



FAIR WORK
AUSTRALIA

17 December 2011

Mr Richard Humphreys
President
Victorian Association of Forest Industries

email: info@vafi.org.au

Dear Mr Humphreys

Re: Financial Report for the Victorian Association of Forest Industries for year ended 30 June 2011 – FR2011/2595

I acknowledge receipt of the financial report for the Victorian Association of Forest Industries (the Association) for the year ended 30 June 2011. The report was lodged with Fair Work Australia (FWA) on 22 November 2011.

The financial report has now been filed.

I make the following comments to assist you when you next prepare a financial report. You are not required to take any further action in respect of the report lodged.

Notes to the financial statements and Committee of Management statement

Reference to the 'Fair Work (Transitional Provisions and Consequential Amendments) Act 2009' appearing in the note 1 of the notes to the financial statements should refer to the 'Fair Work (Registered Organisations) Act 2009'. Also reference to the 'RAO Schedule' and 'RAO Regulations' where appearing in the Committee of Management statement (Executive statement) should refer to the 'Fair Work (Registered Organisations) Act 2009' and 'Fair Work (Registered Organisations) Regulations 2009' respectively.

Employee Benefits Expense

When preparing a General Purpose Financial Report (GPFR), section 253(2) of the *Fair Work (Registered Organisations) Act 2009* (the Act) requires a reporting unit to provide information that is specified in the General Manager's Reporting Guidelines (the guidelines). In particular, guideline 11 sets out in detail those items of expense that must be disclosed by a reporting unit either in the notes to, or on the face of, a financial statement. Included are such items as:

- employee benefits to holders of office (11(g));
- employee benefits to employees (11(h));

It may be that these employee benefits to holders of office are included in the figure for 'Employee benefits expense' but it is not clear on the face of the statements.

You are requested to ensure that any expenses that relate to these categories are *separately* disclosed in accordance with the guidelines in future.

Notes to Financial Reports

Notice under Section 272(5) of the Act

As you are aware, the Notes to the GPFR are required to include a notice drawing attention to the fact that information that is prescribed by the *Fair Work (Registered Organisations) Regulations 2009* is available to members on request.

The wording of section 272(5) of the Act is as follows (emphasis added):

*'(5) A general purpose financial report prepared under section 253, a concise report prepared under section 265 and a report prepared under subsection 270(4) must include a notice drawing attention to subsections (1), (2) and (3) of this section **and setting out those subsections.**'*

Would you please ensure in future that the Notes contain this extract of the Act, word for word:

'272 Information to be provided to members or 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).

Note: This subsection is a civil penalty provision (see section 305).'

Audit Report

Scope of Audit Report

The Audit Report must satisfy the Australian Accounting Standards for a GPFR. In particular, the scope of the audit report should refer to a complete GPFR. The financial report contained a 'profit and loss statement for the year ended 30 June 2011' which was not referred to in the scope of the audit report. In future years please ensure that the scope of the audit's report also includes reference to the profit and loss statement.

Timing of Financial Documents - Lodgement of documents with Fair Work Australia

[Section 268](#) of the Act requires the Association to lodge its financial documents with FWA within 14 days of the date of the General Meeting of Members at which they were presented (that is, 18 November 2011). The documents were not lodged with FWA until 22 November 2011. In future years please ensure that financial reports are lodged with FWA within 14 days of the General Meeting of Members.

If you wish to discuss any of the matters referred to above I can be contacted on (03) 8661 7764.

Yours sincerely



Kevin Donnellan

Organisations, Research and Advice

Fair Work Australia

Email: kevin.donnellan@fwa.gov.au

rec'd 22/11/11

TN

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15th November 2011

General Manager
Fair Work Australia
Level 4, 11 Exhibition Street
Melbourne VIC 3000



Re: Financial Returns 2011 and List of Office Holders

Please find enclosed Financial Returns for the Victorian Association of Forest Industries (VAFI) for the year ended 30 June 2011.

The Accounts were presented at the AGM held 4 November 2011.

Accompanying them is the required Statement by the Certifying Officer.

Also enclosed is a revised List of Office Holders that took effect at the AGM held 4 November 2011.

Lisa Marty
Executive Director



VAFI Financial Returns Certifying Officer Statement 2011

**Victorian Association of Forest Industries
Financial Documents for year ended 30 June 2011**

This is to certify that the Financial Statements lodged with Fair Work Australia for the year ended 30 June 2011 are copies which were presented to the Annual General Meeting of the Association held on Friday 4 November, 2011 in accordance with the requirements of the Fair Work (Registered Organisations) Act 2009.

The Accounts had been forwarded to all members by Circular on 30 September 2011.



R Humphreys
President
VAFI

11 November 2011

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ABN 99 752 910 589

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2011

**Liability limited by a scheme approved under
Professional Standards Legislation**

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ABN 99 752 910 589

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VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ABN 99 752 910 589

OPERATING REPORT

Operating Report prepared in accordance with the requirements of the Fair Work (Registered Organisations) Act 2009.

Executive

The names of the Executive throughout the year and at the date of this report are:

Mr Greg McCormack	Mr Bob Humphreys
Mr Vince Hurley (resigned 2.12.2010)	Mr G. McNulty
Mr Gary Demby (resigned 2.5.2010)	Mr Rowan Reid
Mr Michael Taylor	Mr Peter Rutherford

Principal activities

The Association is the peak industry body for Victoria's native hardwood timber industry. The Association provides information, advice and referral services as well as advocating on behalf of members at State and Federal Government levels.

Review of principal activities

The principal activities undertaken by the Victorian Association of Forest Industries during the financial year included;

- Representation of members interests to government and other agencies on industry restructuring, future resource pricing and allocation arrangements, future wood supply contract arrangements.
- Issues management, communications and public affairs
- Advice to members on employee relations, industrial relations, occupational health and safety and environmental management matters.
- Industrial representation for members in industrial tribunals

Significant changes

No significant change in the nature of the activities occurred during the year.

Operating Result

The loss for the year ended 30 June 2011 amounted to \$577,776 (2010: \$217,377).

Membership

The number of members of the Association as recorded in the register of members as at 30 June 2011 was 13 (2010: 17).

Employees

The number of employees of the Association as at 30 June 2011 measured on a full-time equivalent basis was 3 (2010: 4).

Details of the right of members to resign

Members have the right to resign in accordance with Rule 11 of the Association's Registered Rules.

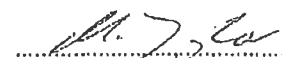
Details of superannuation trustees

No officer or member of the Association is a trustee of a superannuation entity or a director of a company that is a trustee of a superannuation entity.

Signed in accordance with a resolution of the Executive.



.....
R. Humphreys
President VAFI



.....
M. Taylor
Vice-President VAFI

Dated this *19th* day of *August* 2011

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ABN 99 752 910 589

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2010 \$	2011 \$
Revenue		567,806	498,971
Other income		269,007	-
		<u>836,813</u>	<u>498,971</u>
Depreciation and amortisation expenses		(6,687)	(6,820)
Employee benefits expenses		(433,954)	(347,028)
Other expenses		(613,549)	(722,899)
Loss before income tax	2	<u>(217,377)</u>	<u>(577,776)</u>
Retained earnings at the beginning of the financial year		2,553,843	2,336,446
Profit attributable to members of the company		<u>2,336,466</u>	<u>1,758,960</u>

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the attached compilation
report of Accountants.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ABN 99 752 910 589

BALANCE SHEET
AS AT 30 JUNE 2011

	Note	2010 \$	2011 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	2,062,248	1,565,628
Trade and other receivables	4	312,146	206,715
		-	-
TOTAL CURRENT ASSETS		<u>2,374,394</u>	<u>1,772,343</u>
NON-CURRENT ASSETS			
Financial assets	5	2	2
Property, plant and equipment	6	12,584	5,764
Investment property		35,155	35,155
TOTAL NON-CURRENT ASSETS		<u>47,741</u>	<u>40,921</u>
TOTAL ASSETS		<u>2,422,135</u>	<u>1,813,264</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	68,293	46,154
Provisions	8	17,376	8,420
TOTAL CURRENT LIABILITIES		<u>85,669</u>	<u>54,574</u>
TOTAL LIABILITIES		<u>85,669</u>	<u>54,574</u>
NET ASSETS		<u>2,336,466</u>	<u>1,758,690</u>
EQUITY			
Retained earnings	9	2,336,466	1,758,690
TOTAL EQUITY		<u>2,336,466</u>	<u>1,758,690</u>

The accompanying notes form part of these financial statements.
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VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Retained earnings \$	General Reserve \$	Total \$
Balance at 1 July 2008		2,994,710	146	2,994,856
Loss attributable to equity shareholders		(440,867)		(440,867)
Balance at 30 June 2009		2,553,843	146	2,553,989
Loss attributable to equity shareholders		(217,377)		(217,377)
Balance at 30 June 2010		2,336,466	146	2,336,612
Loss attributable to shareholders		577,776	-	(577,776)
Transfer of reserve		-	(146)	(146)
Balance at 30 June, 2011		1,758,690	-	1,758,690

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the attached compilation
report of Accountants.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
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CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

	2010	2011
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	549,144	485,316
Payments to suppliers and employees	(1,060,897)	(927,215)
Net cash provided by (used In) operating activities	(511,753)	(441,899)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	1,434,094	-
Payments for investments	1,089,393	95,067
Net cash provided by (used in) investing activities	344,701	(95,067)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from financial liabilities	-	-
Net cash provided by financing activities	-	-
Net increase (decrease) In cash held	(167,052)	(536,966)
Cash at beginning of financial year	1,309,623	1,142,571
Cash at end of financial year	1,142,571	605,605

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the attached compilation
report of Accountants.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ABN 99 752 910 589

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1 Statement of Significant Accounting Policies

Victorian Association of Forest Industries is a Registered Organisation as defined by the Fair Work (Registered Organisations) Act 2009.

Reporting basis and conventions

The Executive has prepared the financial statements as a General Purpose Financial Report in accordance with the guidelines in force pursuant to the Fair Work (Transitional Provisions and Consequential Amendments) Act 2009.

The financial report has been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001, and the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The material accounting policies that have been adopted in the preparation of this report are as follows:

Accounting Policies

Property, Plant and Equipment

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

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ABN 99 752 910 589

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Plant and equipment

Plant and equipment are measured on the cost basis.

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

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expenses to profit or loss immediately.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

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. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

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.

Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and cessation of all involvement in those goods.

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

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ABN 99 752 910 589

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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 the GST component of investing and financing activities, which are disclosed as operating cash flows.

Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ABN 99 752 910 589

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2010 \$	2011 \$
2 Loss		
Expenses		
Depreciation of property, plant and equipment	6,687	6,820
Revenue and Other Income		
Profit on Sale of Non-current Assets	269,007	-
3 Cash and Cash Equivalents		
Petty Cash Imprest	500	500
Cash at Bank	968,218	424,706
Cash at Bank	52,415	106,266
Cash in Trust - Projects	4,137	4,133
Cash at Bank	5,065	-
Short Term Deposits	1,031,913	70,000
Investments	919,677	960,023
	<u>2,062,248</u>	<u>1,565,628</u>
Reconciliation of cash		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:		
Petty Cash Imprest	500	500
Cash at Bank	968,218	424,706
Cash at Bank	52,415	106,266
Cash in Trust - Projects	4,137	4,133
Cash at Bank	5,065	-
Short Term Deposits	112,236	70,000
Investments	1,142,571	605,605
4 Trade and Other Receivables		
Current		
Subscriptions Receivable	128,215	141,870
Loans - Secured	48,880	36,660
Loans - Unsecured	132,800	26,785
GST Payable	851	-
Other Amounts Receivable	1,400	1,400
	<u>312,146</u>	<u>206,715</u>

These notes should be read in conjunction with the attached compilation report of Accountants.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ABN 99 752 910 589

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2010	2011
	\$	\$
<p>The company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.</p>		
5 Financial Assets		
Non-Current		
Shares in Unlisted Companies	2	2
	2	2
6 Property, Plant and Equipment		
Office Furniture & Equipment	46,168	46,168
Less: Accumulated Depreciation	(35,791)	(40,404)
	10,377	5,764
Furniture & Fittings	35,871	-
Less: Accumulated Depreciation	(34,806)	-
	1,065	-
Computer Equipment	90,614	-
Less: Accumulated Depreciation	(89,472)	-
	1,142	-
Total Plant and Equipment	12,584	-
Total Property, Plant and Equipment	12,584	5,764

These notes should be read in conjunction with the attached compilation report of Accountants.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ABN 99 752 910 589

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2010	2011
	\$	\$
7 Trade and Other Payables		
Current		
Trade Creditors	57,851	34,617
Other Creditors	10,442	4,667
Funds Held in Trust	-	6,870
	<u>68,293</u>	<u>46,154</u>
Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables:		
- Total current	<u>68,293</u>	<u>46,154</u>
Financial liabilities as trade and other payables	<u>68,293</u>	<u>46,154</u>
8 Provisions		
Current		
Provision for Annual Leave	<u>17,376</u>	<u>8,420</u>
9 Retained Earnings		
Retained earnings at the beginning of the financial year	2,553,843	2,336,466
Net loss attributable to members of the company	(217,377)	577,776
Retained earnings at the end of the financial year	<u>2,336,466</u>	<u>1,758,690</u>
10 Cash Flow Information		
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Loss after income tax	(217,377)	(577,776)
Non-cash flows in profit		
Depreciation	6,687	6,820
Net gain on disposal of investments	(269,007)	-
Unrealised loss written back	-	54,721

These notes should be read in conjunction with the attached compilation report of Accountants.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ABN 99 752 910 589

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	(17,811)	105,431
Increase/(decrease) in trade and other payables	(13,394)	(22,139)
Increase/(decrease) in provisions	2,616	(8,956)
	<u>(511,753)</u>	<u>(441,899)</u>

11 Company Details

Victorian Association of Forest Industries

The principal place of business is:

Level 2, 2 Market Street
Melbourne Vic 3000

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

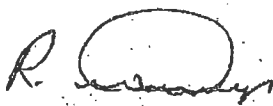
ABN 99 752 910 589


EXECUTIVE STATEMENT

The Executive of the Victorian Association of Forest Industries, declare that:

1. The financial statements and notes comply with Australian Accounting Standards and the reporting guidelines of Fair Work Australia and the Fair Work (Registered Organisations) Act 2009;
2. The financial statements and notes give a true and fair view of the financial position of the Victorian Association of Forest Industries as at 30 June 2011 and of its financial performance and cash flows for the year ended on that date;
3. At the date of this statement there are reasonable grounds to believe that the Victorian Association of Forest Industries will be able to pay its debts as and when they fall due;
4. During the financial year ended 30 June 2011 and to the date of this report:
 - I. Meetings of the Executive were held in accordance with rules of the organisation; and
 - II. The financial affairs of VAFI have been managed in accordance with the rules of the organisation; and
 - III. The financial records of VAFI unit have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations; and
 - IV. The information sought in any request of a member of VAFI of the General Manager (FWA) duly made under section 272 of the RAO Schedule has been furnished to the member of the General Manager (FWA); and
 - V. There has been compliance with any order for inspection of financial records made by the Tribunal under section 273 of the RAO schedule.

This statement is made in accordance with a resolution of the Executive of the Victorian Association of Forest Industries made on this day.


.....
R. Humphreys
President VAFI


.....
M. Taylor
Vice-President VAFI

Dated this 19th day of August 2011

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ABN 99 752 910 589

PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

	2010	2011
	\$	\$
SALES		
Sales	<u>567,806</u>	<u>498,971</u>
GROSS PROFIT FROM TRADING	<u>567,806</u>	<u>498,971</u>
OTHER INCOME		
Profit on Sale of Non-current Assets	269,007	-
Unrealised loss on managed funds	-	(54,721)
	<u>836,813</u>	<u>444,250</u>
EXPENSES		
Administration Costs	6,955	4,563
Consulting Resources	130,246	322,764
Contract Work	35,798	-
Depreciation	6,687	6,820
Employee Expenses	433,954	347,028
Function Costs	130,692	132,155
NAFI Contribution	37,630	-
Office Expenses	208,658	208,696
WPVL Contribution	63,570	-
	<u>1,054,190</u>	<u>1,022,026</u>
Loss before income tax	<u>(217,377)</u>	<u>(577,776)</u>

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the attached compilation
report of Accountants.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ABN: 99 752 910 589

INDEPENDENT AUDIT REPORT TO THE MEMBERS
OF
VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

Scope

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the executive statement for Victorian Association of Forest Industries (VAFI) for the year ended 30th June 2011.

The executive of VAFI is responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001 and the reporting guidelines of Fair Work Australia and the Fair Work (Registered Organisations) Act 2009. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We have conducted an independent audit in order to express an opinion to the members of VAFI. Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether, in all material respects, the financial report presents fairly, in accordance with the Corporations Act 2001, Australian Accounting Standards and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the VAFI's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the executive.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

It is also relevant that we satisfy the requirements of Regulation 4 of the Fair Work (Registered Organisations) Regulations 2009 in relation to the definition of an approved auditor.

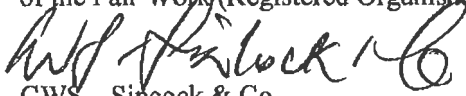
VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

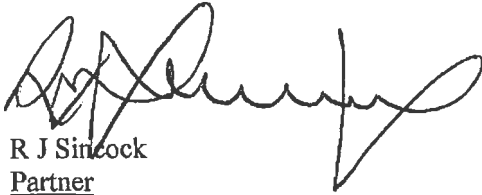
(continued)

Audit Opinion

In our opinion the general purpose financial report is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.



CWS – Sincock & Co
Chartered Accountants



R J Sincock
Partner

Dated at Melbourne, this ^{29th} day of September, 2011.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ABN: 99 752 910 589

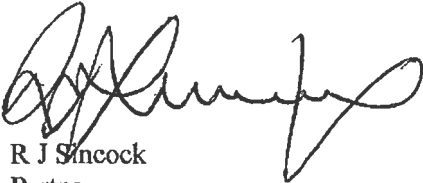
AUDITOR'S INDEPENDENCE DECLARATION
PURSUANT TO SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE EXECUTIVE OF
VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

I declare that, to the best of my knowledge and belief, during the year end 30 June, 2011 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



CWS – Sincock & Co
Chartered Accountants



R J Sincock
Partner

Dated at Melbourne, this ^{29th} day of September, 2011

List of Office Bearers 2011/2012

The Postal Address of all Office Holders is Level 2, 2 Market Street, Melbourne 3000

Name	Office Held	Occupation
Mr R Humphreys	President	Sawmiller
Mr M Taylor	Vice President	Wood Processor
Mr G McNulty	Vice President	Sawmiller
Mr J Mathers	Vice President	Wood Processor
Mr L Fenning	Vice President	Sawmiller
Mr P Rutherford	Executive Committee Member	Wood Processor
Mr R Reid	ECM	Sawmiller
Mr G Brown	ECM	Sawmiller
MR M Warnock	ECM	Forestry Contractor
Mr M Brady	Deputy ECM	Forestry Contractor