

Construction, Forestry, Mining and Energy Union

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

FOR THE YEAR ENDED 31 DECEMBER 2016

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 31st May 2017, and
- that the full report was presented to a meeting of the Divisional Branch Management Committee of the reporting unit on the 7th June 2017, in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.



Divisional Branch Secretary
CFMEU
Construction & General Division
South Australian Branch

13th June 2017

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 2016



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 2016.

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.

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

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

FINANCIAL REPORT FOR THE
YEAR ENDED 31ST DECEMBER 2016

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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 2016

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 2016.

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 2016 was \$384,258 (2015 Operating Loss \$182,257).

Financial Affairs

The significant losses of the last two years have mostly been caused by two events; the various legal matters that were well documented in last year’s Accounts, and resulted in substantial legal fees and fines and penalties being incurred, although these were apportioned across the other Divisional Branches of the Division, and not met by the SA Divisional Branch alone; and the fact that the annual Distribution from BIRST was significantly lower than in past years. Although the Net Assets of the Division are only \$114,117 at 31st December 2016, it is anticipated that a significant distribution will be received from BIRST in July 2017.

Significant Post Balance Date Event

In December 2016, the Fair Work Commission approved rule alterations for the National Body and all of its Divisions, the effect of which will be to change the financial year of the reporting unit from 1st January to 31st December to 1st April to 31st March, commencing on and from 1st April 2017. This will result in a further Financial Report being prepared for the 3 months ended 31st March 2017.

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.

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

OPERATING REPORT FOR THE YEAR ENDED 31ST DECEMBER 2016 (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 2,233 (2015: 2,529).

Number of Employees

The number of full-time equivalent employees of the Union at the end of the financial year was 5.

The two highest paid employees were:

- Aaron Cartledge \$113,413
- Nikki Candy \$82,866

These figures include Superannuation, BIRST payments and Termination payments.

The only non-cash benefit received by these employees was the use of a Union-owned motor vehicle by Aaron Cartledge, which was 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	Duncan Campbell	Craig Fry
Mark Gava	Geoffrey Hill	Scott Jeffs	Michael McDermott
Mark McEwen	John Nelson	James Norris	James O'Connor
Andrew Penny	Antony Priddle	David Sahlberg	Derek Stapleton

All appointments were for the Period 1st January 2016 – 31st December 2016

Signed on behalf of the Committee of Management by:



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

Date: 31.05.2017

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


COMMITTEE OF MANAGEMENT STATEMENT

On the 31st May 2017, 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 2016.

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 2016;
- (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 2016 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: 31.05.2017.....

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 2016

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 2016.

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 2016, 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 2016; 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.

Emphasis of Matter - 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. As a result the Financial Report may not be suitable for another purpose.

Signed at Adelaide this 31st day of May 2017
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 2016

	Note	2016 \$	2015 \$
EQUITY			
Accumulated Surplus		89,213	473,471
Trust Account		1,439	1,439
Leigh Creek Levy Fund		-	-
Port Pirie Welfare Fund		23,465	23,100
TOTAL FUNDS		<u>\$114,117</u>	<u>\$498,010</u>
These funds are represented by:-			
CURRENT ASSETS			
Petty Cash		500	500
Cash at Bank	5	303,926	291,099
Trade & Other Debtors	6	75,655	80,938
Prepayments		112,363	109,325
TOTAL CURRENT ASSETS		<u>492,444</u>	<u>481,862</u>
CURRENT LIABILITIES			
Sundry Creditors & Accruals		63,389	66,583
Income Received in Advance		270,335	267,003
Leave Provisions	12	87,783	11,500
Short Term Loan		250,000	-
TOTAL CURRENT LIABILITIES		<u>671,507</u>	<u>345,086</u>
NET WORKING CAPITAL		<u>(\$179,063)</u>	<u>\$136,776</u>
NON CURRENT ASSETS			
Loan to ABCWF		269,966	342,718
Fixed Assets	7	23,214	18,516
TOTAL NON CURRENT ASSETS		<u>293,180</u>	<u>361,234</u>
NET ASSETS		<u>\$114,117</u>	<u>\$498,010</u>
Contingent Liabilities	8		
Post Balance Date Event	9		

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

CONSTRUCTION & GENERAL DIVISION SOUTH AUSTRALIAN BRANCH

STATEMENT OF ACCUMULATED FUNDS For the year ended 31st December 2016

	2016	2015
	\$	\$
Total Surplus/(Deficit)	(384,258)	(182,257)
Add Accumulated Surplus at the beginning of the Year	473,471	655,728
ACCUMULATED SURPLUS AT THE END OF THE YEAR	\$89,213	\$473,471

STATEMENT OF CHANGES IN EQUITY For the year ended 31st December 2016

	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	702,908	702,908
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	\$498,010	\$498,010
Less Deficit for the year ended 31 st December 2016	(384,258)	(390,171)
Add Movement in Levy Funds	365	(-)
Balance as at 31 st December 2016	\$114,117	\$107,839

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 2016

	Note	2016 \$	2015 \$
INCOME			
Members' Contributions		1,224,209	1,371,174
Meeting Attendance & Board Fees		53,831	55,585
Healthy Workers Healthy Future Net Funding		-	(100,526)
Interest Received		1,413	5,839
BIRST Distribution		336,534	692,064
SafeWork SA Net Funding		-	(13,958)
Advertising Income		87,000	100,000
Assistance Fund Income		-	5,000
Penalty Received		12,727	-
Sundry Reimbursements including Wages		-	37,848
Sundry Income		3,674	1,768
TOTAL INCOME		1,719,387	2,041,558
LESS EXPENDITURE			
Accounting		2,330	4,470
Audit		5,760	6,095
Bank Charges & Credit Card Fees		13,536	14,444
Barbecue Costs		750	1,082
Building Industry Redundancy Scheme		4,680	5,460
Cleaning		6,853	6,858
Computer Expenses		3,628	2,514
Conferences & Training		6,380	13,298
Depreciation		7,582	11,101
Donations		6,360	800
Emergency Transport		62,942	90,057
Entertainment & Public Relations		659	-
Fringe Benefits Tax		481	4,933
Insurance (General, Members & Income Protection)		231,886	228,959
Internet Connection Fees		1,279	4,564
Legal & Industrial Expenses	8	39,557	142,097
Levies		28,072	20,049
Light & Power		15,862	14,461
Loss on Disposal of Assets		-	340
Motor Vehicle Expenses		68,289	82,310
Office Expenses		12,238	18,414
Papers & Publications		1,879	2,054
Photocopier Rental		10,104	9,262
Picnic		7,571	-
Port Pirie Social Club		1,248	1,426
Postage & Contract Mailing		13,482	12,986
Printing & Stationery		25,243	21,108
Promotional Items		6,497	17,668

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 2016 (continued)

	Note	2016 \$	2015 \$
Rent		100,000	100,000
Repairs & Maintenance		394	8,164
Service Fees & Consulting Charges	2	662,555	994,541
Subscriptions		2,919	3,222
Sundry Expenses		463	1,216
Sustentation & Capitation Fees		129,544	155,012
Telephone		35,121	33,144
Travel & Accommodation		50,551	54,872
Employment Expenses – Office Holders			
Salaries & Allowances		264,831	230,889
Superannuation		45,090	25,372
Separation & Redundancies		-	-
Workcover		3,679	4,248
Payroll Tax		16,642	11,732
Provision for BIRST		45,012	-
Provisions for Annual & Long Service Leave		<u>38,840</u>	<u>(42,174)</u>
Total Employment Expenses – Office Holders		<u>414,094</u>	<u>230,067</u>
Employment Expenses – Employees Other than Office Holders			
Salaries & Allowances		99,443	16,402
Superannuation		10,809	2,460
Separation & Redundancies		-	-
Provision for Annual Leave		3,310	-
Provision for BIRST		2,520	303
Workcover		1,226	-
Payroll Tax		<u>5,547</u>	<u>838</u>
Total Employment Expenses – Employees other than Office Holders		<u>122,855</u>	<u>20,003</u>
Total Employment Expenses		<u>536,949</u>	<u>250,070</u>
TOTAL EXPENDITURE		<u>2,103,645</u>	<u>2,337,051</u>
TOTAL OPERATING SURPLUS/(DEFICIT)		<u>(\$384,258)</u>	<u>(\$182,257)</u>

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, 2016

	Note	2016 \$	2015 \$
CASH FROM OPERATING ACTIVITIES			
Members' Contributions		1,291,126	1,502,498
Payments to Suppliers, Employees & ATO		(1,722,006)	(2,326,388)
Legal Fees and Fines		(39,557)	(117,620)
Grant Received from SafeWork SA		-	-
Distribution Received from BIRST		336,534	694,532
Advertising Income		85,000	100,000
Meeting Attendances and Board Fees		55,831	55,585
Project Income Received		-	22,400
Project Income Expended		-	(136,884)
Wage Reimbursements		-	37,848
Other Income		16,766	6,768
Interest Received		1,413	5,839
NET CASH GENERATED/(USED) BY OPERATING ACTIVITIES	15	25,107	(155,422)
CASH FROM INVESTING ACTIVITIES			
Payment for Plant & Equipment		(12,280)	(3,262)
NET CASH (USED)/PROVIDED BY INVESTING ACTIVITIES		(12,280)	(3,262)
NET INCREASE/(DECREASE) IN CASH HELD		12,827	(158,684)
Cash at Beginning of Year	14	291,599	450,283
CASH AT END OF YEAR	14	\$304,426	\$291,599

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, 2016

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

Following a directive from the National Office to all Branches, and in keeping with the relevant reporting requirements, Member Contributions 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, 2016

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

(f) Going Concern

This GPFR has been prepared on a going concern basis. Although the Net Assets of the Division are only \$114,117 at 31st December 2016, and the Net Working Capital is (\$179,063), it is anticipated that a significant distribution will be received from BIRST in July 2017.

(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 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.

(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, 2016

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 they relate.

(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

Some of the 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, 2016

Note 4.	Sustentation & Capitation Fees	2016	2015
		\$	\$
	C.F.M.E.U. – Divisional National Office	110,880	137,919
	SA Unions	12,956	17,093
	ALP Affiliation	5,708	-
		\$129,544	\$155,012
Note 5.	Cash at Bank		
	<u>Commonwealth Bank</u>		
	Cheque Account	69,368	51,316
	Trust Account	4,454	4,454
	Business Online Saver	207,214	212,804
	Port Pirie Bank Accounts	22,890	22,525
		\$ 303,926	\$ 291,099
Note 6.	Trade & Other Debtors	2016	2015
		\$	\$
	Trade & Other Debtors (including Membership Subscriptions Receivable)	224,349	289,803
	Less Provision for Doubtful Debts	(148,694)	(208,865)
		\$75,655	\$80,398
	TOTAL TRADE & OTHER DEBTORS	\$75,655	\$80,398
	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, 2016

	2016 \$	2015 \$
Note 7. Fixed Assets		
Office Furniture & Equipment at Cost	88,506	76,226
Less Accumulated Depreciation	(65,292)	(57,710)
	<u>23,214</u>	<u>18,516</u>
TOTAL FIXED ASSETS	<u>\$23,214</u>	<u>\$18,516</u>
Movements in Carrying Amounts	Office Furniture	Total
Carrying Amount at the Beginning of the Period	18,516	18,516
Additions	12,280	12,280
Disposals	-	-
Depreciation Expense	(7,582)	(7,582)
Depreciation Writeback	-	-
	<u>\$23,214</u>	<u>\$23,214</u>

Note 8. Contingent Liabilities and Legal Fees

Some of the legal matters referred to in last year's Financial Report are the subject of an appeal and others involve a reserved decision, so the final outcome is not yet known. It is important to understand that legal costs and fines and penalties referred to previously have been apportioned across the other Divisional Branches and are not being met by the SA Divisional Branch alone. This will continue to be the case, whatever the outcome of the abovementioned matters.

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, 2016

Note 9. Significant Post Balance Date Event

In December 2016, the Fair Work Commission approved rule alterations for the National Body and all of its Divisions, the effect of which will be to change the financial year of the reporting unit from 1st January to 31st December to 1st April to 31st March, commencing on and from 1st April 2017. This will result in a further Financial Report being prepared for the 3 months ended 31st March 2017.

Note 10. Compensation Paid to all Key Management Personnel

The Union employs two Key Management Personnel, being Aaron Cartledge (Secretary), who was employed for the full year, and James O'Connor (Assistant Secretary), who was employed from 1st July 2016. The total amount paid to Key Management Personnel was \$171,512. 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:

	2016	2015
	\$	\$
Short Term Employee Benefits	140,506	156,213
Post-Employment Benefits	26,326	23,343
Other Long Term Employee Benefits	4,680	5,460
Termination Benefits	-	43,786
Any Share Based Payments	-	-
TOTAL PAID	<u>\$171,512</u>	<u>\$228,802</u>

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, 2016

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.

	2016	2015
	\$	\$
C&GNO		
Received in respect of Airfare Reimbursements	6,504	6,399
Received in respect of Donations Reimbursed	-	-
Received in respect of Union Shopper	-	-
Paid in respect of Capitation Fees	110,880	137,919
ABCWF		
Paid in respect of Rent	100,000	100,000
Paid in respect of Service Fees (Note 2)	662,555	994,541

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:

	2016	2015
	\$	\$
Audit Fees	5,760	6,095
Accounting Fees	1,610	3,750
Fringe Benefits Tax Return Preparation	720	720
Other	-	-
	<u>8,090</u>	<u>10,565</u>

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

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For the year ended 31st December, 2016

Note 13. Leave Provisions	2016	2015
Opening Balance at 1 st January 2016	11,500	57,070
Net Provision Movement During the Year	76,283	(45,570)
	\$87,783	\$11,500
Employee Benefit Provisions attributable to:		
Office Holders		
Annual Leave	50,340	9,860
Long Service Leave	-	-
Separation & Redundancies	31,613	-
Other	-	-
	\$81,953	\$9,860
Employees other than Office Holders		
Annual Leave	3,310	1,640
Long Service Leave	-	-
Separation & Redundancies	2,520	-
Other	-	-
	\$5,830	\$1,640

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.

	2016	2015
	\$	\$
Cash at Bank (Note 5)	303,926	291,099
Cash on Hand	500	500
	\$304,426	\$291,599

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, 2016

Note 15. Reconciliation of Cash Flow from Operations with Net Surplus/(Deficit)

	2016	2015
	\$	\$
Net Surplus/(Deficit)	(384,258)	(182,257)
Non Cash Flows in Net Surplus/(Deficit)		
Depreciation	7,582	11,101
Employee Leave Provisions	76,283	(45,570)
Changes in Assets and Liabilities		
(Increase)/Decrease in Receivables	78,035	62,810
(Increase)/Decrease in Prepayments	(3,038)	13,263
Increase/(Decrease) in Creditors	246,806	4,989
Increase/(Decrease) in Income Received in Advance	3,332	2,468
Increase/(Decrease) in Welfare Fund Equity	365	(22,226)
CASH FLOWS GENERATED/(USED) BY OPERATIONS	<u>\$25,107</u>	<u>(\$155,422)</u>

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, 2016

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	2016 \$	2015 \$
Financial Assets			
Cash and cash equivalents	14	304,381	291,599
Trade Debtors		75,655	80,938
		<u>380,036</u>	<u>372,537</u>
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables		313,389	66,583
		<u>313,389</u>	<u>66,583</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, 2016

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	
		2016	2015	2016	2015	2016	2015
		\$	\$	\$	\$	\$	\$
Financial liabilities due for payment							
Trade & other payables (excluding estimated annual leave & deferred income)		313,389	66,583	-	-	313,389	66,583
Borrowings		-	-	-	-	-	-
Total expected outflows		313,389	66,583	-	-	313,389	66,583
Financial assets – cash flows realisable							
Cash & cash equivalents	5	304,381	291,599	-	-	304,381	291,599
Trade receivables		75,655	80,938	-	-	75,655	80,938
Total expected inflows		380,036	372,537	-	-	380,036	372,537
Total Net Inflows/(Outflows)		66,647	305,954	-	-	66,647	305,954

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, 2016

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	2016		2015	
		Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
		\$	\$	\$	\$
Financial assets					
Cash & cash equivalents	(i)	304,426	304,426	291,599	291,599
Trade & other receivables	(i)	75,655	75,655	80,938	80,938
Loans receivable	(i)	269,966	269,966	342,718	342,718
Total financial assets		650,047	650,047	715,255	715,255
Financial liabilities					
Trade & other payables	(i)	63,388	63,388	66,583	66,583
Loans payable	(i)	250,000	250,000	-	-
Total financial liabilities		313,388	313,388	66,583	66,583

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, 2016

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, 2016

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, 2016

Note 20. Additional Disclosures per Reporting Guidelines

	2016	2015
	\$	\$
Donations Received	-	-
Grants Received	-	-
Affiliation Fees Paid – See Note 4	155,012	158,189
Total Grants Paid	-	-
Total of Donations <\$1,000	1,360	800
Total of Donations >\$1,000	5,000	-
Legal Costs in respect of:		
- Litigation	39,076	105,620
- Other Matters	481	-
- Penalties Under RO Act	-	36,477
Amount Receivable from CFMEU Federal Office	18,341	5,817
Amount Payable to CFMEU Federal Office	15,848	-
Amounts Payable in respect of Legal Costs – See Note 8	-	-
Total Amount Paid to CFMEU Divisional National Office (including Sustentation Fees)	222,815	143,193
Total Amount Received from CFMEU Divisional NO	5,053	5,817
Allowances Paid to Officers to Attend Meetings as a Representative of the Union	13,862	19,062

**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

[m]²

**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 2016, 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 31st day of May 2017

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 01/01/2016 to 31/12/2016:

1. Board Fees

SafeWork SA	\$ 822.00
Construction Industry Training Centre (CITC)	\$10,000.00
Construction Industry Long Service Leave Board (CILSLB)	\$ 1,770.00
Mining & Quarrying Occupational Health & Safety Committee (MAQOHSC)	\$ 1,239.00
Building Industry Redundancy Scheme Trust (BIRST)	\$30,000.00

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):

\$113,413.40

4. Total Amount Received

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

\$113,413.40

NAME: Aaron Cartledge

SIGNED: _____

A handwritten signature in black ink, appearing to read 'A. Cartledge', is written over a horizontal line.

Date: 4th April 2017

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, James O'Connor

of Level 1, 32 South Terrace Adelaide 5000

Disclose I have been paid the following remuneration for the period 01/01/2016 to 31/12/2016:

1. Board Fees

Construction Industry Training Centre (CITC)	\$10,000.00
--	-------------

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):

\$55,367.25

4. Total Amount Received

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

\$55,367.25

NAME: James O'Connor

SIGNED: _____

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke, positioned above a solid horizontal line.

Date: 12th April 2017