

**OPERATING REPORT**

for the period ended 31 December 2016

The Board of Management presents its report on the Union for the financial year ended 31 December 2016.

**Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year**

The principal activities of the Union during the past year fell into the following categories:

- Implementation of the decisions of the Central Executive, Central Council and Northern Mining & NSW Energy District Executive and Board of Management.
- Implementation of the Union's organising agenda, including direct assistance and strategic advice on particular industry or site organising projects, the training and developing of Officials and Delegates, and planning, resourcing and implementing campaigns with the assistance of Lodges.
- Industrial support including representation of individual member grievances, advice on legal and legislative matters, pursuing relevant changes to the rules of the Union, and campaigning for matters of importance to the membership.
- The negotiation, variation and replacement of industrial instruments (Enterprise Agreements and Federal Awards) for and in association with Lodges and members generally.
- To improve the conditions and protect the interests and rights of the members and workers
- Manage and control the occupational health and safety issues of the Northern Mining & NSW Energy District which include, but are not limited to:
  - workers compensation
  - rehabilitation
  - workplace safety and health
  - statutory inspections
  - involvement in Mining legislative review process
  - participation at Mine Safety Advisory Council

The activities listed have achieved their objectives.

The net loss for the year after income tax was \$ 1,158,233 (2015 Loss \$ 302,245).

There were no significant changes in the nature of the activities of the Union during the year.

**Significant changes in financial affairs**

Significant changes in the financial affairs of the Union include a decrease in the income from member contributions during the year of 9% and a decrease of 21% in interest income. The reduction in membership is due to the continued rationalisation in the Coal and Power industries.

**Right of members to resign**

All Members of the Union have the right to resign from the Union in accordance with Rule 5 of the Union Rules, (and Section 174 of Fair Work (Registered Organisations) Act 2009 ("RO Act")); namely, by providing written notice addressed and delivered to the Secretary of the relevant Lodge or the District Office.

**Officers & employees who are superannuation fund trustee(s) or director of a company that is a superannuation fund trustee**

Grahame Kelly is an Officer of the Union and is a Trustee and Member of the Board of Directors of AUSCOAL Superannuation Pty Ltd, trustee for Mine Wealth and Wellbeing Superannuation Fund.

**Number of members**

There were 7,583 members of the Union as at 31 December 2016.

**Number of employees**

As at 31 December 2016, the Union employed 21 full time and 0.6 full time equivalent part time employees (2015 24 full time and 0.6 full time equivalent part time employees)

**Names of Committee of Management members and period positions held during the financial year**

Grahame Kelly	01.01.16 - 31.12.16
Peter Jordan	01.01.16 - 31.12.16
Jeffrey Drayton	01.01.16 - 31.12.16
Mark McGrath	01.01.16 - 31.12.16
Jeremy McWilliams	01.01.16 - 31.12.16
David Simm	01.01.16 - 31.12.16
Keith Shaw	01.01.16 - 31.12.16
Shane Thompson	01.01.16 - 31.12.16
Robin Williams	01.01.16 - 31.12.16
Mark Avery	01.07.16 - 31.12.16
Brad Bates	01.07.16 - 31.12.16
Robert Bennett	01.01.16 - 30.06.16
Saul Bourke	01.01.16 - 31.12.16
Peter Compton	01.01.16 - 31.12.16
Adam Dever	01.01.16 - 30.06.16
Michael Dobie	01.01.16 - 31.12.16
Anthony Fardell	01.01.16 - 30.06.16
Peter Goodwin	01.01.16 - 30.06.16
Daryl Haile	01.01.16 - 30.06.16
Glenn Kollner	01.07.16 - 31.12.16
Richard Lloyd	01.01.16 - 30.06.16
Darren Maxwell	01.07.16 - 31.12.16
Stephen Mepham	01.01.16 - 31.12.16
Brent Nolan	01.01.16 - 30.06.16
Jason Porter	01.01.16 - 31.12.16
Joseph Price	01.07.16 - 31.12.16
Matthew Reid	01.07.16 - 31.12.16
Michael Schofield	01.01.16 - 31.12.16
Sharon Smoothy	01.07.16 - 31.12.16
Nicole Swales	01.01.16 - 30.06.16
Michael Taggart	01.07.16 - 31.12.16
Darren Watson	01.07.16 - 31.12.16
Kerry Wild	01.01.16 - 30.06.16

**Officers & employees who are directors of a company or a member of a board**

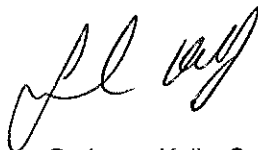
Officer	Company	Principal Activity	Reason appointed
Peter Jordan	Coal Services Pty Ltd	Provide services to the NSW coal mining industry	Nominated by a peak council
	Mines Rescue Pty Ltd	Provide underground incident response	Nominated by a peak council
	Coal Mines Insurance Pty Ltd	Provide specialised workers compensation insurance scheme	Nominated by a peak council

Officers & employees who are directors of a company or a member of a board (continued)

Grahame Kelly	AUSCOAL Superannuation Pty Ltd	Superannuation fund trustee	Nominated by a peak council
	Mine Wealth & Wellbeing Services Pty Ltd	Superannuation administration	Nominated by AUSCOAL Superannuation Pty Ltd

Directorships' quoted above are current directorships for which the Officer (or Union) receives remuneration only and excludes directorships in a voluntary capacity.

Signature of designated officer:



Name and title of designated officer: Grahame Kelly, Secretary

Dated: 2 March 2017

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**BOARD OF MANAGEMENT STATEMENT**

for the period ended 31 December 2016

On 2 March 2017 the Board of Management of the CFMEU Northern Mining & NSW Energy District Branch passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2016:

The Board of Management 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 the reporting guidelines of the General Manager;
- (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 RO Act 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 Board of Management.

Signature of designated officer:



Name and title of designated officer: Grahame Kelly, Secretary

Dated: 2 March 2017

**STATEMENT OF COMPREHENSIVE INCOME**

for the period ended 31 December 2016

	Notes	2016 \$	2015 \$
<b>Revenue</b>			
Membership subscription		8,788,010	9,694,324
Capitation fees	3A	-	-
Levies	3B	-	-
Interest	3C	471,428	599,324
Rental revenue	3D	128,611	141,592
Other revenue		1,461,386	1,199,301
<b>Total revenue</b>		<b>10,849,435</b>	<b>11,634,541</b>
<b>Other Income</b>			
Grants and/or donations	3E	50,000	50,000
Net gains from sale of assets	3F	106,597	3,441
<b>Total other income</b>		<b>156,597</b>	<b>53,441</b>
<b>Total income</b>		<b>11,006,032</b>	<b>11,687,982</b>
<b>Expenses</b>			
Employee expenses	4A	3,558,167	3,371,644
Capitation fees	4B	2,399,770	2,554,017
Affiliation fees	4C	81,459	85,991
Administration expenses	4D	5,337,699	5,425,202
Grants or donations	4E	165,880	162,585
Depreciation and amortisation	4F	188,968	183,172
Legal costs	4G	249,470	158,233
Audit fees	13	65,050	68,350
Net losses from sale of assets	4H	71,685	27,150
Other expenses	4I	-	-
<b>Total expenses</b>		<b>12,118,148</b>	<b>12,036,344</b>
<b>Profit (loss) for the year</b>		<b>(1,112,116)</b>	<b>(348,362)</b>
<b>Other comprehensive income</b>			
Items that will not be subsequently reclassified to profit or loss			
Changes in fair value of available-for-sale financial assets		(46,117)	46,117
<b>Total comprehensive income for the year</b>		<b>(1,158,233)</b>	<b>(302,245)</b>

The above statement should be read in conjunction with the notes.

**STATEMENT OF FINANCIAL POSITION**

as at 31 December 2016

	Notes	2016 \$	2015 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5A	2,631,049	2,298,588
Trade and other receivables	5B	719,493	964,313
Other current assets	5C	159,150	168,942
<b>Total current assets</b>		<b>3,509,692</b>	<b>3,431,843</b>
<b>Non-Current Assets</b>			
Land and buildings	6A	1,097,240	1,139,217
Plant and equipment	6B	617,758	594,254
Investment property	6C	1,910,000	1,890,000
Intangibles	6D	1,704	7,638
Other investments	6E	17,447,140	18,371,771
<b>Total non-current assets</b>		<b>21,073,842</b>	<b>22,002,880</b>
<b>Total assets</b>		<b>24,583,534</b>	<b>25,434,723</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade payables	7A	1,001,024	788,919
Other payables	7B	604,698	474,182
Employee provisions	8A	1,416,488	1,424,048
<b>Total current liabilities</b>		<b>3,022,210</b>	<b>2,687,149</b>
<b>Non-Current Liabilities</b>			
Employee provisions	8A	313,189	341,206
<b>Total non-current liabilities</b>		<b>313,189</b>	<b>341,206</b>
<b>Total liabilities</b>		<b>3,335,399</b>	<b>3,028,355</b>
<b>Net assets</b>		<b>21,248,135</b>	<b>22,406,368</b>
<b>EQUITY</b>			
Reserves	9A	-	46,117
Retained earnings (accumulated deficit)		21,248,135	22,360,251
<b>Total equity</b>		<b>21,248,135</b>	<b>22,406,368</b>

The above statement should be read in conjunction with the notes.

**STATEMENT OF CHANGES IN EQUITY**

for the period ended 31 December 2016

	Notes	Retained earnings \$	Financial Assets reserve \$	Total equity \$
<b>Balance as at 1 January 2015</b>		22,708,613	-	22,708,613
Profit for the year		(348,362)	-	(348,362)
Other comprehensive income for the year		-	46,117	46,117
<b>Closing balance as at 31 December 2015</b>		<u>22,360,251</u>	<u>46,117</u>	<u>22,406,368</u>
Profit for the year		(1,112,116)	-	(1,112,116)
Other comprehensive income for the year		-	(46,117)	(46,117)
<b>Closing balance as at 31 December 2016</b>		<u>21,248,135</u>	<u>-</u>	<u>21,248,135</u>

The above statement should be read in conjunction with the notes.

**CASH FLOW STATEMENT**

for the period ended 31 December 2016

	Notes	2016 \$	2015 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Receipts from other reporting units/controlled entity(s)	10B	276,574	249,075
Interest		482,877	776,095
Distributions		96,811	4,556
Dividends		66,013	10,559
Other		11,479,221	11,466,940
<b>Cash used</b>			
Employees		(3,677,694)	(3,363,792)
Suppliers		(6,868,937)	(6,711,515)
Payment to other reporting units/controlled entity(s)	10B	(2,219,233)	(2,818,524)
<b>Net cash from (used by) operating activities</b>	10A	<u>(364,368)</u>	<u>(386,606)</u>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sale of plant and equipment		121,909	72,727
Proceeds from sale of investments		3,374,140	175,451
<b>Cash used</b>			
Purchase of plant and equipment		(334,289)	(208,610)
Purchase of investments		(2,464,931)	(484,624)
<b>Net cash from (used by) investing activities</b>		<u>696,829</u>	<u>(445,056)</u>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Other		-	-
<b>Cash used</b>			
Other		-	-
<b>Net cash from (used by) financing activities</b>		-	-
<b>Net increase (decrease) in cash held</b>		<u>332,461</u>	<u>(831,662)</u>
Cash & cash equivalents at the beginning of the reporting period		2,298,588	3,130,250
<b>Cash &amp; cash equivalents at the end of the reporting period</b>	5A	<u>2,631,049</u>	<u>2,298,588</u>

The above statement should be read in conjunction with the notes.



**RECOVERY OF WAGES ACTIVITY**

for the period ended 31 December 2016

	2016 \$	2015 \$
<b>Cash assets in respect of recovered money at beginning of year</b>	-	-
<b>Receipts</b>		
Amounts recovered from employers in respect of wages etc.	-	-
Interest received on recovered money	-	-
<b>Total receipts</b>	-	-
<b>Payments</b>		
Deductions of amounts due in respect of membership for:		
12 months or less	-	-
Greater than 12 months	-	-
Deductions of donations or other contributions to accounts or funds of:		
The reporting unit:		
name of account	-	-
name of fund	-	-
Name of other reporting unit of the organisation:		
name of account	-	-
name of fund	-	-
Name of other entity:		
name of account	-	-
name of fund	-	-
Deductions of fees or reimbursement of expenses	-	-
Payments to workers in respect of recovered money	-	-
<b>Total payments</b>	-	-
<b>Cash asset's in respect of recovered money at end of year</b>	-	-
Number of workers to which the monies recovered relates	-	-
<b>Aggregate payables to workers attributable to recovered monies but not yet distributed</b>		
Payable balance	-	-
Number of workers the payable relates to	-	-

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**Note 1 Summary of Significant Accounting Policies**

**1.1 Basis of Preparation of the Financial Statements**

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the Fair Work (Registered Organisation) Act 2009. For the purpose of preparing the general purpose financial statements, the CFMEU Northern Mining & NSW Energy District Branch is a not-for-profit entity.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

**1.2 Comparative amounts**

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

**1.3 Significant Accounting Judgements and Estimates**

No key judgements have been used in the preparation of this financial report that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

**1.4 New Australian Accounting Standards**

***Adoption of New Australian Accounting Standard Requirements***

No accounting standard has been adopted earlier than the application date stated in the standard.

The accounting policies adopted are consistent with those of the previous financial year except for the following standards, which have been adopted for the first time this financial year:

Title	Description
AASB 2014-4	Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality
AASB 2015-1	Amendments to Australian Accounting Standards - Annual improvement to Australian Accounting standards 2012-2014 Cycle

Adoption of the new and amended accounting standards had no material financial impact on the Union

***Future Australian Accounting Standards Requirements***

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period that are expected to have a future financial impact on CFMEU Northern Mining & NSW Energy District Branch include:

Title	Description	Operative Date
AASB 9	Financial Instruments	1 January 2018
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9	1 January 2018
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9	1 January 2018
AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments: Part C	1 January 2018

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#### **1.4 New Australian Accounting Standards (continued)**

Title	Description	Operative Date
AASB 15	Revenue from contracts with customers	1 January 2018
AASB 2014-1	Amendments to Australian Accounting Standards: Part E	1 January 2018
AASB 2014-5	Amendments to Australian Accounting Standards arising from AASB 15	1 January 2017
AASB 2014-7	Amendments to Australian Accounting Standards arising from AASB 9	1 January 2018

First time adoption of these standards may have a financial impact, but the potential effects are currently being assessed.

#### **1.5 Business combinations**

CFMEU Northern Mining & NSW Energy District Branch has not acquired any assets and liabilities during the financial year as part of a business combination.

#### **1.7 Revenue**

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Revenue from the sale of goods is recognised when, the risks and rewards of ownership have been transferred to the buyer, the Union retains no managerial involvement or effective control over the goods, the revenue and transaction costs incurred can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the Union.

Donation income is recognised when it is received.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised on an accrual basis using the effective interest method.

Dividend income is recognised when it is received.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

#### **1.8 Gains**

##### ***Sale of assets***

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

#### **1.9 Capitation fees and levies**

Capitation fees and levies are to be recognised on an accrual basis and record as a revenue and/or expense in the year to which it relates.

#### **1.10 Employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, sick leave and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

### **1.10 Employee benefits (continued)**

Liabilities for short-term employee benefits (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Union in respect of services provided by employees up to reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Provision is made for separation and redundancy benefit payments. The Union recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

### **1.11 Leases**

Leases 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.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### **1.12 Borrowing costs**

All borrowing costs are recognised in profit and loss in the period in which they are incurred.

### **1.13 Cash**

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the consolidated statement of financial position.

### **1.14 Financial instruments**

Financial assets and financial liabilities are recognised when the CFMEU Northern Mining & NSW Energy District Branch becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

## 1.15 Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised upon trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

### ***Fair value through profit or loss***

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

### ***Held-to-maturity investments***

Financial assets with fixed or determinable payments and fixed maturity dates that the reporting unit has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

### ***Available-for-sale***

Listed shares and listed redeemable notes held by the reporting unit that are traded in an active market are classified as available-for-sale and are stated at fair value. The reporting unit also has investments in unlisted shares that are not traded in an active market but that are also classified as available-for-sale financial assets and stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

### 1.15 Financial assets (continued)

Dividends on available-for-sale equity instruments are recognised in profit or loss when the reporting unit right to receive the dividends is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

#### ***Loan and receivables***

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

#### ***Effective interest method***

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest rate basis except for debt instruments other than those financial assets that are recognised at fair value through profit or loss.

#### ***Impairment of financial assets***

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the reporting units past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

### 1.15 Financial assets (continued)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

#### ***Derecognition of financial assets***

The reporting unit derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

### 1.16 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

#### ***Fair value through profit or loss***

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income.



## 1.16 Financial Liabilities (continued)

### *Other financial liabilities*

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

### *Derecognition of financial liabilities*

The reporting unit derecognises financial liabilities when, and only when, the reporting units obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## 1.17 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

## 1.18 Land, Buildings, Plant and Equipment

### *Asset Recognition Threshold*

Purchases of land, buildings, plant and equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

### *Revaluations—Land and Buildings*

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

### *Depreciation*

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2016	2015
Land & buildings	40 years	40 years
Plant and equipment	3 to 13 years	3 to 13 years

### 1.18 Land, Buildings, Plant and Equipment (continued)

#### *Derecognition*

An item of land, buildings, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

### 1.19 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit and loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

### 1.21 Impairment for non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the CFMEU Northern Mining & NSW Energy District Branch were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

### 1.22 Taxation

CFMEU Northern Mining & NSW Energy District Branch is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

### **1.27 Fair value measurement**

The CFMEU Northern Mining & NSW Energy District Branch measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 14A.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the CFMEU Northern Mining & NSW Energy District Branch. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The CFMEU Northern Mining & NSW Energy District Branch uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the CFMEU Northern Mining & NSW Energy District Branch determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the CFMEU Northern Mining & NSW Energy District Branch has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

### **1.23 Going concern**

CFMEU Northern Mining & NSW Energy District Branch is not reliant on the agreed financial support of another reporting unit.

CFMEU Northern Mining & NSW Energy District Branch has not agreed to provide financial support to another reporting unit to ensure they can continue on a going concern basis.

**Note 2 Events after the reporting period**

There were no events that occurred after 31 December 2016, or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the CFMEU Northern Mining & NSW Energy District Branch.

**Note 3 Income**

2016                      2015  
 \$                              \$

**Note 3A: Capitation fees**

Capitation fees	-	-
<b>Total capitation fees</b>	<u>-</u>	<u>-</u>

**Note 3B: Levies**

Levies	-	-
<b>Total levies</b>	<u>-</u>	<u>-</u>

**Note 3C: Interest**

Deposits	430,772	582,772
Loans	-	-
Other financial assets	40,656	16,552
<b>Total interest</b>	<u>471,428</u>	<u>599,324</u>

**Note 3D: Rental revenue**

Properties	117,811	130,855
Other	10,800	10,737
<b>Total rental revenue</b>	<u>128,611</u>	<u>141,592</u>

**Note 3E: Grants or donations**

Grants	-	-
Donations	50,000	50,000
<b>Total grants or donations</b>	<u>50,000</u>	<u>50,000</u>

**Note 3F: Net gains from sale of assets**

Other financial assets	106,597	3,441
<b>Total net gains from sale of assets</b>	<u>106,597</u>	<u>3,441</u>

**Note 4 Expenses**

**Note 4A: Employee expenses**

**Holders of office:**

Wages and salaries	1,450,460	1,503,461
Superannuation	289,625	276,716
Leave and other entitlements	322,294	307,345
Separation and redundancies	-	-
Other employee expenses	-	-
<b>Subtotal employee expenses holders of office</b>	<u>2,062,379</u>	<u>2,087,522</u>

Note 4 Expenses (continued)	2016	2015
	\$	\$
<b>Employees other than office holders:</b>		
Wages and salaries	1,005,632	846,182
Superannuation	188,321	171,998
Leave and other entitlements	246,873	211,810
Separation and redundancies	-	-
Other employee expenses	54,962	54,132
<b>Subtotal employee expenses employees other than office holders</b>	<u>1,495,788</u>	<u>1,284,122</u>
<b>Total employee expenses</b>	<u><u>3,558,167</u></u>	<u><u>3,371,644</u></u>

**Note 4B: Capitation fees**

CFMEU Mining & Energy Division National Office	2,399,770	2,554,017
<b>Total capitation fees</b>	<u>2,399,770</u>	<u>2,554,017</u>

**Note 4C: Affiliation fees**

Australian Labour Party	37,931	41,435
Newcastle Trades Hall Council	14,269	14,059
Unions NSW	29,259	30,497
<b>Total affiliation fees/subscriptions</b>	<u>81,459</u>	<u>85,991</u>

**Note 4D: Administration expenses**

Consideration to employers for payroll deductions	-	-
Compulsory levies	-	-
Fees/allowances - meeting and conferences	407,876	300,162
Conference and meeting expenses	132,786	137,640
Contractors/consultants	-	2,750
Property expenses	108,041	120,206
Office expenses	133,307	123,534
Information communications technology	170,317	171,132
Insurance	125,297	105,142
Delegates expenses	644,879	466,309
Election expenses	51,742	185,438
Fringe benefits tax	98,337	118,990
Funeral & medical expenses	412,793	471,735
Motor vehicle & travel expenses	232,851	233,575
National assistance fund contributions	1,931,392	2,128,393
Payroll tax	246,195	234,848
Other expenses	604,088	584,525
<b>Subtotal administration expense</b>	<u>5,299,901</u>	<u>5,384,379</u>

**Note 4D: Administration expenses**

Operating lease rentals:		
Minimum lease payments	37,798	40,823
<b>Total administration expenses</b>	<u>37,798</u>	<u>40,823</u>

**Note 4E: Grants or donations**

Grants		
Total paid that were \$1,000 or less	925	-
Total paid that exceeded \$1,000	28,750	29,737
Donations		
Total paid that were \$1,000 or less	6,845	7,548
Total paid that exceeded \$1,000	129,360	125,300
<b>Total grants or donations</b>	<u>165,880</u>	<u>162,585</u>

Note 4 Expenses (continued)	2016	2015
	\$	\$
<b>Note 4F: Depreciation and amortisation</b>		
Depreciation		
Land & buildings	41,977	41,977
Property, plant and equipment	141,057	130,523
<b>Total depreciation</b>	<u>183,034</u>	<u>172,500</u>
Amortisation		
Intangibles	5,934	10,672
<b>Total amortisation</b>	<u>5,934</u>	<u>10,672</u>
<b>Total depreciation and amortisation</b>	<u><u>188,968</u></u>	<u><u>183,172</u></u>
<b>Note 4G: Legal costs</b>		
Litigation	218,473	133,762
Other legal matters	30,997	24,471
<b>Total legal costs</b>	<u><u>249,470</u></u>	<u><u>158,233</u></u>
<b>Note 4H: Net losses from sale of assets</b>		
Plant and equipment	46,505	27,150
Other financial assets	25,180	-
<b>Total net losses from asset sales</b>	<u><u>71,685</u></u>	<u><u>27,150</u></u>
<b>Note 4I: Other expenses</b>		
Penalties - via RO Act or RO Regulations	-	-
<b>Total other expenses</b>	<u><u>-</u></u>	<u><u>-</u></u>
<b>Note 5 Current Assets</b>		
<b>Note 5A: Cash and Cash Equivalents</b>		
Cash at bank	2,624,039	2,291,578
Cash on hand	7,010	7,010
Short term deposits	-	-
Other	-	-
<b>Total cash and cash equivalents</b>	<u><u>2,631,049</u></u>	<u><u>2,298,588</u></u>
<b>Note 5B: Trade and Other Receivables</b>		
<b>Receivables from other reporting unit[s]</b>		
CFMEU Mining & Energy Division National office	101,560	109,860
<b>Total receivables from other reporting unit[s]</b>	<u>101,560</u>	<u>109,860</u>
<b>Less provision for doubtful debts</b>	<u>-</u>	<u>-</u>
<b>Total provision for doubtful debts</b>	<u>-</u>	<u>-</u>
<b>Receivable from other reporting unit[s] (net)</b>	<u><u>101,560</u></u>	<u><u>109,860</u></u>
<b>Other receivables:</b>		
GST receivable from the Australian Taxation Office	-	-
Other trade receivables	617,933	854,453
<b>Total other receivables</b>	<u>617,933</u>	<u>854,453</u>
<b>Total trade and other receivables (net)</b>	<u><u>719,493</u></u>	<u><u>964,313</u></u>

Note 5 Current Assets (continued)	2016	2015
	\$	\$
<b>Note 5C: Other Current Assets</b>		
Prepayments	158,478	168,270
Other	672	672
<b>Total other current assets</b>	<u>159,150</u>	<u>168,942</u>
<b>Note 6 Non-current Assets</b>		
<b>Note 6A: Land and buildings</b>		
Land and buildings:		
fair value	1,932,336	1,932,336
accumulated depreciation	835,096	793,119
<b>Total land and buildings</b>	<u>1,097,240</u>	<u>1,139,217</u>
<b>Reconciliation of the Opening and Closing Balances of Land and Buildings</b>		
<b>As at 1 January</b>		
Gross book value	1,932,336	1,932,336
Accumulated depreciation and impairment	793,119	751,142
<b>Net book value 1 January</b>	<u>1,139,217</u>	<u>1,181,194</u>
Additions:		
By purchase	-	-
Revaluations	-	-
Depreciation expense	41,977	41,977
<b>Net book value 31 December</b>	<u>1,097,240</u>	<u>1,139,217</u>
<b>Net book value as of 31 December represented by:</b>		
Gross book value	1,932,336	1,932,336
Accumulated depreciation and impairment	835,096	793,119
<b>Net book value 31 December</b>	<u>1,097,240</u>	<u>1,139,217</u>
<b>Note 6B: Plant and equipment</b>		
Plant and equipment:		
at cost	1,432,251	1,355,990
accumulated depreciation	814,493	761,736
<b>Total plant and equipment</b>	<u>617,758</u>	<u>594,254</u>
<b>Reconciliation of the Opening and Closing Balances of Plant and Equipment</b>		
<b>As at 1 January</b>		
Gross book value	1,355,990	1,312,162
Accumulated depreciation and impairment	761,736	696,118
<b>Net book value 1 January</b>	<u>594,254</u>	<u>616,044</u>
Additions:		
By purchase	332,975	208,611
Depreciation expense	141,057	130,523
Disposals:		
Other	168,414	99,878
<b>Net book value 31 December</b>	<u>617,758</u>	<u>594,254</u>
<b>Net book value as of 31 December represented by:</b>		
Gross book value	1,432,251	1,355,990
Accumulated depreciation and impairment	814,493	761,736
<b>Net book value 31 December</b>	<u>617,758</u>	<u>594,254</u>

Note 6 Non-current Assets (continued)	2016 \$	2015 \$
<b>Note 6C: Investment Property</b>		
Opening balance as 1 January 2016	1,890,000	1,790,000
Additions:	-	-
Net gain/(loss) from fair value adjustment	20,000	100,000
<b>Net book value 31 December</b>	<u>1,910,000</u>	<u>1,890,000</u>

Investment property consists of one commercial property and a number of residential properties that are leased to third parties. The valuations were performed by independent valuers with recognised and relevant professional qualification and with recent experience in the location and category of the investment properties being valued.

The highest and best use of the investment properties is not considered to be different from its current use.

Rental income earned and received from the investment properties during the year was \$117,811 (2015: \$130,855).

Direct expenses incurred in relation to the investment properties that generated rental income during the year was \$48,643 (2015: \$61,950). During the year and as at the year-end, no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal were present. The CFMEU Northern Mining & NSW Energy District Branch does not have any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The fair value of investment property is included within Level 2.

**Note 6D: Intangibles**

Computer software at cost:		
internally developed	-	-
purchased	230,172	230,172
accumulated amortisation	228,468	222,534
<b>Total intangibles</b>	<u>1,704</u>	<u>7,638</u>

**Reconciliation of the Opening and Closing Balances of Intangibles**

<b>As at 1 January</b>		
Gross book value	230,172	230,172
Accumulated amortisation and impairment	222,534	211,862
<b>Net book value 1 January</b>	<u>7,638</u>	<u>18,310</u>
Additions:		
By purchase	-	-
Amortisation	5,934	10,672
Disposals:		
Other	-	-
<b>Net book value 31 December</b>	<u>1,704</u>	<u>7,638</u>

**Net book value as of 31 December represented by:**

Gross book value	230,172	230,172
Accumulated amortisation and impairment	228,468	222,534
<b>Net book value 31 December</b>	<u>1,704</u>	<u>7,638</u>

**Note 6E: Other Investments**

Deposits	12,452,040	13,852,032
Other financial assets - listed	4,307,132	3,842,384
Other financial assets - unlisted	687,968	677,355
<b>Total other investments</b>	<u>17,447,140</u>	<u>18,371,771</u>



Note 7 Current Liabilities	2016	2015
	\$	\$
<b>Note 7A: Trade payables</b>		
Trade creditors and accruals	551,563	538,048
Operating lease rentals	-	-
<b>Subtotal trade creditors</b>	<u>551,563</u>	<u>538,048</u>
<b>Payables to other reporting unit[s]</b>		
CFMEU Mining & Energy Division National Office	449,461	250,871
<b>Subtotal payables to other reporting unit[s]</b>	<u>449,461</u>	<u>250,871</u>
<b>Total trade payables</b>	<u>1,001,024</u>	<u>788,919</u>
Settlement is usually made within 30 days.		
<b>Note 7B: Other payables</b>		
Wages and salaries	118,543	109,551
Superannuation	-	-
Consideration to employers for payroll deductions	-	-
Legal costs - litigation	11,550	-
Legal costs - other legal matters	22,124	13,521
Prepayments received/unearned revenue	-	-
GST payable	25,179	21,308
Other	427,302	329,802
<b>Total other payables</b>	<u>604,698</u>	<u>474,182</u>
Total other payables are expected to be settled in:		
No more than 12 months	604,698	474,182
More than 12 months	-	-
<b>Total other payables</b>	<u>604,698</u>	<u>474,182</u>
<b>Note 8 Provisions</b>		
<b>Note 8A: Employee Provisions</b>		
<b>Office Holders:</b>		
Annual leave	439,081	441,090
Long service leave	-	-
Separations and redundancies	-	-
Other	672,714	608,848
<b>Subtotal employee provisions—office holders</b>	<u>1,111,795</u>	<u>1,049,938</u>
<b>Employees other than office holders:</b>		
Annual leave	159,557	184,117
Long service leave	313,189	341,206
Separations and redundancies	-	-
Other	145,136	189,993
<b>Subtotal employee provisions—employees other than office holders</b>	<u>617,882</u>	<u>715,316</u>
<b>Total employee provisions</b>	<u>1,729,677</u>	<u>1,765,254</u>
<b>Represented by:</b>		
Current	1,416,488	1,424,048
Non Current	313,189	341,206
<b>Total employee provisions</b>	<u>1,729,677</u>	<u>1,765,254</u>

Note 9 Equity	2016	2015
	\$	\$
<b>Note 9A: Funds</b>		
<b>Financial Asset Reserve</b>		
<b>Balance as at start of year</b>	46,117	-
Transferred to reserve	-	46,117
Transferred out of reserve	46,117	-
<b>Balance as at end of year</b>	-	46,117
<b>Total Reserves</b>	-	46,117

**Note 10 Cash Flow**

**Note 10A: Cash Flow Reconciliation**

**Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement:**

**Cash and cash equivalents as per:**

Cash flow statement	2,631,049	2,298,588
Balance sheet	2,631,049	2,298,588
<b>Difference</b>	-	-

**Reconciliation of profit/(deficit) to net cash from operating activities:**

Profit/(deficit) for the year	(1,112,116)	(348,362)
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**Adjustments for non-cash items**

Depreciation/amortisation	188,968	183,172
Fair value (gains)/losses	32,036	(100,000)
(Gain)/loss on disposal of assets	(34,912)	23,709

**Changes in assets/liabilities**

(Increase)/decrease in net receivables	244,820	(355,455)
(Increase)/decrease in prepayments	9,792	(3,223)
Increase/(decrease) in supplier payables	212,105	94,792
Increase/(decrease) in other payables	130,516	24,454
Increase/(decrease) in employee provisions	(35,577)	94,307
<b>Net cash from (used by) operating activities</b>	(364,368)	(386,606)

**Note 10B: Cash flow information**

Cash inflows

CFMEU Mining & Energy Union - Mining & Energy Division	276,574	249,075
<b>Total cash inflows</b>	276,574	249,075

Cash outflows

CFMEU Mining & Energy Union - Mining & Energy Division	2,219,233	2,818,524
<b>Total cash outflows</b>	2,219,233	2,818,524

Note 11 Contingent Liabilities, Assets and Commitments	2016	2015
	\$	\$
<b>Note 11A: Commitments and Contingencies</b>		
<b>Operating lease commitments—as lessee</b>		
Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:		
Within one year	24,483	-
After one year but not more than five years	85,157	-
More than five years	-	-
	<u>109,640</u>	<u>-</u>
<b>Capital commitments</b>		

At 31 December 2016 capital commitments contracted by the Union are Nil. (2015: Nil.)

**Other contingent assets or liabilities (i.e. legal claims)**

At 31 December 2016 other contingent assets or liabilities of the Union are Nil. (2015: Nil.)

**Note 12 Related Party Disclosures**

**Note 12A: Related Party Transactions for the Reporting Period**

Apart from the details disclosed in this note, the Union did not enter into any related party transactions since the end of the previous financial year.

**Note 12B: Key Management Personnel Remuneration for the Reporting Period**

<b>Short-term employee benefits</b>		
Salary (including annual & sick leave taken)	1,710,897	1,781,718
Annual leave accrued	213,214	202,440
Performance bonus	-	-
Sick leave accrued	109,080	104,906
<b>Total short-term employee benefits</b>	<u>2,033,191</u>	<u>2,089,064</u>
<b>Post-employment benefits:</b>		
Superannuation	289,625	276,716
<b>Total post-employment benefits</b>	<u>289,625</u>	<u>276,716</u>
<b>Other long-term benefits:</b>		
Long-service leave	-	-
<b>Total other long-term benefits</b>	<u>-</u>	<u>-</u>
<b>Termination benefits</b>	-	-
<b>Total</b>	<u>2,322,816</u>	<u>2,365,780</u>

All long service leave entitlements in relation to Elected Officials are the responsibility of 'The CFMEU Mining & Energy Employees' Entitlement Trust' from which all relevant long service leave entitlements and obligations are settled from. Accordingly, no provision for long service leave is disclosed.

**Note 12C: Transactions with key management personnel and their close family members**

**Loans to/from key management personnel**

No loans were provided to or from Officials during the financial year.

**Other transactions with key management personnel**

From time to time, Officials may purchase goods from the Union. These purchases are on the same terms and conditions as those entered into by other Union employees or customers and are trivial or domestic in nature.

<b>Note 13 Auditors Remuneration</b>	2016	2015
	\$	\$
<b>Value of the services provided</b>		
Audit and review services		
Auditors of the Union		
Financial statement audit services	27,000	27,000
Other regulatory audit services	2,500	2,500
Other services		
Auditors of the Union		
In relation to assurance, taxation and due diligence services	32,250	35,500
Other auditors		
In relation to other assurance services	3,300	3,350
<b>Total remuneration of auditors</b>	<u>65,050</u>	<u>68,350</u>

**Note 14 Financial Instruments**

**Financial Risk Management Policies**

The Board of Management's overall risk management strategy seeks to assist the Union in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk Management policies are approved and reviewed by the Board of Management. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for entity operations. The Union does not have any derivative instruments at 31 December 2016.

**Specific Financial Risk Exposure and Management**

The main risks the Union is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and equity price risk.

There have been no substantive changes in the types of risks the Union is exposed to, how these risks arise, or the Board of Management's objectives, policies and processes for managing or measuring the risks from the previous period.

**Note 14A: Categories of Financial Instruments**

**Financial Assets**

Held-to-maturity investments:		
Term deposits	12,452,040	13,852,032
<b>Total</b>	<u>12,452,040</u>	<u>13,852,032</u>
Available-for-sale assets:		
Shares & units in listed entities	4,307,132	3,842,384
Shares & units in unlisted entities	687,968	677,355
<b>Total</b>	<u>4,995,100</u>	<u>4,519,739</u>
Loans and receivables:		
Trade & other receivables	719,493	964,313
<b>Total</b>	<u>719,493</u>	<u>964,313</u>
<b>Carrying amount of financial assets</b>	<u>18,166,633</u>	<u>19,336,084</u>

Note 14 Financial Instruments (continued)	2016	2015
	\$	\$
<b>Financial Liabilities</b>		
Other financial liabilities:		
Trade & other payables	1,605,722	1,263,101
<b>Total</b>	<b>1,605,722</b>	<b>1,263,101</b>
<b>Carrying amount of financial liabilities</b>	<b>1,605,722</b>	<b>1,263,101</b>

**Note 14B: Net Income and Expense from Financial Assets**

<b>Held-to-maturity</b>		
Interest revenue	430,772	582,772
Impairment	-	-
Gain/loss on disposal	-	-
<b>Net gain/(loss) held-to-maturity</b>	<b>430,772</b>	<b>582,772</b>
<b>Loans and receivables</b>		
Interest revenue	-	-
Impairment	-	-
Gain/loss on disposal	-	-
<b>Net gain/(loss) from loans and receivables</b>	<b>-</b>	<b>-</b>
<b>Available-for-sale</b>		
Interest revenue	40,656	16,552
Dividend revenue	66,013	10,559
Trust distribution	99,284	9,411
Exchange gains/(loss)	-	-
Gain/(loss) recognised in equity	(27,458)	46,117
Amounts reversed from equity:		
Impairment	-	-
Fair value changes reversed on disposal	(18,659)	-
Gain/(loss) on disposal	81,417	3,441
<b>Net gain/(loss) from available-for-sale</b>	<b>241,253</b>	<b>86,080</b>
<b>Net gain/(loss) from financial assets</b>	<b>672,025</b>	<b>668,852</b>

**Note 14C: Fair Value of Financial Instruments**

	Carrying amount 2016 \$	Fair value 2016 \$	Carrying amount 2015 \$	Fair value 2015 \$
<b>Financial Assets</b>				
Held to maturity investments	12,452,040	12,452,040	13,852,032	13,852,032
Available for sale	4,995,100	4,995,100	4,519,739	4,519,739
Trade & other receivables	719,493	719,493	964,313	964,313
<b>Total</b>	<b>18,166,633</b>	<b>18,166,633</b>	<b>19,336,084</b>	<b>19,336,084</b>
<b>Financial Liabilities</b>				
Trade & other payables	1,605,722	1,605,722	1,263,101	1,263,101
<b>Total</b>	<b>1,605,722</b>	<b>1,605,722</b>	<b>1,263,101</b>	<b>1,263,101</b>

**Note 14D: Credit Risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Union.

Credit risk is managed through maintaining procedures such as utilisation of systems for approval, granting and removal of credit limits, regular monitoring of exposure against such limits and monitoring of the financial stability of significant customers and counterparties ensuring, to the extent possible, that members and counterparties to transactions are of sound credit worthiness.

**Note 14D: Credit Risk (continued)**

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the Board of Management has otherwise assessed as being financially sound.

**Credit risk exposures**

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The Union has no significant concentrations of credit risk with any single counterparty or group of counterparties.

The following table illustrates the Union's gross exposure to credit risk, excluding any collateral or credit enhancements.

	2016	2015
	\$	\$
<b>Financial assets</b>		
Held to maturity investments	12,452,040	13,852,032
Available for sale investments	4,995,100	4,519,739
Trade & other receivables	719,493	964,313
<b>Total</b>	<u>18,166,633</u>	<u>19,336,084</u>

**Credit quality of financial instruments not past due or individually determined as impaired**

	Not Past Due Nor Impaired 2016 \$	Past due or impaired 2016 \$	Not Past Due Nor Impaired 2015 \$	Past due or impaired 2015 \$
Held to maturity investments	12,452,040	-	13,852,032	-
Available for sale investments	4,995,100	-	4,519,739	-
Trade & other receivables	719,493	-	964,313	-
<b>Total</b>	<u>18,166,633</u>	<u>-</u>	<u>19,336,084</u>	<u>-</u>

There is no collateral held by the Union securing trade & other receivables.

Trade & other receivables that are neither past due nor impaired are considered to be of high credit quality.

**Note 14E: 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:

- (i) only investing surplus cash with approved deposit taking institutions; and
- (ii) proactively monitoring the recovery of unpaid subscriptions.

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. The Union does not directly have any derivative 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.

**Note 14E: Liquidity Risk (continued)**

Contractual maturities for financial liabilities 2016

	On Demand	< 1 year \$	1– 2 years \$	2– 5 years \$	>5 years \$	Total \$
Trade & other payables	-	1,605,722	-	-	-	1,605,722
<b>Total</b>	-	<b>1,605,722</b>	-	-	-	<b>1,605,722</b>

Maturities for financial liabilities 2015

	On Demand	< 1 year \$	1– 2 years \$	2– 5 years \$	>5 years \$	Total \$
Trade & other payables	-	1,263,101	-	-	-	1,263,101
<b>Total</b>	-	<b>1,263,101</b>	-	-	-	<b>1,263,101</b>

**Financial assets pledged as collateral**

No financial assets have been pledged as security for any financial liability.

**Note 14F: Market Risk**

**Interest rate risk**

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Union is also exposed to earnings volatility on floating rate instruments. The financial instruments that expose the Union to interest risk are limited to cash and cash equivalents.

**Sensitivity analysis**

The following table illustrates sensitivities to the Union's exposures to changes in interest rates. The table indicates the impact on how profit reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities also assume that the movement in a particular variable is independent of other variables.

**Sensitivity analysis of the risk that the Union is exposed to for 2016**

	Risk variable	Change in risk variable %	Effect on Profit and loss \$	Equity \$
<b>Interest rate risk</b>	Increase	1%	124,520	-
<b>Interest rate risk</b>	Decrease	1%	(124,520)	-

**Sensitivity analysis of the risk that the Union is exposed to for 2015**

	Risk variable	Change in risk variable %	Effect on Profit and loss \$	Equity \$
<b>Interest rate risk</b>	Increase	1%	138,520	-
<b>Interest rate risk</b>	Decrease	1%	(138,520)	-

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year

**Other price risk**

The Union exposed to equity securities price risk. This arises from listed and unlisted investments held by the Union and classified as available-for-sale on the balance sheet. Equity instruments are held for strategic rather than trading purposes and the Union does not actively trade these investments. The Union is not exposed to commodity price risk.

**Note 14F: Market Risk (continued)**

**Sensitivity analysis**

The following table illustrates sensitivities to the Union's exposures to changes in equity prices. The table indicates the impact on how profit reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities also assume that the movement in a particular variable is independent of other variables.

**Sensitivity analysis of the risk that the Union is exposed to for 2016**

	Risk variable	Change in risk variable %	Effect on Profit and loss \$	Effect on Equity \$
Equity price risk	Increase	5%	-	249,755
Equity price risk	Decrease	5%	-	(249,755)

**Sensitivity analysis of the risk that the Union is exposed to for 2015**

	Risk variable	Change in risk variable %	Effect on Profit and loss \$	Effect on Equity \$
Equity price risk	Increase	5%	-	225,986
Equity price risk	Decrease	5%	-	(225,986)

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year

**Note 15 Fair Value Measurement**

The Union measures the following assets at fair value on a recurring basis:

- Listed and unlisted shares
- Investment property

**Fair value hierarchy**

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The table below shows the assigned level for each asset and liability held at fair value by the Union:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
31 December 2016				
Recurring fair value measurements				
Financial assets				
Listed and unlisted shares	4,995,100	-	-	4,995,100
Non Financial assets				
Investment property	-	1,910,000	-	1,910,000
	<u>4,995,100</u>	<u>1,910,000</u>	<u>-</u>	<u>6,905,100</u>



**Note 15 Fair Value Measurement (continued)**

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
31 December 2015				
Recurring fair value measurements				
Financial assets				
Listed and unlisted shares	4,519,739	-	-	4,519,739
Non Financial assets				
Investment property	-	1,890,000	-	1,890,000
	<u>4,519,739</u>	<u>1,890,000</u>	<u>-</u>	<u>6,409,739</u>

**Note 16 Section 272 Fair Work (Registered Organisations) Act 2009**

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:

Information to be provided to members or the General Manager:

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

## **INDEPENDENT AUDIT REPORT**

### **To the Members of the CFMEU Northern Mining & NSW Energy District Branch**

#### **Report on the Financial Report**

We have audited the accompanying financial report of the CFMEU Northern Mining & NSW Energy District Branch, which comprises the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Board of Management's declaration of the entity during the financial year.

#### *Board of Management's Responsibility for the Financial Report*

The Union's Board of Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009, and for such internal control as the Board of Management determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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

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

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

#### *Independence*

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

## INDEPENDENT AUDIT REPORT

### To the Members of the CFMEU Northern Mining & NSW Energy District Branch

#### Opinion

In our opinion:

- (a) the financial report of the Union is in accordance with the provisions of the Fair Work (Registered Organisations) Act 2009, other requirements imposed by these Reporting Guidelines or Part 3 of Chapter 8 of the Act, including:
  - (i) presenting fairly the financial position of the CFMEU Northern Mining & NSW Energy District Branch as at 31 December 2016 and of its performance and cash flows for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations)
- (b) the Board of Management's use of the going concern basis of accounting in the preparation of the CFMEU Northern Mining & NSW Energy District Branch financial statements is appropriate.
- (c) that the financial statements and notes and recovery of wages activity financial report properly and fairly report all information required by the reporting guidelines of the General Manager, including:
  - (i) any fees charged to, or reimbursements of expenses claimed from, members and others for recovery of wages activity; and
  - (ii) any donations or other contributions deducted from recovered money

#### Auditor Declaration

In accordance with the requirements of section 257(5) of the Fair Work (Registered Organisations) Act 2009, we provide the following declarations:

- (i) the auditor is an approved auditor
- (ii) the auditor is a member of The Institute of Chartered Accountants in Australia
- (iii) the auditor holds a current Public Practice Certificate



**LINDBECK PARTNERS**  
Chartered Accountants



**B N LINDBECK**  
Partner

Cardiff: 2 March 2017