

**THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH**

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

**THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

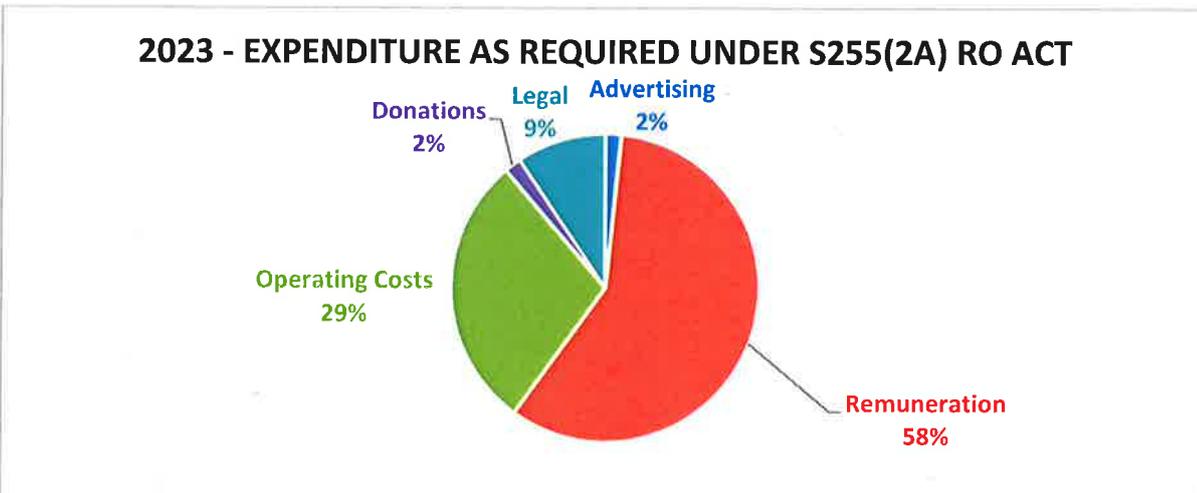
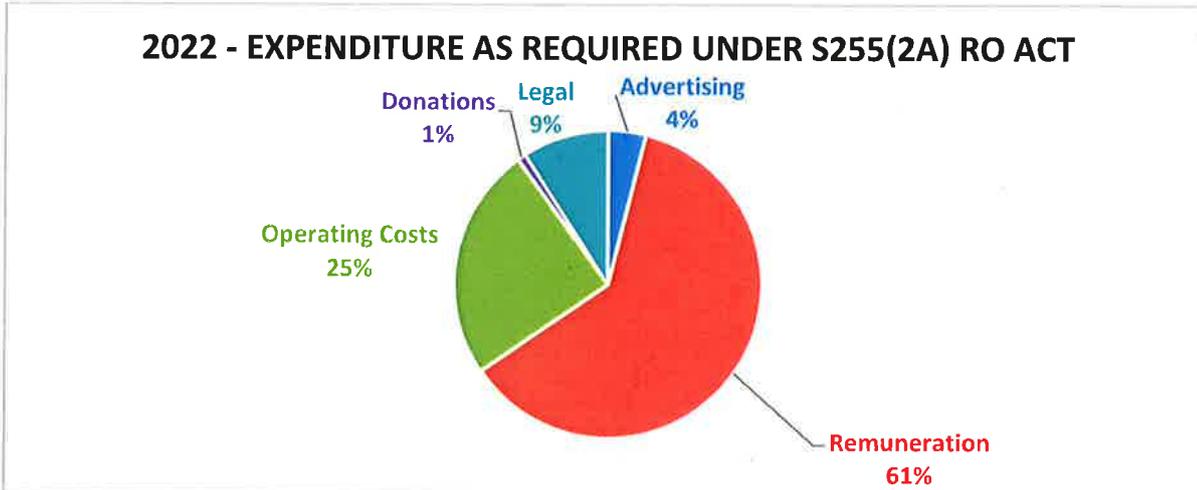
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THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
REPORT REQUIRED UNDER SUBSECTION 255(2A)
FOR THE YEAR ENDED 31 MARCH 2023

REPORT REQUIRED UNDER SUBSECTION 255(2A)

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 31 March 2023.



Robert Graauwmans
PRESIDENT
Melbourne, 18 July 2023

**THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
OPERATING REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

Operating Report

Introduction

The Construction, Forestry, Maritime, Mining & Energy Union Construction and General Division Victorian/Tasmanian Divisional Branch ("CFMEU") is committed to providing a broad range of services to members and defending members' rights in Victoria and Tasmania.

Principal Activities

The principal activity of the CFMEU is that of a registered trade union in Australia reporting in accordance with the requirements of the Fair Work (Registered Organisations) Act 2009. The many benefits of membership come from Enterprise Bargaining Agreement ("EBA") negotiations for good wages and conditions. The CFMEU employs organisers to help members and provides access to services such as occupational health and safety representatives, training and legal advice. The results of the Union's principal activities are that members continue to have decent wages and conditions and access to services. The principal activities of the CFMEU have not changed during the reporting period.

Financial Position

The Union remains in a secure financial position because office holders have ensured that a "safety net" exists for members both individually and as a union so that our united strength can be defended. The Union's operations resulted in a net surplus of \$1,403,256 for the year ended 31 March 2023 (2022 deficit: \$1,472,797).

The Investment Committee, made up of Officers and Trustees taking advice from professional investment advisers, oversee the investments of the Union. The Investment Committee will continue to monitor the Union's investments.

Number of Employees

The Union had 106 full time equivalent employees (2022: 96 full time equivalent employees).

Number of Members

The number of members for the year ended 31 March 2023 was 32,242 (2022: 27,044).

Rights of Members

A member can resign from membership by written notice and in accordance with Chapter 6, Part 3, Section 174 of the Fair Work (Registered Organisation) Act 2009 and the rules of the CFMEU.

Trustee of Superannuation Entity

No officer or member of the Union holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of an organisation.

**THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
OPERATING REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

Operating Report (continued)

Office Holders

The names of the members of the Divisional Branch Management Committee "DBMC" during financial year were:

Akbari F	1 April 2022 to 31 March 2023
Albert M	1 April 2022 to 31 March 2023
Balta S	1 April 2022 to 31 March 2023
Beattie B	1 April 2022 to 31 March 2023
Benstead G	1 April 2022 to 31 March 2023
Christopher D	1 April 2022 to 31 March 2023
Cordier A	1 April 2022 to 31 March 2023
Constantinou J	1 April 2022 to 31 March 2023
Farrelly P	1 April 2022 to 31 March 2023
Graauwmans R	1 April 2022 to 31 March 2023
Gritzalis D	1 April 2022 to 31 March 2023
Hassett R	1 April 2022 to 31 March 2023
Harkins K	1 April 2022 to 31 March 2023
Ioannidis A	1 April 2022 to 31 March 2023
Long S	1 April 2022 to 31 March 2023
Lythgo D	1 April 2022 to 31 March 2023
Misic D	1 April 2022 to 31 March 2023
Murphy M	1 April 2022 to 31 March 2023
Myles J	1 April 2022 to 31 March 2023
Myles M	1 April 2022 to 31 March 2023
Perak J	1 April 2022 to 31 March 2023
Perkovic J	1 April 2022 to 31 March 2023
Pitt B	1 April 2022 to 31 March 2023
Raspudic R	1 April 2022 to 31 March 2023
Round P	1 April 2022 to 31 March 2023
Setka J	1 April 2022 to 31 March 2023
Simpson J	1 April 2022 to 31 March 2023
Spernovasilis E	1 April 2022 to 31 March 2023
Theodorou T	1 April 2022 to 31 March 2023
Tomic J	1 April 2022 to 31 March 2023
Zanatta L	1 April 2022 to 31 March 2023

Signed

For and on behalf of the Divisional Branch Management Committee



Robert Graauwmans
PRESIDENT
Melbourne, 18 July 2023

THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 \$	2022 \$
Income			
Revenue from contracts with customers	2	28,949,903	24,921,637
Income for furthering objectives	2	11,544,103	9,270,300
Other Income	2	5,257,197	3,081,718
Total income		45,751,203	37,273,655
Expenses			
Capitation, affiliation, and amalgamation		2,838,192	2,329,116
National Union office campaigns		1,125,979	296,105
Depreciation		1,646,223	1,628,801
Direct employee benefits – office holders	3	4,858,708	5,246,311
Direct employee benefits – office employees	3	14,271,519	13,440,820
Employee related costs (payroll tax, FBT)		2,725,558	2,357,949
Journal costs		931,331	552,184
Legal costs	3	3,526,922	3,109,358
Loss on disposal of assets		97,736	45,965
Occupancy		2,911,072	2,395,098
Office and administration		3,549,641	3,747,918
Donations	3	676,310	319,876
Promotional costs		1,241,881	502,677
Other expenses		3,946,875	2,774,274
Total expenses		44,347,947	38,746,452
Surplus/(Deficit) for the year		1,403,256	(1,472,797)
Other Comprehensive Income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Gain on revaluation of land and buildings		-	8,519,092
Net (loss) on financial assets at fair value through other comprehensive income		(780,464)	(59,217)
Total comprehensive income for the year		622,792	6,987,078

The statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes

THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	16(a)	39,141,572	33,700,642
Trade and other receivables	4	727,297	727,200
Other financial assets	5	17,681,114	11,464,727
Inventory	6	110,853	104,801
		<u>57,660,836</u>	<u>45,997,370</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	64,698,595	64,800,172
Right-of-use assets	8	502,287	29,710
Other financial assets	5	-	1,682
		<u>65,200,882</u>	<u>64,831,564</u>
TOTAL ASSETS		<u>122,861,718</u>	<u>110,828,934</u>
CURRENT LIABILITIES			
Trade and other payables	9	3,348,425	1,737,616
Contract liabilities	10	19,348,829	10,133,411
Provisions	11	12,639,745	12,515,456
Lease liabilities	8	149,116	28,393
		<u>35,486,115</u>	<u>24,414,876</u>
NON-CURRENT LIABILITIES			
Lease liabilities	8	338,753	-
		<u>338,753</u>	<u>-</u>
TOTAL LIABILITIES		<u>35,824,868</u>	<u>24,414,876</u>
NET ASSETS		<u>87,036,850</u>	<u>86,414,058</u>
MEMBERS' FUNDS			
Accumulated members funds		75,227,741	73,824,485
Reserves		11,809,109	12,589,573
TOTAL MEMBERS' FUNDS		<u>87,036,850</u>	<u>86,414,058</u>

The statement of financial position is to be read in conjunction with the accompanying notes

THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Accumulated Members Funds \$	Asset Revaluation Reserve (i) \$	Financial Assets Reserve (ii) \$	Total \$
Balance at 31 March 2021	75,297,282	2,655,750	1,473,948	79,426,980
Deficit for the year	(1,472,797)	-	-	(1,472,797)
Other comprehensive income	-	8,519,092	(59,217)	8,459,875
Total comprehensive income	(1,472,797)	8,519,092	(59,217)	6,987,078
Balance at 31 March 2022	73,824,485	11,174,842	1,414,731	86,414,058
Surplus for the year	1,403,256	-	-	1,403,256
Other comprehensive income	-	-	(780,464)	(780,464)
Total comprehensive income	1,403,256	-	(780,464)	622,792
Balance at 31 March 2023	75,227,741	11,174,842	634,267	87,036,850

- (i) The reserve is used to recognise increments in the fair value of land and buildings.
- (ii) The reserve is used to recognise increments and decrements in the fair value of financial assets through other comprehensive income.

The statement of changes in equity is to be read in conjunction with the accompanying notes

THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 \$	2022 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members		41,434,386	34,236,409
Receipts from other reporting units	16(c)	3,340,012	95,344
Operating grant receipts		11,484,513	9,164,756
Rent received		900,413	486,638
Interest and dividends received		323,087	23,662
Payments to suppliers and employees		(43,251,348)	(33,598,873)
Payments to other reporting units	16(c)	(157,614)	(3,218,472)
Net cash provided by operating activities	16(b)	<u>14,073,449</u>	<u>7,189,464</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(1,743,132)	(1,235,157)
Proceeds from sale of property, plant and equipment		166,118	82,364
Net proceeds (from)/payments for investments in financial assets		(6,995,169)	2,484,488
Net cash used in investing activities		<u>(8,572,183)</u>	<u>1,331,695</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of lease liabilities	8	(60,336)	(43,692)
Net cash used in investing activities		<u>(60,336)</u>	<u>(43,692)</u>
Net increase in cash held		5,440,930	8,477,467
Cash and cash equivalents at beginning of financial year		<u>33,700,642</u>	<u>25,223,175</u>
Cash and cash equivalents at end of financial year	16(a)	<u>39,141,572</u>	<u>33,700,642</u>

The statement of cash flows is to be read in conjunction with the accompanying notes

THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The financial report is for CFMEU Construction and General Division Victorian and Tasmanian Divisional Branch as an individual entity for the year ended 31 March 2022. The CFMEU is an organisation committed to providing a broad range of services to members and defending their rights. The registered office and principal place of operation is 540 Elizabeth Street, Melbourne, Victoria and 196 Campbell Street, Hobart for the Tasmanian division.

Statement of Compliance

The financial report is a general purpose financial report that has been prepared for distribution to the members to fulfil the Executive's financial reporting requirements under the Fair Work (Registered Organisations) Act 2009. The Executive has prepared the financial report in accordance with Accounting Standards and the Australian Accounting Interpretations, and other pronouncements of the Australian Accounting Standards Board and the requirements of the Fair Work (Registered Organisations) Act 2009.

Compliance with IFRS

For the purposes of this financial report, the Union is considered to be a not-for-profit entity and as such has prepared this financial report with reference to the requirements regarding Not-For-Profits in the Australian Accounting Standards.

The financial statements were authorised for issue by the Committee of Management on the date the Committee of Management Certificate was signed.

Statement of Significant Accounting Policies

Basis of Preparation

The financial report has been prepared on the accrual basis of accounting. The historical cost basis has been used except for certain assets which are carried at fair value. Cost is based on the fair values of the consideration given in exchange for assets. These financial statements are presented in Australian dollars, which is the Union's functional currency. The financial report is prepared on a going concern basis.

New or amended Accounting Standards and Interpretations adopted

The Union has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current financial period.

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

A. Income Tax

No provision for income tax has been raised as the Union is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

B. Goods and Services Tax

Revenues, expenses and assets are recognised net of goods and services tax (GST) except:

- (a) where the GST is not recoverable from the tax office; and
- (b) for receivable and payables which are recognised inclusive of GST;

The net amount of GST receivable or payable to the tax office is included as part of receivables or payables.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Property, Plant and Equipment

(i) Impairment of Assets

At each reporting date the carrying amounts of assets are reviewed to determine whether there is any indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. The Committee of Management are satisfied that the carrying amounts of assets do not exceed the net amounts that are expected to be recovered through the cash inflows and outflows arising from the continued use and subsequent disposal of the assets.

(iii) Property

Land and buildings are measured at fair value. Fair value is determined on the basis of an independent valuation prepared by external valuation experts. The fair values are recognised in the financial statements and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from their fair values.

Any revaluation increase is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the statement of profit or loss and other comprehensive income to the extent of the decrease previously charged. A decrease on revaluation is charged as an expense in the profit and loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit and loss. On subsequent disposal of a revalued property the relevant revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings.

(iv) Plant and Equipment

Plant and equipment is carried at cost less, where applicable, any accumulated depreciation. The depreciable amount of all fixed assets are depreciated over the useful lives of the assets to the Union commencing from the time the asset was held ready for use. The carrying amount of fixed assets is reviewed annually in accordance with the impairment test outlined above to ensure they are not in excess of their recoverable values.

Depreciation is provided on a diminishing value method.

Depreciation rates used are as follows:

Buildings	2.5%
Improvements	2.5-15%
Plant and Equipment	7.5 – 22.5%
Motor Vehicles	18.75%
Furniture, Fixtures and Fittings	15 – 25%
Computer Equipment	20 - 40%

D. Leases

The Union assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Union as a lessee

The Union applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Union recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Union recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets

If ownership of the leased asset transfers to the Union at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Leases (cont'd)

Lease liabilities

At the commencement date of the lease, the Union recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Union and payments of penalties for terminating the lease, if the lease term reflects the Union exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Union uses the incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Union's short-term leases are those that have a lease term of 12 months or less from the commencement. It also applies the lease of low-value assets recognition exemption. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

E. Other Financial Assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Union has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

(i) Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

The Union has applied the simplified approach to measuring expected credit losses, which uses a lifetime loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

(ii) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Union intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

(iii) Impairment of financial assets

The Union recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Union's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

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CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F. Provisions

Provisions are recognised when the Union has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

G. Employee Benefits

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to balance date. Employee entitlements consist of sick leave, annual leave, long service leave and redundancy pay which are accrued in line with employee agreements. Entitlements are unconditional and as such are recorded as current liabilities. Contributions are made by the Union to an employee superannuation fund and are charged as expenses when incurred.

H. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and in banks and investments in money market instruments with terms of less than 90 days, net of outstanding bank overdrafts.

I. Inventories

Finished goods are stated at lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties, and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

J. Trade and Other Payables

Trade payables and other accounts payables are recognised when the Union becomes obliged to make future payments resulting from the purchase of goods and services.

K. Revenue and income

The Union enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of membership subscriptions, capitation fees, levies, grants, and donations. The timing of recognition of these amounts as either revenue or income depends on the rights and obligations in those arrangements.

Revenue from contracts with customers

Where the Union has a contract with a customer, the Union recognises revenue when or as it transfers control of goods or services to the customer. The Union accounts for an arrangement as a contract with a customer if the following criteria are met:

- the arrangement is enforceable; and
- the arrangement contains promises (that are also known as performance obligations) to transfer goods or services to the customer (or to other parties on behalf of the customer) that are sufficiently specific so that it can be determined when the performance obligation has been satisfied.

Membership subscriptions

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of the Union.

If there is only one distinct membership service promised in the arrangement, the Union recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect the Union's promise to stand ready to provide assistance and support to the member as required.

If there is more than one distinct good or service promised in the membership subscription, the Union allocates the transaction price to each performance obligation based on the relative standalone selling prices of each promised good or service. In performing this allocation, standalone selling prices are estimated if there is no observable evidence of the price that the Union charges for that good or service in a standalone sale. When a performance obligation is satisfied, which is either when the customer obtains control of the good (for example, books or clothing) or as the service transfers to the customer (for example, member services or training course), the Union recognises revenue at the amount of the transaction price that was allocated to that performance obligation.

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CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

K. Revenue (cont'd)

For member subscriptions paid annually in advance, the Union has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

When a member subsequently purchases additional goods or services from the Union at their standalone selling price, the Union accounts for those sales as a separate contract with a customer.

Income of the Union as a Not-for-Profit Entity

Consideration is received by the Union to enable the entity to further its objectives. The Union recognises each of these amounts of consideration as income when the consideration is received (which is when the Union obtains control of the cash) because, based on the rights and obligations in each arrangement:

- the arrangements do not meet the criteria to be contracts with customers because either the arrangement is unenforceable or lacks sufficiently specific promises to transfer goods or services to the customer; and
- the Union's recognition of the cash contribution does not give to any related liabilities.

During the year, the Union received cash consideration from the following arrangements whereby that consideration will be recognised as income upon receipt:

- Grant income

Gains from sale of assets

An item of property, plant and equipment is derecognised upon disposal (which is at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

Interest income

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rental income

Leases in which the Union as a lessor, does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the relevant lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Grant income

Grant income will be recognised as revenue when received (which is when the Union obtains control of the cash) unless the performance obligations are sufficiently specific to allow recognition to be deferred income (which is the point in time when the Union receives approval from the grantor).

Other income

Other income is recognised when it is received or when the right to receive payment is established.

L. Acquisition of Assets and or Liabilities

No assets and or liabilities were transferred to the Union for an amalgamation under Part 2 of Chapter 3 of the Fair Work (Registered Organisations) Act 2009; or a restructure of the branches of the Union; or a determination by the General Manager under subsections 245(1) of the Fair Work (Registered Organisations) Act 2009; or a revocation by the General Manager under subsection 249(1) of the Fair Work (Registered Organisations) Act 2009.

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1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

M. Information to be provided to members or Commissioner

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

- (1) A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) An 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).

N. Critical Accounting Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The key estimates and assumptions which are material to the financial reports are found in the following notes:

- Impairment of financial assets (Note 1E);
- Provisions (Note 1F);
- Employee benefits (Note 1G); and
- Fair value of land and buildings (Note 14)

O. Going Concern

The Union is not reliant on any financial support from other reporting unit to continue on a going concern basis.

The Union has not agreed to provide any financial support to any other reporting unit to ensure they can continue on a going concern basis.

P. Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

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	2023	2022
	\$	\$
2 REVENUE AND INCOME		
Revenue from contracts with customers		
Membership subscriptions	27,782,826	23,712,156
Membership levies	567,981	513,806
Training fees	337,413	193,814
EBA processing fee	261,683	501,861
Total revenue from contracts with customers	28,949,903	24,921,637
Income for furthering objectives		
Grant income	11,544,103	9,270,300
Total income for furthering objectives	11,544,103	9,270,300
Other Income		
Net gains from sale of assets	21,307	-
Interest income	323,087	23,662
Rental income	900,413	486,638
Donations	550	50
Other income	4,011,840	2,571,368
Total other income	5,257,197	3,081,718
Total income	45,751,203	37,273,655

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	2023	2022
	\$	\$
3 ITEMS INCLUDED IN SURPLUS		
Surplus has been determined after charging as expenses:		
Depreciation of property, plant and equipment	1,602,162	1,589,188
Depreciation of right-of-use assets	44,061	39,613
Capitation fees – CFMEU – C&G National Office	2,272,169	1,868,064
Consultancy fees	2,362,481	1,692,390
Loss on disposal of assets	97,736	45,965
Meeting of members or council expenses (including room hire)	6,002	45
Conferences and meetings attendance expenses	94,809	34,633
Affiliation fees		
ALP Tasmanian Branch	2,356	2,364
Australia Asia Workers Links	3,000	2,000
Australian Labour Party	151,037	157,365
Ballarat Trades Hall	2,976	3,052
Bendigo Trades Hall Council	967	744
CFMEU - C&G National Office	41,847	41,761
Community Radio Federation Ltd	3,500	3,500
Geelong Trades Hall Council	11,760	11,158
Gippsland Trades and Labour Council	6,469	5,527
Goulburn Valley Trades & Labour	1,200	1,200
North East & Border Trades & Labour	1,078	880
South West Trades & Labour	1,404	1,053
Sunraysia Trades & Labour Council	780	585
Victorian Trades Hall Council	332,691	225,082
Tasmanian Trades and Labour Council	4,958	4,781
	566,023	461,052
Donations		
\$1,000 and less	2,023	3,098
Greater than \$1,000	674,287	316,778
	676,310	319,876
Legal fees		
Litigation	2,618,730	2,264,679
Penalties	733,500	291,796
Other	174,692	552,883
	3,526,922	3,109,358

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	2023	2022
	\$	\$
3 ITEMS INCLUDED IN SURPLUS (CONT'D)		
Employee benefits – office holders		
Wages and salaries	4,294,823	4,543,818
Superannuation	479,769	478,464
Leave entitlements	(126,395)	201,888
Separation and redundancies	210,511	22,141
	<u>4,858,708</u>	<u>5,246,311</u>
 Employee benefits – office employees		
Wages and salaries	13,232,249	11,780,569
Superannuation	1,486,920	1,281,852
Leave entitlements	(389,597)	152,772
Separation and redundancies	(58,053)	225,627
	<u>14,271,519</u>	<u>13,440,820</u>
 Remuneration of the auditors:		
Audit of financial report		
Current year	75,000	69,000
Grant and other audits	49,477	48,226
	<u>124,477</u>	<u>117,226</u>
 4 TRADE AND OTHER RECEIVABLES		
Trade debtors	95,775	247,404
Accrued income	277,158	217,568
Deposits paid	53,707	29,075
Prepayments	300,657	233,153
	<u>727,297</u>	<u>727,200</u>
 Included in trade debtors:		
Receivables from other reporting units		
CFMEU - Manufacturing Division	75,509	75,509
CFMEU C & G Division - National Office	144,966	179,905
Building Industry 2000	752	-
Total receivable from other reporting units	<u>221,227</u>	<u>255,414</u>

The carrying amount of accounts receivable approximates fair value. There are no balances within receivables that contain assets that are past due but not impaired. It is expected that these balances will be received when due.

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	2023 \$	2022 \$
5 OTHER FINANCIAL ASSETS		
Current		
Financial assets at fair value through other comprehensive income	10,681,114	10,964,727
Amortised cost investments	7,000,000	500,000
	17,681,114	11,464,727
Non-Current		
Unlisted trusts at cost	-	1,682
6 INVENTORIES		
Current		
Finished goods – at cost	110,853	104,801
7 PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Freehold land at fair value	32,370,000	32,370,000
	32,370,000	32,370,000
Buildings at fair value	29,450,000	29,450,000
Less: Accumulated depreciation	(1,132,859)	(295,455)
	28,317,141	29,154,545
Improvement at cost	115,370	54,490
Less: Accumulated depreciation	(3,743)	(1,236)
	111,627	53,254
Total land and buildings	60,798,768	61,577,799

The revaluations of land and buildings were based on the assessment of their current market value, subject to vacant possession. The independent revaluations were carried out by Sutherland Farrelly and Knight Frank. The valuations were made in accordance with a regular policy of obtaining independent valuation of land and buildings a maximum of every three years or as required ensuring that requirements of accounting standards regarding fair value basis of valuation are met. The effective date of the latest revaluation was November 2021. Refer to Note 14 for further details.

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	2023 \$	2022 \$
7 PROPERTY, PLANT AND EQUIPMENT (CONT'D)		
Plant and Equipment		
Plant and equipment	832,369	753,925
Less: Accumulated depreciation	<u>(366,909)</u>	<u>(302,327)</u>
	465,460	451,598
Training equipment	5,380,251	5,425,803
Less: Accumulated depreciation	<u>(4,615,924)</u>	<u>(4,759,407)</u>
	764,327	666,396
Computer equipment	1,030,610	954,509
Less: Accumulated depreciation	<u>(838,293)</u>	<u>(751,797)</u>
	192,317	202,712
Furniture and fittings	502,951	474,778
Less: Accumulated depreciation	<u>(211,006)</u>	<u>(160,928)</u>
	291,945	313,850
Motor vehicles	3,487,190	2,878,253
Less: Accumulated depreciation	<u>(1,301,412)</u>	<u>(1,290,436)</u>
	2,185,778	1,587,817
Total plant and equipment	<u>3,899,827</u>	<u>3,222,373</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>64,698,595</u>	<u>64,800,172</u>

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7 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Movement in carrying amounts

Movements in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the financial year.

31 March 2022

	Land and buildings	Improvements	Plant and equipment	Training equipment
Carrying amount at the beginning of the year	49,866,816	3,355,817	506,966	782,350
Additions	-	641,714	24,134	78,676
Disposals	-	-	(135)	-
Transfers	3,847,729	(3,847,729)	-	-
Revaluations	8,519,092	-	-	-
Depreciation expense	(709,092)	(96,548)	(79,367)	(194,630)
Carrying amount at the end of the year	61,524,545	53,254	451,598	666,396

	Motor vehicles	Furniture and fittings	Computer equipment	Total
Carrying amount at the beginning of the year	1,684,015	292,415	275,061	56,763,440
Additions	360,658	73,889	56,086	1,235,157
Disposals	(124,747)	-	(3,447)	(128,329)
Transfers	-	-	-	-
Revaluations	-	-	-	8,519,092
Depreciation expense	(332,109)	(52,454)	(124,988)	(1,589,188)
Carrying amount at the end of the year	1,587,817	313,850	202,712	64,800,172

31 March 2023

	Land and buildings	Improvements	Plant and equipment	Training equipment
Carrying amount at the beginning of the year	61,524,545	53,254	451,598	666,396
Additions	-	60,879	84,484	303,159
Disposals	-	-	(1,594)	(29,945)
Transfers	-	-	-	-
Revaluations	-	-	-	-
Depreciation expense	(837,404)	(2,506)	(69,028)	(175,283)
Carrying amount at the end of the year	60,687,141	111,627	465,460	764,327

	Motor vehicles	Furniture and fittings	Computer equipment	Total
Carrying amount at the beginning of the year	1,587,817	313,850	202,712	64,800,172
Additions	1,181,746	28,173	84,691	1,743,132
Disposals	(210,999)	-	(9)	(242,547)
Transfers	-	-	-	-
Revaluations	-	-	-	-
Depreciation expense	(372,786)	(50,078)	(95,077)	(1,602,162)
Carrying amount at the end of the year	2,185,778	291,945	192,317	64,698,595

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	2023	2022
	\$	\$
8 LEASES		
Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:		
Plant and equipment	516,638	118,839
Depreciation expense	(14,351)	(89,129)
Right-of-use assets	502,287	29,710

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Lease liability	28,393	68,627
Additions	516,638	-
Accretion of interest	3,174	3,458
Payments	(60,336)	(43,692)
Lease liability	487,869	28,393

The Union has entered into a lease arrangement for the provision of photocopiers. The lease has been accounted for as a right-of-use asset and a lease liability by recognising the present value of minimum lease payments, including any guaranteed residual values, at the inception of the lease.

9 TRADE AND OTHER PAYABLES

Trade creditors	2,270,306	829,505
Sundry creditors and accruals	660,629	482,385
GST payable	417,490	425,726
	3,348,425	1,737,616

Included in trade creditors:

Trade payables to other Reporting Units		
CFMEU – Mining & Energy (Morwell)	11,305	8,935
CFMEU – C&G National Office	444,516	17,497
	455,821	26,432

Legal fees payable included in trade creditors

Litigation	151,966	169,148
Other legal matters	-	-
	151,966	169,148

Included in accruals:

Accruals to other Reporting Units		
CFMEU – C&G National Office	-	-
	-	-

Legal fees payable included in accruals:

Litigation	3,870	540
Other legal matters	-	-
	3,870	540

The carrying amount of accounts payable approximates fair value.

10 CONTRACT LIABILITY

Deferred Membership subscriptions	7,584,164	5,195,451
Other revenue received in advance	11,764,665	4,937,960
	19,348,829	10,133,411

Contract Liability recognised in the reporting period is \$19,348,829, consisting of deferred membership subscriptions and other revenue received in advance, being the grant instalments for the development of the Wellness Centre offset by the portion of revenue recognised in the financial year.

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		2023 \$	2022 \$
11	PROVISIONS		
	Provision for employee entitlements:		
	Provision for annual leave – Office Holders	683,600	862,209
	Provision for annual leave – Other Employees	1,606,932	1,276,233
	Provision for sick leave – Office Holders	156,789	180,311
	Provision for sick leave – Other Employees	319,039	338,135
	Provision for long service leave – Office Holders	1,219,532	1,143,795
	Provision for long service leave – Other Employees	1,263,337	1,964,536
	Provision for redundancy – Office Holders	2,607,204	2,396,693
	Provision for redundancy – Other Employees	2,757,192	2,815,245
	Total Employee Provisions	10,613,625	10,977,157
	Provision for legal costs	2,026,120	1,538,299
	TOTAL PROVISIONS	12,639,745	11,429,956
	Included in provision for legal costs:		
	Litigation	2,026,120	1,085,500
	Other legal matters	-	452,799
		2,026,120	1,538,299

12 RELATED PARTY TRANSACTIONS

Capitation fees are paid to CFMEU C&G National Office as disclosed in Note 3 as a percentage of membership income and the minimum membership rate set.

The Union is assisting with the administration of the CFMEU South Australia branch. Two elected officials of the DBMC are acting as President and Secretary of the CFMEU South Australian branch. Salaries and wages related to these activities have been borne by the Union and related costs of \$701,265 have been expensed.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant year.

Building Industry 2000 Plus Pty Ltd:

- Transfer of proceeds for sales made	-	(2,183)
- Received	2,701	94
	2,701	(2,089)

Amounts owed by Building Industry 2000 Plus Pty Ltd include the following:

- Trade debtors	752	554
-----------------	-----	-----

Building Industry 2000 Plus Pty Ltd ("BI2000PPL") is a public company limited by guarantee of which a current DBMC elected official (Mr John Setka) and a retired elected official (Mr Ralph Edwards) and are acting in the capacity of directors as well as being members of the company.

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13 FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The Union's principal financial instruments comprise of receivables, payables, cash and various forms of investments, including bank notes and equity funds. The Union manages its exposure to key financial risks in accordance with the Union's financial risk management policy. The objective of the policy is to support the delivery of the Union's financial targets whilst protecting future financial security.

The main risks arising from the Union's financial instruments are interest rate and credit risk. The Union uses different methods to measure and manage different types of risks to which it is exposed. The Investment Committee and Executive Committee on behalf of the DBMC reviews and manages the policies and risks facing the Union, including review of policies for trading in investments, proportions of investments held and future cash flow forecast projections.

	2023 \$	2022 \$
Risk Exposures and Response		
Financial assets		
Cash and cash equivalents	39,141,572	33,700,642
Trade and other receivables	727,297	727,200
Amortised cost investments	7,000,000	500,000
Unlisted trusts at cost	-	1,682
Financial assets at fair value through other comprehensive income	10,681,114	10,964,727
Total financial assets	<u>57,549,983</u>	<u>45,894,251</u>
Financial Liabilities		
Trade and other payables	3,348,425	1,737,616
Lease liabilities	487,869	28,393
Total financial liabilities	<u>3,836,294</u>	<u>1,766,009</u>
Net exposure	<u>53,713,689</u>	<u>44,128,242</u>

Credit Risk

Credit risk arises from the financial assets of the Union, which comprise cash and cash equivalents, trade and other receivables, investments and financial assets. The Union's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is disclosed in each applicable note.

For the remaining financial assets there is no significant concentration of credit risk within the Union and financial instruments are spread amongst a number of reputable financial institutions to minimise the risk of default of counterparties.

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13 FINANCIAL INSTRUMENTS (CONT'D)

Foreign Currency Risk

Both the functional and presentation currency of CFMEU is in Australian dollars (A\$).

The Union's exposure to foreign currency risk is minimal.

Interest Rate Risk

Exposure to market interest rates, primarily to cash investments held. At balance date, Union had the following mix of financial assets and liabilities exposed to variable interest rate risk that are not designated in cash flow hedges.

The Union's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

Maturing in	1 month or less	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 to 5 years	Non-interest bearing	Total	Weighted average effective interest rate
	\$	\$	\$	\$	\$		%
2022							
<i>Financial assets</i>							
Cash	31,121,547	-	-	-	2,579,095	33,700,642	0.05
Trade and other receivables	-	-	-	-	727,200	727,200	-
Investments	-	-	500,000	-	10,966,409	11,466,409	0.25
	<u>31,121,547</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>14,272,704</u>	<u>45,894,251</u>	
<i>Financial liabilities</i>							
Trade and other payables	-	-	-	-	1,737,616	1,737,616	-
Lease liabilities	-	-	28,393	-	-	28,393	7.08
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,737,616</u>	<u>1,766,009</u>	
2023							
<i>Financial assets</i>							
Cash	34,714,212	3,000,000	-	-	1,427,360	38,141,572	0.59
Trade and other receivables	-	-	-	-	727,297	727,297	-
Investments	-	-	7,000,000	-	10,681,114	17,681,114	4.37
	<u>34,714,212</u>	<u>3,000,000</u>	<u>7,000,000</u>	<u>-</u>	<u>12,835,771</u>	<u>56,549,983</u>	
<i>Financial liabilities</i>							
Trade and other payables	-	-	-	-	3,348,425	3,348,425	-
Lease liabilities	13,229	26,652	109,235	338,753	-	487,869	6.00
	<u>13,229</u>	<u>26,652</u>	<u>109,235</u>	<u>338,753</u>	<u>3,348,425</u>	<u>3,836,294</u>	

Sensitivity Analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. For the year ending 31 March 2023, if interest rates had moved, as illustrated in table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Net profit		Net assets	
	2023	2022	2023	2022
	\$	\$	\$	\$
+ 1% (100 basis points)	456,537	341,722	456,537	341,722
- 0.5% (50 basis points)	228,269	170,861	228,269	170,861

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14 FAIR VALUE MEASUREMENTS

The group measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets at fair value through other comprehensive income
- Land and buildings

The fair value hierarchy consists of the following levels:

- Level 1 - quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 - inputs for asset or liability values that are not based on observable market data (unobservable inputs).

The following presents the Union's assets and liabilities measured and recognised at fair value at 31 March 2023.

31 March 2022	Level 1	Level 2	Level 3	Total
<i>Financial assets</i>				
Financial assets at fair value through other comprehensive income (Note 5)				
- Units held in Australian Council of Trade Unions (ACTU)	-	-	1,682	1,682
- Investments in managed investment schemes	-	10,964,726	-	10,964,726
	-	10,964,726	1,682	10,966,408
<i>Non-financial assets</i>				
Land and building (Note 7)				
	-	-	61,577,799	61,577,799
	-	-	61,577,799	61,577,799
31 March 2023				
<i>Financial assets</i>				
Financial assets at fair value through other comprehensive income (Note 5)				
- Units held in Australian Council of Trade Unions (ACTU)	-	-	-	-
- Investments in managed investment schemes	-	10,681,114	-	10,681,114
	-	10,681,114	-	10,681,114
<i>Non-financial assets</i>				
Land and building (Note 7)				
	-	-	60,798,768	60,798,768
	-	-	60,798,768	60,798,768

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	2023 \$	2022 \$
14 FAIR VALUE MEASUREMENTS (CONT'D)		
<i>Reconciliation of Level 3 fair value movements</i>		
<i>Financial assets</i>		
Carrying amount at the beginning of the period	1,682	1,682
Disposals	(1,682)	-
Carrying amount at the end of the period	-	1,682
 <i>Land and building</i>		
Carrying amount at the beginning of the period	61,577,799	53,222,633
Additions	60,879	641,714
Revaluations	-	8,519,092
Amortisation for the period	(839,910)	(805,640)
Carrying amount at the end of the period	60,798,768	61,577,799

Valuation techniques used to derive level 2 and level 3 fair values

(a) Recurring fair value measurement

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities which is not considered material.

For its investment properties and freehold land and buildings (classified as property, plant and equipment), the Union obtains independent valuations at least every three years. At the end of each reporting period, the committee members update their assessment of the fair value of each property, taking into account the most recent independent valuations. The committee members determine a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the committee members consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

All resulting fair value estimates for properties are included in level 3. The level 3 fair value of land and buildings has been derived using the sales comparison approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre.

THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

14 FAIR VALUE MEASUREMENTS (CONT'D)

Description	Fair value at 31 March 2023	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
<i>Freehold land and building</i>				
4/31 Sabre Drive, Port Melbourne, Victoria	\$1,800,000	Direct sales comparison approach supported by the capitalisation of income approach	Building value rates per square metre	1% change in building value rate p.s.m would increase / decrease fair value by \$18,000
8/41 Sabre Drive, Port Melbourne, Victoria	\$1,520,000			1% change in building value rate p.s.m would increase / decrease fair value by \$15,200
9/41 Sabre Drive, Port Melbourne, Victoria	\$1,800,000	Direct sales comparison approach supported by the capitalisation of income approach	Building value rates per square metre	1% change in building value rate p.s.m would increase / decrease fair value by \$18,000
10/41 Sabre Drive, Port Melbourne, Victoria	\$1,800,000			1% change in building value rate p.s.m would increase / decrease fair value by \$18,000
1-7 Wharf Road, Port Melbourne, Victoria	\$11,400,000	Direct sales comparison approach supported by the capitalisation of income approach	Land value rates per square metre	1% change in land value rate p.s.m would increase / decrease fair value by \$114,000
11 Wharf Road, Port Melbourne, Victoria	\$7,000,000	Direct sales comparison approach	Building value rates per square metre	1% change in building value rate p.s.m would increase / decrease fair value by \$70,000
532 Elizabeth Street, Melbourne, Victoria	\$4,500,000	Direct sales comparison approach	Building value rates per square metre	1% change in building value rate p.s.m would increase / decrease fair value by \$45,000
540 Elizabeth Street, Melbourne, Victoria	\$32,000,000	Capitalisation of income approach supported by the direct sales comparison approach	Building value rates per square metre	1% change in building value rate p.s.m would increase / decrease fair value by \$320,000

THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

	2023 \$	2022 \$
15 MANAGEMENT COMMITTEE REMUNERATION		
Short-term employee benefits	3,463,936	3,380,579
Post-employment benefits	358,643	348,245
Other long-term employment benefits	638,085	607,736
Termination benefits	119,702	56,235
Total	4,580,366	4,392,795

The names of the Division Branch Management Committee who were elected and held office during the financial period ended 31 March 2023 are:

Akbari F	Albert M	Balta S	Beattie B
Benstead G	Christopher D	Cordier A	Constantinou J
Farrelly P	Graauwmans R	Gritzalis D	Hassett R
Harkins K	Ioannidis A	Long S	Lythgo D
Misic D	Murphy M	Myles J	Myles M
Perak J	Perkovic J	Pitt B	Raspudic R
Round P	Setka J	Simpson J	Spernovasilis E
Theodorou T	Tomic J	Zanatta L	

	2023 \$	2022 \$
16 CASH FLOW INFORMATION		
(a) Reconciliation of Cash		
Cash at the end of the financial year as shown in the statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:		
Cash on hand	4,459	4,460
Cash at bank	31,491,848	26,102,848
Short-term term deposits	7,645,265	7,593,334
	39,141,572	33,700,642

Fund / account operated in respect to compulsory levies or voluntary contributions are \$Nil (2022: \$Nil).

Training unit account operated (other than general fund) for the purpose of receiving grants and other training fees are \$25,163,170 (2022: \$9,512,034).

Transfers or withdrawals to a fund, account or controlled entity operated for a special purpose is \$Nil (2022: \$Nil).

(b) Reconciliation of cash flow from operations surplus		
Net (deficit)/ surplus	1,403,256	(1,472,797)
Depreciation	1,646,223	1,628,801
Profit/(Loss) on disposal of property, plant & equipment	76,429	45,965
Increase/(Decrease) in trade and other receivables	(97)	30,087
(Decrease)/Increase in inventory	(6,052)	(27,277)
Decrease/(Increase) in trade and other payables	1,613,983	51,045
(Increase)/Decrease in deferred revenue	9,215,418	5,095,315
Decrease/(Increase) in provisions	124,289	1,838,325
Net cash provided by operating activities	14,073,449	7,189,464

THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	\$	\$
16 CASH FLOW INFORMATION (CONT'D)		
(c) Cash flow to/from other reporting units		
Cash inflows		
CFMEU C & G Division - National Office	96,427	95,344
CFMEU National Office	58,302	-
CFMEU Mining and Energy (Morwell)	2,885	-
Total cash inflows	157,614	95,344
Cash outflows		
CFMEU C & G Division - National Office	2,802,028	3,163,406
CFMEU National Office	37,076	19,328
CFMEU Manufacturing Division	452,799	-
CFMEU Mining and Energy (Morwell)	38,109	35,738
CFMEU WA	10,000	-
Total cash outflows	3,340,012	3,218,472

17 CONTINGENT LIABILITY

There are ongoing claims and legal proceedings against the Union. The expected outcome of the claims has not yet been determined nor can the potential effects of the claims be reliably estimated.

18 COMMITMENTS AND CONTINGENCIES

At 31 March 2023, the branch has made a capital expenditure commitment to CFMEU C&G National Office for \$10,171,180 (total cost for branch) over the next five years. The capitation expenditure is for the AS400 Modernisation Project which is due to commence in July 2023 and will take 3-5 years to complete. The project is a complete redevelopment of the membership database system. Branches from all states will also be contributing to this project.

Other than the items disclosed, there were no further commitments and contingencies at the date of this report.

19 EVENTS SUBSEQUENT TO BALANCE DATE

Following balance date, CFMEU has entered into a contract to purchase the property of 15/36 Sabre Drive, Melbourne. A deposit of \$210,000 has been made subsequent to year end and this property is due to settle in July 2023.

No other events or circumstances than those disclosed have arisen since the end of the financial period which significantly affected or may significantly effect the operations of the Union, the results of those operations, or the state of affairs of the Union in the future financial periods.

20 UNION DETAILS

The principal place of business of the Union is:

CFMEU Construction and General Division (Victorian and Tasmanian Branch)
540 Elizabeth Street
MELBOURNE VIC 3000

THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

On the 18th of July, 2023 the Divisional Branch Management Committee of The Construction, Forestry, Maritime, Mining & Energy Union Construction and General Division Victorian and Tasmanian Divisional Branch ("the reporting unit") passed the following resolution in relation to the general purpose financial report ("GPFR") for the year ended 31 March 2023:

The Divisional Branch Management Committee declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - (v) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been provided to the member or General Manager; and
 - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.
- (f) no revenue has been derived from undertaking recovery of wages activity during the reporting period.

This declaration is made in accordance with a resolution of the Committee of Management.



Theo Theodorou
DBMC



Steven Balta
DBMC

18th of July, 2023

**THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
OFFICER DECLARATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023**

I, Robert Graauwmans being the President of the Construction, Forestry, Maritime, Mining & Energy Union Construction and General Division Victorian and Tasmanian Divisional Branch declare that the following activities did not occur during the reporting period ending 31 March 2023.

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern
- agree to provide financial support to another reporting unit to ensure they continue as a going concern
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay a grant that was \$1,000 or less
- pay a grant that exceeded \$1,000
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have another entity administer the financial affairs of the reporting unit
- receive capitation fees from another reporting unit
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- make a payment to a former related party of the reporting unit



Robert Graauwmans
DBMC Member

18th of July, 2023

INDEPENDENT AUDITORS REPORT

To the members of Construction, Forestry, Maritime, Mining and Energy Union Construction and General Division Victorian/Tasmanian Divisional Branch

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Construction, Forestry, Maritime, and Energy Union Construction and General Division Victorian/Tasmanian Divisional Branch (the reporting unit), which comprises the statement of financial position as at 31 March 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, the Committee of Management Statement and the subsection 255(2A) report and the officer declaration statement.

In our opinion, the accompanying financial report of Construction, Forestry, Maritime, Mining and Energy Union Construction and General Division Victorian/Tasmanian Divisional Branch, presents fairly, in all material respects the reporting unit's financial position as at 31 March 2023 and of its financial performance and its cash flows for the year then ended in accordance with:

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

Basis for 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 reporting unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. 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 opinion.

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

The committee of management are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the operating report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Committee of Management for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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 the 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 my opinion. The risk of not detecting a material misstatement resulting 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 reporting unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee of management.
- Conclude on the appropriateness of the committee of management'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 Reporting Unit'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 my opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the reporting unit 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the reporting unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the reporting unit audit. We remain solely responsible for our audit opinion.



We communicate with the Divisional Branch Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during our audit.

This description forms part of our auditor's report.

Declaration by the auditor

I, Elizabeth Blunt, declare that I am an auditor registered under the RO Act.

BDO Audit Pty Ltd

BDO

A handwritten signature in black ink, appearing to be 'Elizabeth Blunt', written over a faint, light-colored signature line.

Elizabeth Blunt
Director

Melbourne

18 July 2023

Registration number (as registered under the RO Act): AA2021/34