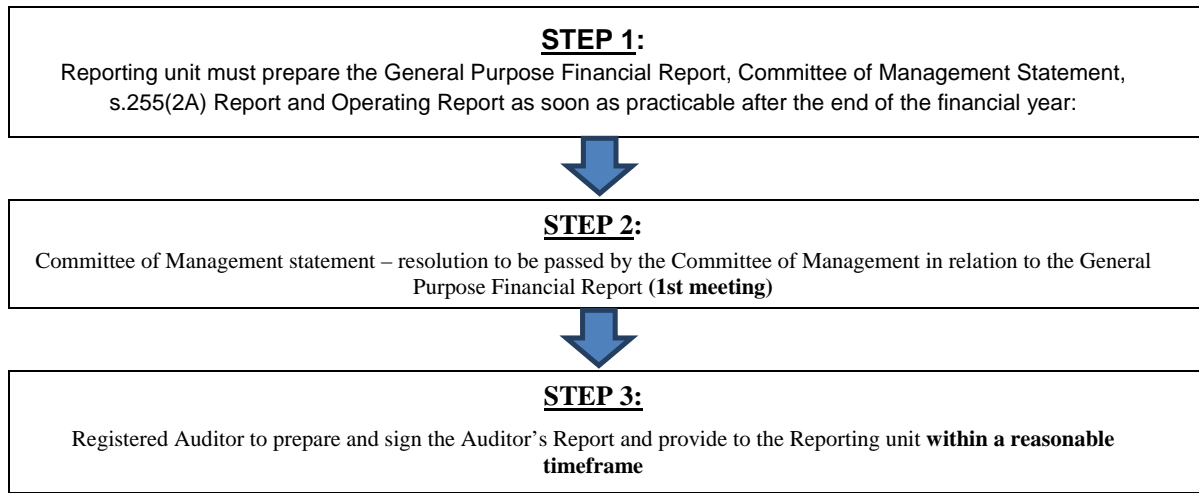


## Fact sheet

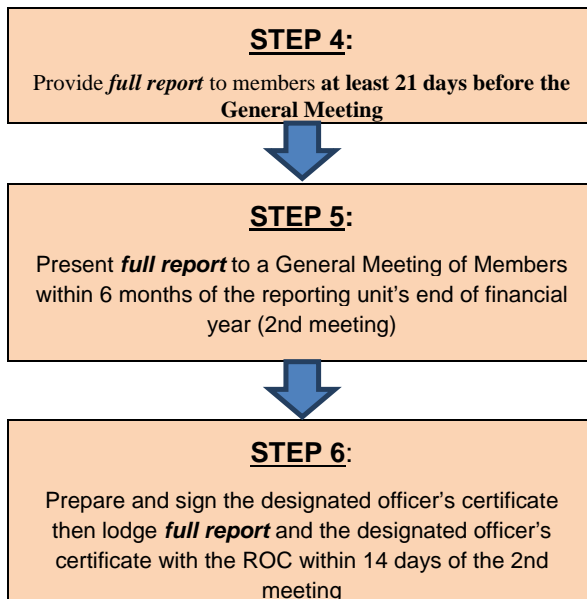
### Summary of financial reporting timelines – s.253 financial reports

#### General Information:

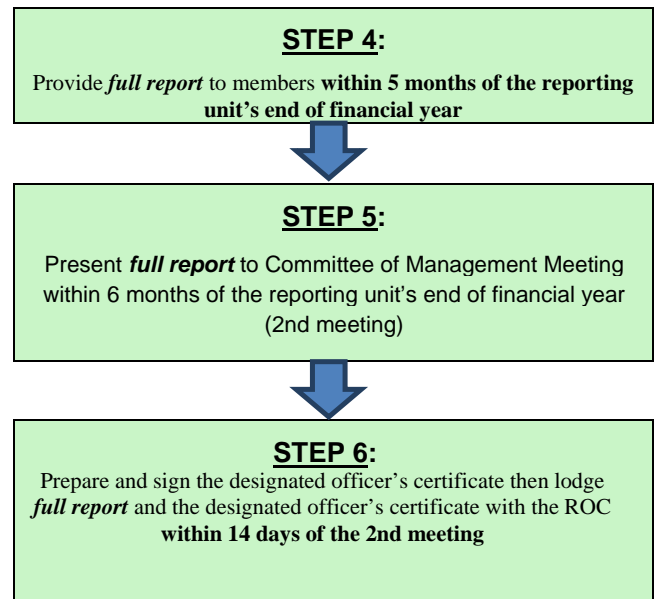
- The **full report** consists of the General Purpose Financial Report, Committee of Management Statement, Operating report, s.255(2A) Report and signed Auditors' Report
- For an explanation of each of the steps below see our [Fact sheet—financial reporting process](#).



IF RULES PROVIDE FOR PRESENTATION OF FULL REPORT  
AT GENERAL MEETING OF MEMBERS  
(this is the default process in the RO Act)



IF RULES PROVIDE FOR PRESENTATION OF FULL REPORT AT  
COMMITTEE OF MANAGEMENT MEETING  
(Special rules must be in the rulebook to use this process)





## Misconceptions

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

Misconception	Requirement
✘ The Committee of Management statement is just copied from the Reporting Guidelines	✔ The Committee of Management statement must have the date of the Committee of Management resolution recorded upon it and it must be signed and dated BEFORE the auditor signs their report  Further, if any of the statements within it need to be modified to suit the reporting unit (for instance not holding meetings) these changes must also be made
✘ The Auditor's Report does not need to be signed until just before it is lodged with the ROC	✔ The Auditor's Report must be signed and dated BEFORE the full report (including the Auditor's Report) is sent to members and presented to the second meeting
✘ The Designated Officer's Certificate must be signed before the report is sent to members	✔ The Designated Officer's Certificate declares what the reporting unit HAS ALREADY DONE to provide the report to members and present it to the meeting. It must be signed and dated AFTER sending the report to members and the second meeting
✘ Documents can be dated when they should have been signed or when the events in the document occurred	✔ Documents must always be dated at the date they are actually signed by an officer or auditor
✘ Any auditor can audit a financial report	✔ Only registered auditors can audit the financial report
✘ The Committee of Management statement can be signed at any time	✔ The resolution passing the Committee of Management Statement must occur and the statement signed and dated BEFORE the auditor's report is signed and dated
✘ Any reporting unit can present the Full Report to a second COM meeting	✔ Only reporting units with a 5% rule in their rulebook are able to present their report to a second Committee of Management Meeting. Otherwise, it must be presented to a General Meeting of members
✘ Everything can be done at one Committee of Management meeting	✔ If the rules allow for presenting the report to the Committee of Management, there must still be <u>two meetings</u> . The first meeting resolves the Committee of Management statement (including signing and dating it). Between the two meetings the Auditor's report is signed and dated. Only then can the full report be presented to the second Committee of Management meeting (if the rules allow)
✘ The reporting unit has 6 months and 14 days to lodge their financial report with the ROC	✔ The reporting unit must lodge the financial report within 14 days of the second meeting

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This fact sheet is not intended to be comprehensive. It is designed to assist in gaining an understanding of the Registered Organisations Commission and its work. The Registered Organisations Commission does not provide legal advice.



## 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 Commissioner'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 exceeds \$1000. The following information must be supplied to the Registered Organisations Commission (the ROC) 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 ROC has a [Template Loans, Grants and Donations Statement](#) on its website. The ROC 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
✘ 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.
✘ Employees can sign the Statement.	✔ The statement must be signed by an elected officer of the relevant branch.
✘ 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 14(e) of the Commissioner'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 [ROC's Model Statements](#) the note appears as follows:

### Note 4E: Grants or donations\*

	2017	2016
Grants:		
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
Donations:		
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
<b>Total grants or donations</b>	-	-

The Commissioner's Reporting Guidelines requires that these line items appear in the financial statements, the notes or in the officer's declaration statement, even if the figures are NIL.

## **Implications for filing the Financial Report**

During their review of the financial report staff of the ROC may 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 last 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 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 ROC on [regorgs@roc.gov.au](mailto:regorgs@roc.gov.au)

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