

## **MINING AND ENERGY UNION (MEU) (Union)**

### **Union Expenditure Policy (incorporating Procurement and Delegations)**

#### **1. Background**

The following policy framework has been developed in accordance with the obligation under National CFMMEU Rule 24A which requires the Union to have internal control policies and procedures relating to the expenditure of the Union.

The policy has been approved by the Central Executive of the Mining and Energy Union and is to be made available to Members of the Union by publication on the Union's website.

The purpose of this policy is to:

- a) Promote the best and most efficient use of Union resources in the protection and advancement of Members' social and economic interests.
- b) Provide a clear set of policies and standards that are understood by and applied by all Officials and Employees of the Union.
- c) Adopt clear and transparent policies, practices and decision-making structures regarding the finances of the Union.
- d) Provide for a hierarchy of authority regarding approvals for purchasing goods and services and expenditure of Union monies, including identifying levels of delegation.
- e) Adopt tendering and procurement guidelines that ensure probity and value for money when purchasing goods and services.
- f) Ensure clear guidelines exist and are applied in relation to expenditure of funds, cash management, use of credit facilities (including credit cards) and reimbursement of expenses.
- g) Engage Members in the governance of their Union and ensure that Members are aware of the policies of the Union relating to expenditure.

#### **2. Applicability**

This policy applies to all Officials and all Employees of the National Office of the CFMEU Mining and Energy Union (MEU), including MEU owned subsidiaries and any Employees associated with Joint Ventures and Alliances to which the MEU is a party.

#### **3. Exclusions**

Nil

#### **4. Actions and Responsibilities**

All payments made within the Union are expected to:

- Comply with the Rules of the Organisation.
- Comply with applicable policies of the Union.
- Be in the best interests of the Members of the Union.
- Represent appropriate value for the goods and services provided.
- Have appropriate written authorisation.
- Maintain all required accounting records.
- Maintain all relevant supporting documentation.
- Maintain safe custody and care of Union owned property.
- Not bring the Union into disrepute.

## **5. Fraud and Corruption Controls**

The Union has implemented and maintains a control framework to ensure the safeguarding of Union assets and appropriate protection against fraud and corruption. These controls include (but are not limited to):

- Separation of duties.
- Appropriately skilled and trained staff.
- Externally sourced, but appropriately skilled and trained financial professionals.
- Appropriate accounting systems.
- Proper authorisation processes.
- Clear permissions and delegation framework.
- Independent external oversight of processes and transactions (audit).
- Independent internal review (internal audit).
- Conflict of interest management and declarations by Officials and Staff.
- Policy implementation and review.

## **6. Authorisation and Documentation**

Authorisation for all Union expenditure and asset purchases is to be made in accordance with the Union's rules and register of Delegated Authorities. All payments incurred must be appropriately signed/authorised by at least two (2) of the General President, General Secretary, Operations Manager, or other Employees with delegated authority, appointed by the Central Executive to process and/or make payments on behalf of the Union and in accordance with this policy.

The National Office Finance Team (both internal and external) will keep all completed transactions, reconciliations, receipts, or invoices for at least seven (7) years after the transaction takes place, or such other period as required under the *Fair Work (Registered Organisations) Act*.

## **7. Major Union Expenses**

### **7.1. Payroll – Officials**

Salaries and employment conditions for Officials are set by the Central Council of the Union. Approved rates, terms and conditions will be recorded in a written Employment Agreement and be reviewed annually or as otherwise decided by Central Council.

### **7.2. Payroll – Employees**

Salaries and employment conditions for Employees (other than Officials) will be negotiated by the General Secretary in consultation with the Central Executive. Approved rates, terms and conditions will be recorded in a written Employment Agreement and be reviewed in accordance with the Employment Agreement's terms.

The General Secretary and General President may jointly decide to approve a change in level and/or remuneration paid to an individual Employee, however, such approval must be reported at the next meeting of the Central Executive.

### **7.3. Payroll – General**

Management of supporting payroll processes, forms and approvals will be undertaken by the Operations Manager and Finance Manager. Payments will be made to Employees in accordance with the specified terms contained in relevant Employment Agreements. Changes outside of pre-approved Employment Agreements and termination pays will require authorisation from the General Secretary or General President.

## **7.4. Legal Expenses**

Legal Expenses are incurred by the Union in conjunction with defending the rights of Members in the workplace and/or the Union.

### **7.4.1. Case Selection**

All Members are equally important, but when deciding on which legal matters to pursue, a process of prioritising legal cases based on certain attributes will be undertaken. These will include (but are not limited to);

- Number of Members affected.
- Likelihood of success.
- Financial outcomes expected for Members.
- Expected cost of running case.
- Potential impact on industrial relations legislation and case law.
- Union capacity to perform the necessary work.

### **7.4.2. Legal Fees**

The Union will spend money on external legal advice to supplement the in-house resources employed by the Union. This may be where specific expertise is required or potential court appearances require specialist skills.

Where practical, legal fees payable to external law firms and other legal professionals will be agreed upon in advance of the case proceeding. At a minimum, a written agreement of the hourly rate payable will be provided in advance or as agreed in advance or annually with nominated firms or legal practitioners. Where the length and cost of the case is indeterminable, final approval should be sought from the Central Executive, subject to Delegations, in advance.

### **7.4.3. Reporting and Review**

Ongoing review of the outcomes, costs incurred, and the likelihood of success will be undertaken by the National Legal Director throughout the case with regular reporting updates provided to the General President, General Secretary and/or the Central Executive. Invoices received in relation to legal cases are to be reviewed by the National Legal Director to ensure they are appropriate and consistent with the work being undertaken.

## **7.5. Union Events and Entertainment**

In the ordinary course of business, the Union may hold events. These events may be to (but not limited to) train and educate Members, entertain Members, entertain guests, Officials, and Staff or other such reason that is deemed appropriate. These events may be held within Union premises or at external venues. In line with the general expenditure principles all events and entertainment expenditure must be for a valid reason and:

- In the interests of the Union.
- Provide the appropriate value for money for services provided.
- Be available to only guests appropriately invited.
- Meet all record keeping requirements for audit and tax purposes.
- Not bring the Union into disrepute.

### **7.5.1. Entertainment and Event Types**

*Acceptable types of entertainment include:*

- Breakfast meetings.
- Union lunches and dinners.

- Union drinks events.
- Staff recognition/entertainment events.
- Event hospitality (sporting, cultural and political events).
- Other entertainment types as pre-approved by the General Secretary and/or General President.

*Acceptable types of Events include:*

- Conferences.
- Member engagement events.
- Training events.
- Working events (such as working meals).
- Other event types as pre-approved by the General Secretary and/or General President.

### **7.5.2. Authorisation of Entertainment and Event Expenditure**

All entertainment and event expenditures will be reviewed and authorised by the General Secretary, General President, or Operations Manager. Entertainment expenses may be incurred either by the issuance of invoices or incurred on Union issued credit cards in accordance with the Credit Card Policy. Expenses that are made which are not in accordance with this policy will be deemed to be unauthorised and will be required to be repaid by the Employee in question. Where entertainment and event expenditures are expected to be greater than two thousand dollars (\$2,000), approval should be sought prior to commencement.

### **7.5.3. Major Events**

Major events, including the quadrennial National Convention of the Union and other large conferences, require a separate approval process which will include a detailed analysis of the associated costs and proposed benefits to the Union. Approval of major events will be made by the Central Executive and/or Central Council as required by the Union rules.

## **7.6. Building Expenses**

The Union owns commercial and residential properties as part of our investment strategy. Ownership of such properties also allows the Union to minimise rental costs associated with operating the Organisation. The Union believes that proper management of real estate assets is important to ensure safety standards are met and that the value of the building is not negatively impacted through neglect. To assist the Operations Manager in properly managing the operation of the building portfolio, the Union will engage a property manager. Appropriate contracts for ongoing maintenance of key building infrastructure will also be entered into. Key contracts will be reviewed periodically for ongoing appropriateness. The Union recognises that quality service and relationships are important in managing such significant assets, and whilst the cost and return on investments are important, they are not the only consideration.

The Union operates its activities from Nymboida House at 215-217 Clarence Street, Sydney and the key contracts associated with this building include:

- Cleaning.
- Lift maintenance.
- Air conditioning maintenance.
- Leasing agent (tenant management).
- Building management and maintenance.

### **7.7. Travel Expenses**

Refer to Mining and Energy Union Travel Policy

### **7.8. Motor Vehicle Expenses**

Refer to Mining and Energy Union Motor Vehicle Policy

### **7.9. Credit Card**

Refer to Mining and Energy Union Credit Card Policy

### **7.10. Loans, Grants and Donations**

From time to time the Union may provide grants or donations to charitable and other worthy causes, as well as in support of political campaigns or agendas, consistent with the Objects of the Union. Grants and donations are provided on the basis that the Union receives no commercial benefit in return for making the payment.

The General President or General Secretary can approve a grant or donation of up to nine hundred and ninety-nine dollars (\$999). Beyond this amount requires approval by the Central Executive and/or the Central Council.

The Union may use “*gift cards*” where they are deemed as an appropriate method to provide a tangible “*gift*” (e.g. for a raffle prize at a school) in recognition of the grant or donation. Where gift cards are used, they are to be limited to below one thousand dollars (\$1,000) and additional reporting may be required to confirm receipt by the individual or organisation.

Loans will only be approved with the expressed permission of the Central Executive.

Reporting of all such payments will be undertaken in line with the Union Rules and any legislative requirements, for amounts above any threshold, as applicable.

### **7.11. Sponsorship and Fundraising Events**

From time to time the Union may sponsor or attend fundraising events, activities, etc. Sponsorships are provided on the basis of a commercial benefit from the sponsorship payment, or the Union purchases an auction item or prize at a fundraising event. Sponsorships may also include supporting an event, activity, etc that has generally been sponsored by one of the Union’s Alliance partners, but for specific reasons that the Central Executive has approved, they cannot be taken up sponsorship, in which case the MEU can decide to take up in their name.

The General President or General Secretary are authorised to determine the value of any sponsorship arrangement or fundraising purchases of up to five thousand dollars (\$5,000) individually or fifteen thousand dollars (\$15,000) jointly. Sponsorships beyond this amount require approval by the Central Executive and/or the Central Council.

## **8. Union Assets**

Union assets are to be acquired in line with the Union rules and for a purpose that is in the best interest of the Union, which provides appropriate value to the Union and meets the required needs of the intended user. A register of assets will be maintained outlining:

- Date of acquisition.
- Cost, including additional capital costs associated with the asset.
- Expected useful life.
- Custodian (as appropriate).

- Supporting documentation and authorisation.

Assets acquired are to be purchased in the name of the Union and to remain in the property of the Union until their useful life is complete or they are disposed of in accordance with the policies of the Union. Custodians and users of Union assets are to take necessary precautions to ensure their protection and safety. Any damage is to be reported to the General Secretary, Operations Manager or Finance Manager immediately. Any wilful neglect of Union assets may lead to disciplinary action. Reasonable private use of Union assets is allowable unless expressly excluded. Any such exclusion will be provided in writing to the custodian/user.

Disposals of Union assets are to be made by an authorised person(s) only (General President, General Secretary, Operations Manager, or Finance Manager and/or refer to the Delegations section of this policy), be in the interest of the Union and provide reasonable value for the asset being disposed of (taking into consideration its age, condition, useful remaining life and market available for sale).

Assets may be sold to Employees for reasonable consideration. Assets with little or no residual value may also be given to Employees at no cost.

### 9. Procurement Requirements

The Union has implemented processes whereby suppliers can be compared to ensure the Union is getting value for money when making purchases. The records outlined below should be kept in accordance with relevant accounting practices and with any requirements outlined in the *Fair Work (Registered Organisation) Act*. These requirements are outlined below.

| Value of Goods/Services                              | Procurement Rules  |
|--|--|
| <b>Up to \$20,000</b>                                | <p>Oral quotations may be obtained for purchases up to \$5,000.</p> <p>It is not mandatory to obtain more than one (1) quotation for purchases up to \$20,000 however the purchase should still represent value for money. All such purchases must be authorised in line with the Union's Delegations practices.</p>   |
| <b>Greater than \$20,000 but less than \$100,000</b> | <p>Written quotations for purchases must be obtained in writing.</p> <p>Although it is not mandatory to obtain two (2) quotations for purchases less than \$100,000, those authorised to approve expenditure must be satisfied, and be able to justify, that the recommended supplier is price competitive for the particular requirement and/or the specific purchase proposal is to the advantage of the Union, whilst having regard to such factors as:</p> <ul style="list-style-type: none"> <li>- standard of service;</li> <li>- quality of product;</li> <li>- proximity to requirement;</li> <li>- delivery times;</li> <li>- convenience; and</li> <li>- cost of acquisition.</li> </ul> <p>Regardless of the number of quotations obtained, the quotations obtained must be in line with the market value of such goods or services.</p> <p>In the interests of good governance, multiple quotes should be obtained where possible.</p> |

| Value of Goods/Services       | Procurement Rules   |
|-------------------------------|---|
| <b>Greater than \$100,000</b> | <p>For purchases greater than \$100,000, the Union will seek at least two (2) quotations, which should be invited in writing. This may be as part of a publicly advertised tender process, or through a closed tender process with the Union inviting formal quotations from the preferred supplier list.</p> <p>The following supporting documentation are to be maintained in respect to each transaction:</p> <ul style="list-style-type: none"> <li>- delegated authority to submit the goods or services to tender and/or quotation;</li> <li>- details of for whom, where and why the goods or services are required, in line with the Union’s strategy, budget, operational plans and/or objectives;</li> <li>- a list of those asked to submit a quotation;</li> <li>- a copy of the written request for quotation;</li> <li>- copies of quotations obtained;</li> <li>- criteria used for selecting those asked to submit a quotation;</li> <li>- if fewer than two (2) quotations obtained, reasons why;</li> <li>- full explanation, justification, or recommendation for acceptance of the quotation. This recommendation should address all specified selection criteria.</li> </ul> |

**10. Preferred Suppliers**

Preferential consideration may be given to suppliers by the Union in circumstances whereby these suppliers have previously provided goods or services which may form part of a larger project or longer-term strategy. For example – building upgrades that are being undertaken progressively. In such circumstances, it may only be necessary to obtain one (1) quote provided that the costs are consistent with previous work, and that they still represent good value to the Union.

**11. Payment Methods**

The Union will make payments in accordance with the Union rules through the use of commonly accepted payments methods. Including:

- EFT (including international transfers as required).
- Credit Card.
- Cheques.
- Petty Cash.

Where petty cash funds are used, the funds are to remain in a secure place, be properly reconciled regularly and used only for legitimate Union purposes. Each expense will be accompanied by a completed summary slip and with the appropriate receipt attached.

**12. Register of Delegated Authorities**

The delegated authorities noted below outline the types of transactions and the levels at which the General Secretary, General President, Finance Manager, and/or Operations Manager can act on behalf of the Union, either individually or jointly.

| General President / General Secretary |   |  |                                      |
|---------------------------------------|---|--|--------------------------------------|
| Transaction Type                      | Commentary  | Limit / Conditions   | Delegated From                       |
| Contracts                             | Execute contracts and agreements committing the Union to expenditure  | Up to \$35,000 individually or \$100,000 jointly without prior approval of Central Executive   | Central Council                      |
| Expenditure                           | Commit the Union to expenditure in line with endorsed decisions of the relevant bodies  | In accordance with the relevant decision   | Central Council<br>Central Executive |
| Leasing and Service Provisions        | Negotiate leasing terms for existing service providers. New Services, including residential property leasing                      | No limit applicable for existing service providers, however for new services above \$100,000 or for terms greater than three (3) years require Central Executive approval  | Central Executive                    |
| Building Leases                       | Negotiate leasing terms with current and potential tenants  | No limit is applicable however, endorsement of final terms for leases greater than three (3) years requires Central Executive approval   | Central Executive                    |
| Accounting Services                   | Manage the relationship with external firm  | Includes amending arrangements and engagement of additional resources as required  | Central Executive                    |
| Auditors                              | Engagement<br>Negotiate audit fees with auditor<br>Other project work fees  | Must be ROC registered and appointed as per the rules by Central Council.<br>Audit fees disclosed in accounts and renewal fee arrangements to be agreed with the General Secretary<br>Other projects fees up to \$35,000 individually or \$100,000 jointly without prior approval of the Central Executive | Central Council<br>Central Executive |
| Bank Accounts                         | Open and close Union bank accounts  | Funds to remain within Union name  | Central Council                      |
| Credit Cards                          | Approval, issuance, set limits  | In line with Credit Card policy  | Central Council                      |
| Transactions                          | Capacity to undertake expense transactions on behalf of the Union, including by EFT, cheque and other acceptable forms of payment | In accordance with this policy and for the purpose of fulfilling ordinary expenditure for the operation of the Union   | Central Council                      |

|                 |  |  |                   |
|-----------------|--|--|-------------------|
| Legal costs     | Approval to commence legal cases and the use of outside legal assistance<br>Regular reports are provided to the Central Executive on legal cases | Estimated costs limits \$50,000 individually or \$120,000 jointly.   | Central Executive |
| Banking         | Choice of and liaison with banking institutions  | Minimum of two (2) signatories on all accounts and in accordance with section 5 of this policy   | Central Council   |
| Insurance       | Obtain relevant business insurance   | For existing insurance products up to \$100,000 and for new products up to \$35,000 without prior Central Executive approval   | Central Council   |
| Donations       | International and domestic donations   | Approval up to \$999 individually. Up to \$50,000 requires Central Executive approval. Above \$50,000 requires Central Council approval  | Central Council   |
| Sponsorships    | Are provided based on a commercial benefit for the sponsorship arrangement or fundraising purchases or consistent with clause 7.11.              | Up to \$5,000 individually or \$15,000 jointly   | Central Executive |
| Asset Purchases | Motor vehicles, electronic equipment, and other work-related office equipment (e.g. computers, screens, etc)                                     | Motor vehicles in accordance with relevant policy budget limits and up to an additional \$30,000 for exclusion – “ <i>fit for purpose</i> ” enhancements, unless otherwise delegated in the Motor Vehicle Policy.<br>Electronic or office equipment above \$5,000 and up to \$35,000 individually or jointly up to \$100,000 without prior authorisation from Central Executive or Central Council | Central Council   |
| Asset Purchases | Buildings (commercial and residential), and significant upgrades to existing buildings   | Prior authority from Central Council for any commercial building purchase and from Central Executive for any residential property purchases.<br>Prior authority from Central Executive for any residential upgrades over \$20,000 or commercial property upgrades over \$100,000.  | Central Council   |

|             |  |  |                   |
|-------------|--|--|-------------------|
| Investments | Investment in cash assets (term deposits etc)                        | Up to \$5,000,000 per transaction without prior Central Executive or Central Council approval. Must be invested with approved Australian ADI and remain within Union name.                                 | Central Executive |
| Investments | Investment in publicly listed shares (domestic and/or international) | Up to \$20,000 per company without prior Central Executive or Central Council approval.  | Central Council   |
| Investments | Investment in Managed Funds and/or other listed/private investments  | Up to \$100,000 without prior approval of Central Executive. Greater than \$100,000 require Central Council approval, unless already approved through a broader Discretionary Management Service agreement | Central Council   |
| Investments | Discretionary Manager Services                                       | General Secretary can determine matters escalated from Finance Manager, including review and sign off on annual DMS reviews, costs and appropriateness of new products, if proposed.                       | Central Executive |

The following delegations are for the Operations Manager and/or the Finance Manager unless otherwise stated in the table. The nature of most matters relating to matters of finance are dealt with by the Finance Manager in the first instance and approved by the Operations Manager as sign off.

| <b>Operations Manager and/or Finance Manager</b> |  |   |   |
|--|--|---|---|
| <b>Expenditure Type</b>                          | <b>Commentary</b>  | <b>Limit</b>  | <b>Delegated From</b>                                     |
| Contracts  | Execute contracts and agreements committing the Union to expenditure **  | Up to \$10,000 ** without prior approval of General Secretary   | General Secretary   |
| Expenditure                                      | Commit the Union to expenditure in line with endorsed policy decisions of relevant bodies                      | In accordance with the relevant decision, and at the request of the General Secretary and/or General President  | Central Council<br>Central Executive<br>General Secretary |
| Leasing and Service Provisions                   | Negotiate leasing terms for existing service providers<br>New services, including residential property leasing | In consultation with the General Secretary, with no limit applicable for existing service providers, however, for new services above \$100,000 or for terms greater than three (3) years require Central Executive approval | Central Executive   |

|                 |   |  |                   |
|-----------------|---|--|-------------------|
| Building Leases | Negotiate leasing terms with current and potential tenants  | In consultation with the General Secretary, with no limit applicable, however endorsement of final terms for leases greater than three (3) years require Central Executive approval. | Central Executive |
| Auditors        | Engagement<br>Negotiate audit fees with auditor<br>Other project work fees  | Operations Manager<br>Operations Manager<br>Other project fees below \$35,000  | General Secretary |
| Bank Accounts   | Open and close Union bank accounts  | At the request of the General Secretary, however funds must remain within Union name   | General Secretary |
| Credit Cards    | Issuance within set limits and oversight of useage  | In line with Credit Card policy  | General Secretary |
| Transactions    | Capacity to undertake expense transactions on behalf of the Union, including by EFT, cheque and other acceptable forms of payment | In accordance with this policy and for the purpose of fulfilling ordinary expenditure for the operation of the Union   | General Secretary |
| Transactions    | Authorise administration staff to conduct credit card transactions  | In line with credit card and credit card delegations – for general office expenditure  | General Secretary |
| Banking         | Choice of and liaison with banking institutions   | Minimum of two (2) signatories on all accounts and in accordance with section 5 of this policy   | General Secretary |
| Insurance       | Obtain relevant business insurance  | In consultation with the General Secretary for existing insurance products up to \$100,000 and for new products up to \$35,000 without prior Central Executive approval              | General Secretary |
| Donations       | International and domestic Donations  | Requires prior authorisation from General Secretary, General President, Central Executive or Central Council   | General Secretary |

|                 |  |   |                   |
|-----------------|--|---|-------------------|
| Asset Purchases | Motor vehicles, electronic equipment and other work-related office equipment (e.g. computer, screens, etc) | Motor vehicles are in accordance with relevant policy budget limits.<br>Electronic and office equipment up to \$5,000 per item without prior authorisation from the General Secretary.<br>Above \$5,000 requires prior approval from General Secretary and/or General President               | General Secretary |
| Asset Purchases | Buildings (commercial and residential), and significant upgrades to existing buildings                     | Prior authority from Central Council for any commercial building purchase, and from Central Executive for residential property purchases.<br>Prior authority from General Secretary, General President, or Central Executive for any residential or commercial property upgrades over \$5,000 | General Secretary |
| Investments     | Investment in cash assets (term deposits etc)  | Up to \$5,000,000 per transaction without prior General Secretary, General President, Central Executive or Central Council approval. Must be invested with approved Australian ADI and remain within Union name.  | General Secretary |
| Investments     | Investment in publicly listed shares (domestic and international)  | Up to \$10,000 per company without prior General Secretary, General President, Central Executive or Central Council approval.   | General Secretary |
| Investments     | Investment in Managed Funds and/or other listed/private investments  | Up to \$10,000 without prior approval of General Secretary, General President, or Central Executive.  | General Secretary |
| Investments     | Discretionary Manager Services   | All relevant and necessary administrative functions including determining whether a matter raised by the DMS Manager should be escalated to the General Secretary. Such as reviews and sign off on annual DMS reviews, changes to costs and the appropriateness of new products, if proposed. | General Secretary |

|                                    |   |  |                   |
|------------------------------------|---|--|-------------------|
| Tax Payments                       | Make tax payments in accordance with legal requirements   | Amounts as required to comply with the law     | General Secretary |
| Inter group bank account transfers | Make payments within the Union and its Divisions or with other M&E owned subsidiaries and associated Joint Ventures and Alliances to which the M&E is a party | Amounts in fulfilment of arrangements in place | General Secretary |

\*\* Limit excludes intergroup bank account transfers, cash investments, wages, superannuation, and tax payments

**13. Next Review Date:** September 2024

| <b>Record of Policy Review and Amendments</b> |                  |  |                    |
|---|------------------|--|--------------------|
| <b>Date</b>                                   | <b>Reference</b> | <b>Nature of Review/Amendment</b>  | <b>Approved By</b> |
| 17 November 2020                              | Approval         | Updated Policy in new format   | Central Council    |
| 4 February 2022                               | Approval         | Updated MEU and Logo   | Central Executive  |
| 11 March 2022                                 | Approval         | Clarification on leasing property  | Central Council    |
| 30 June 2022                                  | Approval         | Updated Authorised Users Clause and removed CFO  | Central Executive  |
| 23 September 2022                             | For Approval     | Updated to reflect changes in role and other approved delegations, grammar, and bi-annual review | Central Council    |
|   |                  |  |                    |