

Construction, Forestry, Mining and Energy Union

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

FOR THE YEAR ENDED 31 MARCH 2017

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 10th August 2017, and
- that the full report was presented to a meeting of the Divisional Branch Management Committee of the reporting unit on the 30th August 2017, in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.



Divisional Branch Secretary
CFMEU
Construction & General Division
South Australian Branch

30th August 2017

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

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

FINANCIAL REPORT FOR THE
3 MONTHS ENDED 31ST MARCH 2017

CONTENTS

	Page No.
Operating Report	2-3
Committee of Management Statement	4
Auditor's Report	5-7
Balance Sheet	8
Statement of Accumulated Funds	9
Statement of Changes in Equity	9
Income Statement	10-11
Statement of Cash Flows	12
Notes to and forming part of the Financial Report	13-26
Auditor's Independence Declaration	27

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 3 MONTHS ENDED 31ST MARCH 2017

In accordance with Section 254 of the Fair Work (Registered Organisations) Act 2009, the Committee presents its report on the operations for the 3 months ended 31st March 2017.

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 period continued to be:

- 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 3 months ended 31st March 2017 was \$117,786 (Year ended 31st December 2016 Operating Loss \$384,258).

Financial Affairs

The significant accumulated losses from 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. It is anticipated that a significant distribution will be received from BIRST in July 2017.

Change of Financial Reporting Period

In December 2016, the Fair Work Commission approved rule alterations for the National Body and all of its Divisions, the effect of which was 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. As a result this further Financial Report has been prepared for the 3 months ended 31st March 2017. All comparative figures for this Financial Report are for the year ended 31st December 2016.

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 3 MONTHS ENDED 31ST MARCH 2017 (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 2,240 (31st December 2016: 2,233).

Number of Employees

The number of full-time equivalent employees of the Union at the end of the reporting period was 5.

The two highest paid employees for the reporting period were:

- Aaron Cartledge \$30,862
- James O'Connor \$29,622

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 both Aaron Cartledge and James O'Connor, which were subject to the usual Fringe Benefits Tax.

Committee of Management

The members of the Committee of Management at any time during the reporting period were as follows:

Duncan Campbell	Aaron Cartledge	Craig Fry	Mark Gava
Geoffrey Hill	Michael Hopes	Scott Jeffs	Mark McEwen
Gregory Natt	James O'Connor	Antony Priddle	David Sahlberg
Gregory Warner	Joseph Wetini		

All appointments are for the Period 1st January 2017 – 31st December 2017

Signed on behalf of the Committee of Management by:



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

Date: 9/8/17

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

COMMITTEE OF MANAGEMENT STATEMENT

On the *9th August* 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 3 months ended 31st March 2017.

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 3 months ended 31st March 2017;
- (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 3 months ended 31st March 2017 and since the end of the reporting period:
 - (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 reporting period.

For the Committee of Management


.....

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

Date: *9/8/17*

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN BRANCH

FOR THE 3 MONTHS ENDED 31ST MARCH 2017



Auditor's Opinion

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, ('the Union') for the 3 Months Ended 31st March 2017.

In our opinion:

- (1) There were kept by the Union in respect of the 3 Months Ended 31st March 2017 satisfactory accounting records, detailing the sources and nature of the Income of the Union (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 Union as at 31st March 2017; and
 - (ii) the Income and Expenditure and Deficit of the Union for the 3 months 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 Union 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 for Auditor's Opinion

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

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 in the Financial Report, which describes the basis of accounting and in particular the change in the reporting period. The Financial Report has been prepared to assist the Union 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. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

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

Committee's Responsibility for the Financial Report

The Committee of Management is responsible for the preparation and fair presentation of the Financial Report in accordance with Australian Accounting Standards, 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.

In preparing the Financial Report, the Committee of Management is responsible for assessing the Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Union or to cease operations, or has no realistic alternative but to do so.

The Committee of Management is responsible for overseeing the Union's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee.


INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

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

- Conclude on the appropriateness of the Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Signed at Adelaide this *9th* day of *August* 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 March 2017

	Note	31 st March 2017 \$	31 st December 2016 \$
EQUITY			
Accumulated Surplus		(28,573)	89,213
Trust Account		434	1,439
Port Pirie Welfare Fund		23,465	23,465
TOTAL FUNDS		<u>(\$4,674)</u>	<u>\$114,117</u>
These funds are represented by:-			
CURRENT ASSETS			
Petty Cash		500	500
Cash at Bank	5	76,651	303,926
Trade & Other Debtors	6	7,192	75,655
Prepayments		54,162	112,363
TOTAL CURRENT ASSETS		<u>138,505</u>	<u>492,444</u>
CURRENT LIABILITIES			
Sundry Creditors & Accruals		76,194	63,389
Income Received in Advance		168,156	270,335
Leave Provisions	12	65,593	87,783
Short Term Loan		10,000	250,000
TOTAL CURRENT LIABILITIES		<u>319,943</u>	<u>671,507</u>
NET WORKING CAPITAL		<u>(\$181,438)</u>	<u>(\$179,063)</u>
NON CURRENT ASSETS			
Loan to ABCWF		155,513	269,966
Fixed Assets	7	21,251	23,214
TOTAL NON CURRENT ASSETS		<u>176,764</u>	<u>293,180</u>
NET ASSETS		<u>(\$4,674)</u>	<u>\$114,117</u>
Contingent Liabilities	8		

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

CONSTRUCTION & GENERAL DIVISION SOUTH AUSTRALIAN BRANCH

STATEMENT OF ACCUMULATED FUNDS For the 3 months ended 31st March 2017

	31 st March 2017 \$	31 st December 2016 \$
Total Surplus/(Deficit)	(117,786)	(384,258)
Add Accumulated Surplus at the beginning of the Year	89,213	473,471
ACCUMULATED SURPLUS/(DEFICIT) AT END OF THE YEAR	(\$28,573)	\$89,213

STATEMENT OF CHANGES IN EQUITY For the 3 months ended 31st March 2017

	Retained Earnings \$	Total \$
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 at 31 st December 2015	\$498,010	\$498,010
Less Deficit for the year ended 31 st December 2016	(384,258)	(384,258)
Add Movement in Levy Funds	365	365
Balance as at 31 st December 2016	\$114,117	\$114,117
Less Deficit for the 3 months ended 31 st March 2017	(117,786)	(117,786)
Add Movement in Levy Funds	(1,005)	(1,005)
Balance as at 31st March 2017	(\$4,674)	(\$4,674)

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 3 months ended 31st March 2017

	Note	3 Months Ended 31 st March 2017 \$	Year Ended 31 st Dec 2016 \$
INCOME			
Members' Contributions		262,028	1,224,209
Meeting Attendance & Board Fees		5,338	53,831
Members' Health Contribution		53,479	-
Interest Received		169	1,413
BIRST Distribution		30,706	336,534
Advertising Income		20,000	87,000
Penalty Received		-	12,727
Sundry Income		2,231	3,673
TOTAL INCOME		373,951	1,719,387
LESS EXPENDITURE			
Accounting		2,130	2,330
Audit		5,960	5,760
Bank Charges & Credit Card Fees		2,631	13,536
Barbecue Costs		27	750
Building Industry Redundancy Scheme		1,680	4,680
Cleaning		1,593	6,853
Computer Expenses		-	3,628
Conferences & Training		336	6,380
Depreciation		2,235	7,582
Donations		250	6,360
Emergency Transport		7,925	62,942
Entertainment & Public Relations		-	659
Fringe Benefits Tax		-	481
Insurance (General, Members & Income Protection)		60,631	231,886
Internet Connection Fees		.136	1,279
Legal & Industrial Expenses	8	1,920	39,557
Levies		3,662	28,072
Light & Power		1,472	15,862
Loss on Disposal of Assets		-	-
Motor Vehicle Expenses		10,606	68,289
Office Expenses		1,060	12,238
Papers & Publications		535	1,879
Photocopier Rental		2,526	10,104
Picnic		15,891	7,571
Port Pirie Social Club		282	1,248
Postage & Contract Mailing		2,074	13,482
Printing & Stationery		4,107	25,243
Promotional Items		1,200	6,497

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 3 months ended 31st March 2017 (continued)

	Note	3 Months Ended 31 st March 2017 \$	Year Ended 31 st Dec 2016 \$
Rallies		1,869	-
Rent		25,000	100,000
Repairs & Maintenance		128	394
Service Fees & Consulting Charges	2	133,600	662,555
Subscriptions		144	2,919
Sundry Expenses		433	463
Sustentation & Capitation Fees		52,980	129,544
Telephone		5,564	35,121
Travel & Accommodation		7,937	50,551
Employment Expenses – Office Holders			
Salaries & Allowances		99,547	264,831
Superannuation		15,082	45,090
Separation & Redundancies		-	-
Workcover		1,637	3,679
Payroll Tax		5,560	16,642
Provision for BIRST		(6,060)	45,012
Provisions for Annual & Long Service Leave		<u>(13,650)</u>	<u>38,840</u>
Total Employment Expenses – Office Holders		<u>102,116</u>	<u>414,094</u>
Employment Expenses – Employees Other than Office Holders			
Salaries & Allowances		23,512	99,443
Superannuation		3,527	10,809
Separation & Redundancies		-	-
Provision for Annual Leave & Long Service Leave		1,540	3,310
Provision for BIRST		720	2,520
Workcover		408	1,226
Payroll Tax		<u>1,390</u>	<u>5,547</u>
Total Employment Expenses – Employees other than Office Holders		<u>31,097</u>	<u>122,855</u>
Total Employment Expenses		<u>133,213</u>	<u>536,949</u>
TOTAL EXPENDITURE		<u>491,737</u>	<u>2,103,645</u>
TOTAL OPERATING SURPLUS/(DEFICIT)		<u>(\$117,786)</u>	<u>(\$384,258)</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 3 months ended 31st March, 2017**

	Note	3 Months Ended 31 st March 2017 \$	Year Ended 31 st Dec 2016 \$
CASH FROM OPERATING ACTIVITIES			
Members' Contributions		332,234	1,291,126
Payments to Suppliers, Employees & ATO		(615,760)	(1,722,006)
Legal Fees and Fines		(1,920)	(39,557)
Distribution Received from BIRST		30,706	336,534
Advertising Income		20,000	85,000
Meeting Attendances and Board Fees		5,338	55,831
Other Income		2,230	16,766
Interest Received		169	1,413
NET CASH GENERATED/(USED) BY OPERATING ACTIVITIES	14	<u>(227,003)</u>	<u>25,107</u>
CASH FROM INVESTING ACTIVITIES			
Payment for Plant & Equipment		(272)	(12,280)
NET CASH (USED)/PROVIDED BY INVESTING ACTIVITIES		<u>(272)</u>	<u>(12,280)</u>
NET INCREASE/(DECREASE) IN CASH HELD		<u>(227,275)</u>	<u>12,827</u>
Cash at Beginning of Year	13	<u>304,426</u>	<u>291,599</u>
CASH AT END OF YEAR	13	<u>\$77,151</u>	<u>\$304,426</u>

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 3 Months Ended 31st March, 2017

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

This 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) Change of Financial Year

In December 2016, the Fair Work Commission approved rule alterations for the National Body and all of its Divisions, the effect of which was 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 January 2017. As a result this Financial Report has been prepared for the 3 months ended 31st March 2017. All comparative Income and Expenditure figures are for the year ended 31st December 2016, and all comparative Balance Sheet figures are as at 31st December 2016.

(c) 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.

(d) 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.

(e) Revenue Recognition

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

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

CONSTRUCTION & GENERAL DIVISION SOUTH AUSTRALIAN BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the 3 Months Ended 31st March, 2017

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

(f) 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.

(g) Going Concern

This GPFR has been prepared on a going concern basis. Although the Net Assets of the Division are only (\$4,676) at 31st March 2017, and the Net Working Capital is (\$181,438), it is anticipated that a significant distribution will be received from BIRST in July 2017.

(h) 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.

(i) 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.

(j) 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.

(k) 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 3 Months Ended 31st March, 2017

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

(l) 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.

(m) 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 3 Months Ended 31st March, 2017

Note 4.	Sustentation & Capitation Fees	31st March 2017 \$	31st December 2016 \$
	C.F.M.E.U. – Divisional National Office	48,631	110,880
	SA Unions	4,349	12,956
	ALP Affiliation	-	5,708
		\$52,980	\$129,544
		\$52,980	\$129,544
Note 5.	Cash at Bank		
	<u>Commonwealth Bank</u>		
	Cheque Account	51,928	69,368
	Trust Account	454	4,454
	Business Online Saver	1,379	207,214
	Port Pirie Bank Accounts	22,890	22,890
		\$76,651	\$303,926
	TOTAL CASH AT BANK	\$76,651	\$303,926
Note 6.	Trade & Other Debtors	2017 \$	2016 \$
	Trade & Other Debtors (including Membership Subscriptions Receivable)	209,318	224,349
	Less Provision for Doubtful Debts	(202,126)	(148,694)
		\$7,192	\$75,655
	TOTAL TRADE & OTHER DEBTORS	\$7,192	\$75,655
	Also see Note 1(e)		

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

CONSTRUCTION & GENERAL DIVISION SOUTH AUSTRALIAN BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the 3 Months Ended 31st March, 2017

	2017 \$	2016 \$
Note 7. Fixed Assets		
Office Furniture & Equipment at Cost	88,778	88,506
Less Accumulated Depreciation	(67,527)	(65,292)
	<u>21,251</u>	<u>23,214</u>
TOTAL FIXED ASSETS	<u>\$21,251</u>	<u>\$23,214</u>
Movements in Carrying Amounts	Office Furniture	Total
Carrying Amount at the Beginning of the Period	23,214	23,214
Additions	272	272
Disposals	-	-
Depreciation Expense	(2,235)	(2,235)
Depreciation Writeback	-	-
	<u>21,251</u>	<u>21,251</u>
Carrying Amount at the End of the Period	<u>\$21,251</u>	<u>\$21,251</u>
Note 8. Contingent Liabilities and Legal Fees		

Some of the legal matters referred to in the 2015 Financial Report continue to be 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 3 Months Ended 31st March, 2017

Note 9. Compensation Paid to all Key Management Personnel

The Union employs two Key Management Personnel, being Aaron Cartledge (Secretary) and James O'Connor (Assistant Secretary), who were both employed for the full 3 month period ended 31st March 2017. The total amount paid to Key Management Personnel was \$60,484. 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:

	2017	2016
	\$	\$
Short Term Employee Benefits	48,894	140,506
Post-Employment Benefits	9,910	26,326
Other Long Term Employee Benefits	1,680	4,680
Termination Benefits	-	-
Any Share Based Payments	-	-
	<hr/>	<hr/>
TOTAL PAID	\$60,484	\$171,512
	<hr/>	<hr/>

Note 10. Related Party Transactions

There are two related parties with whom the Union transacted during the period, 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.

	2017	2016
	\$	\$
C&GNO		
Received in respect of Airfare Reimbursements		6,504
Received in respect of Donations Reimbursed	-	-
Received in respect of Union Shopper	-	-
Paid in respect of Capitation Fees	48,631	110,880
ABCWF		
Paid in respect of Rent	25,000	100,000
Paid in respect of Service Fees (Note 2)	133,600	662,555

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

CONSTRUCTION & GENERAL DIVISION SOUTH AUSTRALIAN BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the 3 Months Ended 31st March, 2017

Note 11. 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:

	2017 \$	2016 \$
Audit Fees	5,960	5,760
Accounting Fees	2,130	1,610
Fringe Benefits Tax Return Preparation	-	720
Other	-	-
	<u>8,090</u>	<u>8,090</u>

Note 12. Leave Provisions

Opening Balance at 1 st January 2017	87,783	11,500
Net Provision Movement During the Period	(22,190)	76,283
	<u>\$65,593</u>	<u>\$87,783</u>
Employee Benefit Provisions attributable to:		
Office Holders		
Annual Leave	32,950	50,340
Long Service Leave	-	-
Separation & Redundancies	24,553	31,613
Other	<u>-</u>	<u>-</u>
Balance at 31 st March 2017	<u>\$57,503</u>	<u>\$81,953</u>
Employees other than Office Holders		
Annual Leave	2,700	3,310
Long Service Leave	2,150	-
Separation & Redundancies	3,240	2,520
Other	<u>-</u>	<u>-</u>
Balance at 31 st March 2017	<u>\$8,090</u>	<u>\$5,830</u>

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

CONSTRUCTION & GENERAL DIVISION SOUTH AUSTRALIAN BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the 3 Months Ended 31st March, 2017

Note 13. 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.

	2017	2016
	\$	\$
Cash at Bank (Note 5)	76,651	303,926
Cash on Hand	500	500
	<u>77,151</u>	<u>304,426</u>

Note 14. Reconciliation of Cash Flow from Operations with Net Surplus/(Deficit)

	2017	2016
	\$	\$
Net Surplus/(Deficit)	(117,786)	(384,258)
Non Cash Flows in Net Surplus/(Deficit)		
Depreciation	2,235	7,582
Employee Leave Provisions	(22,734)	76,283
Changes in Assets and Liabilities		
(Increase)/Decrease in Receivables	182,916	78,035
(Increase)/Decrease in Prepayments	58,201	(3,038)
Increase/(Decrease) in Creditors	(227,195)	246,806
Increase/(Decrease) in Income Received in Advance	(102,179)	3,332
Increase/(Decrease) in Welfare Fund Equity	(1,005)	365
CASH FLOWS GENERATED/(USED) BY OPERATIONS	<u>(\$227,547)</u>	<u>\$25,107</u>

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

CONSTRUCTION & GENERAL DIVISION SOUTH AUSTRALIAN BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the 3 Months Ended 31st March, 2017

Note 15. 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	2017 \$	2016 \$
Financial Assets			
Cash and cash equivalents	13	77,151	304,381
Trade Debtors		7,192	75,655
		<u>84,343</u>	<u>380,036</u>
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables		86,194	313,389
		<u>86,194</u>	<u>313,389</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.

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

CONSTRUCTION & GENERAL DIVISION SOUTH AUSTRALIAN BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the 3 Months Ended 31st March, 2017

Note 15. 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	
		2017	2016	2017	2016	2017	2016
		\$	\$	\$	\$	\$	\$
Financial liabilities due for payment							
Trade & other payables (excluding estimated annual leave & deferred income)		86,194	313,389	-	-	86,194	313,389
Borrowings		-	-	-	-	-	-
Total expected outflows		86,194	313,389	-	-	86,194	313,389
Financial assets – cash flows realisable							
Cash & cash equivalents	13	77,151	304,381	-	-	77,151	304,381
Trade receivables		7,192	75,655	-	-	7,192	75,655
Total expected inflows		84,343	380,036	-	-	84,343	380,036
Total Net Inflows/(Outflows)		(1,851)	66,647	-	-	(1,851)	66,647

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

CONSTRUCTION & GENERAL DIVISION SOUTH AUSTRALIAN BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the 3 Months Ended 31st March, 2017

Note 15. 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.

Any 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	2017		2016	
		Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
		\$	\$	\$	\$
Financial assets					
Cash & cash equivalents	(i)	77,151	77,151	304,426	304,426
Trade & other receivables	(i)	7,192	7,192	75,655	75,655
Loans receivable	(i)	155,513	155,513	269,966	269,966
Total financial assets		239,856	239,856	650,047	650,047
Financial liabilities					
Trade & other payables	(i)	86,194	86,194	63,388	63,388
Loans payable	(i)	-	-	250,000	250,000
Total financial liabilities		86,194	86,194	313,388	313,388

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 liabilities 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 3 Months Ended 31st March, 2017

Note 16. 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 the previous year.

Note 17. 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 3 Months Ended 31st March, 2017

Note 17. 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 18. 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 period 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 3 Months Ended 31st March, 2017

Note 19.	Additional Disclosures per Reporting Guidelines	2017	2016
		\$	\$
	Donations Received	-	-
	Grants Received	-	-
	Affiliation Fees Paid – See Note 4	52,980	129,544
	Total Grants Paid	-	-
	Total of Donations <\$1,000	250	1,360
	Total of Donations >\$1,000	-	5,000
	Legal Costs in respect of:		
	- Litigation	1,844	39,076
	- Other Matters	76	481
	- Penalties Under RO Act	-	-
	Amount Receivable from CFMEU Divisional Office	1,571	18,341
	Amount Payable to CFMEU Divisional Office	33,771	15,848
	Amounts Payable in respect of Legal Costs – See Note 8	-	-
	Total Amount Paid to CFMEU Divisional National Office (including Capitation Fees)	45,590	222,815
	Total Amount Received from CFMEU Divisional NO	7,341	5,053
	Allowances Paid to Officers to Attend Meetings as a Representative of the Union	5,338	13,862

**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 Union for the 3 months ended 31st March 2017, 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 *August* 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, Derek Stapleton

of Level 1, 32 South Terrace Adelaide 5000

Disclose I have been paid the following remuneration for the period 01/01/2017 to 31/03/2017:

1. Board Fees	
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):

\$27,014.82

4. Total Amount Received

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

\$27,014.82

NAME: Derek Stapleton

SIGNED: 

Date: 1st July 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 01/01/2017 to 31/03/2017:

1. Board Fees

Construction Industry Training Centre (CITC) \$2,500.00

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):

\$29,621.85

4. Total Amount Received

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

\$29,621.85

NAME: James O'Connor

SIGNED: 

Date: 1st July 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, Aaron Cartledge

of Level 1, 32 South Terrace Adelaide 5000

Disclose I have been paid the following remuneration for the period 01/01/2017 to 31/03/2017:

1. Board Fees

Construction Industry Training Centre (CITC)	\$2,500.00
--	------------

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):

\$30,862.55

4. Total Amount Received

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

\$30,862.55

NAME: Aaron Cartledge

SIGNED:  _____

Date: 1st July 2017