

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION  
PULP AND PAPER WORKERS' BRANCH  
MILLICENT SUB BRANCH  
ABN 23 614 340 373**

**FINANCIAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**THE CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION  
PULP AND PAPER WORKERS' BRANCH  
MILLICENT SUB BRANCH  
ABN 23 614 340 373**

**OPERATING REPORT**

In accordance with Section 254 of the Fair Work (Registered Organisations) Act 2009, the Federal Committee of Management of the Construction, Forestry, Mining and Energy Union, Pulp and Paper Workers' Branch on behalf of the Committee of Management of the Construction, Forestry, Mining and Energy Union, Pulp and Paper Workers' Branch, Millicent Sub Branch ("Union/Reporting Unit"), presents the Operating Report of the Reporting Unit for the financial year ended 31 December 2008.

**Principal Activities**

The principal activities of the Sub-Branch during the past year fell into the following categories:

- Implementation of the decisions of the Sub-Branch Executive and Committee of Management.
- Implementation of the Sub-Branch's organising agenda, including direct assistance and strategic advice on particular industry or site organising projects, training and development of officials.
- Industrial support including assistance with legal and legislative matters.
- The administration and variation of federal and state awards.
- Negotiation and registration of certified industrial instruments on behalf of members consistent with the objects of the Fair Work (Registered Organisations) Act 2009, and the Sub-Branch rules.
- Media and other communications to members and to the broader local communities of the Sub-Branch on issues affecting the rank and file.

**Operating Result**

The operating profit of the Sub-Branch for the financial year was \$69,556 (2007: \$86,868). No provision for tax was necessary as the Sub-Branch is exempt from income tax.

**Significant Changes**

There were no significant changes in the nature of activities of the Sub-Branch during the year.

Pursuant to a special committee meeting dated 15 January 2008 it was resolved that the assets and liabilities of the Sub-Branch be transferred to the CFMEU Pulp and Paper Workers' Branch which would henceforth be responsible for all financial matters pertaining to the Sub-Branch. Separate financial reports of the Sub-Branch will no longer be prepared subsequent to 31 December 2008.

Except for the above, no matter or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Sub-Branch, the results of those operations, or the state of affairs of the Sub-Branch in future financial years.

**Rights of Members**

Subject to the Sub-Branch's rules and Section 174 of the Fair Work (Registered Organisations) Act 2009, members of the Sub-Branch have the right to resign from membership by providing written notice addressed to and delivered to the Secretary of the Sub-Branch.

**Superannuation Officeholders**

Kevin Millie is a member of and Trustee Director of the Pulp & Paper Workers' Superannuation Fund, appointed to the CFMEU Pulp & Paper Workers' Branch Committee of Management.

As of 1 July 2008, the Timber Industry Superannuation Scheme and Pulp & Paper Workers' Superannuation Fund merged with FIRST Superannuation Fund to form a combined entity known as FIRST Superannuation Fund.

No other officer or member of the Sub-Branch acts:

- (i) as a trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- (ii) as a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme.

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**OPERATING REPORT  
Continued**

**Other Prescribed Information**

In accordance with Regulation 159 of the Fair Work (Registered Organisations) Regulations:

- (a) the number of persons that were, at the end of the financial year to which the report relates, recorded in the register of members for Section 230 of the Act and who are taken to be members of the Sub-Branch under section 244 of the Act was 432.
- (b) there were no persons who were, at the end of the financial year to which the report relates, employees of the Sub-Branch.
- (c) the names of each person who have been a member of the Committee of Management of the Sub-Branch at any time during the reporting period, and the period for which he or she held such a position were;

<b>Name</b>	<b>Position</b>
Trevor Sinclair	Sub-Branch President
David Doyle	Sub-Branch Senior Vice President
Duncan Mawson	Sub-Branch Junior Vice President (Resigned 31 December 2008)
Kevin Millie	Sub-Branch Secretary/Treasurer
Darryl Cox	Committee of Management
Graham Gurney	Committee of Management
Marne Gurney	Committee of Management
Daniel Jazepczyk	Committee of Management
Graeme Richardson	Committee of Management (Resigned 31 December 2008)
David Sherry	Committee of Management (Resigned 31 December 2008)
Malcolm Sneddon	Committee of Management (Resigned 31 December 2008)

- d) The following persons were members of the Sub-Branch Executive, during the year ended 31 December 2008:

<b>Name</b>	<b>Position</b>
Trevor Sinclair	Sub-Branch President
David Doyle	Sub-Branch Senior Vice President
Duncan Mawson	Sub-Branch Junior Vice President (Resigned 31 December 2008)
Kevin Millie	Sub-Branch Secretary/Treasurer

Branch Executive members have been in office since the start of the financial year to the date of this report unless otherwise stated.

Signed in accordance with a resolution of the Committee of Management:



Alex Millar - Pulp & Paper Workers' Branch Secretary

Melbourne: 25 November 2010

**THE CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION  
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ABN 23 614 340 373**

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Note	2008 \$	2007 \$
Revenue	3	309,010	303,644
Administration expense	4	(48,358)	(5,614)
Affiliation fees, compulsory levies and sustentation fees	4	(187,562)	(175,503)
Depreciation expense	4	(286)	(350)
Telephone and facsimile expense		(3,248)	(2,639)
Travel expense		-	(31,725)
Other expenses		-	(945)
		<hr/>	<hr/>
Profit/(loss) before income tax expense		69,556	86,868
Income tax expense	1(a)	<hr/> -	<hr/> -
Net profit/(loss) attributable to members		<hr/> 69,556	<hr/> 86,868

The accompanying notes form part of these financial statements

**THE CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION  
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**BALANCE SHEET  
AS AT 31 DECEMBER 2008**

	Note	2008 \$	2007 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	410,571	937,624
Other current assets	6	<u>391,784</u>	<u>4,996</u>
<b>TOTAL CURRENT ASSETS</b>		<u>802,355</u>	<u>942,620</u>
<b>NON CURRENT ASSETS</b>			
Financial assets	7	2	2
Plant and equipment	8	<u>-</u>	<u>286</u>
<b>TOTAL NON CURRENT ASSETS</b>		<u>2</u>	<u>288</u>
<b>TOTAL ASSETS</b>		<u>802,357</u>	<u>942,908</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	<u>3,785</u>	<u>213,892</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>3,785</u>	<u>213,892</u>
<b>TOTAL LIABILITIES</b>		<u>3,785</u>	<u>213,892</u>
<b>NET ASSETS</b>		<u>798,572</u>	<u>729,016</u>
<b>EQUITY</b>			
Retained earnings		<u>798,572</u>	<u>729,016</u>
<b>TOTAL EQUITY</b>		<u>798,572</u>	<u>729,016</u>

The accompanying notes form part of these financial statements.

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2008**

	<b>Retained earnings \$</b>	<b>Total \$</b>
Balance at 1 January 2007	642,148	642,148
Profit attributable to members	<u>86,868</u>	<u>86,868</u>
Balance at 31 December 2007	729,016	729,016
Profit attributable to members	<u>69,556</u>	<u>69,556</u>
<b>Balance at 31 December 2008</b>	<u><b>798,572</b></u>	<u><b>798,572</b></u>

The accompanying notes form part of these financial statements.

**THE CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION  
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**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Note	2008 \$	2007 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from members		280,215	262,380
Interest received		32,373	39,718
Sundry income		1,418	-
Payments to suppliers and employees		<u>(841,059)</u>	<u>(44,892)</u>
Net cash provided/(used) by operating activities	15(b)	<u>(527,053)</u>	<u>257,206</u>
Net increase/ (decrease) in cash held		(527,053)	257,206
Cash at beginning of year		<u>937,624</u>	<u>680,418</u>
Cash at end of year	15(a)	<u>410,571</u>	<u>937,624</u>

The accompanying notes form part of these financial statements.

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**STATEMENT OF RECEIPTS AND PAYMENTS FOR RECOVERY OF WAGES ACTIVITY  
CASH BASIS - FOR THE YEAR ENDED 31 DECEMBER 2008**

	2008 \$	2007 \$
<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	-	-
- other entity	-	-
Deductions of fees or reimbursements of expenses	-	-
Payments to workers in respect of recovered money	-	-
	-	-
<b>Total payments</b>	-	-
<b>Cash assets in respect of recovered money at end of year</b>	-	-

The accompanying notes form part of these financial statements.

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION  
PULP AND PAPER WORKERS' BRANCH  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Fair Work (Registered Organisations) Act 2009.

The financial report of Construction, Forestry, Mining and Energy Union, Pulp and Paper Workers' Branch, Millicent Sub Branch complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

**Basis of Preparation**

**Reporting Basis and Conventions**

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

**Accounting Policies**

**a. Income Tax**

No provision for income tax is necessary as "Trade Unions" are exempt from income tax under Section 50 – 15 of the Income Tax Assessment Act 1997.

**b. Revenue**

Revenue from membership is recognised on a receipt basis.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

**c. Leases**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

**d. Impairment of Assets**

At each reporting date, the Sub-Branch review the carrying value of the tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued**

**e. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

**f. Plant and Equipment**

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

**Plant and equipment**

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by the committee of management to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

**Depreciation**

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated on a straight line basis or a reducing balance basis over their estimated useful lives to the Sub-Branch commencing from the time the asset is held ready for use.

The depreciation rates used for each class of assets are:

Class of Fixed Asset	Depreciation Rate
Furniture, fittings and equipment	33.33%

**g. Employee Benefits**

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Union to an employee superannuation fund and are charged as expenses when incurred.

**h. Financial Instruments**

**Recognition and Initial Measurement**

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Union becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued**

**h. Financial Instruments continued**

**Derecognition**

Financial assets are derecognised where the contractual rights to cash flows expires or the asset is transferred to another party whereby the Union no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

**Classification and Subsequent Measurement**

**Financial Assets**

**Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at nominal value.

**Held-to-maturity investments**

These investments have fixed maturities, and it is the Sub-Branch's intention to hold these investments to maturity. Any held-to-maturity investments held by the Sub-Branch are stated at a current value based on either amortising or revaluing the investment on a straight line basis to its face value at maturity. Any adjustment is debited or credited to interest.

**Fair Value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

**Impairment**

At each reporting date, the Sub-Branch assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

**Financial Liabilities**

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

**i. Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for GST component of investing and financing activities, which are disclosed as operating cash flows.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued**

**j. Comparative Figures**

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

**k. Critical Accounting Estimates and Judgements**

The committee of management members evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Sub-Branch.

**Key Estimates**

The committee of management members assesses impairment at each reporting date by evaluating conditions specific to the Sub-Branch that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value in use calculation performed in assessing recoverable amounts incorporates a number of key estimates.

**Key Judgements**

There are no critical judgements that have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities.

**NOTE 2: INFORMATION TO BE PROVIDED TO MEMBERS OR FAIR WORK AUSTRALIA**

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of sub-sections (1), (2) and (3) of Section 272 of the Act which read as follows:

1. A member of a reporting unit, or Fair Work Australia, 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 specify the period within which, and the manner in which, the information is to be made available. The period must not be less than fourteen days after the application is given to the reporting unit.
3. A reporting unit must comply with an application under subsection (1).

**NOTE 3: REVENUE**

**Operating activities**

	<b>2008</b>	<b>2007</b>
	\$	\$
Contributions	280,215	262,380
Interest received	27,377	41,264
Sundry income	1,418	-
	309,010	303,644
<b>Total revenue</b>	<b>309,010</b>	<b>303,644</b>

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION  
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**NOTES TO THE FINANCIAL STATEMENTS  
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	2008 \$	2007 \$
<b>NOTE 4: PROFIT FOR YEAR</b>		
Profit before income tax expense has been determined after:		
<b>Administration expense</b>		
Bank charges	355	114
Branch secretary expenses	106	-
Catering	164	-
Conference	750	-
Delegates and members	136	-
Education, training & seminars	45	-
Honorariums	9,375	5,500
Meeting expenses	14,128	-
Motor vehicle expenses	1,006	-
Rent	45	-
Sitting expenses	153	-
Sundry expenses	576	-
Remuneration of auditor		
- audit	2,155	-
Travel and accommodation	19,364	-
	<u>48,358</u>	<u>5,614</u>
<b>Affiliation fees, compulsory levies and sustentation fees</b>		
Affiliation fee:		
- Australian Labour Party	-	404
Compulsory levy:		
- Federal Office - Per Capita Contributions	141,852	130,921
- Federal Office - Support Fund Levy	45,710	44,178
	<u>187,562</u>	<u>175,503</u>
<b>Depreciation expense</b>	<u>286</u>	<u>350</u>
<b>NOTE 5: CASH AND CASH EQUIVALENTS</b>		
Cash at bank	<u>410,571</u>	<u>937,624</u>
<b>NOTE 6: OTHER CURRENT ASSETS</b>		
<b>CURRENT</b>		
Accrued Income	-	4,996
Amounts relating to:		
CFMEU -Pulp and Paper Workers' Branch	391,784	-
	<u>391,784</u>	<u>4,996</u>

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION  
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	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 7: FINANCIAL ASSETS</b>		
<b>CURRENT</b>		
Shares in A.C.C.U.	2	2

**NOTE 8: PLANT AND EQUIPMENT**

Furniture, fittings and equipment – at cost	8,349	8,349
Less accumulated depreciation	(8,349)	(8,063)
<b>TOTAL PLANT AND EQUIPMENT</b>	-	286

**Movements In Carrying Amounts**

Movements in the carrying amounts (written down values) for each class of property, plant and equipment between the start and end of the current financial year.

	<b>Furniture Fittings &amp; Equipment</b>	<b>TOTAL</b>
Balance at start of year	286	286
Depreciation expense	(286)	(286)
Balance at end of year	-	-

**NOTE 9: TRADE AND OTHER PAYABLES**

Sundry creditors	2,371	27,970
GST liability	1,414	10,823
Amounts relating to:		
CFMEU –Pulp and Paper Workers' Branch		
- Per capita levy payable	-	130,921
- Support fund levy	-	44,178
	3,785	213,892

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**NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 10: KEY MANAGEMENT PERSONNEL COMPENSATION  
AND RELATED PARTY TRANSACTIONS**

The names of each person who have been a member of the Committee of Management of the Sub-Branch at any time during the reporting period, and the period for which he or she held such a position were;

Trevor Sinclair	Sub-Branch President	
David Doyle	Sub-Branch Senior Vice President	
Duncan Mawson	Sub-Branch Junior Vice President	(Resigned 31 December 2008)
Kevin Millie	Sub-Branch Secretary / Treasurer	
Darryl Cox	Committee of Management	
Graham Gurney	Committee of Management	
Marne Gurney	Committee of Management	
Daniel Jazepczyk	Committee of Management	
Graeme Richardson	Committee of Management	(Resigned 31 December 2008)
David Sherry	Committee of Management	(Resigned 31 December 2008)
Malcolm Sneddon	Committee of Management	(Resigned 31 December 2008)

(a) The aggregate amount of remuneration paid to elected officials during the financial year for salaries was \$Nil (2007: \$Nil).

The aggregate amount paid during the financial year to a superannuation plan in connection with the retirement of elected officials was \$Nil (2007: \$Nil).

(b) There was no remuneration paid to other persons on the committee of management.

(c) There were no other transactions between the officers of the Sub-Branch other than those relating to their membership of the Sub-Branch and reimbursement by the Sub-Branch in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which it is reasonable to expect would have been adopted by parties at arm's length.

**NOTE 11: EVENTS SUBSEQUENT TO REPORTING DATE**

Pursuant to a special committee meeting dated 15 January 2008 it was resolved that the assets and liabilities of the Sub-Branch be transferred to the CFMEU Pulp and Paper Workers' Branch which would henceforth be responsible for all financial matters pertaining to the Sub-Branch. Separate financial reports of the Sub-Branch will no longer be prepared subsequent to 31 December 2008.

**NOTE 12: CONTINGENT LIABILITIES**

There are no contingent liabilities at the date of this report.

**NOTE 13: ECONOMIC DEPENDENCE**

The principle source of income for the Sub-Branch is from membership fees. The Sub-Branch is economically dependent upon the membership levels and fees.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 14: SEGMENT REPORTING**

The Sub-Branch operates predominantly in one industry, being the Forestry, Furnishing, Building Products and Manufacturing sector. The business operates predominantly in one geographical area being in South Australia.

	2008	2007
	\$	\$

**NOTE 15: CASH FLOW INFORMATION**

**a. Reconciliation of Cash**

Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the balance sheet as follows:

Cash at bank	410,571	937,624
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**b. Reconciliation of Net Cash provided by (used in) Operating Activities to Net Profit**

Net profit	69,556	86,868
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Non Cash Items

Depreciation	286	350
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Changes in Assets and Liabilities

(Increase)/decrease in other assets	(386,788)	(1,546)
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Increase/(decrease) in payables	(210,107)	171,534
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Cash flows from/(used in) operations	(527,053)	257,206
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**c. Credit Stand-by Arrangement and Loan Facilities**

There are no credit or loan facilities.

d. There were no non-cash financing or investing activities during the period.

e. Net cash outflows relating to another reporting unit of the organisation are as follows:

CFMEU – Pulp and Paper Workers' Branch – Federal Office (included within payments to suppliers and employees)	568,708	42,681
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**NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 16: FINANCIAL RISK MANAGEMENT**

**a. Financial Risk Management Policies**

The Sub-Branch's financial instruments consist mainly of deposits with banks, local money market instruments, accounts receivable and payable.

The Sub-Branch does not have any derivative instruments at 31 December 2008.

**i. Treasury Risk management**

A finance committee consisting of senior committee members meet on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts

The committee's overall risk management strategy seeks to assist the Union in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The finance commitment operates under policies approved by the senior committee members. Risk management policies are approved and reviewed by the committee on a regular basis. These include the use of credit risk policies and future cash flow requirements.

**ii. Financial Risks**

The main risks the Sub-Branch is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

**Interest Rate Risk**

The Sub-Branch is not exposed to any interest rate risk.

**Liquidity Risk**

The Sub-Branch manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

**Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The Sub-Branch does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the association.

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**NOTE 16: FINANCIAL RISK MANAGEMENT continued**

**b. Interest Rate Risk**

The Sub-Branch's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

2008	Note	Weighted Average Effective Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate Maturing		Non- interest bearing \$	TOTAL \$
				Within 1 Year \$	1 to 5 Years \$		
<b>Financial Assets</b>							
Cash at bank	5	5.60	410,571	-	-	-	410,571
Loan to PPW	-	-	-	-	-	391,784	391,784
Financial assets	7	-	-	-	-	2	2
<b>Total Financial Assets</b>			<u>410,571</u>	<u>-</u>	<u>-</u>	<u>391,786</u>	<u>802,357</u>
<b>Financial Liabilities</b>							
Payables	9	-	-	-	-	(3,785)	(3,785)
<b>Total Financial Liabilities</b>			<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,785)</u>	<u>(3,785)</u>
<b>Net Financial Assets/ (Liabilities)</b>			<u>410,571</u>	<u>-</u>	<u>-</u>	<u>388,001</u>	<u>798,572</u>

2007	Note	Weighted Average Effective Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate Maturing		Non- interest bearing \$	TOTAL \$
				Within 1 Year \$	1 to 5 Years \$		
<b>Financial Assets</b>							
Cash at bank	5	5.60	937,624	-	-	-	937,624
Financial assets	7	-	-	-	-	2	2
<b>Total Financial Assets</b>			<u>937,624</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>937,626</u>
<b>Financial Liabilities</b>							
Payables	9	-	-	-	-	(213,893)	(213,893)
<b>Total Financial Liabilities</b>			<u>-</u>	<u>-</u>	<u>-</u>	<u>(213,893)</u>	<u>(213,893)</u>
<b>Net Financial Assets/ (Liabilities)</b>			<u>937,624</u>	<u>-</u>	<u>-</u>	<u>(213,891)</u>	<u>723,733</u>

**c. Net Fair Values**

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**NOTE 16: FINANCIAL RISK MANAGEMENT continued**

**Sensitivity Analysis**

Interest rate risk

The Union has performed a sensitivity analysis relating to its exposure to interest rate risk at balance sheet date. This sensitivity analysis demonstrated the effect on current year results and equity which could result from a change in this risk.

As at 31 December 2008, the effect on profit and equity as a result of changes in interest rates, with all other variables remaining constant would be as follows:

	<b>Profit</b>	<b>Equity</b>
	<b>\$</b>	<b>\$</b>
<b>Year ended 31 December 2008</b>		
+/- 2% in interest rates basis points	8,211	8,211
<b>Year ended 31 December 2007</b>		
+/- 2% in interest rates basis points	18,752	18,752

This sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

**NOTE 17: CHANGES TO AUSTRALIAN ACCOUNTING STANDARDS**

No details have been disclosed of Australian Accounting Standards issued or amended but not effective for the current financial year and which have not been adopted in the preparation of the financial statements at the reporting date.

As mentioned in Note 11 to the financial statements, separate financial reports of the Reporting Unit will no longer be required subsequent to 31 December 2008.

**NOTE 18: ENTITY DETAILS**

The registered office is:  
PO Box 125  
MILLICENT SA 5280

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION  
PULP AND PAPER WORKERS BRANCH  
MILLICENT SUB BRANCH  
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**COMMITTEE OF MANAGEMENT CERTIFICATE**

On 25 November 2010 the Federal Committee of Management of the Construction, Forestry, Mining and Energy Union, Pulp and Paper Workers' Branch on behalf of the Committee of Management of the Construction, Forestry, Mining and Energy Union, Pulp and Paper Workers' Branch, Millicent Sub Branch ("Union/Reporting Unit"), passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 31 December 2008:

The Committee of Management declares in relation to the GPFR 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 Fair Work Australia;
- (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 Act and the Regulations; and
  - (iv) where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
  - (v) the information sought in any request of a member of the reporting unit or Fair Work Australia duly made under section 272 of the Act has been furnished to the member or Fair Work Australia; and
  - (vi) there has been compliance with any order for inspection of financial reports made by Fair Work Australia under section 273 of the Act.

CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION  
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COMMITTEE OF MANAGEMENT CERTIFICATE  
continued

- (f) in relation to recovery of wages activity:
- (i) the financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the reporting guidelines of Fair Work Australia; and
  - (ii) the committee of management caused the auditor to include in the scope of the audit required under subsection 257(1) of the Act all recovery of wages activity by the reporting unit in which revenues had been derived for the financial year in respect of such activity; and
  - (iii) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from moneys recovered from employers on behalf of workers other than reported in the financial report on recovery of wages activity and the notes to the financial statements; and
  - (iv) that prior to engaging in any recovery of wages activity, the organisation has disclosed to members by way of a written policy all fees to be charged or reimbursement of expenses required for recovery of wages activity, and any likely request for donations or other contributions in acting for a worker in recovery of wages activity; and
  - (v) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from moneys recovered from employers on behalf of workers until distributions of recovered money were made to the workers.



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Alex Millar – Pulp & Paper Workers' Branch Secretary

Melbourne: 25 November 2010

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION PULP AND PAPER WORKERS' BRANCH MILLICENT SUB BRANCH

We have audited the accompanying financial report of the Construction, Forestry, Mining and Energy Union, Pulp and Paper Workers' Branch, Millicent Sub Branch (the reporting unit), which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the committee of management's declaration of the reporting unit during the financial year.

#### Committee of management's responsibility for the financial report

The reporting unit's committee of management are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Fair Work (Registered Organisations) Act 2009. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, 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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee 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.

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION PULP AND PAPER WORKERS' BRANCH MILLICENT SUB BRANCH

#### Independence

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

#### Auditor's opinion

In our opinion the financial report of the reporting unit:

- (a) 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 reporting unit's financial position as at 31 December 2008 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and International Financial Reporting Standards as disclosed in Note 1.
- (b) properly and fairly report all information in relation to recovery of wages activity required by the reporting guidelines of Fair Work Australia, 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.

*MSI Ragg Weir*

**MSI RAGG WEIR**  
Chartered Accountants

*L.S. Wong*

**L.S. WONG**  
Partner,  
Member of the Institute of Chartered Accountants in Australia and  
holder of a current public practice certificate

Melbourne 25 November 2010

## COMPILATION REPORT

### TO THE MEMBERS OF CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION PULP AND PAPER WORKERS' BRANCH MILLICENT SUB BRANCH

#### Scope

On the basis of the information provided by the Committee of Management of Construction, Forestry, Mining and Energy Union, Pulp and Paper Workers' Branch, Millicent Sub Branch (Reporting Unit) we have compiled, in accordance with APS 9: Statement of Compilation of Financial Reports the special purpose financial report comprising the Detailed Profit and Loss Statement of Construction, Forestry, Mining and Energy Union, Pulp and Paper Workers' Branch, Millicent Sub Branch for the year ended 31 December 2008 as set out on page 24.

The specific purpose for which the special purpose financial report has been prepared is to provide financial information to the Committee of Management. No Accounting Standards and other mandatory professional reporting requirements have been adopted in the preparation of the special purpose financial report.

The Committee of Management is solely responsible for the information contained in the special purpose financial report and has determined that the accounting policies used are consistent and are appropriate to satisfy the needs of the Committee of Management.

Our procedures use accounting expertise to collect, classify and summarise the financial information which the Committee of Management provided into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

To the extent permitted by law, we do not accept liability for any loss or damage which any person, other than the reporting unit, may suffer arising from any negligence on our part. No person should rely on the special purpose financial report without having an audit or review conducted.

The special purpose financial report was prepared for the benefit of the reporting unit and its members and the purpose identified above. We do not accept responsibility to any other person for the contents of the special purpose financial report.

*MSI Ragg Weir*

**MSI RAGG WEIR**  
Chartered Accountants

Melbourne: 25 November 2010

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION  
PULP AND PAPER WORKERS' BRANCH  
MILLICENT SUB BRANCH  
ABN 23 614 340 373**

**DETAILED PROFIT AND LOSS STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2008**

	2008 \$	2007 \$
<b>INCOME</b>		
Contributions	280,215	262,380
Interest received	27,377	41,264
Sundry income	1,418	-
	<hr/>	<hr/>
<b>TOTAL INCOME</b>	<b>309,010</b>	<b>303,644</b>
<b>EXPENDITURE</b>		
ALP sustentation fund	-	404
Auditors remuneration	2,155	-
Bank charges	355	114
Branch secretary expenses	106	-
Catering	164	-
Conference	750	-
Delegates and members	136	-
Depreciation	286	350
Education, training & seminars	45	-
CFMEU Pulp and Paper Workers' Branch:		
- Per capita contributions	141,852	130,921
- Support fund levy	45,710	44,178
Honorariums	9,375	5,500
Insurance	-	-
Meeting expenses	14,128	-
Motor vehicle expenses	1,006	-
Professional fees	-	945
Promotion expenses	-	-
Rent	45	-
Sitting expenses	153	-
Sundry expenses	576	-
Telephone and postage	3,248	2,639
Travel and accommodation	19,364	31,725
	<hr/>	<hr/>
<b>TOTAL EXPENDITURE</b>	<b>239,454</b>	<b>216,776</b>
<b>NET PROFIT BEFORE INCOME TAX</b>	<b>69,556</b>	<b>86,868</b>
Income tax	-	-
	<hr/>	<hr/>
<b>NET PROFIT FOR THE YEAR</b>	<b>69,556</b>	<b>86,868</b>

This statement should be read in conjunction with the attached compilation report on page 23.