



AUSTRALIAN INDUSTRIAL REGISTRY

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Ms Natalie Howell
Chief Executive Officer
Victorian Employers' Chamber of Commerce and Industry
GPO Box 4352QQ
MELBOURNE VIC 3001

Dear Sir

**Re: Victorian Employers' Chamber of Commerce and Industry
Financial documents for year ended 30 June 2003 (FR 2003/547)**

Receipt is acknowledged of the financial documents of the Victorian Employers' Chamber of Commerce and Industry for the year ended 30 June 2003. The documents were lodged in the Industrial Registry on 11 December 2003.

The documents have been filed.

Yours sincerely

Margaret Williams
Statutory Services Branch

18 December 2003

WORKPLACE RELATIONS ACT 1996
INDUSTRIAL RELATIONS REGULATIONS

STATUTORY DECLARATION

I, Neil Coulson of 486 Albert Street, East 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" is a list of donations exceeding \$1,000 made by the Victorian Employers' Chamber of Commerce and Industry for the year ending 30 June, 2003.
5. THAT the attached hereto and marked "B" is a copy of the Financial Statements for the year ending 30 June, 2003, and that such statements were presented to the Annual General Meeting of the Organisation held on 25 November, 2003.

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 486 Albert Street, East Melbourne in the State of Victoria this

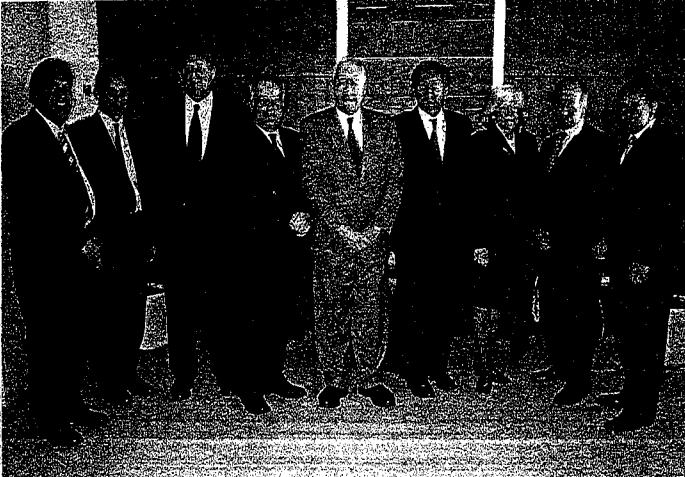
4th Day of December, 2003.

DECLARANT:

Neil Coulson
NEIL COULSON
CHIEF EXECUTIVE
- VCCI -

BEFORE ME:

[Signature]
Chief Executive Officer
VCCI



VECCI Board of Directors (Left to Right) - Neil Couison(CEO), Tony Robinson, Kevin Brown, Peter McMullin, Peter O'Brien(President), Richard Holyman(Deputy President), Dorothy Jellett, Graham Sherry, Jeremy Johnson.

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During the twelve month period ended 30 June 2003 the following meetings were held and attended by Board and Executive Council Members:-

Board Representation	2002		2003		2004		2005		2006		2007	
	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	Number eligible to attend	Number attended
P O'Brien	17	14	11	9	-	-	13	12	-	-	-	-
R Holyman	17	15	11	10	4	3	13	12	12	12	5	2
J Strang	17	7	11	5	-	-	-	-	-	-	-	-
G Sherry	17	8	11	6	4	4	13	5	-	-	5	5
P Candolle (Resigned 26/11/02)	8	5	5	3	2	2	-	-	-	-	-	-
D Jellett	17	12	11	8	-	-	-	-	-	-	-	-
P McMullin	17	15	11	10	-	-	-	-	-	-	-	-
J Johnson (Appointed 20/7/02)	17	10	11	7	-	-	-	-	-	-	-	-
K Brown (Appointed 27/5/03)	2	2	7	6	-	-	-	-	-	-	-	-
N Couison	17	17	11	11	4	3	13	13	12	12	5	5
Executive Council Representation												
S Auster			11	8								
G Ball			11	10								
D Curnning			11	9								
R Elkington			11	7								
T Gray (Appointed 29/10/02)			7	5								
S Creators (Resigned 25/2/03)			3	1					6	6		
P Green			11	7								
R Leggett			11	9					12	6		
J Nicholson			11	11								
J Nigg			11	8								
T Robinson (Appointed 27/5/03)			2	2								
D Sarah			11	9								
H Stone (Resigned 26/11/02)			5	4								
R Sloan			11	10								
G Sutherland (Appointed 26/11/03)			6	4								
W Swift (Appointed 26/11/02)			7	7								
J Wainmsey			11	7								

President's Report

Peter O'Brien
President



As we enter our 153rd year, we have never been stronger as an organisation, and yet we have never been more needed by business.

VECCI has cemented itself as Australia's leading employer group, listened to and respected by Governments of all political persuasions.

There is little doubt that doing business has become increasingly difficult in recent times.

- This is not surprising, as we are increasingly seeing:
- a heightened culture of litigiousness and risk consciousness;
 - increased demands for compliance with Government rules and regulations on issues as diverse as workplace safety, consumer protection, corporate governance and social and environmental responsibility;
 - an ageing population – in the absence of a sharp increase in the birthrate, or a major rise in immigration, Australia's population will continue to age, leading to skills shortages and increased tax burdens on the existing workforce; and
 - demands by employees for increased work/life balance.

Successfully doing business requires an increased sophistication and knowledge of the players and the rules.

VECCI, with its strong suite of policy credibility, lobbying nous, informative briefings and leading-edge professional services, is well placed to assist. In order to better serve the needs of business, we have committed to staying centrally located in the Melbourne CBD for the long term. From November 2003, we will be working from our new

building at 486 Albert Street, East Melbourne, which "watches over" Parliament House. This will better assist us in representing your interests to Government.

We also have a "new look", with a better targeted and higher value-added membership package, and a more user friendly website, which will be launched in November 2003.

Over 2003/04, we will continue to reinforce the "business message" to Government and the wider community, particularly the importance of continued business investment in underpinning the health of the economy and wider community.

We can only do so, however, with the continued support of our members, which we look forward to receiving over 2003/04.



Neil Couison and Prime Minister John Howard, at the launch of VECCI's 17 New Apprenticeship Centres in July.

Report from the CEO

Neil Couison
Chief Executive Officer



The year under review has been difficult for business, with a number of factors taking their toll, including the drought, bushfires, war in Iraq, the SARS outbreak, a rising Australian dollar and sluggish global economic conditions.

Against this backdrop, VECCI has taken a number of steps to assist members with improved services and support, including the release of new, targeted membership packages for small, medium and large members. We are also on the verge of launching our new, user-friendly VECCI website which will provide the real-time information our members need.

To cut the costs of doing business, a very competitive member deal with Optus telecommunications has been signed, and more member deals are on the way.

We have also implemented new mechanisms to encourage broader member involvement in the policy-making process by establishing five Member Policy Taskforces to shape and influence the direction of the State Government's second-term agenda. Two of the taskforces, the Export and Trade Facilitation and The Business Investment Taskforce, have already produced detailed submissions to Government.

In July, VECCI was honoured by a visit by the Prime Minister, the Hon John Howard MP, who launched VECCI's 17 New Apprenticeship Centres. These centres will provide a state wide 'one-stop' shop for business apprenticeship and traineeship needs.

We have also had our share of policy and lobbying successes. Highlights of 2002/03 include:

- \$262 million worth of business taxation cuts implemented from 1 July 2002, covering reductions in the area of payroll tax, land tax and stamp duties – these were delivered after

strong VECCI lobbying and are part of more than \$1 billion worth of business taxation relief since 1999;

- the introduction by the State Government of a percentage threshold on general damages in June 2003, which should assist in curbing increases in business public liability insurance premiums over time;
- successfully influencing the impact of the *(Federal Awards) Uniform Systems Bill* on smaller businesses, as well as the rollout of information briefings to more than 1,000 businesses statewide; and
- renewed lobbying to secure further State business taxation cuts, including a commitment from the Government to make Victoria's Payroll Tax rate the most competitive of all the States by 2006.

We will also ask the Premier to declare channel deepening in Port Phillip Bay Victoria's number one infrastructure priority and to set aside funds in the 2004/05 State Budget for a speedy commencement of capital works. Because of inadequate channel depth and the use of increasingly larger ships, fewer ships will be able to dock at the Port of Melbourne fully laden. This will lead to higher per unit costs for importers and exporters, making the Port less competitive in relation to its competitors.

To date, our busy port has underpinned Melbourne's status as Australia's premier manufacturing, transport and distribution hub. Handling 82 per cent of our exports by value, it is also our window on an increasingly globalised world. It will be "back to the future" for VECCI on this issue, as our predecessor organisation, the Melbourne Chamber of Commerce, was founded in 1851 to combat the inadequacy of Melbourne's wharves.

We will be seeking your active support on this and other VECCI priorities throughout 2003/04.

Chief Operating Officers' Report

Shaun Strachan
Chief Operating Officer

Financial Results – 30 June 2003

For the financial year ended 30 June 2003, the organisation recorded a Net Operating Deficit after significant items of \$1,000,161. Accumulated funds at the end of the financial year total \$47,015,005.

Total Operating Income was up \$3,376,475 favourably on the previous year, mainly attributed to improved investment returns and additional income from property interests. Overall, VECCI's membership and other contributors at 30 June 2003 totalled 7,594.

Web Platform

Consistent with the organisation's communications strategic plan, VECCI embraced over the past year a new e-commerce platform to more efficiently provide services to existing and potential members.

From October 2003, members will be able to join VECCI and purchase awards and publications, access enhanced services from our International Trade Department, enrol for training programs and key events and manage their corporate relationship with VECCI – all on-line.

The new web platform will consequently provide members with added flexibility to interact with VECCI more dynamically than ever before.

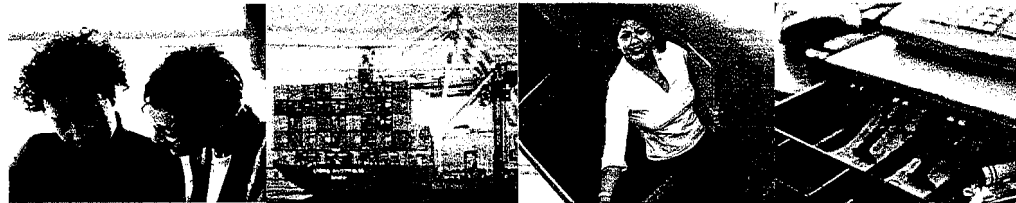
New Head Office

VECCI purchased a new Head Office at 486 Albert Street, East Melbourne, in late December 2002. The organisation will officially take over the recently-refurbished building from the start of November 2003, giving VECCI a modern office location in close proximity to government offices and the CBD.

VECCI will occupy approximately 60 per cent of the nine-storey building, with the remaining space sub-let for investment purposes. The building was constructed in 1858-59, where it was initially occupied as the Melbourne Baptist Church. A major fire in the mid-1980s destroyed all but the front portion of the building.

In addition to rebuilding the façade, an impressive nine-storey office complex was constructed by the then tenant and owner, Mercantile Mutual.

Until recently, 486 Albert Street was a central head office site for insurance and superannuation companies, ING and QBE.



Professional Services

Jacqui Boughton
Manager - Training and Business Services

Occupational Health & Safety

During the year, the Five-day OHS Certificate course was expanded to 24 scheduled courses; making VECCI the leading provider of this course in Victoria.

Equal Opportunity

The VECCI EO Network, which was introduced in 2002/03, has proven successful with excellent numbers at all sessions and positive feedback.

Sessions covered a range of topics, including:

- Female to female bullying and how it relates to the workplace;
- Stalking and its impact in the workplace; and
- Hypothetical – 'Stuck between a Rock and a Hard Place' (the management of the "informal" complaint).

Introduction of the Victorian Workplace Authority Guidance Note on Bullying (February 2003) led to the development of a specific training and briefing product that has generated interest among VECCI members and non-members. This product was delivered in both metropolitan and regional areas and created membership opportunities.

The EO Consulting activity has expanded to cover internal investigations and mediations in respect to alleged bullying activity in the workplace. This has been a very successful service whereby our consultants have assisted in achieving high levels of successful on-site resolution of such issues.

VECCI continues to have influence at a policy level through representation on the following State Government committees:

- Working for Aged Project (seeking to overcome barriers to employment of older workers);
- Recruitment and Consulting Services Steering Committee (responsible for an inquiry into the recruitment industry within Victoria);
- Statewide Steering Committee to Reduce Violence Against Women in the Workplace (commenced this financial year).

VECCI remains the predominant provider of EO training in the local government sector with inroads being made in the public and private sectors.



Marketing & Communications

Mary-Anne Edwards
General Manager -
Marketing and Communications

The past 12 months have been both challenging and rewarding as the Marketing and Communications Department has continued to strive for excellence and innovation through the delivery of improved membership and communications services. The strength and success of our marketing, communications and membership programs are a critical part of VECCI's activities.

Membership remains the lifeblood of VECCI and we are committed to growing and retaining our membership base. To help reach this goal, we recently launched our new membership packages, which were designed to increase the value of membership while clearly articulating what members receive as part of their subscription dollar.

As part of our new packages, we will continue to enhance our e-commerce strategy by delivering information via our new website and through informative and targeted newsletters.

We are also pleased to report that our new alliances on telecommunications and merchant cards are both working well and delivering savings on mobile and fixed line calls and merchant services fees. Alliances are very important to VECCI and we will continue to develop arrangements which assist in reducing the operating costs of doing business.

Events

Our Events team, continued to provide VECCI with a range of outstanding events and functions. Approximately 200 events structured around delivering specific outcomes were run over the year, attracting more than 10,000 business representatives.

The diverse range of events is centred around three themes:

- *Premier events* – including our President's luncheons, Chief Operating Officers' Forums, Human Resources Managers' breakfasts and Business Leader Luncheons.
- *Business briefings* – delivered throughout metropolitan and regional Victoria and designed as two-hour educational and networking forums on key operational areas covering finance, marketing, labour relations and technology.
- *Social events* – renowned for mixing both business and pleasure in a relaxed environment. Whether it's our famous pre-Grand Final Luncheon, corporate golf day, the VECCI race meeting, or our new VECCI/NRL rugby league luncheon, they are all recognised as quality events providing valuable business networking opportunities.

Our program continues to provide a key link between VECCI and the business community, which is well recognised through the continued increase in attendance numbers.

Partnerships

There has been a large increase in the number of companies seeking a partnership relationship with VECCI via our events and product program, allowing them to access specific markets in which to promote and build their brands within Victoria.

The wide range of partnerships available has attracted companies from a diverse industry base including: Telecommunications, Banking, Catering; Recruitment, Finance and Documentation management.

Our partners choose VECCI because we can expose their brands to companies that have a combined annual turnover of more than \$83 billion and employ more than 775,000 people.

Publications

Our Publications Department continued to provide a range of quality publications, which VECCI is looking to expand over the coming year

through the development of alliances with key service providers. A large number of publications will soon be available online.

Website

The organisation has made a substantial investment in information technology over the past 12 months with the objective of upgrading our technology operating platform to provide a greater level of integration and efficiency.

Central to this program has been the development of a new website which will ensure that the information and advice we provide to members is relevant and up-to-date. The site will also allow businesses to purchase, register and update their respective records on-line.

Tourism, Hospitality & Leisure

Following a decision of the VECCI Board to dedicate resources to the tourism hospitality and leisure industries, additional services, business support and leadership have been provided for these industry sectors.

The Victorian Tourism Industry Council (VTIC), the peak body for the tourism industry in Victoria, which is managed by VECCI, has continued to grow as the voice of tourism under the Chairmanship of John Button.

VTIC is representative of the key industry associations and major corporations underpinning the tourism industry in Victoria and we acknowledge the support of those who continue to contribute to the monthly VTIC meetings, sub-committees and other industry forums.

The VTIC pre-election Business Statement submitted to the Government prior to the November 2002 State election and the VTIC pre-Budget paper submitted in December 2002 were both recognised by the Victorian Government.

In July 2002, VTIC established a quarterly Victorian Tourism Industry Performance and Outlook Survey, which has rapidly achieved high respect across industry, government and the media.

As a result of discussions in the first half of 2003, members of the Hotel, Motel and Accommodation Association of Victoria (HMAA) transferred to become full members of VECCI from 1 July 2003.

The VECCI Victorian Accommodation Industry Policy Committee was also formed at this time and is emerging as the peak body for the Victorian accommodation industry.

VECCI has also taken over management of the annual Accommodation Industry Awards of Excellence in Victoria, which showcase best performance over a wide range of industry sectors.



Monreale Estate, Best Accommodation Experience 2002 / 2003

Business Taxation

After strong VECCI lobbying, the payroll tax rate fell from 5.35 per cent to 5.25 per cent on 1 July 2003. This is part of a package of business taxation relief secured for business totalling more than \$1 billion since 1999. The payroll tax threshold rose from \$515,000 to \$550,000 from 1 July 2002, one year ahead of schedule. On 1 July 2002, the land tax threshold rose from \$125,000 to \$150,000, and stamp duty on unquoted marketable securities was abolished, one year ahead of schedule.

In light of intense interstate competition for investment, VECCI will seek further State business taxation cuts, including a commitment from the State Government to make Victoria's Payroll Tax rate the most competitive of all the States by 2006.

Public Liability Insurance

VECCI has led the debate calling for tort law reform following the devastating impact of increases in public liability and other business insurance premiums on business. Following extensive survey work confirming the scale and scope of the crisis, our calls for reform have been heeded by State and Federal Governments, with the State Government introducing a percentage threshold on general damages in June 2003.

VECCI will conduct further extensive survey work on this issue to ascertain whether Government reforms have had an impact on curbing the rate of increase in PLI premiums and improving business accessibility to PLI insurance premiums thus far. Depending on the survey results, options for further Government action and reform will be canvassed.

Victorian Tourism Industry Council

The 2002/03 year was tough for the tourism sector. Following the Iraq war, the SARS outbreak, bushfires, drought and a sluggish international economy, the Victorian Tourism Industry Council (VTIC) was instrumental in advocating the need for targeted funding from State and Federal Governments to help the tourism sector. VTIC has also established a regular quarterly Survey of Business Performance and Outlook.

Over 2004/05, VTIC will take a high profile on issues such as wind farms in coastal areas, the preservation of Point Nepean and the need for a world-class Plenary Hall to attract and underpin growth in the lucrative business tourist market into Melbourne.

Member Taskforces

Over 2002/03, we have put in place processes to ensure broader member consultation and involvement in the policy-making process. We established five Taskforces to shape and influence the direction of the State Government's second-term agenda, with the Export and Trade Facilitation and Business Investment Taskforces already producing detailed submissions to Government on key policy areas.

We will continue with our successful rollout of such Taskforces, starting with a Business Sustainability Taskforce to develop policy options to deal with the increasingly important issue of environmental sustainability and its impact on business growth.

Regional Offices

Almost a third of VECCI's members are located in regional Victoria and 2002/03 represented a busy year, with Regional Offices ensuring support for the Events Calendar, the delivery of regular monthly Employer Updates by Regional Managers and membership acquisition growth, servicing and retention activities.

Commonwealth/ State Relations

VECCI has indicated strong disquiet at the parlous state of Commonwealth/State relations and the negative impact this has had on the flow of infrastructure projects into Victoria, the Scoresby Freeway being the most obvious example.

'MPs In Business' Program

In 2004, we will be implementing this exciting new program that links Victorian MPs with a business host for a day and provides a valuable opportunity for the exchange of ideas and experiences.

Port Phillip Bay Channel Deepening

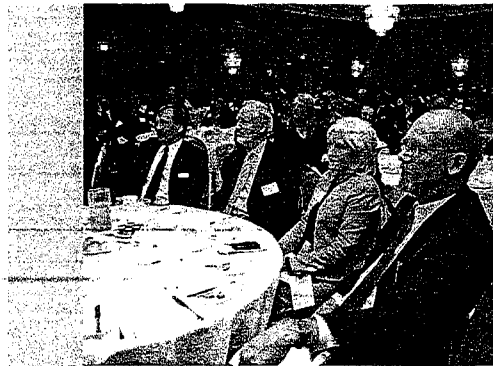
VECCI will ask that the Premier declare channel deepening in Port Phillip Bay Victoria's number one infrastructure project and set aside funds in the 2004/05 State Budget for a speedy commencement of capital works. Because of inadequate channel depth to cope with increasingly larger ships, there is a danger that fewer vessels will call at the Port of Melbourne which, to date, has underpinned Melbourne's status as Australia's premier manufacturing, transport and distribution hub.

Member Newsletters

To keep members better informed of economic and industry trends affecting their businesses, VECCI will roll out a number of newsletters over 2003/04, including the monthly Economic Update and Business Affairs, and the quarterly Manufacturing, Retail and Tourism and Hospitality Industry Updates. These add to the stock of existing products produced by the Policy Unit, including the Survey of Business Trends and Prospects and the VTIC Survey of Business Performance and Outlook.

Media Profile

VECCI will continue to underpin its policy and influence work with a strategic approach to media opportunities, to reinforce the 'business message' to Government and the wider community.



VECCI Executive Breakfast

A diverse range of challenges confronted Victorian employers during the past 12 months. VECCI's Workplace Relations Policy Department sought to respond to those challenges and, in turn, effectively represent and protect the interests of Victorian employers.

The re-election of the State Labor Government in Victoria and the subsequent appointment of a new Minister with joint responsibility for both the WorkCover and industrial relations portfolios has given renewed emphasis to the Government's actions in the workplace relations area.

Uniform Systems

The subsequent passage of the Federal Awards (Uniform Systems) legislation has undoubtedly been the most significant development for employers, particularly those operating outside Federal Award coverage. That legislation, when implemented, will in effect re-regulate the deregulated Victorian Industry Sector framework that now covers those firms and businesses sitting outside of Federal award coverage in this State by means of the extension of Federal Award coverage in Victoria by Common Rule application.

More than 1,500 Victorian employers have already attended briefing sessions conducted by VECCI on the new proposals. Many of those employers have indicated that the changes will impact in a variety of ways. However, it is clear that the impact will be of greatest significance in particular industry sectors. For example:

- it will have a particular impact on many small and medium-sized businesses that currently operate outside Federal Award coverage;
- it will most likely have a particular impact in regional Victoria where a greater proportion of businesses are not covered by Federal Awards; and
- it will have a particular impact in certain industry sectors – for example, in the retail, hospitality and tourism and other service sectors where many firms and businesses are inevitably required to operate on a seven-day-a-week basis and where a significant proportion of their revenue is derived from weekend and holiday trading.

VECCI has continued to work with both the State and Federal Governments through the important implementation phase to ensure that, as far as possible, relevant transitional measures are put in place to accompany the changes to minimise their impact as far as possible.

Premium Review

VECCI has also been an active participant in the ongoing premium review process that has been initiated by the Victorian WorkCover Authority. The first step in that process has been the introduction of limited administrative changes. The next phase, now under consideration, involves looking in more detail at the way in which premiums are structured.

In the meantime, the premium amounts paid by smaller employers remain frozen at 2000/01 levels. At this stage, this arrangement will continue in place until the end of the 2003/04 financial year. The freeze has provided benefits to those employers in terms of certainty and predictability. It has been of particular benefit to those locked in at lower premium levels at the time the freeze came into place. Conversely, a limited number of employers locked in at higher premium levels have been denied premium reductions to which they might otherwise have been entitled.

Irrespective of the outcome of the ongoing premium reviews, confidence in the existing scheme can only be maintained by an overall commitment that levels of premium across the board will not be increased, and that efforts continue to be made to reduce premiums

wherever possible. VECCI will continue to work towards the achievement of these objectives.

Claims Management

The way in which claims are dealt with also need to remain a continuing focus. The VWA made much of recent changes designed to place a new emphasis on claims management, rather than claims administration. However, most Victorian employers are still of the view that there is a long way to go in this area before they would consider that a rigorous claims management process is in place. Again, the achievement of ongoing improvements in this area remains a priority for VECCI.

Occupational Health and Safety

The State Government also recently announced a review of the *Occupational Health and Safety Act* and the associated framework of regulation. An examination of existing fines and penalties is to be one of the key targets of the Inquiry, together with a broad range of additional matters. Initial knee-jerk reactions from union representatives have focussed on a need for enhanced penalties, greater powers for union representatives in policing health and safety, and union control of employee health and safety training.

VECCI is looking to develop a more considered range of submissions to the review process. It will be important to ensure that the process and its outcomes do not generate a level of concern and uncertainty in the Victorian business community in a way that causes this State to be viewed as a diminished investment destination. In making this comment, VECCI is not suggesting at this time that the review process is looking to breathe new life into the industrial manslaughter proposals that were pursued by the current Government during its first term in office. However, it is worth recalling the angst that was generated in the business community by that Bill; particularly its proposed emphasis on new fines and penalties, including jail terms, that could be imposed on senior managers and others in Victorian workplaces. A key priority for VECCI will be to avoid a re-run of similar proposals.

Redundancy

The ACTU's so-called "test case applications seeking enhanced redundancy benefits" and, more recently, new work and family entitlements, have also been issues in which VECCI has had an active involvement.

VECCI members have provided witness evidence in the redundancy case. VECCI has also developed and filed counter claims in the work and family proceedings designed to broaden the focus of the ACTU application, which has a narrow emphasis on return-to-work after the birth of a child. VECCI's position looks instead to broaden award conditions generally and to enable a degree of initial negotiation between affected parties in circumstances where family commitments need to be accommodated. We look forward to pursuing those arguments in the forthcoming Industrial Relations Commission proceedings. These matters will continue to throw up important issues for employers in the year ahead.

Implementation of the Uniform Systems legislation and the impact of the roll out of Federal Awards by means of Common Rule coverage in Victoria will also be a major ongoing preoccupation for the Workplace Relations Policy Department. The development of a legislative response by the Federal Government to the report of the Cole Royal Commission into the building and construction industry will also be an important continuing focus.

VECCI NASS

Denis James
General Manager NASS

VECCI moved to expand its' New Apprenticeships Support Services (NASS) across the full state of Victoria, submitting a strategically positioned tender submission to the Department of Education Science and Training in October 2002.

With the 2003/06 contract announced in April 2003, the expansion of VECCI's New Apprenticeships Services adds Melbourne and Geelong to the existing delivery of NASS services in The Victorian Central Highlands and Gippsland with 17 sites operating across the State from 1 July 2003.

VECCI New Apprenticeship Centres are located at:

Regional Victoria	
Ballarat	Mildura
Geelong	Bairnsdale
Traralgon	Warrnambool
Bendigo	Horsham
Wodonga	Shepparton

Melbourne & Metropolitan

Frankston	Broadmeadows
Dandenong	Mitcham
Heidelberg	Melbourne CBD
Sunshine	

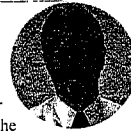
The successful awarding of the contract will allow VECCI to play an important role in the future growth of industry skills across Victoria. We firmly believe that a skilled workforce is a key component to Victoria and Australia, maintaining sustained economic growth and remaining competitive in the global environment.

VECCI New Apprenticeships Support Services was created as a division of VECCI's commercial services area to deliver support services to employers, current and potential New Apprentices and the community, as part of the VECCI's commitment to employment, education and training.

NASS is a free service and adds value to VECCI's existing services through the provision of high quality and simplified assistance with all aspects of the employment of New Apprentices. The Focus for 2003/04 will be to gain a sustainable presence in the Melbourne and Geelong markets and build pre-existing delivery in Gippsland and the Victorian Central Highlands.

Priorities into the next period will also see a focus on increasing the participation in New Apprenticeships by indigenous Australians and people with disabilities.

VECCI will work closely with schools, industry, RTOs, Job Network members, Group Training companies, job seekers, and other key stakeholders to maximise the effective delivery of services to members.



International Trade Department

Patricia Griffiths
Manager - International Trade

International trade businesses had some considerable challenges to face in 2002/03 being affected by drought, war, SARS and the increase in the Australian dollar. However, VECCI members who represent 60 per cent of the users of VECCI's Trade Documentation service, showed resilience based on their increased export activity through ITD's Certificate of Origin and ATA Carnet Services.

Key export markets being targeted by both members and non-members were China, the Middle East, Vietnam, Korea and India respectively, with these markets supporting and attracting on average up to 100 attendees per briefing to VECCI's highly successful "Doing Business with ..." breakfast series.

More than 300 members attended a major event for trade in 2002/03, namely VECCI's International Trade Business After Dark which brought together more than 450 companies and exhibitors with the view to networking and generating business opportunities.

International Trade hosted delegations from China, Korea, Indonesia, Fiji, Sri Lanka, Thailand and a high profile delegation lead by the Prince and Princess of Belgium, as well as receiving VIP visitors from Japan, the Netherlands, Canada, Belgium, Bosnia, Poland, Germany, Italy, Iran, Kenya, New Zealand, the Philippines, Vietnam and Ireland. These VIP visitors also encompassed representatives from overseas Chambers of Commerce.

Trade briefings delivered to VECCI members

- covered topical areas such as:
- Thailand Free Trade Agreement
 - Euro Success or Failure?
 - WTO Update
 - Poland Investment Seminar.

VECCI continued to build on its existing State and Federal Government relationships through:

- The signing of an Alliance between VECCI and Austrade; and
- The successful delivery of a VECCI/DIIRD Food and Beverage Trade Mission to India.

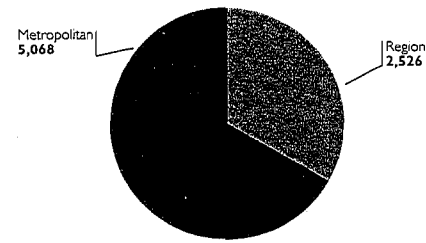
In moving into 2003/04, VECCI will continue through its international trade global strategy and "Education Pathway to Sustainable Export" program to build on its existing services as well as develop further opportunities through strategic partnering both within Victoria and overseas markets. Key focus for VECCI will be in food and beverage, ICT and biotechnology, building and construction, automotive/after service and the verticals within those industries. These industries have also been closely aligned with identified growth markets such as The Middle East, China, India, Japan, Europe and North America.



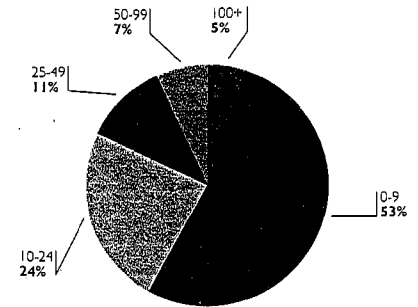
Membership Profile

MEMBERSHIP PROFILE
Total Membership and Other Contributors as at 30 June 2003 was 7,594

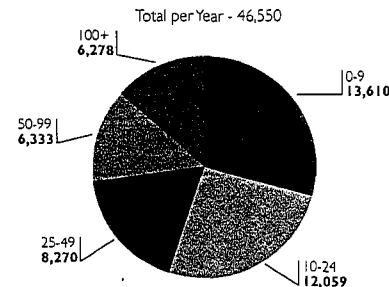
Membership and Other Contributors Metropolitan Vs Regions



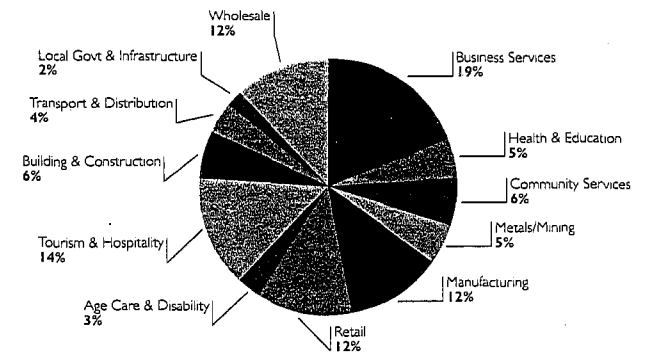
Membership and Other Contributors Subscriptions by Eligible Full Time Employees



Telephone Enquiries Membership Information Services



Membership and Other Contributors Industry Segmentation



Income and Expenditure Statement

for the year ended 30 June 2003

Note	2003 \$	2002 \$
INCOME		
<u>Membership and Contributors</u>		
<u>Subscriptions</u>		
Members	3,364,066	3,233,934
Other Contributors	2,018,899	2,108,813
<u>Other Non Subscription Income</u>		
Business Fighting Fund	98,245	127,594
Non Subscription Income	367,877	499,019
	5,849,087	5,969,360
<u>Employment, Education and Training</u>		
	6,533,584	6,623,398
<u>Professional Services</u>		
	4,131,921	4,355,032
<u>Investment Income</u>		
Net (Loss) on Managed Investments	(260,670)	(1,750,030)
Interest Income	1,620,785	631,077
	1,360,115	(1,118,953)
<u>Property income</u>		
	1,686,296	342,384
<u>Other income</u>	151,417	164,724
	19,712,420	16,335,945
EXPENDITURE		
Advertising and Promotion	327,847	250,608
Affiliation fees	383,721	302,011
Audit, legal and other professional fees	154,668	100,772
Business Fighting Fund	98,245	127,594
Catering	261,860	333,649
Computer	416,599	192,884
Consulting	532,215	860,243
Depreciation	845,359	408,500
Donations	7,459	13,250
Federal and State Government Programs	3,187,624	3,460,654
Net loss on sale of fixed assets	-	59,817
Membership Briefings	253,590	211,614
Occupancy	2,181,944	1,679,630
Other	1,141,432	1,344,831
Postage and Freight	222,272	245,679
Printing/Stationery	428,325	660,336
Remuneration – employees	8,914,004	8,746,203
Remuneration – office bearers	303,500	237,471
Superannuation	734,630	791,925
Telephone/Telex/Facsimiles	251,266	354,162
Temporary Staff	68,091	120,250
Travel	109,409	104,127
	(20,824,060)	(20,606,210)
OPERATING (DEFICIT) BEFORE SIGNIFICANT ITEMS	(1,111,640)	(4,270,265)
SIGNIFICANT ITEMS OF REVENUE AND (EXPENDITURE)		
Profit on sale of building	6	285,460
Provision for onerous contracts	8	(173,981)
Relocation and restructure	-	100,000
150 th Anniversary Program	-	66,250
Strategic Development Program	-	(166,250)
	111,479	-
OPERATING (DEFICIT) FOR THE YEAR	(1,000,161)	(4,270,265)
Accumulated funds at the beginning of the financial year	48,015,166	52,285,431
ACCUMULATED FUNDS AT THE END OF THE FINANCIAL YEAR	47,015,005	48,015,166

The attached notes form part of these financial statements.

Balance Sheet

as at 30 June 2003

Note	2002 \$	2003 \$	
CURRENT ASSETS			
Cash Assets	2	402,750	1,077,887
Receivables	3	1,162,857	826,524
Other	4	342,249	361,284
TOTAL CURRENT ASSETS		1,907,856	2,265,695
NON CURRENT			
ASSETS			
Investments	5	29,997,417	48,426,046
Property, plant and equipment	6	18,216,976	949,504
TOTAL NON CURRENT ASSETS		48,214,393	49,375,550
TOTAL ASSETS		50,122,249	51,641,245
CURRENT LIABILITIES			
Creditors and accruals	7	1,694,888	2,160,252
Provisions	8	1,224,335	1,205,197
Other	9	101,801	106,756
TOTAL CURRENT LIABILITIES		3,021,024	3,472,205
NON CURRENT LIABILITIES			
Provisions	10	86,220	153,874
TOTAL NON CURRENT LIABILITIES		86,220	153,874
TOTAL LIABILITIES		3,107,244	3,626,079
NET ASSETS		47,015,005	48,015,166
ACCUMULATED FUNDS			
Accumulated Funds		47,015,005	48,015,166

The attached notes form part of these financial statements.

Statement of Cash Flows

for the year ended 30 June 2003

	Note	2003 Inflows (Outflows) \$	2002 Inflows (Outflows) \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Subscriptions		4,752,850	5,935,120
Payments to suppliers and employees		(20,355,701)	(20,672,573)
Interest received		1,620,785	631,145
Federal and State Government Programs		5,116,726	5,953,877
Property income		1,686,296	342,384
Business Fighting Fund		98,245	127,594
Other income		6,065,073	5,552,279
Net cash (used in) operating activities – see below		(1,015,726)	(2,130,174)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for commercial bills		-	(3,007,448)
Proceeds from sale of investments		18,167,959	34,667,817
Payments for investments		-	(29,519,195)
Proceeds from sale of property, plant & equipment		386,729	-
Payment for purchase of property, plant & equipment		(18,214,099)	(378,732)
Net cash provided by investing activities		340,589	1,762,442
Net (decrease) in cash held		(675,137)	(367,732)
Cash at beginning of the financial year		1,077,887	1,445,619
Cash at end of the financial year	2	402,750	1,077,887
Reconciliation of net cash (used in) operating activities with operating (deficit)			
Operating (deficit)		(1,000,161)	(4,270,265)
Non-cash flows in operating (deficit):			
(Profit)/Loss on disposal of fixed assets		(285,460)	60,117
Depreciation on property, plant and equipment		845,358	335,351
Net loss on managed investments		260,670	1,750,030
Changes in net assets and liabilities:			
Increase / (Decrease) in provisions		(48,516)	91,292
Decrease / (Increase) in debtors and prepayments		(317,298)	(396,697)
Increase / (Decrease) in creditors and accruals and income in advance		(470,319)	299,998
Net cash (used in) operating activities		(1,015,726)	(2,130,174)

Notes to the Financial Statements

for the year ended 30 June 2003

**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
AASB 1044 Provisions, Contingent Liabilities and Contingent Assets

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.

**NOTE 2
CASH ASSETS**

	2003 \$	2002 \$
Cash on hand	2,500	2,500
Cash at bank	400,250	1,075,387
	402,750	1,077,887

**NOTE 3
RECEIVABLES**

Debtors	1,262,877	976,524
Less provision for doubtful debts	(100,000)	(150,000)
	1,162,877	826,524

**NOTE 4
OTHER ASSETS**

Sundry Debtors	288,827	4,001
Prepayments	53,422	357,283
	342,249	361,284

**NOTE 5
NON CURRENT INVESTMENTS**

Shares in wholly owned subsidiary company (non – operating) at cost	100	100
Managed Investments	-	15,899,303
Deposits at call	29,997,317	32,526,643
	29,997,417	48,426,046

Notes to the Financial Statements

for the year ended 30 June 2003

	2003	2002
	\$	\$
Managed Investments comprise:		
Australian equity	-	5,107,447
International equity	-	2,701,566
International Fixed Income	-	8,090,290
	-	15,899,303

- (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.
- (ii) 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	16,177,113	286,799
Less accumulated depreciation	(197,091)	(214,029)
	15,980,022	72,770
Equipment, furniture and fittings at cost	3,211,837	1,390,371
Less accumulated depreciation (974,883)	(513,637)	
	2,236,954	876,734
Total property, plant and equipment	18,216,976	949,504
During the financial year VECCI purchased a property at 486 Albert Street, East Melbourne VIC 3002.		

**NOTE 7
CREDITORS AND
ACCRUALS**

Creditors and accruals	1,694,888	2,160,252
	1,694,888	2,160,252

**NOTE 8
CURRENT PROVISIONS**

Strategic Development Program	58,016	166,250
Annual leave	578,356	677,686
Long service leave	413,982	361,261
Provision for onerous contracts	173,981	
	1,224,335	1,205,197

In accordance with Accounting Standard AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets", VECCI has provided for its contractual obligations in relation to its lease commitment at 196 Flinders Street.

**NOTE 9
OTHER LIABILITIES**

Income received in advance 101,801	106,756	
	101,801	106,756

**NOTE 10
NON CURRENT
PROVISIONS**

Long service leave	5,922	73,576
Staff scholarship	80,298	80,298
	86,220	153,874

**NOTE 11
LEASE COMMITMENTS**

Total operating lease expenditure contracted for at balance date but not provided for in the accounts:

Not later than one year	967,847	1,209,359
Later than one year but not later than five years	760,121	636,233
	1,727,968	1,845,592

Notes to the Financial Statements

for the year ended 30 June 2003

**NOTE 12
CAPITAL EXPENDITURE
COMMITMENTS**

As at 30 June 2003 there were no capital expenditure commitments.

**NOTE 13
DIRECTORS'
REMUNERATION**

Income paid or payable to all directors	97,500	90,000
Number of directors whose income was within the following bands		
\$0 - 9,999	1	-
\$10,000 - 19,999	6	4
\$20,000 - 29,999	1	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)		
John Strang (Deputy President - resigned 29 July 2003)		
Peter Gandolfo (Deputy President - resigned 26 November 2002)		
Dorothy Jellett		
Graham Sherry (Immediate Past President)		
Peter McMullin		
Jeremy Johnson (appointed 30 July 2002)		
Kevin Brown (appointed 27 May 2003)		
Tony Robinson (appointed 26 August 2003)		

**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 \$44,898 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.

During the financial year VECCI paid \$10,009 to the Oceanis Australia Pty Ltd in respect of functions held at its premises. Peter O'Brien is the Managing Director and a major shareholder of the Oceanis Australia Pty Ltd and serves on VECCI's Board of Directors and is also a member of the Executive Council.

VECCI paid \$2,420 for consultancy services from Home Wilkinson Lowry. Peter McMullin is a Consultant of Home Wilkinson Lowry and serves on VECCI's Board of Directors and is also a member of the Executive Council.

There were no other related party transactions during the year.

Notes to the Financial Statements

for the year ended 30 June 2003

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 in the Notes to the Financial Statements.

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:

	2003	Weighted average	2002
	%		%
Cash at bank	3.58		3.65
Commercial Bills	4.65		4.59
Bank Deposits	4.87		4.94

The weighted average rate of interest has been calculated using the applicable interest rates and balances at the beginning and the end of the financial year.

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 organization.
- (2) An organization 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:

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 2003;

- (ii) in the opinion of the Board of Directors meetings of the Board were held during the year ended 30 June 2003 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, 30th September 2003

Accounting Officers' 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 2003 the number of voting members of the organisation was 4,513 and other contributors to the organisation 3,081 total 7,594.

In my opinion:

- (i) the attached financial statements show a true and fair view of the financial affairs of the organisation as at 30 June 2003;
- (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, 30th September 2003

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 2003. 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 2003 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 2003; 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, 1 October 2003