

CFMEU

SOUTH AUSTRALIA

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ABN: 71 560 759 083

Fair Work Australia
Level 8, Terrace Tower
80 William Street
East Sydney 2011

By email: orgs@fwc.com.au

14th July 2016

Re: Financial Statements and Accounts

Dear Sir/Madam,

Please find enclosed 2015 Audited Accounts for the

CFMEU Construction & General Division SA Branch
& Designated Officer's Certificate (Section 268)

If you require any further information please contact the writer.

Yours faithfully,



Gail Gorman (Ms)
Administration Manager
Email: ggorman@cfmeu.org

Construction, Forestry, Mining and Energy Union

**(Construction and General Division
South Australian Branch)**

FOR THE YEAR ENDED 31 DECEMBER 2015

Fair Work (Registered Organisations) Act 2009

Section 268

DESIGNATED OFFICER'S CERTIFICATE

I, Aaron Cartledge, being the Secretary of the Construction Forestry Mining & Energy Union, Construction & General Division, South Australian Branch, certify:

- that the documents lodged herewith are copies of the full report referred to in s268 of the Fair Work (Registered Organisations) Act 2009, and
- that the full report was provided to members on the 8th June 2016, and
- that the full report was presented to a meeting of the Divisional Branch Management Committee of the reporting unit on the 13th July 2016, in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.



Divisional Branch Secretary
CFMEU
Construction & General Division
South Australian Branch

14th July 2016

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

CONSTRUCTION & GENERAL DIVISION SOUTH AUSTRALIAN BRANCH ABN 71 560 759 083

FINANCIAL REPORT FOR THE
YEAR ENDED 31ST DECEMBER 2015

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Prepared by:

Major, May & Associates
Chartered Accountants

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**CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION - SA BRANCH
ABN 71 560 759 083**

OPERATING REPORT FOR THE YEAR ENDED 31ST DECEMBER 2015

In accordance with Section 254 of the Fair Work (Registered Organisations) Act 2009, the Committee presents its report on the operations for the year ended 31st December 2015.

Principal Activities

CFMEU, Construction & General Division – SA Branch (“the Union”) is committed to advancing the wages, conditions and well-being of its membership.

The Union’s principal activities during the year were:

- Joining up new members.
- Representation of members and others on the job.
- Union-negotiated collective agreements.
- Assisting members with legal representation.
- Facilitating access to training courses.
- Keeping members informed via meetings and newsletters.
- Sale of products to union members.
- Representing members and other workers through Tri-partite and Bi-partite key Government and Industry Committees.
- Pursuing the objectives of the organisation as prescribed by Rule 4, Objects of the CFMEU.

The Operating Loss of the Union for the year ended 31st December 2015 was \$182,257 (2014 Operating Loss \$298,335).

Financial Affairs

There were no significant changes to the Union’s financial affairs during the year.

Significant Post Balance Date Event

On 22nd April 2016, the Federal Court of Australia handed down decisions in a number of matters involving the Director of the Fair Work Building and Industry Inspectorate and the Construction, Forestry Mining and Energy Union and others (SAD300/2014 and SAD302-306/2014). These decisions resulted in a total of \$937,100 in fines and penalties to the Union and certain individuals. The fines were effectively levied on the national body of the CFMEU. The CFMEU has accepted \$682,200 of those fines as due and payable, and in fact that amount was paid on 16th May 2016. The balance of \$254,900 will be appealed by the CFMEU. As is the usual process with these sorts of imposts, the fines and penalties will be paid by the various branches of the CFMEU Construction and General Division on a per capita basis. As a result, the Union’s share of the \$682,200, being \$24,477, was paid on 16th May 2016, and has been recognised as a Trade Creditor at 31st December 2015.

Members’ Rights to Resign

Members have the right to resign from the Union in accordance with section 174 of the Fair Work (Registered Organisations) Act 2009 and Rule 11 of the Federal Rules.

OPERATING REPORT FOR THE YEAR ENDED 31ST DECEMBER 2015 (CONT.)

Superannuation Fund Trustees

The officers and members listed below were trustees or directors of a trustee company of a Superannuation Fund as a consequence of their position with the Union:

- Nil

Number of Members

The number of members at the end of the financial year recorded in the register of members and taken to be members of the Union was 2,529 (2014: 3,236).

Number of Employees

The number of full-time equivalent employees of the Union at the end of the financial year was 4.

The two highest paid employees were:

- Aaron Cartledge \$109,134
- Darren Roberts \$119,668

These figures include Superannuation, BIRST payments and Termination payments.

The only non-cash benefits received by these two employees were the use of two Union-owned motor vehicles, which were both subject to the usual Fringe Benefits Tax.


Committee of Management

The members of the Committee of Management at any time during the financial year were as follows:

David Bolton	Aaron Cartledge	Craig Fry
Mark Gava	Scott Jeffs	Michael McDermott
Mark McEwen	Jack Merx	John Nelson
Andrew Penny	Darren Roberts	David Sahlberg
Derek Stapleton		

All appointments were for the Period 1st January 2015 – 31st December 2015

Signed on behalf of the Committee of Management by:


.....
Aaron Cartledge
Secretary,
CFMEU,
Construction and General Division, SA Branch

Date: 8th June 2016

**CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION - SA BRANCH
ABN 71 560 759 083**


COMMITTEE OF MANAGEMENT STATEMENT

On the 8th June 2016, the Committee of Management (COM) of the Union passed the following resolution in relation to the general purpose financial report (GPFR) of the Union for the year ended 31st December 2015.

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

- (a) the financial report and notes comply with applicable Australian Accounting Standards;
- (b) the financial report and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial report and notes give a true and fair view of the financial performance, financial position and cash flows of the Union for the financial year ended 31st December 2015;
- (d) there are reasonable grounds to believe that the Union will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year ended 31st December 2015 and since the end of the financial year:
 - (i) meetings of the COM were held in accordance with the rules of the organisation and the rules of the COM;
 - (ii) the financial affairs of the Union have been managed in accordance with the rules of the organisation and the rules of the Union;
 - (iii) the financial records of the Union have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009;
 - (iv) the financial records of the Union have been kept, as far as practicable, in a consistent manner to each of the other branches of the organisation;
 - (v) no information has been sought in any request of a member of the Union or a Registrar under section 272 of the Fair Work (Registered Organisations) Act 2009; and
 - (vi) no orders have been made by the Commission under section 273 of the Fair Work (Registered Organisations) Act 2009.
- (f) No revenue has been derived from undertaking recovery of wages activity during the financial year.

For the Committee of Management


.....
Aaron Cartledge
Secretary,
CFMEU,
Construction and General Division, SA Branch

Date: 8th June 2016
.....

**MAJOR, MAY
& ASSOCIATES**
CHARTERED ACCOUNTANTS

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NORWOOD SA 5067
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NORWOOD SA 5067
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TIM MAJOR
ANDREW MAY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN BRANCH

FOR THE YEAR ENDED 31ST DECEMBER 2015



Report on the Financial Report

We have audited the Committee of Management Statement and Financial Report, being the Balance Sheet, Statement of Accumulated Funds, Income Statement, Statement of Cash Flows and Notes to and Forming Part of the Accounts, of the Construction, Forestry, Mining & Energy Union, Construction & General Division, South Australian Branch, for the year ended 31st December 2015.

Committee's Responsibility for the Financial Report

The Committee of Management is responsible for the preparation and fair presentation of the Financial Report and has determined that the accounting policies described in Note 1 to the Financial Report, which form part of the Financial Report, are consistent with the financial reporting requirements of the Fair Work (Registered Organisations) Act 2009, and are appropriate to meet the needs of the members. The Committee's responsibilities also include establishing and maintaining internal controls relevant to the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the Financial Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the Financial Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Committee, as well as evaluating the overall presentation of the Financial Report.

The Financial Report has been prepared for distribution to members for the purpose of fulfilling the Committee's financial reporting obligations under the Fair Work (Registered Organisations) Act 2009. We disclaim any assumption of responsibility for any reliance on this report or on the Financial Report to which it relates to any person other than the members, or for any other purpose other than that for which it was prepared.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN BRANCH (CONT.)

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional accounting bodies.

Audit Opinion

- (1) There were kept by the Branch in respect of the year ended 31st December 2015, satisfactory accounting records detailing the sources and nature of the Income of the Branch (including Income from Members) and the nature and the purposes of Expenditure.
- (2) The attached Financial Report and Statements are properly drawn up:-
 - (a) in accordance with the Fair Work (Registered Organisations) Act 2009,
 - (b) so as to give a true and fair view of;
 - (i) the state of affairs of the Branch as at 31st December 2015; and
 - (ii) the Income and Expenditure and Deficit of the Branch for the year ended on that date;
 - (c) in accordance with applicable Accounting Standards; and
 - (d) so as to comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Act.
- (3) We received from the Officers and Employees of the Branch all the information and explanations that we required for the purposes of our audit.
- (4) We have concluded that management's use of the going concern basis of accounting in the preparation of this Financial Report is appropriate.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 in the Financial Report, which describes the basis of accounting. The Financial Report has been prepared to assist the Branch to meet the requirements of the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009.

Signed at Adelaide this  day of June 2016

MAJOR, MAY & ASSOCIATES
Chartered Accountants



ANDREW MAY, ACA, BA (Acc)
Registered Company Auditor
Partner

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

CONSTRUCTION & GENERAL DIVISION SOUTH AUSTRALIAN BRANCH

BALANCE SHEET
as at 31st December 2015

	Note	2015 \$	2014 \$
EQUITY			
Accumulated Surplus			
Trust Account		473,471	655,728
Leigh Creek Levy Fund		1,439	1,284
Port Pirie Welfare Fund		-	21,474
		<u>23,100</u>	<u>24,422</u>
TOTAL FUNDS		<u>\$498,010</u>	<u>\$702,908</u>
These funds are represented by:-			
CURRENT ASSETS			
Petty Cash			
Cash at Bank		500	500
Trade & Other Debtors	5	291,099	449,783
Prepayments	6	80,938	63,559
		<u>109,325</u>	<u>122,588</u>
TOTAL CURRENT ASSETS		<u>481,862</u>	<u>636,430</u>
CURRENT LIABILITIES			
Sundry Creditors & Accruals		66,583	61,594
Income Received in Advance		267,003	264,535
Leave Provisions	12	11,500	57,070
TOTAL CURRENT LIABILITIES		<u>345,086</u>	<u>383,199</u>
NET WORKING CAPITAL		<u>\$136,776</u>	<u>\$253,231</u>
NON CURRENT ASSETS			
Loan to ABCWF			
Fixed Assets		342,718	422,907
	7	18,516	26,770
TOTAL NON CURRENT ASSETS		<u>361,234</u>	<u>449,677</u>
NET ASSETS		<u>\$498,010</u>	<u>\$702,908</u>
Contingent Liabilities			
Post Balance Date Event	8 9		

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

**CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN BRANCH**

**STATEMENT OF ACCUMULATED FUNDS
For the year ended 31st December 2015**

	2015	2014
	\$	\$
Total Surplus/(Deficit)	(182,257)	(298,335)
Add Accumulated Surplus at the beginning of the Year	655,728	954,063
ACCUMULATED SURPLUS AT THE END OF THE YEAR	<u>\$473,471</u>	<u>\$655,728</u>

**STATEMENT OF CHANGES IN EQUITY
For the year ended 31st December 2015**

	Retained Earnings	Total
	\$	\$
Balance as at 31 st December 2013	1,001,817	1,001,817
Add Surplus for the year ended 31 st December 2014	(298,335)	(298,335)
Add Movement in Levy Funds	(574)	(574)
Balance as at 31 st December 2014	<u>702,908</u>	<u>702,908</u>
Less Deficit for the year ended 31 st December 2015	(182,257)	(182,257)
Add Movement in Levy Funds	(22,641)	(22,641)
Balance as at 31 st December 2015	<u>\$498,010</u>	<u>\$498,010</u>

To be read in conjunction with the Notes to the Financial Report.

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

CONSTRUCTION & GENERAL DIVISION SOUTH AUSTRALIAN BRANCH

INCOME STATEMENT For the year ended 31st December 2015

	Note	2015 \$	2014 \$
INCOME			
Members' Contributions		1,371,174	1,389,329
Meeting Attendance & Board Fees		55,585	60,061
Healthy Workers Healthy Future Net Funding		(100,526)	30,855
Interest Received		5,839	13,945
BIRST Distribution		692,064	303,593
SafeWork SA Net Funding		(13,958)	119,741
Advertising Income		100,000	82,541
Assistance Fund Income		5,000	-
Compliance Officer Funding		-	40,000
Sundry Reimbursements including Wages		37,848	-
Sundry Income		1,768	1,493
TOTAL INCOME		2,154,794	2,041,558
LESS EXPENDITURE			
Accounting		4,470	2,220
Advertising		-	165
Audit		6,095	5,680
Bank Charges & Credit Card Fees		14,444	13,583
Barbecue Costs		1,082	2,537
Building Industry Redundancy Scheme		5,460	8,160
Cleaning		6,858	6,761
Computer Expenses		2,514	1,807
Conferences & Training		13,298	12,213
Depreciation		11,101	12,984
Donations		800	15,300
Emergency Transport		90,057	103,764
Entertainment & Public Relations		-	4,305
Fringe Benefits Tax		4,933	(4,955)
Insurance (General, Members & Income Protection)		228,959	215,225
Internet Connection Fees		4,564	9,152
Legal & Industrial Expenses	8	142,097	278,840
Levies		20,049	9,288
Light & Power		14,461	16,485
Loss on Disposal of Assets		340	-
Motor Vehicle Expenses		82,310	87,516
Office Expenses		18,414	13,057
Papers & Publications		2,054	1,770
Photocopier Rental		9,262	10,526
Port Pirie Social Club		1,426	1,140
Postage & Contract Mailing		12,986	16,874
Printing & Stationery		21,108	23,478
Promotional Items		17,668	20,104

To be read in conjunction with the Notes to the Financial Reports.

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

CONSTRUCTION & GENERAL DIVISION SOUTH AUSTRALIAN BRANCH

INCOME STATEMENT For the year ended 31st December 2015 (continued)

	Note	2015 \$	2014 \$
Rent		100,000	95,000
Repairs & Maintenance		8,164	2,432
Service Fees & Consulting Charges	2	994,541	831,485
Subscriptions		3,222	3,196
Sundry Expenses		1,216	729
Sustentation & Capitation Fees		155,012	158,189
Telephone		33,144	29,990
Travel & Accommodation		54,872	79,316
Employment Expenses – Office Holders			
Salaries & Allowances		230,889	182,114
Superannuation		25,372	27,236
Separation & Redundancies		-	-
Workcover		4,248	3,765
Payroll Tax		11,732	10,087
Provisions for Annual & Long Service Leave		(42,174)	11,467
Total Employment Expenses – Office Holders		230,067	234,669
Employment Expenses – Employees Other than Office Holders			
Salaries & Allowances		16,402	47,191
Superannuation		2,460	9,702
Separation & Redundancies		-	-
Workcover		303	1,096
Payroll Tax		838	3,669
Total Employment Expenses – Employees other than Office Holders		20,003	61,658
Total Employment Expenses		250,070	296,327
TOTAL EXPENDITURE		2,337,051	2,384,643
TOTAL OPERATING SURPLUS/(DEFICIT)		(\$182,257)	(\$343,085)
Add Forgiveness of Loan from National Office		-	44,750
TOTAL SURPLUS/(DEFICIT)		(\$182,257)	(\$298,335)

To be read in conjunction with the Notes to the Financial Report.

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

CONSTRUCTION & GENERAL DIVISION SOUTH AUSTRALIAN BRANCH

STATEMENT OF CASH FLOWS For the year ended 31st December, 2015

	Note	2015 \$	2014 \$
CASH FROM OPERATING ACTIVITIES			
Members' Contributions		1,502,498	1,440,229
Payments to Suppliers, Employees & ATO		(2,326,388)	(2,187,241)
Legal Fees and Fines		(117,620)	(278,840)
Grant Received from SafeWork SA		-	135,000
Distribution Received from BIRST		694,532	303,593
Advertising Income		100,000	82,541
Meeting Attendances and Board Fees		55,585	60,061
Project Income Received		22,400	186,821
Project Income Expended		(136,884)	(131,225)
Wage Reimbursements		37,848	-
Other Income		6,768	6,493
Interest Received		5,839	13,945
NET CASH GENERATED/(USED) BY OPERATING ACTIVITIES	15	(155,422)	(368,623)
CASH FROM INVESTING ACTIVITIES			
Payment for Plant & Equipment		(3,262)	(11,203)
NET CASH (USED)/PROVIDED BY INVESTING ACTIVITIES		(3,262)	(11,203)
NET INCREASE/(DECREASE) IN CASH HELD		(158,684)	(379,826)
Cash at Beginning of Year	14	450,283	830,109
CASH AT END OF YEAR	14	\$291,599	\$450,283

To be read in conjunction with the Notes to the Financial Report.

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

CONSTRUCTION & GENERAL DIVISION SOUTH AUSTRALIAN BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the year ended 31st December, 2015

Note 1.

Summary of Significant Accounting Policies

This General Purpose Financial Report (GPFR) is prepared in accordance with the Accounting Standards jointly issued by the Australian Professional Accounting Bodies, and in accordance with Section 253 of the Fair Work (Registered Organisations) Act 2009. The Union is a not-for-profit entity for the purposes of Australian Accounting Standard AASB 1054.

(a) **Basis of Preparation**

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

(b) **Depreciation**

Provision is made for depreciation of Fixed Assets at rates considered appropriate to the useful lives of such assets. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(c) **Employee Benefits**

Provisions for Employee Benefits, in the form of Accrued Annual and Long Service Leave, have been made based on the estimated accrued entitlements of all employees on the basis of their terms of employment.

(d) **Revenue Recognition**

In past years, revenue derived from Member Contributions has been reported on a cash basis. Following a directive from the National Office to all Branches, and in keeping with the relevant reporting requirements, this figure is now being reported on an accruals basis, for the year ended 31st December 2014 and subsequent years. This means that Subscriptions in Arrears at reporting date are recognised as Debtors, with an appropriate Provision for those Subscriptions which may not be collected, and Subscriptions Received in Advance at the reporting date are reported as Income Received in Advance for the appropriate period.

(e) **Taxation**

The Union is exempt from income tax under Section 50.1 of the Income Tax Assessment Act 1997, but still has obligations for Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables.

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

CONSTRUCTION & GENERAL DIVISION SOUTH AUSTRALIAN BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the year ended 31st December, 2015

Note 1.

Summary of Significant Accounting Policies (cont.)

- (f) **Going Concern**
This GPFR has been prepared on a going concern basis.
- (g) **Financial Instruments**
Financial assets and financial liabilities are recognised when the Union becomes a party to the contractual provisions of the instrument. The Union is not a party to any such financial instruments, other than a loan to the ABCWF to help facilitate the purchase of a property at 32 South Terrace Adelaide, and a Rental Agreement with the ABCWF, which is effectively an Operating Lease, whereby the Union occupies the first floor of the property at 32 South Terrace.
- (h) **Fair Value Measurement**
The Union measures financial instruments at fair value each balance sheet date. The only financial instruments owned by the Union to which this applies are the Office Furniture and Equipment owned by the Union, which is measured at fair value by virtue of the appropriate rates of depreciation being applied to each asset.
- (i) **Leases**
Leases of fixed assets are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The only Union's only lease is an operating lease relating to the rental of the premises at 32 South Terrace, Adelaide. This is currently an annual lease. A long term Lease Agreement is being prepared.
- (j) **Impairment of Assets**
At each reporting date, the Union reviews the carrying values of its tangible and intangible 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 that asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Income Statement.

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

**CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN BRANCH**

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the year ended 31st December, 2015

Note 1. Summary of Significant Accounting Policies (cont.)

(k) Capitation Fees and Levies

Capitation fees and levies are recognised on an accrual basis and recorded as an expense in the year to which it relates.

(l) Critical Accounting Estimates and Judgements

The Committee of Management evaluates 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.

Note 2. Service Fees and Consulting Charges

Staff employed by the Australian Building & Construction Workers' Federation are utilised in the ongoing operations of the CFMEU, Construction & General Division, and a "Service Fee" is charged accordingly.

Note 3. Information to be provided to Members or Registrar

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of Members is drawn to the provisions of Section 272, which read as follows:-

- “(1) A Member of a reporting unit, or a Registrar, 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).”

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

**CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN BRANCH**

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the year ended 31st December, 2015

Note 4.	Sustentation Fees		
		2015	2014
		\$	\$
	C.F.M.E.U. - Federal Office	137,919	141,519
	SA Unions	17,093	16,670
		<hr/>	<hr/>
		\$155,012	\$158,189
		<hr/>	<hr/>
Note 5.	Cash at Bank		
	<u>Commonwealth Bank</u>		
	Cheque Account	51,316	44,746
	Trust Account	4,454	4,454
	Business Online Saver	212,804	357,221
	Port Pirie Bank Accounts	22,525	23,846
	Leigh Creek Bank Account	-	19,516
		<hr/>	<hr/>
	TOTAL CASH AT BANK	\$ 291,099	\$ 449,783
		<hr/>	<hr/>
Note 6.	Trade & Other Debtors		
		2015	2014
		\$	\$
	Trade & Other Debtors (including Membership Subscriptions Receivable)	289,803	413,824
	Less Provision for Doubtful Debts	(208,865)	(350,265)
		<hr/>	<hr/>
	TOTAL TRADE & OTHER DEBTORS	\$80,938	\$63,559
		<hr/>	<hr/>
	Also see Note 1(d)		

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

**CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN BRANCH**

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the year ended 31st December, 2015

	2015 \$	2014 \$
Note 7. Fixed Assets		
Office Furniture & Equipment at Cost	76,226	108,777
Less Accumulated Depreciation	(57,710)	(82,007)
	<hr/>	<hr/>
	18,516	26,770
	<hr/>	<hr/>
TOTAL FIXED ASSETS	\$18,516	\$26,770
	<hr/>	<hr/>
Movements in Carrying Amounts	Office Furniture	Total
Carrying Amount at the Beginning of the Period	26,770	26,770
Additions	3,262	3,262
Disposals	(35,813)	(35,813)
Depreciation Expense	(11,101)	(11,101)
Depreciation Writeback	35,398	35,398
	<hr/>	<hr/>
Carrying Amount at the End of the Period	18,516	18,516
	<hr/>	<hr/>

Note 8. Contingent Liabilities and Legal Fees

As detailed in Note 9, the court cases mentioned in last year's accounts have now been determined and are the subject of appeal proceedings. The Union's share of the fines that have already been paid is \$24,477. The balance of the fines being appealed (\$254,900) would result in a liability for the Union of a maximum of \$9,148. There may be some future Legal Costs arising as a result of the Appeal process.

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

CONSTRUCTION & GENERAL DIVISION SOUTH AUSTRALIAN BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the year ended 31st December, 2015

Note 9.

Significant Post Balance Date Event

On 22nd April 2016, the Federal Court of Australia handed down decisions in a number of matters involving the Director of the Fair Work Building and Industry Inspectorate and the Construction, Forestry Mining and Energy Union and others (SAD219/2014, SAD302-306/2014). These decisions resulted in a total of \$937,100 in fines and penalties to the Union and certain individuals. The fines were effectively levied on the national body of the CFMEU. The CFMEU has accepted \$682,200 of those fines as due and payable, and in fact that amount was paid on 16th May 2016. The balance of \$254,900 will be appealed by the CFMEU. As is the usual process with these sorts of imposts, the fines and penalties will be paid by the various branches of the CFMEU Construction and General Division on a per capita basis. As a result, the Union's share of the \$682,200, being \$24,477, was paid on 16th May 2016, and has been recognised as a Trade Creditor at 31st December 2015.

Note 10.

Compensation Paid to all Key Management Personnel

The Union employs two Key Management Personnel, being Aaron Cartledge (Secretary) and Darren Roberts (Assistant Secretary). Darren Roberts resigned on 14th September 2015. The total amount paid to Key Management Personnel was \$228,802. The only non-cash benefit paid to each was the use of a Motor Vehicle owned by an associated Union. Totals for each of the categories requiring disclosure were:

	2015	2014
	\$	\$
Short Term Employee Benefits	156,213	182,114
Post-Employment Benefits	23,343	27,236
Other Long Term Employee Benefits	5,460	6,480
Termination Benefits	43,786	-
Any Share Based Payments	-	-
TOTAL PAID	\$228,802	\$215,293

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

**CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN BRANCH**

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the year ended 31st December, 2015

Note 11. Related Party Transactions

There are two related parties with whom the Union transacted during the year, being the CFMEU Construction & General Division National Office (C&GNO) and the Australian Building & Construction Workers' Federation (ABCWF). All transactions were undertaken in the ordinary course of carrying out the Union's business.

	2015	2014
	\$	\$
C&GNO		
Received in respect of Airfare Reimbursements	6,399	6,098
Received in respect of Donations Reimbursed	-	5,000
Received in respect of Union Shopper	-	5,000
Paid in respect of Capitation Fees	137,919	141,519
ABCWF		
Paid in respect of Rent	100,000	95,000
Paid in respect of Service Fees (Note 2)	994,541	831,485

Note 12. Audit and Accounting Fees

Amounts paid to the Auditors are disclosed in the Income Statement as Audit Fees and Accounting Fees. Further breakdown of these fees is as follows:

	2015	2014
	\$	\$
Audit Fees	6,095	5,680
Accounting Fees	3,750	1,580
Fringe Benefits Tax Return Preparation	720	640
Other	-	-
	<hr/>	<hr/>
	10,565	7,900
	<hr/>	<hr/>

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

**CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN BRANCH**

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the year ended 31st December, 2015

Note 13.

Leave Provisions

Opening Balance at 1 st January 2015	57,070	59,830
Net Provision Movement During the Year	(45,570)	(2,760)
	<hr/>	<hr/>
Balance at 31 st December 2015	\$11,500	\$57,070
	<hr/>	<hr/>
Employee Benefit Provisions attributable to:		
Office Holders		
Annual Leave	9,860	16,490
Long Service Leave	-	39,300
Separation & Redundancies	-	-
Other	-	-
	<hr/>	<hr/>
Balance at 31 st December 2015	\$9,860	\$55,790
	<hr/>	<hr/>
Employees other than Office Holders		
Annual Leave	1,640	(2,170)
Long Service Leave	-	3,450
Separation & Redundancies	-	-
Other	-	-
	<hr/>	<hr/>
Balance at 31 st December 2015	\$1,640	\$1,280
	<hr/>	<hr/>

Note 14.

Reconciliation of Cash

For the purpose of the Statement of Cash Flows, Cash includes Cash on Hand, and in At Call Deposits with Banks or Financial Institutions, net of Bank Overdrafts.

	2015	2014
Cash at Bank	\$	\$
Cash on Hand	291,099	449,783
	500	500
	<hr/>	<hr/>
	\$291,599	\$450,283
	<hr/>	<hr/>

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

**CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN BRANCH**

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the year ended 31st December, 2015

Note 15.

Reconciliation of Cash Flow from Operations with Net Surplus/(Deficit)

	2015 \$	2014 \$
Net Surplus/(Deficit)	(182,257)	(298,335)
Non Cash Flows in Net Surplus/(Deficit)		
Depreciation	11,101	12,984
Employee Leave Provisions	(45,570)	(3,335)
Forgiveness of Loan from National Office	-	(44,750)
Changes in Assets and Liabilities		
(Increase)/Decrease in Receivables	62,810	14,314
(Increase)/Decrease in Prepayments	13,263	(26,800)
Increase/(Decrease) in Creditors	4,989	(122,853)
Increase/(Decrease) in Income Received in Advance	2,468	100,152
Increase/(Decrease) in Welfare Fund Equity	(22,226)	-
CASH FLOWS PROVIDED/(USED) BY OPERATIONS	<u>(\$155,422)</u>	<u>(\$368,623)</u>

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the year ended 31st December, 2015

Note 16. **Financial Risk Management**

The Union's financial instruments consist mainly of bank deposits, accounts receivable and accounts payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2015 \$	2014 \$
Financial Assets			
Cash and cash equivalents	5	291,599	450,283
Trade Debtors		80,938	63,559
		<u>372,537</u>	<u>513,842</u>
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables		66,583	61,594
		<u>66,583</u>	<u>61,594</u>

Specific Financial Risk Exposures and Management

The main risks the Union is exposed to through its financial statements are interest rate risk and liquidity risk.

a. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

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CONSTRUCTION & GENERAL DIVISION SOUTH AUSTRALIAN BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the year ended 31st December, 2015

Note 16. Financial Risk Management (cont.)

b. Liquidity risk

Liquidity risk arises from the possibility that the union might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The union manages this risk through the following mechanisms:

- Preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- Maintaining a reputable credit profile;
- Managing credit risk related to financial assets; and
- Investing only surplus cash with major financial institutions.

The tables below reflect an undiscounted contractual maturity analysis of financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liability and financial asset maturity analysis

	Note	Within 1 year		1 to 5 years		Total contractual cash flow	
		2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$
Financial liabilities due for payment							
Trade & other payables (excluding estimated annual leave & deferred income)		66,583	61,594	-	-	66,583	61,594
Borrowings		-	-	-	-	-	-
Total expected outflows		66,583	61,594	-	-	66,583	61,594
Financial assets – cash flows realizable							
Cash & cash equivalents	5	291,599	450,283	-	-	291,599	450,283
Trade receivables		80,938	63,559	-	-	80,938	63,559
Total expected inflows		372,537	513,342	-	-	372,537	513,342
Total Net Inflows/(Outflows)		305,954	451,748	-	-	305,954	451,748

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the year ended 31st December, 2015

Note 16. Financial Risk Management (cont.)

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the balance sheet. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Union. Most of these instruments which are carried at amortised cost are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Union.

	Footnote	2015		2014	
		Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
		\$	\$	\$	\$
Financial assets					
Cash & cash equivalents	(i)	291,599	291,599	450,283	450,283
Trade & other receivables	(i)	80,938	80,938	63,559	63,559
Loans receivable	(i)	342,718	342,718	422,907	422,907
Total financial assets		715,255	715,255	936,749	936,749
Financial liabilities					
Trade & other payables	(i)	66,583	66,583	61,594	61,594
Loans payable	(i)	-	-	-	-
Total financial liabilities		66,583	66,583	61,594	61,594

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided relating to annual leave and deferred income, which are not considered a financial instrument.
- (ii) Fair values are determined using a discounted cash flow model incorporating current commercial borrowing rates. The fair values of fixed rate lease liability will differ to the carrying values.

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

CONSTRUCTION & GENERAL DIVISION SOUTH AUSTRALIAN BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the year ended 31st December, 2015

Note 17. **Capital Management**

The Committee of Management controls the capital of the union to ensure that adequate cash flows are generated to fund its operations and that returns from investments are maximized. The Committee of Management ensures that the overall risk management strategy is in line with this objective.

Union Management operates under policies approved by the Committee of Management. Risk management policies are approved and reviewed by the Committee on a regular basis. These include credit risk policies and future cash flow requirements.

There have been no changes to the strategy adopted by Management to control the capital of the union since previous year.

Note 18. **Fair Value Measurements**

The Union measures and recognises Fixed Assets at fair value on a recurring basis after initial recognition.

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.

(a) Fair Value hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information according to the relevant level in the fair value hierarchy. This hierarchy categorises fair value measurements into one of three possible levels based on the lowest level that a significant input can be categorised into. The levels are outlined below:

Level 1	Level 2	Level 3
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.

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

CONSTRUCTION & GENERAL DIVISION SOUTH AUSTRALIAN BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the year ended 31st December, 2015

Note 18. Fair Value Measurements (cont.)

(b) Disclosed fair value measurements

The following assets and liabilities are measured at fair value in the statement of financial position, and their fair values are disclosed in the notes:

- Accounts receivable and other debtors
- Accounts payable and other payables

The following table provides the level of the fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation technique(s) and inputs used:

Description	Note	Fair value hierarchy level	Valuation technique(s)	Inputs used
Accounts receivable and other debtors	6	3	Amortised cost	Invoices and contracts
Accounts payable and other payables		3	Amortised cost	Invoices and contracts

Note 19. General Disclosures

Pursuant to the reporting guidelines of Section 253 of the Fair Work (Registered Organisations) Act 2009 the Union notes that:

- 1) The reporting entity is not reliant on an agreed financial support of another reporting unit;
- 2) The reporting entity has not agreed to provide financial support to another reporting unit, other than a Loan to the ABCWF in respect of the purchase of the building occupied by the Union;
- 3) The reporting unit has not acquired an asset or a liability during the year as a result of an amalgamation, or other restructure or business combination;
- 4) The reporting unit has not received any capitation fees from another reporting unit;
- 5) The reporting unit has not raised funds from members or as an appeal for voluntary contributions from members during the year, and no compulsory levies have been imposed on the reporting unit;
- 6) The reporting unit is not in receipt of financial support from another reporting unit;
- 7) The reporting unit has not incurred expenses as consideration for employers making payroll deductions of membership subscriptions.

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

**CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN BRANCH**

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the year ended 31st December, 2015

Note 20.

Additional Disclosures per Reporting Guidelines

	2015	2014
	\$	\$
Donations Received		
Grants Received	-	-
Affiliation Fees Paid – See Note 4	-	-
Total Grants Paid	-	-
Total of Donations <\$1,000	-	-
Total of Donations >\$1,000	800	300
Legal Costs in respect of:	-	15,000
- Litigation	105,620	104,393
- Other Matters	-	4,027
- Penalties Under RO Act	36,477	170,420
Amount Receivable from CFMEU Federal Office	5,817	2,984
Amount Payable to CFMEU Federal Office	-	5,508
Amounts Payable in respect of Legal Costs – See Note 8		
Total Amount Paid to Other Reporting Units (including Sustainment Fees)	143,193	206,454
Total Amount Received from Other Reporting Units	5,817	11,848
Allowances Paid to Officers to Attend Meetings as a Representative of the Union	19,062	4,445

**MAJOR, MAY
& ASSOCIATES**
CHARTERED ACCOUNTANTS

196 MAGILL ROAD
NORWOOD SA 5067
PO BOX 3460
NORWOOD SA 5067
TELEPHONE 08 8331 0422
FACSIMILE 08 8331 0433

TIM MAJOR
ANDREW MAY



**AUDITOR'S INDEPENDENCE DECLARATION
TO THE MEMBERS OF
CONSTRUCTION, FORESTRY,
MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN BRANCH**

In accordance with the requirements of Section 307C of the Corporations Act 2001, as lead auditor for the audit of the Branch for the year ended 31st December 2015, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) No contraventions of any applicable code of professional conduct in relation to the audit.

Signed at Adelaide, South Australia,
this *9th* day of June 2016

MAJOR, MAY & ASSOCIATES
Chartered Accountants

ANDREW MAY
Partner
Registered Company Auditor

FORM 1

**DISCLOSURE FOR THE PURPOSES OF S.148A Fair Work (Registered Organisations) Act 2009 and
CFMEU RULE 24B:**

Disclosure of Board Fees, Payments from Related Parties and Remuneration

I, Aaron Cartledge

of Level 1, 32 South Terrace Adelaide 5000

Disclose I have been paid the following remuneration for the period 01/01/2015 to 31/12/2015:

1. Board Fees

SafeWork SA	\$11,334.44
Construction Industry Training Centre (CITC)	\$10,000.00
Construction Industry Long Service Leave Board (CILSLB)	\$ 1,239.00
Mining & Quarrying Occupational Health & Safety Committee (MAQOHSC)	\$ 1,335.00
Building Industry Redundancy Scheme Trust (BIRST)	\$ 3,750.00

Unless otherwise specified, all board fees above have been paid to the CFMEU and not retained by me personally.

2. Payments to me from Related Parties:

(List only those payments that are made in connection with the performance of the officer's duties as an officer)

.....
.....
.....

3. Remuneration From Union

Remuneration paid to me by the Union (including wages, salary, allowances etc but not non- cash benefits):

\$109,133.79

4. Total Amount Received

The total amount I received (including all amounts retained personally at 1, together with amounts at 2 and 3) was:

\$109,133.79

NAME: Aaron Cartledge

SIGNED: _____



Date: 6th April 2016

FORM 1

**DISCLOSURE FOR THE PURPOSES OF S.148A *Fair Work (Registered Organisations) Act 2009* and
CFMEU RULE 24B:**

Disclosure of Board Fees, Payments from Related Parties and Remuneration

I, Darren Roberts

of Level 1, 32 South Terrace Adelaide 5000

Disclose I have been paid the following remuneration for the period 01/01/2015 to 31/12/2015

1. Board Fees

Construction Industry Training Centre (CITC)	\$10,000.00
Building Industry Redundancy Scheme Trust (BIRST)	\$17,750.00
Construction Industry Long Service Leave Board (CILSLB)	\$ 177.00

Unless otherwise specified, all board fees above have been paid to the CFMEU and not retained by me personally.

2. Payments to me from Related Parties:

(List only those payments that are made in connection with the performance of the officer's duties as an officer)

.....
.....
.....

3. Remuneration From Union

Remuneration paid to me by the Union (including wages, salary, allowances etc but not non- cash benefits):

\$119,668.49

4. Total Amount Received

The total amount I received (including all amounts retained personally at 1, together with amounts at 2 and 3) was:

\$119,668.49

—NAME: —Darren-Roberts

—SIGNED: _____



Date 6th April 2016