



Head Office

Employers' House
196 Flinders Street
Melbourne, VIC 3000
Australia

Postal Address

GPO Box 435200
Melbourne, VIC 3001

Tel: (03) 8662 5333
Fax: (03) 8662 5462
E-mail: vecci@vecci.org.au
Web: www.vecci.org.au

10 December 2002

Rec'd 12/12/03

The Industrial Registrar
Australian Industrial Registry
Nauru House
80 Collins Street
MELBOURNE VIC 3000

FR 2002/333

Dear Registrar,

Re: Lodgement of Recurring Obligations

Please find attached information provided under Statutory Declaration in respect of the Annual Returns for the Victorian Employers' Chamber of Commerce and Industry.

Yours sincerely,

N. Howell

Natalie Howell
Victorian Employers' Chamber of Commerce and Industry

WORKPLACE RELATIONS ACT 1996
INDUSTRIAL RELATIONS REGULATIONS

STATUTORY DECLARATION

I, Neil Coulson of 196 Flinders Street, Melbourne in the State of Victoria do solemnly and sincerely declare:

1. THAT I am the Chief Executive Officer of the Victorian Employers' Chamber of Commerce and Industry, an organisation of employers registered pursuant to the abovementioned Act.
2. THAT the attached hereto and marked "A" comprises the Office Bearers and Executive Council of the Organisation as at 26 November, 2002.
3. THAT the attached hereto and marked "B" is a list of General Councillors of the Organisation as at 26 November, 2002.
4. THAT the attached hereto and marked "C" is a list of donations exceeding \$1,000 made by the Victorian Employers' Chamber of Commerce and Industry for the year ending 30 June, 2002.
5. THAT the attached hereto and marked "D" is a copy of the Financial Statements for the year ending 30 June, 2002, and that such statements were presented to the Annual General Meeting of the Organisation held on 26 November, 2002.
6. THAT the address of the office of the Organisation for 2002/2003 is 196 Flinders Street, Melbourne, Victoria and attached hereto and marked "E" is a listing of locations, including Head office and Regional offices as at 26 November 2002.
7. THAT a Register of Members has been kept and maintained during the year 2002.

AND I make this solemn declaration by virtue of the Statutory Declarations Act 1959, and subject to the penalties provided by that ACT for the making of false statements in statutory declarations, conscientiously believing the statements contained in the declaration to be true in every particular.

DECLARED at 196 Flinders Street, Melbourne in the State of Victoria this

...10TH Day of DECEMBER, 2002.

DECLARANT:



NEIL COULSON
CHIEF EXECUTIVE OFFICER

BEFORE ME:



STUART STRACHAN
CHIEF OPERATING OFFICER - VCCC.
MEMBER - ASCIA.



AUSTRALIAN INDUSTRIAL REGISTRY

Level 35, Nauru House
80 Collins Street, Melbourne, VIC 3000
GPO Box 1994S, Melbourne, VIC 3001
Telephone: (03) 8661 7774
Fax: (03) 9654 6672

Mr N Coulson
Chief Executive Officer
Victorian Employers' Chamber of Commerce and Industry
GPO Box 4352QQ
MELBOURNE VIC 3001

Dear Mr Coulson

**Re: Victorian Employers' Chamber of Commerce and Industry - Financial documents
for year ended 30 June 2002 - FR 2002/333**

Receipt is acknowledged of the financial documents for the financial year ended 30 June 2002. The documents were lodged in the Registry on 12 December 2002. A statement lodged under section 269 of the *Workplace Relations Act 1996* concerning donations was also lodged on 12 December 2002.

The relevant part of Section 269 of the Act provides:

- “(1) An organisation shall, as soon as practicable after the end of each financial year, lodge in the Industrial Registry a statement showing the relevant particulars in relation to each loan, *grant* or donation of an amount exceeding \$1,000 made by the organisation during the financial year.
- (2) A statement lodged in the Industrial Registry under subsection (1) shall be signed by an officer of the organisation.
- (5) The relevant particulars, in relation to a *grant* or donation made by an organisation,
are
- (a) the amount of the *grant* or donation;
 - (b) the purpose for which the *grant* or donation was made; and
 - (c) except where the *grant* or donation was made to relieve a member of the organisation, or a dependant of a member of the organisation, from severe financial hardship—the name and address of the person to whom the *grant* or donation was made.” (my italics)

I note that there is reference to an item titled “Grant” of \$3,460,654 in the Income and Expenditure Statement (see page 10), but, that amount is not referred to in the section 269 statement as lodged. I would be pleased if you would provide further details of the aforementioned amount. If, the amount comprises amounts subject to the provisions of section 269 of the Act, the organisation should submit an appropriate statement under that section.

If you require further assistance I can be contacted on 8661 7774.

Yours sincerely,

Iain Stewart
Statutory Services Branch

24 December 2002



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21 January 2003

Iain Stewart
Statutory Services Branch
Australian Industrial Registry
GPO Box 1994S
Melbourne VIC 3001

Dear Iain,

**Re: Your correspondence - FR 2002/333
VECCI Financial Report - Year Ended 30/6/2002**

Following our discussion this morning, I have outlined for your information details pertaining to the disclosure and nature of financial transactions, totalling \$3,460,654 referred to as 'grants' within VECCI's 30th June 2002 annual report.

The term 'grants' has been consistently utilised within VECCI's annual report for the past decade. The term 'grants' within our annual report does not in any way relate to the application of st269 within the Workplace Relations Act, as this disclosure accounts for all Federal and State government programs administered by VECCI during the financial year in question.

VECCI, as an organisation enters into contractual arrangements with State and Federal government departments to manage a number of government programs and initiatives each year. These programs are generally referred to within our statutory accounts as 'grants', with any expense incurred in running the programs referred to as 'grant expenses'. Grant program funds received are held in trust by VECCI and drawn down when expenses are incurred in delivering the projects.

VECCI incurred \$3,460,654 on operational expenses and \$2,477,532 on salaries and on-costs, (with the later item disclosed within 'Remuneration Employees') in delivering 10 government programs during the 2001/2002 financial year.

During the 2001/2002 financial year, VECCI administered the following Federal and State government programs. I have outlined briefly for your information the objective of each and the amount recovered from each program for non-salary related expenses, which aggregately amount to \$3,460,654.

1. Technology Commercialisation Program (TCP)
(State Government Program)

Objective: To implement a technology commercialisation program as part of the Victoria State Government's Technology and Innovation Strategy to:

- Create propriety through development of new export oriented, technology businesses, products, services etc
- Encourage business investment in Victoria's key industries, boosting their international competitiveness; and
- Create high value, highly skilled jobs

Funding Body: Department of State and Regional Development

Budget: 3 year Budget \$1,663,000; 2001/2002 Budget: \$526,000

Period: 1 July 2002 to 30 June 2003 (3 years)

Expenses recovered under the heading of 'Grants' - \$533,435

2. Teachers Release to Industry Program (TRIP)
(State Government Program)

Objective: Placement of Teachers in Industry for a period of one year as part of their professional development

Funding Body: Department of Education and Training

Budget: \$1.4 million for 2001/2002

Period: Commenced 1991 (Memorandum of Understanding signed each year)

Expenses recovered under the heading of 'Grants' - \$1,331,076

3. Indigenous Employment and Education Program (IEEP)
(Federal Government Program)

Objective: To Improve the levels of education and training participation and outcomes of Indigenous students over 14 years of age who are enrolled in schools and colleges.

Funding Body: Commonwealth of Australia through ACCI

Budget: 2001/2002 \$73,500

Period: July 1999 to June 2003 (4-Year Program)

Expenses recovered under the heading of 'Grants' - \$32,151

4. Export Access (EA)
(Federal Government Program)

Objective: To assist SME's to access overseas markets by providing counselling and mentoring services to SME's

Funding Body: Australia Trade Commission (Austrade)

Budget: \$125,000 per annum

Period: January 1992 to August 2002

Expenses recovered under the heading of 'Grants' - \$98,286

5. National Apprenticeship Support Services and Registered Training Organisation
(Federal Government Program)

Funding Body: State and Federal Governments

Objective: To provide apprenticeship/traineeship support services to school leavers

Budget: \$1.5 million per annum

Period: July 2000 to June 2003

Expenses recovered under the heading of 'Grants' - \$1,306,457

6. Education, Employment and Training Adviser (EETA) Program
(Federal Government Program)

Objective: To inform and advise VECCI members about education and training matters, including workplace relations, with a focus on increasing the number of new apprenticeships and the range of Training packages being utilised

Funding Body: Australian Chamber of Commerce and Industry (ACCI)

Budget: \$100,000 pa.

Period: July 2000 – June 2002 (2 years)

Expenses recovered under the heading of 'Grants' - \$40,424

7. Business Education Partnership Advocates and Industry Program (BEPA)
(Federal Government Program)

Objective: Is to work with school authorities to ensure the education and training systems and employers work closely to facilitate smooth transitions from the classroom to the workplace for the emerging workforce and address skill shortages. Advocates are to also conduct targeted promotions and awareness campaigns.

Funding Body: Australian Chamber of Commerce and Industry (ACCI)

Budget: \$78,000 pa.

Period: January 2002 – December 2003 (4 years)

Expenses recovered under the heading of 'Grants' - \$27,056

8. Knowbiz Project
(State Government Program)

Objective: To provide professional development programs, curriculum advice, curriculum resources and coordination of programs for students, teachers and parents in metropolitan and non-metropolitan schools and their wider community.

Funding Body: Department of Education, Employment and Training

Budget: 52,000 pa.

Period: July 2001 to 30 June 2002

Expenses recovered under the heading of 'Grants' - \$69,129

9. Teachers of Technology and Science in Industry (TOTSI)
(State Government Program)

Objective: To undertake pilot program to place 30 secondary teachers of science and technology industry for 10 days with the aim of improving the teaching and learning of science and technology

Funding Body: Department of Education, Employment and Training

Budget: \$24,000

Period: June 2002 – December 2002

Expenses recovered under the heading of 'Grants' - \$1,017

10. The Australia Greenhouse Project
(Federal Government Program)

Objective: To provide energy efficiency and waste minimisation as a means to reducing greenhouse gas emissions by the recruitment of one hundred enterprises.

Funding Body: Commonwealth of Australia

Budget: \$50,000

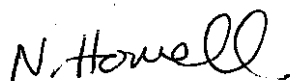
Period: October 2000 - December 2002

Expenses recovered under the heading of 'Grants' - \$21,617

Given regulatory reforms, VECCI will continue to move towards a general purpose reporting format, including adopting in full, recent requirements flagged by the commonwealth, which will impact organisations such as VECCI under the Workplace Relations Act, particularly for the year ended 30th June 2003. In relation to the ongoing application of the term 'grants' within the body of the financial report, VECCI will not refer to this term, rather seek to improve the disclosure of the area by re-defining this from 30th June 2003. An alternative classification may take the form of:- "Commonwealth/State Government Programs".

At your earliest convenience, would you please acknowledge receipt and acceptance of our reply, and should you have any other questions in relation to this matter, please feel free to contact myself directly on 8662 5271 to discuss.

Yours sincerely,

pp


Shaun Strachan
Chief Operating Officer

cc: N. Coulson, M. Manteaw



Victorian Employers' Chamber of Commerce and Industry

FINANCIAL REPORT

••••• FOR THE YEAR ENDED 30 JUNE 2002

ANNUAL REVIEW

The past 12 months have been a rollercoaster for business with global uncertainty, corporate collapses at home, insurance turmoil, and the events of September 11 impacting on most businesses in Victoria.

VECCI members were no exception, but throughout it all, VECCI has stood firm for the interests of members, delivering services and advocating proactive policies to State and Federal Governments to assist businesses through the difficult times.

It was a year of significant achievement and activity for VECCI, and I am proud of the way the organisation has responded to the challenges facing a modern employer organisation. The following is a brief snapshot of some of the major events and initiatives undertaken by VECCI over the past year.

July

In response to members' needs, VECCI has been steadily increasing its links and activity with China through our office in Nanjing. In July we helped the State Government with a research project identifying possible investors from China into Victoria, and also worked to promote Victorian wine sales in China.

VECCI launched its VECCI Group Training Company to provide members with a wider choice for managed employment services.

The Hon. Ian Macfarlane, Federal Minister for Small Business, spoke to VECCI's Executive Council on unfair dismissal reforms and small business initiatives proposed by the Government.

August

The Board took much pleasure in announcing the appointment of Neil Coulson as Chief Executive Officer and Shaun Strachan as Chief Operating Officer. Both men have extensive experience in the operations of employer organisations and have made outstanding contributions to VECCI.

Sustained advocacy by VECCI and our national umbrella group ACCI led to the Democrats supporting the Government in passing improvements to unfair dismissal legislation. Focus groups and surveys of members consistently rate this issue as one of the key concerns for businesses, especially smaller firms who do not necessarily have in-house HR or legal expertise.

As part of VECCI's commitment to its members in Regional Victoria, the Executive Council started holding regular meetings in regional centres, followed by informal cocktail evenings to allow local members the chance to meet VECCI

representatives. In August the Council met in Geelong, with more than 150 members attending the cocktail function. Guest speaker was The Hon. Lynne Kosky, Minister for Post Compulsory Education and Training, who provided an update on the State's training reform agenda.

September

Australia was left reeling by corporate collapses including HIH, One-Tel and Ansett. The world was left reeling by the September 11 terrorist attacks in America. VECCI's policy team kept abreast of developments, surveyed members, and developed strategic options to assist members through the challenging times. The State and Federal Government adopted many of these strategies, including short and medium term solutions for the tourism and transport industry.

The bright spot for the month was the VECCI Pre-Grand Final Luncheon which has now become one of our most popular annual events with more than 500 attending.

The head of the newly formed Victorian Tourism Industry Council (VTIC), The Hon. John Button, outlined its role and key issues to VECCI's Executive Council.

October

The launch of VTIC provided a much-needed focus on the wider Victorian tourism industry. Chaired by John Button and managed by VECCI, VTIC provided analysis of the struggling tourism industry, and options for development.

In the lead up to the Federal election, VECCI surveyed its members to gather information on what were the key policy issues for members. This information provided invaluable feedback and reinforced to the Government the importance of ongoing industrial relations reform.

The Hon. Bill Forwood, Shadow Minister for Industrial Relations, updated VECCI's Executive Council on the State Opposition's response to industrial manslaughter legislation in the Upper House.

November

November was time to celebrate VECCI's 150th anniversary. On the 21st of November VECCI took over the Melbourne Town Hall building for a day of information, discussion and of course celebration. An expo of VECCI members attracted more than 1500 attendees, and seminars were held on international trade, family business, business in the future, and the Chair of Victorian Major Events Steve Vizard gave a keynote address on population policy. Other speakers

included Premier, Steve Bracks, Treasurer, John Brumby and Melbourne Lord Mayor John So. The event concluded with a huge cocktail party attended by more than 600 members.

Following the celebrations it was back to business and VECCI took a strong stand when the State Government tabled its proposed industrial manslaughter legislation.

State Treasurer, The Hon. John Brumby, addressed Executive Council on the State's key economic performance indicators.

December

With peak summer electricity demand approaching, VECCI took the initiative to work with key players and government to advocate for greater reliability of supply and less volatile pricing. A forum involving the key players was well attended by members.

VECCI reacted with caution to proposed new bullying guidelines and immediately sought the views of members. Our strong stand and well reasoned arguments helped put the proposals on hold.

VECCI worked closely with the Federal Government to ensure members were fully aware of the implications and need for action on new Privacy Legislation that came into force, with information sent to members and briefings held across Victoria.

At VECCI's Annual General Meeting, President Graham Sherry ended a distinguished two-year term and was succeeded by myself.

January

VECCI released its landmark study on the needs and problems of Regional Victorian businesses. This study became one of our most requested and most reported publications and led to a number of initiatives at local, state, and federal level.

VECCI's work to minimise power disruptions reaped dividends, with the State Government introducing new guidelines to limit power cuts to business, and work progressing on several peak-load generators across the State.

Throughout the year, VECCI kept track of business sentiment through our quarterly Business Trends and Prospects Survey. The December quarter results showed business confidence and profitability had taken a battering during a tumultuous few months, but there was still some light on the horizon.

Minister for Finance, The Hon. Lynne Kosky spoke to Executive Council on the State Government's immediate and planned response to the growing public liability insurance crisis.

February

After concerns were raised by members, VECCI investigated claims of spiralling public liability insurance, and was the first organisation in Australia to quantify the seriousness of the problems and the fact it was impacting on every business sector, not just tourism and not-for-profit groups. VECCI's work raised federal and state awareness, and led to the calling of a national taskforce to address the issue.

Following a national population summit, population expert Dr Bob Birrell from Monash University came to VECCI Executive Council and discussed whether or not Australia needed a larger population.

March

The industrial manslaughter debate got serious in March and VECCI developed a strategic approach to managing the issue. VECCI members provided invaluable policy support through specially convened focus group meetings, resulting in a detailed discussion paper, which convincingly negated every argument for the legislation.

VECCI prepared its pre-Budget submission to the State Government and held briefings with key ministers and advisers advocating the need for specific Payroll Tax reform to ensure our State remained competitive and business costs were lowered.

VECCI also had significant input into the Manufacturing Industry Consultative Council (MICC) which released its report on options to promote manufacturing in the State. The report formed the basis of subsequent Government initiatives.

The Executive Council met in Traralgon, and welcomed the opportunity to meet and mix with more than 100 local members at a cocktail function afterwards. Guest speaker at the meeting was Federal Shadow Minister for Regional Services, Territories and Local Government, Gavan O'Connor, who discussed the ALP's approach to regional development and the merit of VECCI's national regional infrastructure plan.

April

The culmination of months of policy work and lobbying climaxed in April with the State Government's Business Statement delivering on many VECCI policy issues including a reduction in Payroll Tax. VECCI's role was recognised with the Premier, Steve Bracks and Treasurer, John Brumby, attending a President's Lunch at VECCI to formally unveil the Business Statement. Other Ministers in attendance were Attorney General and Minister for Manufacturing, Rob Hulls,

Small Business Minister and Minister for Information and Communication Technology, Marsha Thomson, Agriculture and Aboriginal Affairs Minister, Graeme Hamilton, and Minister for Education and Training, Lynne Kosky.

VECCI continued its campaign against the proposed industrial manslaughter legislation, along with its campaign for tort reform in Victoria to make public liability insurance more available and affordable.

VECCI argued strongly against union proposals for compulsory employer-funded paid maternity leave, saying any system could only be considered if it were publicly funded.

These issues sparked a large number of extra calls to VECCI's telephone inquiry room, whose consultants field more than 50,000 calls a year from members seeking clarification or assistance on a wide range of issues.

The ongoing review and reform of the Victorian WorkCover system progressed, having been sparked by the debacle of 2000 when premiums jumped by up to 100 percent for some businesses. It is likely to be mid-2003 before the review is complete, but VECCI is playing a key role ensuring the changes bring about a viable, affordable and fairer system.

Leader of the National Party in Victoria, Peter Ryan, addressed Executive Council on regional development issues, and provided an insight into the public liability insurance crisis based on his own legal background.

May

The State Budget confirmed significant tax savings for many Victorian businesses that were announced in the Government's April Business Statement, with the Government reducing Payroll Tax in line with VECCI's pre-Budget submission. VECCI was the only employer organisation to push for these changes - proof that VECCI delivers for Victorian business.

May saw another major victory for VECCI with the State Opposition accepting VECCI's argument and rejecting the proposed industrial manslaughter legislation in the Upper House.

VECCI held briefings across Victoria to assist members in complying with the Victorian Health Records Act, which imposed strict privacy controls on the collection of any health information on individuals. The scope of the legislation is far-reaching and VECCI made sure members were aware of their obligations.

More than 100 members enjoyed perfect weather for the VECCI Corporate Golf Day at Woodlands Golf Club - the event was a great success and raised more than \$6,200 for the

Cancer Council of Victoria.

Federal Shadow Treasurer, The Hon. Bob McMullin, was the guest speaker at Executive Council and discussed ALP economic policy.

June

June saw two exciting events for VECCI in Regional Victoria. Our Bendigo regional office and our New Apprenticeships Support Services (NASS) and Registered Training Organisation (RTO) operations merged and relocated into a single building close to the city centre. The new office will provide members with more services under the one roof and more space for meetings and training. The new office was opened by Bendigo City Mayor, Cr. Willi Carney, at a cocktail function attended by 70 local members.

VECCI's Executive Council then met in Ballarat to discuss local issues with the VECCI Regional Committee, and then adjourned to the newly renovated City Art Gallery where more than 100 local members and local politicians attended a networking evening. Guest speaker was the Leader of the Opposition, The Hon. Denis Napthine, who discussed the likely key issues heading towards a State election.

Victoria's Economic Environment 2001-02

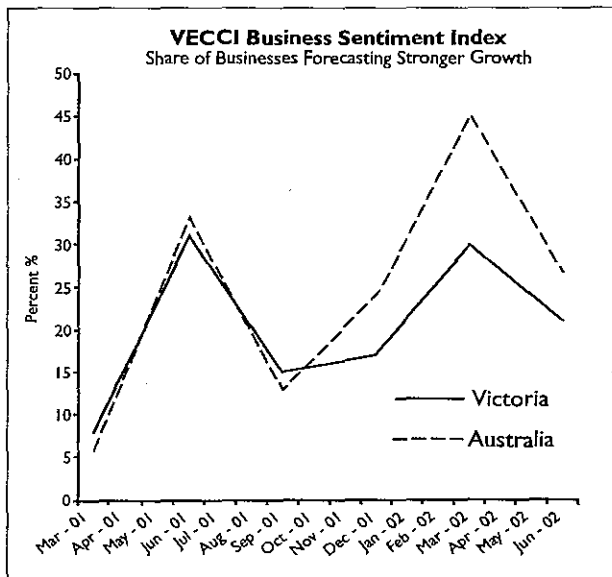
In turning to Victoria's Economic Environment for the past 12 months, despite the fact that Victoria outperformed most other State economies in relative terms, Victorian business faced difficult trading conditions. Pressure on business competitiveness over this period included:-

- wage pressures, including the ACTU Living Wage Claim, which added to inflationary pressures across the economy through the announced \$18 per week wage rise to lower wage earners;
- destructive industrial action in the manufacturing, building and construction sectors;
- fragile global conditions affecting demand for Victorian exports;
- the effect of September 11 and the collapse of Ansett on industry sectors, such as tourism;
- an easing in the housing boom and demand for associated retail and manufactured products;
- sharp increases in Public Liability Insurance premiums;
- recent interest rate rises;
- declining business confidence and fragile profitability as recorded by VECCI's Business Trends and Prospects Surveys;
- larger land tax and stamp duty bills as a result of the recent

property boom; and

- a rise in the Superannuation Guarantee Charge from 8% to 9% from 1st July 2002.

The relative economic factors above are best summarised within the following Business Sentiment Index as tracked by VECCI over the past 12-18 months to 30 June 2002.



Strategic Plan

The Board and senior management at VECCI will continue to position VECCI as principally a membership based, influence driven organisation representing Victorian business interests.

In 2002/03 members can expect to see tangible value with VECCI committed to enhancing membership services on offer and in providing members with savings, primarily in the areas of banking services and telecommunications. There will be additional value in other service areas provided to members in the foreseeable future.

Financial Position

The organisation recorded a disappointing net operating result for the year of \$4,270,265. International and domestic equity markets were extremely volatile over the past year impacting adversely on investment forecast expectations set at the commencement of the year. The Board has remained vigilant in its endeavours in monitoring and altering the investment strategy accordingly. Operationally, the organisation over the past 12 months embraced a long-term financial reform agenda, very much dependant on growing membership, focusing on key policy platform issues and benefiting members, supported by an enhanced ability to communicate more effectively with all members and customers as a consequence of the organisation's new and improved IT platform.

In Summary

It was an extremely challenging year for business and, obviously following on from that, a demanding year for VECCI. Throughout everything though, VECCI has steered a steady course, streamlining services for members, increasing seminars and forums, improving electronic communication with members, pro-actively responding to policy challenges, and charting out further improvements to the membership package to be launched later this year.

Like Victorian business then, VECCI is poised to grow as we head towards 2003, providing timely and focused services to the thousands of Victorian businesses who rely on our assistance and our voice.

Vote of Thanks

On a personal level I would like to thank the outstanding contribution made to VECCI by the new executive team led by Neil Coulson and Shaun Strachan and their colleagues and staff over the past year.

I would also like to thank VECCI's Board, Executive Council, and most of all, Members for their enthusiasm and invaluable input over the past 12 months.

Peter O'Brien
President

Message from the CEO

My first year in the role has been demanding but rewarding with strong policy outcomes in the areas of industrial relations, state taxation, bullying and industrial manslaughter. These victories highlight the influence of a strong employer organisation, and reinforce the need for a collective approach by businesses to achieve pro-business policy outcomes.

The focus for the current year will be driving new membership with the delivery of real benefits for members through an updated membership package and further improvements in service and organisational efficiency, all enhancing the value proposition of VECCI membership.

On a personal note I would like to thank the Board, Executive Council and staff for their hard work and support over the past year.

Neil Coulson
Chief Executive Officer

Board of Directors

The Board of Directors consists of :-

- Peter O'Brien (President)
- Richard Holyman (Deputy President)

- Peter Gandolfo (Deputy President)
- Graham Sherry (Immediate Past President)
- John Strang
- Dorothy Jellett
- Peter McMullin
- Jeremy Johnson
- Neil Coulson (Secretary)

The Board of Directors meets on a monthly basis, with special meetings held when required.

The primary role of the Board is to ensure that the management of the Organisation continuously and effectively strives to meet the goals and objectives of the Organisation, including its responsibilities to all of its members.

The responsibilities of the Board are to:-

- Set the goals and objectives of the Organisation.
- Ensure that there are adequate plans for the acquisition and organisation of financial and human resources towards attainment of the Organisation's goals.
- Review at reasonable intervals, the Organisation's progress to obtaining its goals.
- Report to the Organisation's members on the activities and operations of the Organisation.

Committees

To assist the Board of Directors in its role, a number of committee's have been established, consisting of the following:-

Audit and Governance Sub-committee

The role of the Audit and Governance Sub-committee of the Board is to oversee operations generally, particularly financial control and reporting, risk management and compliance with statute, regulations and ethical standards.

The Sub-committee consists of:-

- Graham Sherry (Chairman)
- Richard Holyman
- Peter Gandolfo

Auditors: RSM Bird Cameron Partners

Investment and Property Sub-Committee

The role of the Investment and Property Sub-Committee of the Board is to meet regularly in reviewing the performance, composition and management of the organisation's cash reserves in ensuring short to medium investment objectives are met. Independent investment consultants are continuously on hand to assist the Sub-committee with an informed assessment of international and domestic considerations.

The Sub-committee consists of:-

- Peter O'Brien (Chairman)
- Graham Sherry
- Richard Holyman

Investment Advisor: Deutsche Bank

Marketing and Membership Sub-committee

The role of the Marketing and Membership Sub-committee of the Board is to meet regularly in reviewing strategic considerations associated with growing the membership of the organisation and its relationship with third party quality service providers in the commercial marketplace in enhancing membership value.

The Sub-committee consists of:-

- Richard Holyman (Chairman)
- Peter Gandolfo

Executive Council

The Executive Council consists of:-

- Peter O'Brien (President)
- Richard Holyman (Deputy President)
- Peter Gandolfo (Deputy President)
- Graham Sherry (Immediate Past President)
- John Strang
- Dorothy Jellett
- Peter McMullin
- Jeremy Johnson
- Neil Coulson (Secretary)
- John Ragg
- Julian Walmsley
- Mark Sibree
- Patrick Leggett
- Selwyn Auster
- Richard Elkington
- David Cumming
- Judy Nicholson
- Russell Sloan
- Doug Sarah
- Garry Ball
- Paul Green

The Executive Council meets on a monthly basis.

The primary role of the Executive Council is to:-

- Determine matters of policy concerning the affairs of the Organisation either of its own volition or if referred to it by the Board of Directors.
- To direct the policy of the Organisation in all matters affecting the interests of members.
- To establish Committees to investigate and report to the Executive Council on any matter of policy affecting the Organisation or its members.

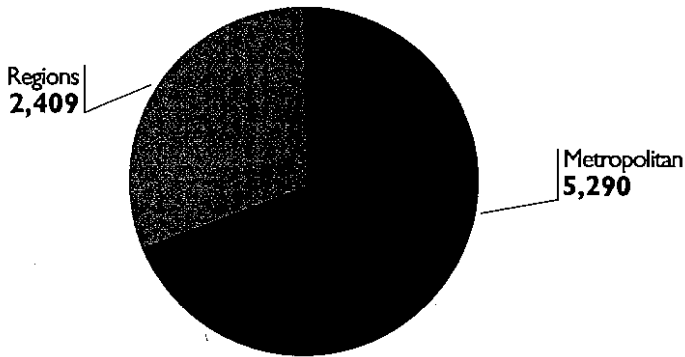
During the twelve month period ended 30 June 2002 the following meetings were held and attended by Board and Executive Council Members:-

Board Representation	Board		Executive Council		Audit and Governance		Investment and Property		Marketing and Membership	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
P. O'Brien	12	10	11	9	-	-	8	8	-	-
R. Holyman	12	10	11	10	3	3	3	3	14	14
P. Gandolfo	12	11	11	10	4	4	-	-	14	11
J. Strang	12	8	11	6	-	-	-	-	-	-
D. Jellett	12	10	11	9	-	-	-	-	-	-
P. McMullin	10	8	11	9	-	-	-	-	-	-
G. Sherry	12	8	11	6	4	3	8	5	-	-
M. Sibree	6	2	11	1	-	-	-	-	-	-
N. Coulson	12	12	11	11	-	-	-	-	-	-
Executive Council Representation										
J. Johnson			11	8						
J. Ragg			11	5						
J. Walmsley			11	8						
P. Leggett			6	3						
S. Auster			11	7						
R. Elkington			11	8						
D. Cumming			11	8						
J. Nicholson			11	11						
R. Sloan			6	6						
D. Sarah			11	7						
G. Ball			11	9						
P. Greeu			11	2						
R. Burns			11	6	Resigned July 2002					
D. Weston			9	6	Resigned May 2002					
E. Serls			10	3	Resigned June 2002					
K. Townsend			1	1	Resigned July 2001					

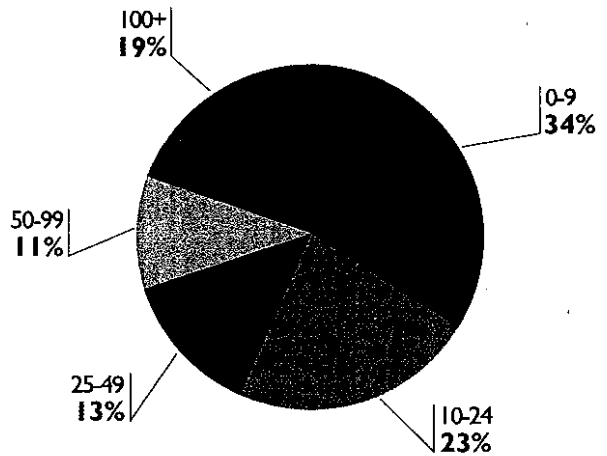
MEMBERSHIP PROFILE

Total Membership and Other Contributors as at 30 June 2002 was 7,699.

**Membership and Other Contributors
Metropolitan V's Regions**

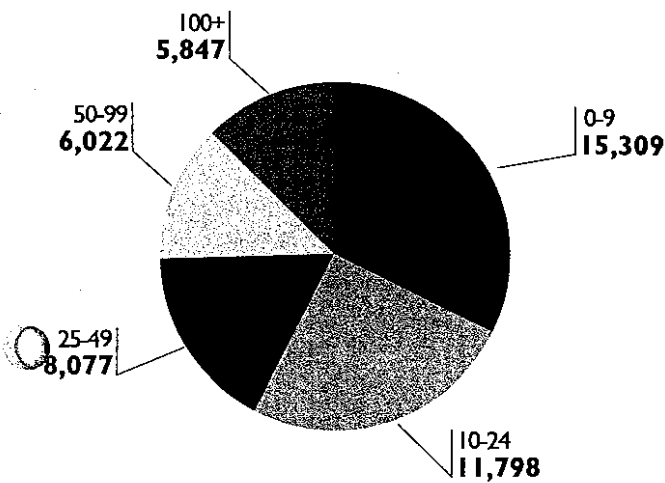


**Membership and Other Contributors
Subscriptions by Eligible Full Time Employees**

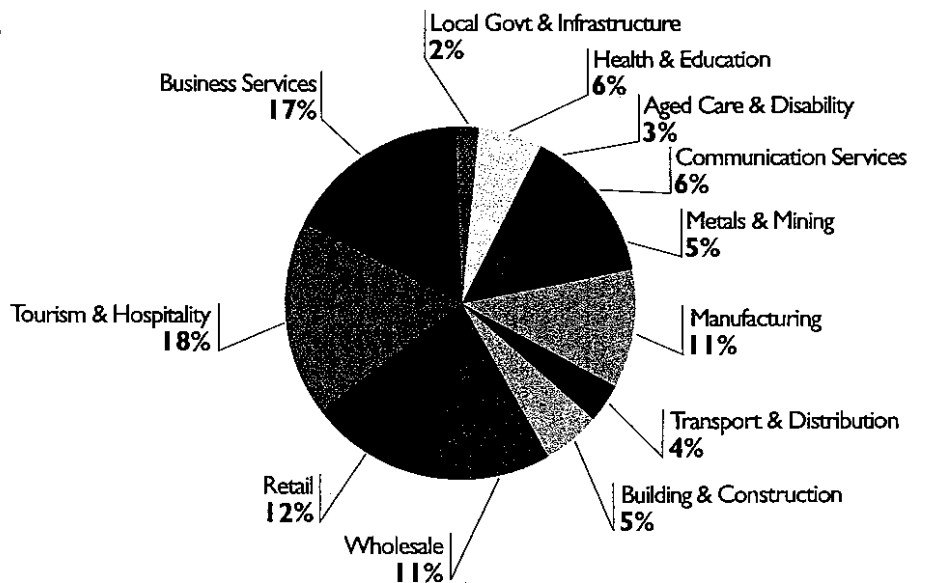


**Telephone Enquiries
Membership Information Services**

Total per Year - 45,053



**Membership and Other Contributors
Industry Segmentation**



**INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2002**

	2002 \$	2001 \$
INCOME		
<u>Memberships and Contributions</u>		
<u>Subscriptions</u>		
Members	3,233,934	3,240,768
Other Contributors	2,108,813	1,747,197
<u>Other</u>		
Business Fighting Fund	127,594	105,914
Non Subscription Income	499,019	404,589
	<u>5,969,360</u>	<u>5,498,468</u>
<u>Employment, Education and Training</u>	6,623,398	6,531,540
<u>Professional Services</u>	4,355,032	4,405,229
<u>Investment Income</u>		
Net (Loss) on Managed Investments	(1,750,030)	(1,141,432)
Fixed Interest	631,077	681,949
	<u>(1,118,953)</u>	<u>(459,483)</u>
<u>Property Income</u>	342,384	453,395
<u>Other Income</u>	164,724	203,839
	<u>16,335,945</u>	<u>16,632,988</u>
EXPENDITURE		
Advertising and Promotion	250,608	422,258
Affiliation fees	302,011	294,698
Audit, legal and other professional fees	100,772	191,219
Business Fighting Fund	127,594	105,914
Catering	333,649	142,089
Computer	192,884	118,164
Consulting	860,243	1,138,474
Depreciation	408,500	282,414
Donations	13,250	13,153
Grant	3,460,654	3,609,007
Loss on Sale of Fixed Assets	59,817	49,265
Membership Briefings	211,614	195,237
Occupancy	1,679,630	1,598,415
Other	1,344,831	1,439,016
Postage and Freight	245,679	165,246
Printing/Stationary	660,336	579,081
Remuneration - employees	8,746,203	7,230,889
Remuneration - office bearers	237,471	238,302
Superannuation	791,925	789,893
Telephone/Telex/Facsimiles	354,162	438,654
Temporary Staff	120,250	245,888
Travel	104,127	194,980
	<u>(20,606,210)</u>	<u>(19,482,256)</u>
OPERATING (DEFICIT) BEFORE SIGNIFICANT ITEMS	(4,270,265)	(2,849,268)
SIGNIFICANT ITEMS OF REVENUE AND (EXPENDITURE)		
Relocation and restructure	100,000	(100,000)
150th Anniversary Program	66,250	(100,000)
Strategic Development Program	(166,250)	-
OPERATING (DEFICIT) FOR THE YEAR	(4,270,265)	(3,049,268)
Accumulated funds at the beginning of the financial year	52,285,431	55,334,699
ACCUMULATED FUNDS AT THE END OF THE FINANCIAL YEAR	48,015,166	52,285,431

The attached notes form part of these financial statements.

**BALANCE SHEET
AS AT 30 JUNE 2002**

	Note	2002 \$	2001 \$
CURRENT ASSETS			
Cash	2	3,077,887	1,445,619
Receivables	3	826,524	755,154
Other	4	361,284	35,957
TOTAL CURRENT ASSETS		4,265,695	2,236,730
NON CURRENT ASSETS			
Investments	5	46,426,046	52,317,250
Property, plant and equipment	6	949,504	966,240
TOTAL NON CURRENT ASSETS		47,375,550	53,283,490
TOTAL ASSETS		51,641,245	55,520,220
CURRENT LIABILITIES			
Creditors and accruals	7	2,160,252	1,894,747
Provisions	8	1,205,197	1,173,335
Other	9	106,756	72,263
TOTAL CURRENT LIABILITIES		3,472,205	3,140,345
NON CURRENT LIABILITIES			
Provisions	10	153,874	94,444
TOTAL NON CURRENT LIABILITIES		153,874	94,444
TOTAL LIABILITIES		3,626,079	3,234,789
NET ASSETS		48,015,166	52,285,431
ACCUMULATED FUNDS			
Accumulated Funds		48,015,166	52,285,431
		48,015,166	52,285,431

The attached notes form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2002**

	Note	2002 Inflows (Outflows) \$	2001 Inflows (Outflows) \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Subscriptions		5,935,120	5,618,164
Payments to suppliers and employees		(20,672,573)	(21,388,137)
Interest received		631,145	681,949
Grants		5,953,877	4,800,196
Property income		342,384	498,734
Business Fighting Fund		127,594	116,505
Other income		5,552,279	7,928,713
Net cash (used in) operating activities - (see below)		(2,130,174)	(1,743,876)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from commercial bills		-	2,500,000
Payments for commercial bills		(3,007,448)	-
Proceeds from sale of investments		34,667,817	51,586,868
Payments for investments		(29,519,195)	(51,696,467)
Proceeds from sale of property, plant & equipment		-	91,579
Payment for purchase of plant & equipment		(378,732)	(471,789)
Net cash provided by investing activities		1,762,442	2,010,191
Net (decrease)/increase in cash held		(367,732)	266,315
Cash at beginning of the financial year		1,445,619	1,179,304
Cash at end of the financial year	2	1,077,887	1,445,619
Reconciliation of net cash (used in) operating activities with operating (deficit)			
Operating (deficit)		(4,270,265)	(3,049,268)
Non-cash flows in operating (deficit)			
Loss on disposal of fixed assets		60,117	49,265
Depreciation on property, plant and equipment		335,351	282,414
Net loss on managed investments		1,750,030	1,141,432
Changes in net assets and liabilities:			
Increase/(Decrease) in provisions		91,292	(44,385)
Decrease/(Increase) in debtors and prepayments		(396,697)	189,891
Increase/(Decrease) in creditors and accruals and income in advance		299,998	(313,225)
Net cash (used in) operating activities		(2,130,174)	(1,743,876)

The attached notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

This financial report is a special purpose financial report prepared in accordance with the reporting requirements of the Workplace Relations Act 1996. The Board of Directors has determined that VECCI is not a reporting entity.

The report is prepared on an accrual basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets. The accounting policies adopted are consistent with those of the previous year except as otherwise stated. Comparative information is reclassified where appropriate to enhance comparability.

The financial report has been prepared in accordance with the following Accounting Standards:

AAS 5 Materiality
AAS 6 Accounting Policies
AAS 8 Events Occurring After Reporting Date
AAS 10 Recoverable Amount of Non-Current Assets
AAS 17 Leases
AAS 22 Related Party Disclosures

No other Accounting Standards, UIG Consensus Views or other authoritative pronouncements of the Australian Accounting Standards Board has been followed.

Major accounting policies are:-

- (i) Investment in subsidiary company and cash investments are reported at cost. Managed investments are reported at their redemption value as at year end.
- (ii) Fixed assets, other than freehold land, are depreciated over their estimated useful lives using the straight line or reducing balance method.
- (iii) Liabilities for wages and salaries and annual leave are recognised and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.
- (iv) A liability for long service leave is recognised and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.
- (v) As a registered Employer Association, VECCI is, together with the Trade Unions, exempt from income tax in accordance with Section 50-15 of the Income Tax Assessment Act 1997.

		2002 \$	2001 \$
NOTE 2 CASH	Cash on hand	2,500	2,500
	Cash at bank	1,075,387	1,443,119
	Deposits at call	2,000,000	-
		3,077,887	1,445,619
NOTE 3 RECEIVABLES	Debtors	976,524	905,154
	Less provision for doubtful debts	(150,000)	(150,000)
		826,524	755,154
NOTE 4 OTHER ASSETS	Sundry Debtors	4,001	-
	Prepayments	357,283	35,957
		361,284	35,957
NOTE 5 NON CURRENT INVESTMENTS	Shares in wholly owned subsidiary company (non-operating) at cost	100	100
	Managed Investments (iii)	15,899,303	30,688,516
	Deposits at call (iii)	30,526,643	21,628,634
		46,426,046	52,317,250
	<u>Managed Investments comprise:</u>		
Australian equities	5,107,447	15,464,780	
International equities	2,701,566	7,321,238	
International fixed income	8,090,290	5,280,791	
Property funds	-	2,621,707	
	15,899,303	30,688,516	

- (i) Managed investments are recorded at their redemption value as at the reporting date, and changes in the net market value of these investments are recognised in the Income and Expenditure Statement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002**

	2002 \$	2001 \$
(ii) The net loss on investments of \$1,118,953 (2001 net loss \$459,483) in the Income and Expenditure Statement comprised a net loss on managed investments of \$1,750,030 (2001 net loss \$1,141,432) and interest received of \$631,077 (2001 \$681,949).		
(iii) The Managed Investments and the Deposits at call, although readily convertible to cash, are classified as non-current as the intention is to hold these investments longer than twelve months.		
NOTE 6		
PROPERTY, PLANT AND EQUIPMENT		
Freehold land and buildings at cost	286,799	286,799
Less accumulated depreciation	(214,029)	(201,123)
	<u>72,770</u>	<u>85,676</u>
Equipment, furniture and fittings at cost	1,390,371	1,496,054
Less accumulated depreciation	(513,637)	(615,490)
	<u>876,734</u>	<u>880,564</u>
Total property, plant and equipment	949,504	966,240
NOTE 7		
CREDITORS AND ACCRUALS		
Creditors and accruals	2,160,252	1,894,747
	<u>2,160,252</u>	<u>1,894,747</u>
NOTE 8		
CURRENT PROVISIONS		
Relocation and restructure	-	100,000
150th Anniversary Program	-	100,000
Strategic Development Program	166,250	-
Annual leave	677,686	631,585
Long service leave	361,261	341,750
	<u>1,205,197</u>	<u>1,173,335</u>
NOTE 9		
OTHER LIABILITIES		
Income received in advance	106,756	72,263
	<u>106,756</u>	<u>72,263</u>
NOTE 10		
NON CURRENT PROVISIONS		
Long service leave	73,576	14,146
Centenary staff scholarship	80,298	80,298
	<u>153,874</u>	<u>94,444</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

		2002	2001
		\$	\$
NOTE 11 LEASE COMMITMENTS	Total operating lease expenditure contracted for at balance date but not provided for in the financial statements:		
	Not later than one year	1,209,359	1,202,418
	Later than one year but not later than five years	636,233	1,497,328
		1,845,592	2,699,746

**NOTE 12
CAPITAL
EXPENDITURE
COMMITMENTS**

As at 30 June 2002 there were no capital expenditure commitments.

NOTE 13 DIRECTORS RENUMERATION	Income paid or payable to all directors	90,000	100,000
	Number of directors whose income was within the following bands		
	\$0 - 10,000	4	5
	\$10,001 - 20,000	3	3

The names of Directors who have held office during the financial year and up to the date of the financial report are:

Peter O'Brien (President)
Richard Holyman (Deputy President)
Peter Gandolfo (Deputy President)
John Strang
Dorothy Jellett
Graham Sherry (Immediate Past President)
Peter McMullin (appointed 28 August 2001)
Jeremy Johnson (appointed 30 July 2002)

**NOTE 14
RELATED PARTY
TRANSACTIONS**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Director Related Entities

During the financial year VECCI paid \$98,942 to DFP Recruitment in respect of services rendered for temporary and permanent staff recruitment. Dorothy Jellett is the Managing Director of DFP Recruitment and also serves on VECCI's Board of Directors and is a member of the Executive Council. The transactions took place on normal commercial terms.

There were no other related party transactions during the year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002**

**NOTE 15
FINANCIAL
INSTRUMENTS**

a) Net Fair Values

The carrying amount of bank deposits, investments, accounts payable and accounts receivable approximate fair value. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Balance Sheet.

b) Interest Rate Risk

The 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 of those financial assets and liabilities is as follows:

	2002	Weighted average	2001
	%		%
Cash at bank	3.65		3.48
Commercial Bills	4.59		4.86
Bank Deposits	4.94		4.96

c) Market Risk

The maximum exposure to market risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market price of the financial instruments, amounts to the value of the financial instrument as disclosed in the Balance Sheet.

d) 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 doubtful debts, as disclosed in the Balance Sheet and Notes to the Financial Statements.

There is no material credit exposure to any single debtor or group of debtors under financial instruments entered into by VECCI.

**NOTE 16
INFORMATION TO
BE PROVIDED TO
MEMBERS OR
REGISTRAR**

In accordance with the requirements of the Workplace Relations Act 1996, the attention of members is drawn to the provision of sub-sections (1), (2) and (3) of Section 274, which reads as follows:

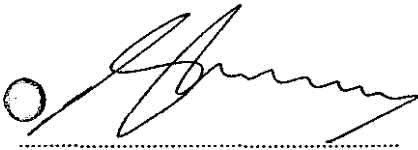
- (1) A member of an organisation, or a Registrar, may apply to the organisation for specified prescribed information in relation to the organisation.
- (2) An organisation shall, on application made under subsection (1) by a member of the organisation or a Registrar, make the specified information available to the member or Registrar in such manner, and within such time, as is prescribed.
- (3) A Registrar may only make an application under subsection (1) at the request of a member of the organisation concerned, and the Registrar shall provide to a member information received because of an application made at the request of the member.

BOARD OF DIRECTORS' STATEMENT

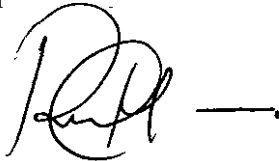
We, Graham Sherry and Richard Holyman, being two members of the Board of Directors of the Victorian Employers' Chamber of Commerce and Industry, do state on behalf of the Board and in accordance with a Resolution passed by the Board that:

- (i) in the opinion of the Board of Directors, the attached financial statements show a true and fair view of the financial affairs of the organisation as at 30 June 2002;
- (ii) in the opinion of the Board of Directors meetings of the Board were held during the year ended 30 June 2002 in accordance with the Rules of the organisation;
- (iii) to the knowledge of any member of the Board, there have been no instances during the financial year to which the financial statements relate where records of the organisation or other documents (not being documents containing information made available to a member of the organisation under sub-section 274 of the Workplace Relations Act 1996) or copies of those records, or documents, or copies of the Rules of the organisation have not been furnished or made available, to members in accordance with the requirements of the Act in Regulations thereto, or the Rules of the organisation; and
- (iv) the organisation has complied with sub-sections 279(1), (3) and (6) of the Act in relation to the financial statements in respect of the previous financial year and the auditors' report thereon.

For and on behalf of the Board of Directors



.....
Graham Sherry
Director



.....
Richard Holyman
Director

Melbourne, 24 September 2002

ACCOUNTING OFFICER'S STATEMENT

I, Neil Coulson, being the Secretary and Chief Executive Officer responsible for keeping the accounting records of the Victorian Employers' Chamber of Commerce and Industry, certify that as at 30 June 2002 the number of voting members of the organisation was 4,282 and other contributors to the organisation 3,417 total 7,699 (2001: voting members: 4,684, other contributors 3,169 total 7,853).

my opinion:

- (i) the attached financial statements show a true and fair view of the financial affairs of the organisation as at 30 June 2002;
- (ii) a record has been kept of all moneys paid by, or collected from, members and all moneys so paid or collected have been credited to the bank account to which those moneys are to be credited, in accordance with the Rules of the organisation;
- (iii) before any expenditure was incurred by the organisation, approval of the incurring of the expenditure was obtained in accordance with the Rules of the organisation;
- (iv) with regard to funds of the organisation raised by compulsory levies or voluntary contributions from members, or funds other than the General fund operated in accordance with the Rules, no payments were made out of any such fund for purposes other than those for which the fund was operated;
- (v) no loans or other financial benefits, other than remuneration in respect of their full-time employment with the organisation, were made to persons holding office in the organisation; and
- (vi) the Register of Members of the organisation was maintained in accordance with the Workplace Relations Act 1996.



.....
Neil Coulson
Secretary and Chief Executive Officer

Melbourne, 24 September 2002

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VICTORIAN EMPLOYERS' CHAMBER OF COMMERCE AND INDUSTRY

Scope

We have audited the special purpose financial report of Victorian Employers' Chamber of Commerce and Industry (VECCI) for the year ended 30 June 2002. The Directors are responsible for the preparation and presentation of the financial report and the information contained therein. We have inspected and audited the accounting records kept by VECCI for the year ended 30 June 2002 and conducted an independent audit of the financial report in order to express an opinion to the members of VECCI on its preparation and presentation. We have received all the information and explanations we required for the purposes of our audit.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with the accounting policies described in Note 1 to the financial statements.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion:

- (i) VECCI maintained in respect of the year satisfactory accounting records detailing the sources and nature of the income of VECCI (including income from members) and the nature and purpose of expenditure; and
- (ii) the attached financial statements, prepared under the historical cost convention, and in accordance with Section 273 of the Workplace Relations Act 1996 are properly drawn up so as to give a true and fair view of:
 - (a) the financial affairs of VECCI as at 30 June 2002; and
 - (b) the income and expenditure and deficit of VECCI for the year ended on that date.

RSM Bird Cameron Partners

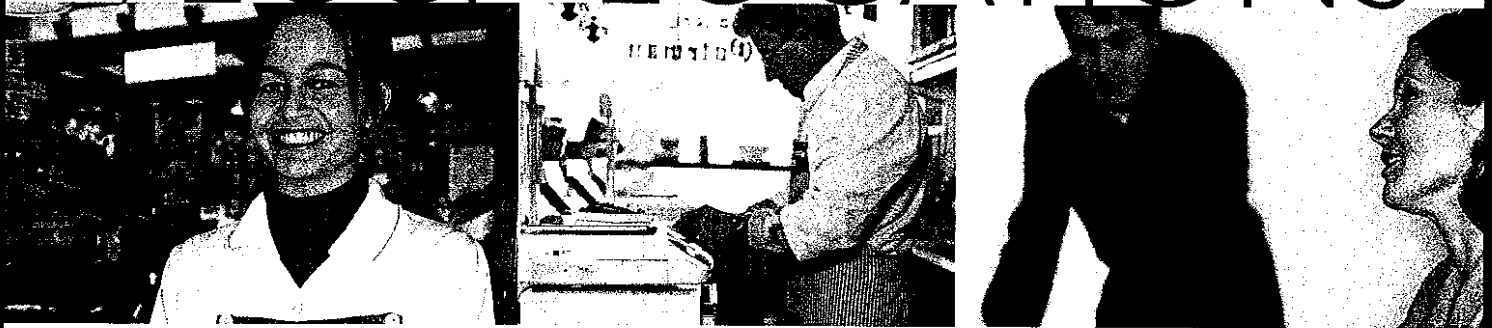
RSM BIRD CAMERON PARTNERS
Chartered Accountants

K C Wood

K C WOOD
Registered Company Auditor

Melbourne, 30 September 2002

VECCI LOCATIONS



MELBOURNE OFFICES

HEAD OFFICE

Employers' House
196 Flinders Street
Melbourne 3000
Victoria Australia

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Telephone (03) 8662 5333
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Facsimile:

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(02) 6056 0190

GIPPSLAND - TRARALGON

2/11 Kay Street
Traralgon, Victoria 3844
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Facsimile:

(03) 5173 9250
(03) 5173 9299





AUSTRALIAN INDUSTRIAL REGISTRY

Level 35, Nauru House
80 Collins Street, Melbourne, VIC 3000
GPO Box 1994S, Melbourne, VIC 3001
Telephone: (03) 8661 7774
Fax: (03) 9654 6672

Mr N Coulson
Chief Executive Officer
Victorian Employers' Chamber of Commerce and Industry
GPO Box 4352QQ
MELBOURNE VIC 3001

Dear Mr Coulson

Re: Victorian Employers' Chamber of Commerce and Industry - Financial documents for year ended 30 June 2002 - FR 2002/333

I refer to my letter of 24 December 2002. Also, I refer to my recent telephone conversation with Mr S Strachan of your office and his letter of 21 January 2003 received by facsimile on that date. I note Mr Strachan's advice regarding the 'grants' referred to in the Statement of Income and Expenditure, in particular his advice that monies referred to under that categorisation comprise funds received from Federal and State Governments to manage various programs. I also note Mr Strachan's further advice that the organisation will consider using a different designation in future to avoid the possibility of misunderstanding.

The financial documents have been filed.

In relation to the statement covering particulars of donations, the contents have been noted and the statement has been placed on a Registry file that is not available to the general public.

If you wish to discuss this or any related matters I can be contacted on 8661 7774 (Mon-Thur).

Yours sincerely,

Iain Stewart
Statutory Services Branch

22 January 2003