



Fair Work Australia

24 August 2009

Mr John Stanway
President
Victorian Hospitals' Industrial Association
email: vhia@vhia.com.au

Dear Mr Stanway

Re: Financial Reports for the Victorian Hospitals' Industrial Association for years ended 30 June 2006, 2007 and 2008 – FR2006/323, FR2007/373 and FR2008/453

I acknowledge receipt of correspondence and the revised documents for the Victorian Hospitals' Industrial Association (the Association) for the years ended 30 June 2006, 2007 and 2008. The documents were lodged with Fair Work Australia on 22 and 31 July 2009.

I reiterate previous advice to the Association that Fair Work Australia expects the Association to fully comply with all requirements of Part 3, Chapter 8 of the Fair Work (Registered Organisations) Act 2009.

In the accompanying attachment I draw your attention to a number of minor matters the Association should take into account in preparing future accounts.

If you require assistance in the future in relation to financial reporting I can be contacted on (03) 8661 7764.

Yours sincerely

Kevin Donnellan
Tribunal Services and Organisations
Fair Work Australia
Email: kevin.donnellan@fwa.gov.au

11 EXHIBITION STREET
MELBOURNE VIC 3000
GPO BOX 1994
MELBOURNE VIC 3001

Telephone: (03) 8661 7777
Facsimile: (03) 9655 0410
Email: www.orgs@fwa.gov.au
Internet: www.fwa.gov.au

Attachment**Operating Report***Manner of Resignation*

The Operating Report contains a copy of rule 8 (Termination of Membership) of the Association's rules which includes reference to sub-rule 8(i) which does not appear in rule 8. Subsection 254(2)(c) of the Act requires the operating report to "give details" of the right of members to resign from the reporting unit under section 174 of the Act. This requirement may be met by the inclusion of a statement that a member has the right to resign and a reference to the relevant rule, which makes such provision or the complete text of the relevant resignation rule may be reproduced in the report.

Committee of Management Statement

Item 28 of the RAO Reporting Guidelines (the Guidelines) requires the reporting unit to prepare a Committee of Management statement containing declarations by the Committee of Management in relation to the general purpose financial report and these declarations are listed in item 29. The "Revised Annual Statement by the Members of the Board for 2007-08" (Committee of Management statement) dated 31 July 2009 did not include reference to item 29(d)(iii) indicating that "the financial records of the reporting unit have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations". Future Committee of Management statements of the Association should address all of matters contained in items 29(a) to (d).

31 July 2009

Mr Iain Stewart
 Manager, Statutory Services Branch
 Principal Registry
 Australian Industrial Relations Commission
 GPO Box 1994
 MELBOURNE VIC 3001

Dear Mr Stewart

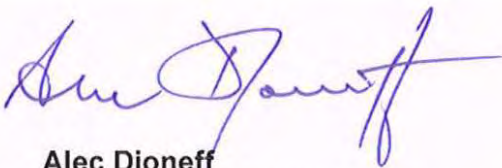
Financial Reports FR2006/323, FR2007/373 and 2008/453

Further to our letter of 22 July 2009 regarding the above matters, we enclosed herewith the following documents:

- Bulletin 1484 - Additional Reporting and Accountability Disclosures for 2006-07 and 2007-08
- Revised Annual Statement by Members of the Board for 2006-07
- Revised Annual Statement by Members of the Board for 2007-08
- Certificate of Authorised Officer for 2006-07
- Certificate of Authorised Officer for 2007-08
- Extract of the VHIA Board minutes for the meeting held on 31 July 2009 relating to the above matters.

We confirm that the letter of 22 July 2009, together with the Revised Annual Statements and Certificates of Authorised Officer have been posted on the VHIA website.

Yours sincerely



Alec Djoneff
Chief Executive Officer

EDITION NO: 1484
ADDRESSEE: CEOs ALL DIVISIONS (VOTING MEMBERS)
FROM: CHIEF EXECUTIVE OFFICER
DATE: 31 JULY 2009
SUBJECT: ADDITIONAL REPORTING AND ACCOUNTABILITY DISCLOSURES FOR 2006-07 AND 2007-08

Dear Member

As a result of a regular review of VHIA's compliance with the annual reporting provisions of the Reporting and Accountability of Organisations Schedule ('the Schedule') to the **Workplace Relations Act 1996** (Commonwealth) ('the Act'), certain documents that had been lodged previously with the Industrial Registrar of the Australian Industrial Relations Commission have been amended and lodged again. The changes were made to achieve full technical compliance with the Schedule. The amended documents include disclosure of particular revenue and expense items and revised certificates by and on behalf of the Board. None of these amendments alter the reported financial results lodged by VHIA and previously promulgated to members.

The amended documents were approved by *the Board today and*, for the information of our members, now appear on VHIA's website at www.vhia.com.au/annualreports, together with an explanatory letter to the Industrial Registrar. A copy of these documents is also being lodged with the Industrial Registrar.

If you have any questions or comments, please send them directly to me by email at adjoneff@vhia.com.au.



Alec Djoneff
Chief Executive Officer



VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

**REVISED ANNUAL STATEMENT BY MEMBERS OF THE BOARD FOR 2006-07
(Pursuant to Section 253 (2) (c) of the RAO Schedule)**

The Board hereby declares that, in the opinion of its members:

- (a) the financial statements and notes in the general purpose financial report set out in pages 3 to 24 and the contents of Table 1 in the accompanying letter dated 22 July 2009 which are hereby incorporated into that report by reference, comply with the Australian Accounting Standards (together referred to hereafter as 'the GPFR');
- (b) the financial statements and notes in the GPFR comply with the reporting guidelines of the Industrial Registrar;
- (c) the audited GPFR for 2006-07 adopted at the meeting of the Board on 7 December 2007 gave a true and fair view of the financial performance, financial position and cash flows of the Association for the financial year to which it related. At its meeting on 5 December 2008, the Board adopted the GPFR for 2007-08 which included material amendments to the GPFR for 2006-07 as described in Note 1 (k);
- (d) there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable; and
- (e) during the year to which the GPFR relates and since the end of that year:
 - the Association was and is a single reporting unit and has no branches; and
 - meetings of the Board were held in accordance with the Rules of the Association; and
 - the financial affairs of the Association have been managed in accordance with the Rules of the Association; and
 - no information has been requested by a member of the Association or requested by a Registrar in a request duly made under section 272 of the Reporting and Accountability of Organisations Schedule (Schedule 1) to the Workplace Relations Act 1996 ('the Schedule') and no information of that type has been furnished to a member of the Association or to a registrar; and
 - to our knowledge, no order has been made for inspection of the Association's financial records by the Australian Industrial relations Commission under section 273 of the Schedule.

This statement is made in accordance with a resolution passed by the Board on 31 July 2009 and is signed for and on behalf of the Board by:

President

John Stanway

Deputy President

John Krygger

Dated this 31st of July 2009



CERTIFICATE OF AUTHORISED OFFICER FOR 2006-07

I, John Stanway, being the President of the Victorian Hospitals' Industrial Association, hereby certify:

- That the full report referred to in section 268 of the RAO Schedule, was provided to members on 4 December 2007; and
- That the full report, subject to the additional disclosures in Table 1 in our letter dated 22 July 2009 which are hereby incorporated in that report by reference, was presented to the Annual General Meeting of the Association's members on 7 December 2007, in accordance with section 266 of the RAO Schedule; and
- That the documents lodged previously for 2006-07 are copies of the full report, referred to in section 268 of the RAO Schedule; and
- That a copy of the letter referred to above was sent to members electronically on 31 July 2009 and is displayed on the Association's website

Signed:

**John Stanway
President**



VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

**REVISED ANNUAL STATEMENT BY MEMBERS OF THE BOARD FOR 2007-08
(Pursuant to Section 253 (2) (c) of the RAO Schedule)**

The Board hereby declares that, in the opinion of its members:

- (a) the financial statements and notes in the general purpose financial report set out in pages 3 to 24 and the contents of Table 1 in the accompanying letter dated 22 July 2009 which are hereby incorporated into that report by reference, comply with the Australian Accounting Standards (together referred to hereafter as 'the GPFR');
- (b) the financial statements and notes in the GPFR comply with the reporting guidelines of the Industrial Registrar;
- (c) the GPFR gives a true and fair view of the financial performance, financial position and cash flows of the Association for the financial year to which it relates;
- (d) there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable; and
- (e) during the year to which the GPFR relates and since the end of that year:
 - the Association was and is a single reporting unit and has no branches; and
 - meetings of the Board were held in accordance with the Rules of the Association; and
 - the financial affairs of the Association have been managed in accordance with the Rules of the Association; and
 - no information has been requested by a member of the Association or requested by a Registrar in a request duly made under section 272 of the Reporting and Accountability of Organisations Schedule (Schedule 1) to the Workplace Relations Act 1996 ('the Schedule') and no information of that type has been furnished to a member of the Association or to a registrar; and
 - to our knowledge, no order has been made for inspection of the Association's financial records by the Australian Industrial relations Commission under section 273 of the Schedule.

This statement is made in accordance with a resolution passed by the Board on 31 July 2009 and is signed for and on behalf of the Board by:

President

John Stanway

Deputy President

John Krygger

Dated this 31st of July 2009



CERTIFICATE OF AUTHORISED OFFICER FOR 2007-08

I, John Stanway, being the President of the Victorian Hospitals' Industrial Association, hereby certify:

- That the full report referred to in section 268 of the RAO Schedule, was provided to members on 5 December 2008; and
- That the full report, subject to the additional disclosures in Table 1 in our letter dated 22 July 2009 which are hereby incorporated in that report by reference, was presented to the Annual General Meeting of the Association's members on 5 December 2008, in accordance with section 266 of the RAO Schedule; and
- That the documents lodged previously for 2007-08 are copies of the full report, referred to in section 268 of the RAO Schedule; and
- That a copy of the letter referred to above was sent to members electronically on 31 July 2009 and is displayed on the Association's website.

Signed:

**John Stanway
President**

MINUTES



VICTORIAN HOSPITALS'
INDUSTRIAL ASSOCIATION
ABN 77 538 927 547

Level 1 – 499 St Kilda Rd
Melbourne 3004
Tel (03) 9861 4000
Fax (03) 9867 8540
Email vhia@vhia.com.au
Website www.vhia.com.au

CONFIDENTIAL

MINUTES OF MEETING OF THE VICTORIAN HOSPITALS' INDUSTRIAL
ASSOCIATION BOARD HELD AT VHIA, LOCATED AT LEVEL 1,
499 ST KILDA RD AT 12.30 PM, FRIDAY, 31 JULY 2009

EXTRACT

MINUTES

1. IN ATTENDANCE

Mr John Stanway
Mr J Krygger
Mr J Smith
Mr G Templeton
Mr C Scott
Ms P Newsome
Mr P Moran
Mr M Quirk
Ms A Clark
Ms C Fitzherbert
Ms L Wilson
Ms F Prestedge
Mr C Doidge
Mr A Djoneff
Ms L Iacobucci
Mr R Bell

Chief Executive Officer
Minute Secretary
Finance Manager (for Finance Report)

EXTRACT OF BOARD MINUTES

FINANCIAL REPORTS FR2006/323, FR2007/373 AND FR 2008/453

2006/07

Following discussion, the Board **RESOLVED** that the President and Deputy President are authorised to sign the *Supplementary Certificate by Members of the Board for 2007*.

Moved: Mr M Quirk Seconded: Mr G Templeton

MINUTES

Following discussion, the Board **RESOLVED** that the President and Deputy President are authorised to sign the *Revised Annual Statement by Members of the Board 2006-07 (Pursuant to Section 253 (2) (c) of the RAO Schedule)*.

Moved: Mr M Quirk Seconded: Mr G Templeton

2007-08

Following discussion, the Board **RESOLVED** that the President and Deputy President are authorised to sign the *Supplementary Certificate by Members of the Board for 2008*.

Moved: Mr M Quirk Seconded: Mr G Templeton

Following discussion, the Board **RESOLVED** that the President and Deputy President are authorised to sign the *Revised Annual Statement by Members of the Board 2007-08 (Pursuant to Section 253 (2) (c) of the RAO Schedule)*.

Moved: Mr M Quirk Seconded: Mr G Templeton

22 July 2009

Mr Iain Stewart
Manager, Statutory Services Branch
Principal Registry
Australian Industrial Relations Commission
GPO Box 1994
MELBOURNE VIC 3001

Dear Mr Stewart

Financial Reports FR2006/323, FR2007/373 and 2008/453

In reply to your letters of 23 March and 6 May 2009, Peter Doughty's email to you on 3 June 2009 and in the light of our meeting with you on 16 April 2009, I am pleased to provide the following information. Our responses are set out in two sections:

- A. Overarching issues and responses; and
- B. Specific information disclosures.

A. Overarching Issues and Responses

1. Reconvening General Meetings

VHIA's audited financial statements for 2005-06, 2006-07 and 2007-08 were distributed to members before each of the annual general meetings (albeit less than 21 days before the respective meetings) which were held in the last three months of 2006, 2007 and 2008 respectively.

Each of these reports was issued pursuant to a resolution(s) of the Board signed by the President and the Deputy President and the related declarations have been submitted to your office with the associated certificates, noting that the documents for 2007 did not include all of the prescribed statements required of the Board. The documents for 2005-06 have already been amended and re-lodged with the Registry.

Where a further communication with members is required, we propose to put the new documents on VHIA's website and issue a bulletin to all members advising the availability of those documents, including contact details to enable members to put questions.

2. Further Contact with the Approved Auditor for the Relevant Periods

As you are aware, VHIA's approved auditor resigned on 5 December 2008, being the day of the 2008 annual general meeting. VHIA has subsequently appointed DFK Collins, Chartered Accountants as its approved auditor for 2008-09. The change of auditors arose from the need for a material restatement of the operating result reported for 2006-07. The audited general purpose financial report for 2007-08 includes detailed explanations of material retroactive adjustments to retained earnings at 30 June 2007.

For these reasons, it is not possible to re-issue the prescribed audited financial statements. We consider that it would be inappropriate to amend the auditor's reports for 2006-07 and 2007-08 because the amendment(s) would not provide any additional information to VHIA's members that is not already included in this letter.

3. Timing of Annual Disclosures to Members

We have noted the requirement to distribute financial reports and associated compliance statements to members at least twenty-one (21) days before an annual general meeting. Although it is not possible to remedy this oversight retrospectively (once an annual general meeting has been held), we will ensure that the prescribed notice period is observed for the current and future years.

4. Extent of Disclosure of Components of Main Aggregates

We agree that Paragraph 86 of Australian Accounting Standard ASRB 101 prescribes the generic level of disclosure of income and expenses when it states that:

'When items of income and expense are material, their nature and amount shall be disclosed separately.'

Paragraph 87 provides examples of circumstances requiring such disclosures; in our view all of the examples fall into the category of unusual and/or non-operating transactions or events and have not applied to VHIA in recent years.

Paragraph 88 of AASB 101 specifies the bases on which the principle in Paragraph 86 is to be applied as follows:

'An entity shall present an analysis of expenses using a classification based on either the nature of expenses or their function within the entity, whichever provides information that is reliable and more relevant.'

These bases of application are then amplified with examples of each of the two types of 'classification' in descriptive material in Paragraphs 89 to 92 inclusive. Paragraph 91 describes and illustrates the 'Nature of Expense Method' which has been adopted by VHIA in both of the above years.

We note a close correlation between the level of disclosure in Paragraph 91 and VHIA's audited financial reports, once the example has been amended to suit a non-tax-paying service entity as opposed to a manufacturer (i.e. as a member-based organisation, VHIA does not hold material inventories of raw materials and consumables or finished goods or incur 'cost of sales').

B. Specific information disclosures

1. 2006-07 Statement by Members of the Committee ('The Board')

A revised statement is being prepared and signed for filing with the Registrar. We propose that the statement will be signed by two members of the Board following a resolution of the Board at its next meeting on 31 July 2009. In our view, the revised statement will comply with Paragraphs 25(a) to (e) and 26 of the Reporting Guidelines of the Industrial Registrar.

2. Members' Access to Financial Records

The notes to the 2006-07 general purpose financial report should have included the following Notice required by sub-section 272(5) of the RAO Schedule. We propose to communicate this information to members as part of the website posting and bulletin referred to above.

"Notice is hereby given pursuant to Section 272(5) of the **Workplace Relations Act 1996** for the purposes of VHIA's general purpose financial report for 2006-07 that the following provisions are included in the Act in Division 7 of Part 3 at Section 272(1), (2) and (3):

272 Information to be provided to members or Registrar

- (1) A member of a reporting unit, or a Registrar, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1).

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

In our view, it would be inappropriate to include the above disclosure (or make any other changes) in the notes to the audited financial statements in the above general purpose financial report after the auditor has signed his report. We submit that posting a copy of this letter on VHIA's website and issuing a bulletin to members as proposed above serves as compliance with respect to 2006-07.

3. Income Statements – Additional Disclosures

Economic Dependency

We confirm that VHIA is not dependent on another reporting unit for a significant volume of revenue or financial support.

None of the events or transactions described in Paragraph 9 of the Guidelines applied to VHIA in either 2006-07 or 2007-08.

Revenues

The following disclosures are made in accordance with Paragraph 10 of the Guidelines with respect to revenues:

- Entrance fees or periodic subscriptions (membership subscriptions) are disclosed Note 2 for both 2006-07 and 2007-08; and
- Information for the preceding corresponding financial year is presented in each general purpose financial report.

Expenses

Table 1 provides the additional disclosures required by Guideline 11 of the Industrial Registrar's Reporting Guidelines issued under the RAO Schedule to the Workplace Relations Act ('the Act') for the two years ended 30 June 2007 and 2008.

Table 1: Disclosure of Expenses Required by Paragraph 11 of the Guidelines

Particulars	2006-07	2007-08
Expenses incurred as consideration for employers making payroll deductions of membership subscriptions	Nil	Nil
Contributions towards the administrative expenses of another reporting unit	Nil	Nil
Fees and periodic subscriptions in respect of any affiliation with a political party or other body having an interest in industrial matters	Nil	Nil
Compulsory levies imposed on the reporting unit	Nil	Nil
Grants	Nil	Nil
Donations (Sponsorship)	Nil	9,167
Employee benefits to holders of office of the reporting unit	Nil	Nil
Employee benefits to employees of the reporting unit, including material amounts for:	1,748,910	1,975,480
Salaries	1,442,487	1,555,753
Superannuation Guarantee	115,293	132,357
Fees or allowances paid [to attendees] for attendance at conferences or other meetings as representatives of the reporting unit	Nil	Nil
Legal costs related to litigation or other legal matters	Nil	Nil

Particulars	2006-07	2007-08
Expenses incurred in connection with meetings of members of the reporting unit and any conferences or meetings of councils, committees, panels or other bodies for the holding of which the reporting unit was partly responsible	3,388	2,007
Penalties imposed on the reporting unit under the Act or Regulations	Nil	Nil

The amount shown in the Income Statement for each of the above years for 'Other Expenses' is disclosed in accordance with Australian Accounting Standard ASRB 101, Paragraph 91 and no further detail is required by ASRB 101. For the information of members, the material components of this item are consultants' fees and out-of-pocket costs and rent of VHIA's office space. VHIA appoints consultants from time to time to deliver training and other specialised services on an outsourced basis.

None of the disclosures required by Clause 12 of the Guidelines apply to the reporting unit as it does not apply fund accounting or allocate cash or other resources to particular funds. VHIA's accounting policy is to apply an all-inclusive approach to reporting the results for each period in accordance with Australian Accounting Standards.

4. Balance Sheets – Additional Disclosures

Disclosures required by Paragraphs 13 to 15 inclusive are included in the general purpose financial report except as set out below.

There were no liabilities relating to the following obligations in 2006-07 or 2007-08:

- Payables to employers as consideration for the employers making payroll deductions of members' subscriptions;
- Payables in respect of legal costs and other expenses related to litigation or other legal matters; and
- Employee benefits with respect to the holders of offices in the reporting unit. (VHIA does not employ any of its office holders).

The disclosure requirements set out in Paragraph 14 of the Guidelines with respect to equity have been met in the general purpose financial report. The following disclosures were not applied in 2006-07 or 2007-08 for the following reasons:

- Name and balance of each fund or account operated in respect of compulsory levies or voluntary contributions collected – no such amounts were levied or received during these periods;
- The Rules of VHIA do not require the use of any particular funds or accounts;
- As noted above, VHIA does not use fund accounting for any classes of revenue; and
- VHIA did not engage in any recovery of wages activity during the reporting periods.

5. Going Concern – Note 1(l) in the 2007-08 General Purpose Financial Report

The Board's decision 'to adopt the going concern assumption to underpin the carrying amounts in this report' was based on the following:

- The existence of a substantial bank overdraft facility of \$300,000 which was sufficient to cover short-term employee benefits and creditors;
- The assurance provided by the new Finance Manager's detailed forensic review of VHIA's reported assets and liabilities, the results of which are disclosed in Note 1(k) to the General Purpose Financial Report for 2007-08. This review was sufficiently broad to support the view that the revised carrying values of the assets and liabilities at 30 June 2008 were not materially misstated.
- The going concern assumption was discussed specifically but its implications were included in the overarching minute to adopt the 2007-08 general purpose financial report. A copy of the resolution is attached. The Board adopted the General Purpose Financial Report and noted the references to the going concern assumption,
- Events during 2008-09 have confirmed the Board's earlier view. VHIA has met all of its obligations as and when they have fallen due and continues to operate as a going concern with viable operating results and cash flows. At the date of this letter, we are not aware of any transaction or event that is pending or in prospect that will change that position.

6. Distribution of the Annual Reports to Members

We confirm that the 2006-07 general purpose financial report and associated certificates were distributed to members on 16 November 2007 and made available on VHIA's website on 4 December 2007. VHIA's Annual General Meeting for 2007 was held on Friday, 7 December 2007.

As stated above, VHIA's audited general purpose financial reports for 2005-06, 2006-07 and 2007-08 were distributed to members before each of the annual general meetings (albeit less than 21 days before the respective meetings) which were held in the last three months of 2006, 2007 and 2008 respectively. We undertake to amend and re-issue the Board's and key officers' declarations and certificates for 2006-07 to members with an emailed Bulletin as soon as possible, supported by a posting on our website.

It is not possible to reissue the prescribed audited general purpose financial report for the above periods as the auditor who conducted the audits in those years resigned on 5 December 2008.

We confirm that VHIA will distribute a copy of this letter to its members via a posting on VHIA's website, supported by a Bulletin posted on that site and mailed separately to all members. The Bulletin will incorporate the additional disclosures into the past annual reports by reference as it is no longer feasible to amend those reports; any amendment would mean that the general purpose financial reports would become 'Unaudited' and so be non-compliant with the legislation and Guidelines. The Bulletin will provide a contact to whom members can direct questions and a web-based process to enable all members to access VHIA's replies to any questions received.

VHIA will prepare declarations signed by the President and Deputy President and supported by a resolution(s) of the current Board supporting:

- a. the additional financial disclosures set out above for 2006-07 and 2007-08; and
- b. including all of the required statements to be made on behalf of the Board to the members with respect to the 2006-07 year. We understand that the 2007-08 certificates and declarations are in order, except to the extent that they were not sent to members more than 21 days before the annual general meeting.

VHIA hereby makes an undertaking to the Industrial Registrar that these compliance issues will not recur because our staff are now fully conversant with the requirements and our systems have been strengthened to prevent a recurrence. Our new auditors have also indicated a strong desire to achieve compliance with the legislation and the Guidelines.

Please let me know if you require any further information.

Yours sincerely



Alec Djoneff
Chief Executive Officer



VICTORIAN HOSPITALS'
INDUSTRIAL ASSOCIATION
ABN 77 538 927 547

Level 1 – 499 St Kilda Rd
Melbourne 3004
Tel (03) 9861 4000
Fax (03) 9867 8540
Email vhia@vhia.com.au
Website www.vhia.com.au

EXTRACT

CONFIDENTIAL

MINUTES OF THE MEETING OF THE **VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION BOARD** HELD AT VHIA, LOCATED AT LEVEL 1, 499 ST KILDA RD AT 12.30 PM, FRIDAY, 5 DECEMBER 2008

MINUTES

1. IN ATTENDANCE

Mr John Stanway	
Mr J Krygger	
Mr J Smith	
Mr G Templeton	
Mr C Scott	
Ms C Fitzherbert	
Mr A Djoneff	Chief Executive Officer
Mr P Doughty	Finance Manager
Ms L Iacobucci	Minute Secretary

EXTRACT OF BOARD MINUTES RELATING TO THE AUDITED GENERAL PURPOSE FINANCIAL REPORT FOR 2007-08

5.2 2007-08 Financial Accounts/Report

The Board **RESOLVED** to **ADOPT** the Audited General Purpose Financial Report 2007-08.

Moved: Mr J Smith Seconded: Ms C Fitzherbert

(Prior to passing the above resolution, the Board noted and discussed the retroactive adjustments and going concern assumption in Note 1 to the Financial Report.)



Australian Government
Australian Industrial Registry

23 March 2009

Mr John Stanway
President
Victorian Hospitals' Industrial Association
email: liacobucci@vhia.com.au

Dear Mr Stanway

Re: Financial Reports for the Victorian Hospitals' Industrial Association for years ended 30 June 2006, 2007 and 2008 – FR2006/323, 2007/373 and 2008/453

I acknowledge receipt of the revised documentation for the Victorian Hospitals' Industrial Association (the Association) 2006 report received on 13 November 2008 in response to correspondence of the Registry dated 6 December 2006, the financial report for 2007 lodged on 16 April 2008, the further copy (sent at the request of the Registry) received on 28 January 2009 and the financial report for 2008 lodged on 19 December 2008.

The following matters require your attention before any action can be taken to file the above reports.

I will outline the various matters that need to be dealt with for the above reports and the Association should be aware that once these matters are fully addressed that the above reports will be required to be redistributed to members and represented to a general meeting of members.

2007 Report

Committee of Management Statement

The report contained a "Statement by Members of the Committee" outlining two items made in accordance with a resolution of the Committee. The Committee of Management Statement is required to contain a number of declarations by the Committee of Management as set out in item 25(a) to (e) and other matters in item 26 of the Reporting Guidelines of the Industrial Registrar. I have attached a link to the template Statement you may wish to use - [http://www.airc.gov.au/registered/FR/Sample Committee of Management Statement.doc](http://www.airc.gov.au/registered/FR/Sample_Committee_of_Management_Statement.doc).

The Association should prepare a Committee of Management statement with the required declarations and convene a meeting of the Committee to pass the necessary resolution in relation to these matters.

Income Statement

The income statement makes reference to "*Employee benefits expense (1,748,910)*", but the notes to the financial statements do not provide a breakdown of this figure. When preparing a General Purpose Financial Report, section 253(2) of Schedule 1 of the Workplace Relations Act 1996 (the RAO Schedule) requires a reporting unit to provide information that is specified in the Industrial Registrar's Reporting Guidelines. In particular, Guideline 11 sets out in detail those items of expense that must be disclosed by a reporting unit either in the notes to, or on the face of, a financial statement. Included are such items as:

- fees and subscriptions in respect of affiliations (11(d));
- compulsory levies imposed on the reporting unit (11(e));

- grants and donations (11(f));
- employee benefits to holders of office (11(g));
- employee benefits to employees (11(h));
- fees or allowances paid for attendance at conferences (11(i));
- legal costs (11(j)); and
- conference and meeting expenses (11(k));

You should provide an appropriate dissection of items of expenditure as required by the Reporting Guidelines. The following is a link to the Reporting Guidelines - http://www.airc.gov.au/registered/rao/rao_253.pdf

I note in the Income Statement is the category of "Other expenses" "(2,063,260)". This figure is clearly material and the Association should provide a breakdown of the figure for "other expenses" in keeping with AASB 101 86. Also, the Association should ensure, as previously noted, that appropriate dissections are made and confirm that none of the matters contained in "other expenses" fall into the disclosure required by the Reporting Guidelines.

Notes to the financial Statements

Notice under Section 272(5) of the RAO Schedule

The Notes to the General Purpose Financial Report are required to include a notice drawing attention to the fact that information that is prescribed by the RAO Regulations is available to members on request.

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

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

Would you include in the Notes the following extract:

"272 Information to be provided to members or Registrar

(1) A member of a reporting unit, or a Registrar, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

(2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

(3) A reporting unit must comply with an application made under subsection (1).

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

Once these matters are concluded the 2007 Report should be referred to the Auditor.

Audit Report

The Audit Report contains a reference to the "Associations Incorporation Act 1981 in Victoria". This should properly refer to "Part 3 of Chapter 8 of Schedule 1 (RAO Schedule) of the Workplace Relations Act 1996".

Auditor's Opinion

The Audit Report contained the following opinion:

"In our opinion:

The financial report of Victorian Hospitals Industrial Association is in accordance with the Associations Incorporations Act 1981 in Victoria including:

- (i) giving a true and fair view of the association's financial position as at 30 June 2007 and of its performance for the year ended on that date; and*
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Associations Incorporations Act 1981 in Victoria."*

The term "true and fair view" was used in the superseded legislation. Subsection 257(5) of the RAO Schedule sets out the matters upon which an auditor is required to make an opinion on whether the general purpose financial report is presented fairly in accordance with applicable Australian Accounting Standards and other requirements of the RAO Schedule. The following wording in the auditor's opinion would satisfy the requirements:

"In our opinion the general purpose financial report is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the RAO Schedule of the Workplace Relations Act 1996."

Could the Auditor prepare a revised Audit Report, taking into account the revised Committee of Management statement and the comments mentioned above.

2008 Report

Income Statement

The comments contained under the title "*Income Statement*" are also relevant to the 2008 Report. The two categories of "Employee benefits expense (1,975,480)" and "Other expenses (2,206,985)" and the request outlined for the 2007 report are also requested for the 2008 Report.

Notes to the Financial Statements - Going Concern

I acknowledge the comments made in item 1(k) of the notes to the financial statements which list material errors discovered in the financial statements for 2006-2007.

I also note the reference to "Going Concern" contained in item 1(l) and the comments "the Board has chosen to adopt the going concern assumption to underpin the carrying amounts in this report". You should provide me with evidence of the commitment which enabled the Committee of Management to form the view that the Association could continue as a going concern.

2006, 2007 and 2008 Reports

Distribution of the Reports to Members and Presentation to a General Meeting of Members

The financial reports for 2006 and 2008 contained designated officer's certificates indicating that the full report was distributed to members and presented to the Annual General Meeting but, the report was provided to members seven days before the meeting. Also, the 2007 report did not contain reference to the date that the full report was distributed to members and its presentation to the Annual General Meeting.

If the full report is to be presented to a General Meeting (which must be held within six months after the end of the financial year), the report must be provided to members 21 days before the General Meeting. Once the full report is presented to the meeting, it is to be lodged in the Australian Industrial Registry together with a Designated Officer's Certificate within 14 days.

The financial reporting obligations with specified timelines are set out in diagrammatic form at:
http://www.airc.gov.au/legislation/fact_sheets/09_fact_sheet.pdf

The Association should provide all three reports to members and after attending to the various matters noted above a general meeting should be held no sooner than 21 days after the provision of reports so they may be considered by members.

Following the meeting a signed and dated designated officer's certificates attesting to the relevant facts should be lodged with the Registry.

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kevin Donnellan', with a long horizontal flourish extending to the right.

Kevin Donnellan

Statutory Services Branch

Principal Registry

Email: kevin.donnellan@airc.gov.au



CERTIFICATE OF AUTHORISED OFFICER

I, John Stanway, being the President of the Victorian Hospitals' Industrial Association, hereby certify:

- That the documents lodged herewith are copies of the full report, referred to in s268 of the RAO Schedule; and
- That the full report, was provided to members on 13 October 2006
- That the full report was presented to the Annual General Meeting of the Association's members on 20 October 2006, in accordance with section 266 of the RAO Schedule.

Signed:
John Stanway
President

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2006

Principle Activities

The principle activities of the Association during the financial year were:

- to represent public health sector employers in industry enterprises bargaining negotiations with relevant health industry union;
- to provide industrial advice to members in diverse industrial disputes and represent such members in proceedings in the Australia Industrial Relations Commission;
- to assist and advise members of their own and their employees industrial obligations under award and certified agreements;
- to represent members in relevant negotiations and liaise with the Victorian Department of Human Services having regard to their obligations under diverse government policies;
- to encourage and foster sound consultative arrangements designed to prevent disputation and facilitate resolution of potential or actual disputes.

Results of Principle Activities

The foregoing activities of the Association resulted in fair and reasonable industrial agreements, the minimization of industrial disputes and the fostering of a stable and fair industrial relations environment in the Victorian public health sector.

Significant Changes in Nature of Principal Activities

There were no significant changes in the nature of the Association's principal activities during the financial year.

Significant Changes in the Associations Financial Affairs

No matters or circumstances arose during the reporting year which would significantly affect the financial affairs of the Association.

Trustee or Director of a Trustee Company of a superannuation entity or an exempt Public Sector Superannuation Scheme

No officer or member of the Association was a Trustee or Director of a Trustee Company of a Superannuation Entity or an Exempt Public Sector Superannuation Scheme.

Number of Members

The number of organizations who at the end of the financial year were recorded on the Register of Members was 130.

Number of Employees

The number of persons who were at the end of the financial year, employees of the Association was 18, measured on a full time equivalent basis.

**VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION
OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2006**

Members of the Committee of Management

The persons who held office as members of the Committee of Management of the Association at the beginning of the financial year (1 July 2005) were:

POSITION	NAME	PERIOD
President	John Stanway	1/7/05 – 30/6/06
Deputy President	John Krygger	1/7/05 – 30/6/06
Board Member	(John Stanway)	
Board Member	Christopher England	1/7/05 – 30/6/06
Board Member	John Richardson	1/7/05 – 30/6/06
Board Member	Dennis Swift	1/7/05 – 14/10/05
Board Member	Penny Newsome	1/7/05 – 30/6/06
Board Member	Jon Evans	1/7/05 – 28/4/06
Board Member	Jim Fletcher	1/7/05 – 20/10/06
Board Member	Chris Scott	1/7/05 – 30/6/06
Board Member	(John Krygger)	
Board Member	Merlyn Pritchard	1/7/05 – 30/6/06
Board Member	John Smith	1/7/05 – 30/6/06
Board Member	Gary Templeton	1/7/05 – 30/6/06
Board member	John Pasinis	1/7/05 – 30/6/06
Board Member	Vacant	
Chief Executive Officer	Alexander Djoneff	1/7/05 – 30/6/06

Name: JOHN KRYGGER

Title: DEPUTY PRESIDENT



Signature:

Date: 11 November 2008

**VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION
OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2006**

Manner of Resignation

TERMINATION OF MEMBERSHIP

- a)
- i. A member may resign from membership of the Association by written notice and delivered to the General Manager. Such notice shall be taken to have been received by the Association when delivered to the General Manager.
 - ii. A Notice of Resignation that has been received by the Association is not invalid because it was not addressed and delivered to the General Manager.
 - iii. A resignation from membership of the Association is valid if it is not affected in accordance with paragraph 8 (a)(i) if the member is informed by or on behalf of the Association that the resignation has been accepted.
- b) A notice of resignation from membership of the Association takes effect as follows:
- i. Where the member ceases to be eligible to become a member of the Association:
 - 1) on the day on which the notice is received by the Association; or
 - 2) on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member,whichever is the later; or
 - ii. in any other case:
 - 1) at the expiration of two (2) weeks after the notice is received by the Association; or
 - 2) on the day specified in the notice.whichever is the later.
- c) If a member ceases to be engaged in or as an employer in the industry, the membership of such member may be determined summarily by resolution of the Board, provided however, that such determination shall not affect the liability of the member to pay all monies owing by the member to the Association.
- d) Any dues payable but not paid by a former member of the Association, in relation to a period before the member's resignation or termination from the Association which took effect, may be sued for and recovered in the name of the Association in a court of competent jurisdiction, as a debt due to the Association.
- e) Any member who has not paid any subscription within three (3) months from the date on which such subscription became due or payable shall be disqualified from taking part in any proceedings of the Association and may be struck off the roll of membership by order of the Board in accordance with sub-rule 8(f).
- f) If a member becomes un-financial in accordance with sub-rule 8(f), his/her name may be struck off the Register of Members by order of the Board. Any member shall cease to be a member of the Association as soon as her/her name shall be struck off the Register of Members by order of the Board and not sooner. Provided that where a member has become un-financial, and at least twenty eight (32) days before the Board orders that the member be struck off the Register of Members, the General Manager shall advise the member in writing, that if he/she fails to pay outstanding subscriptions within fourteen (14) days, to show cause why her/she is un-financial within fourteen (14) days of the date of the letter he/she otherwise will be struck off the Register of Members.

- g) Any member who shall be expelled from the Association under the provisions of Rule 34 shall thereupon cease to be a member.
- h) Members ceasing to be such from any cause whatsoever shall have no claim of any kind monetary or otherwise on the Association or its assets.
- i) Within 28 days after the Association received from a member a notice of the member's resignation from the Association, the Association will give written notice of the resignation to:
 - 1) the Industrial Register; and
 - 2) each organization of employees that is bound by an award when the Association receives the notice from the member, bound the member as a result of membership of the Association.

COMMITTEE OF MANAGEMENT STATEMENT

On 20 October 2006 the Committee of Management of the Victorian Hospitals' Industrial Association (VHIA) passed the following resolution in relation to the General Purpose Financial Report (GPFR) of the reporting unit for the financial year ended 2006.

The Committee of Management declares in relation to the GPFR that in its opinion:

- a) The Financial Statements and Notes comply with the Australian Accounting Standards.
- b) The Financial Statements and notes comply with the reporting guidelines of the Industrial Registrar.
- c) The Financial Statements and Notes present fairly the financial performance, financial position and cashflows of the reporting unit for the financial year to which they relate.
- d) There are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.
- e) During the financial year to which the GPFR relates and since the end of that year:
 - i) meetings of the Committee of Management were held in accordance with the Rules of the Association, including the rules concerning branches of the Association;
 - ii) the financial affairs of the reporting unit have been managed in accordance with the Rules of the Association, including the rules concerning breaches of the Association;
 - iii) the financial records of the reporting unit have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations;
 - iv) where the organization consists of two (2) or more reporting units, the financial records of the reporting unit have been kept as far as practicable in a consistent manner to each of the other reporting units of the organization;
 - v) the information sought in any request of a member of the reporting unit or the Registrar duly made under Section 272 of the RAO Schedule has been furnished to the member or Registrar; and
 - vi) no orders for inspection of financial records have been made by the Commission under section 273 of the RAO Schedule.
- f) VHIA has a realistic expectation that some funds will be forwarded to VHIA by Health Legal in the 2006/07 financial year based on the current Relationship Deed between VHIA and Health Legal.

For the Committee of Management: John Krygger

Title of Office held: Audit and Risk Management Chair and Deputy President

Signature:



Date: 11 November 2008

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION**

D. A. Lissauer B.Com., FCPA, Affiliate ICAA
R. P. Lissauer B.Ec., M.Tax, CA, FTIA
M. R. Lipson B.Bus., B.Ed., AI.Arb.A, CA

Scope

We have audited the financial report of VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION for the financial year ended 30 June 2006 being the Income Statement, Balance Sheet, Cash Flow Statement, notes to the Financial Statements and the Statement by Members of the Board.

The Board is responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members.

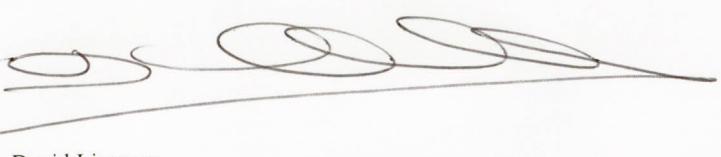
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, the requirements imposed by Part 3 of Chapter 8 of Schedule 1 (RAO Schedule) of the Workplace Relations Act 1996 and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the Association's financial position and performance as represented by the results of its operations and its cash flows.

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

Audit Opinion

In our opinion, the financial report of VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION is presented fairly in accordance with applicable Accounting Standards, the requirements imposed by Part 3 of Chapter 8 of Schedule 1 (RAO Schedule) of the Workplace Relations Act 1996 and other mandatory professional reporting requirements in Australia, the financial position of VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION as at 30 June 2006 and the results of its operations and its cash flows for the year then ended.

Sothertons LLP
Chartered Accountants
Level 6, St Kilda Road
Melbourne VIC 3004



David Lissauer

Partner

Dated: 12 November 2008

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

**INDEPENDENT REVIEW REPORT TO THE MEMBERS OF
VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION**

D. A. Lissauer B.Com., FCPA, Affiliate ICAA

R. P. Lissauer B.Ec., M.Tax, CA, FTIA

M. R. Lipson B.Bus., B.Ed., AI.Arb.A, CA

Scope

We have reviewed the additional financial data presented on pages 22-23 of the attached financial report of VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION for the financial year ended 30 June 2006.

The Board is responsible for the additional financial data presentation and disclosure. We have conducted an independent review of the financial data in order to express an opinion on it to the members.

Our review has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial data is free of material misstatement or errors. Our procedures included a review, on a test basis, of the amounts disclosed in the additional financial data. These procedures have been undertaken to form an opinion whether, in all material respects, the additional financial report is in accordance with the books and records of the Association which have been subjected to the auditing procedures applied in our statutory audit of the Association for the year ended 30 June 2006.

The additional financial report has been prepared for distribution to the members and the Board for the purpose of fulfilling the requirements imposed by Part 3 of Chapter 8 of Schedule 1 (RAO Schedule) of the Workplace Relations Act 1996. It will be appreciated that our statutory audit did not cover all details of the additional financial data, accordingly, we disclaim any assumption of responsibility for any reliance placed on this report to any person other than the members or the Board, or for any purpose other than for which it was prepared, including any errors of omissions therein however caused.

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

Audit Opinion

In our opinion the additional financial data of VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION presented on pages 22-23 is in accordance with the books and records of the Association which have been subjected to the auditing procedures applied in our statutory audit of the Association for the year ended 30 June 2006.

Sothertons LLP
Chartered Accountants
Level 6, St Kilda Road
Melbourne VIC 3004



David Lissauer

Partner

Dated: 12 November 2008



Mr Alec Djoneff
Victorian Hospitals' Industrial Association
Level 1, 499 St Kilda Road
MELBOURNE VIC 3004

By email: adjoneff@vhia.com.au

Dear Mr Djoneff

**Re: Schedule 1 of the Workplace Relations Act 1996 (RAO Schedule)
Financial Report for year ended 30 June 2006 – FR2006/323**

I refer to the Victorian Hospitals' Industrial Association's financial report for the year ended 30 June 2006.

I note that the financial reports were lodged with the Registry on 10 November 2006. On 6 December 2006, Ms Lo-Booth from our office wrote a letter to the Association requesting the provision of further information to enable her to determine that the Association had fulfilled its obligations under Part 3 of Chapter 8 of Schedule 1 of the *Workplace Relations Act 1996* (RAO Schedule). No response was received.

The Registry has sought a response on a number of occasions¹ since but none has been forthcoming.

It is a matter of concern that the Victorian Hospitals' Industrial Association has failed to respond to the Registry's correspondence.

You are reminded that under subsection 5(3) of the RAO Schedule, one of Parliament's intentions in enacting the Schedule is to set standards to:

- “(a) ensure that employer and employee organisations registered under this Schedule are representative of and accountable to their members, and are able to operate effectively; and*
- (b) encourage members to participate in the affairs of organisations to which they belong; and*
- (c) encourage the efficient management of organisations and high standards of accountability of organisations to their members; and*
- (d) provide for the democratic functioning and control of organisations; and*
- (e) facilitate the registration of a diverse range of employer and employee organisations.”*

¹ Letter to Mr Mackay from Ms Lo-Booth dated 4 January 2007.
Letter to Ms Docksey from Ms Lo-Booth dated 28 March 2007.
Email to Mr Djoneff from Ms Lo-Booth dated 2 May 2007.
Letter to Mr Djoneff from Ms Lo-Booth dated 31 May 2007.
Letter to Mr Djoneff from Ms Lo-Booth dated 5 July 2007.
Letter to Mr Djoneff from Mr Stewart dated 1 August 2007.
Letter to Mr Djoneff from Mr Stewart dated 18 October 2007.

You should be aware there are civil penalty provisions contained in s.305 of the RAO Schedule. In particular I draw your attention to subsections 305(2)(w), 305(2)(z) and 305(2)(ze).

I have enclosed a copy of the letter addressed to you from Mr Stewart dated 1 August 2007 to remind you of the outstanding matters the Association needs to attend to.

I request you state in writing by 21 December 2007:

- Whether the auditor has audited the general purpose financial report, and if so, the date on which the auditor signed the auditor's report.

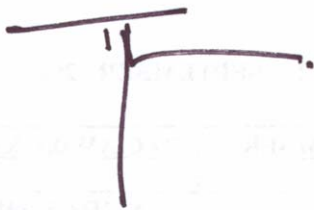
Note: the general purpose financial report includes the financial statements, notes to the financial statements, committee of management statement and the operating report. The auditor's opinion must be cast in terms of the current legislative requirements incorporating the words "presented fairly" as prescribed by s.257(5) of the RAO Schedule and confirm that the auditor is an "approved auditor" under s.256 of the RAO Schedule and regulation 4 of the RAO Regulations.

- Whether the full report which includes the revised auditor's report, has been provided to the members, and if so, the date on which this was done.
- Whether the full report provided to the members has been presented to a general meeting, and if so, the date on which this was done.
- When a copy of the full report along with a certificate from a designated officer as prescribed by s.268 of the RAO Schedule will be lodged in the Industrial Registry.

Finally, I note that the Association should be lodging the financial report for the year ended 30 June 2007 by 14 January 2008, or earlier.

If you wish to discuss this letter contact Iain Stewart, Team Manager on 8661 7787 (Mon – Thurs) or by email at iain.stewart@air.gov.au.

Yours sincerely,

A handwritten signature in dark ink, appearing to be 'Terry Nassios', written over a faint, illegible background.

Terry Nassios
Deputy Industrial Registrar

13 December 2007

Encl.



Australian Government

Australian Industrial Registry

11 Exhibition Street
Melbourne, VIC 3000
GPO Box 1994, Melbourne, VIC 3001
Telephone: (03) 8661 7787
Fax: (03) 9655 0410

Mr Alec Djoneff
Victorian Hospitals' Industrial Association
Level 1, 499 St Kilda Road
MELBOURNE VIC 3004

Dear Mr Djoneff

**Re: Schedule 1 of the Workplace Relations Act 1996 (RAO Schedule)
Financial Reports for year ended 30 June 2006 – FR2006/323**

I refer to my earlier correspondence to you dated 1 August 2007 (copy enclosed).

Our records show that we have not received any further documents from you or your organisation in response to my correspondence.

If you require further clarification on what you are required to further lodge with the Registry, you can contact Ms Cynthia Lo-Booth on 8661 7989 (Wed/ Thurs) or me on 8661 7787 (Mon – Thurs) or by email at iain.stewart@air.gov.au.

Yours faithfully,

A handwritten signature in black ink that reads 'Iain Stewart'.

Iain Stewart
Manager, Team 3
Statutory Services Branch

18 October 2007

Encl.



Australian Government

Australian Industrial Registry

11 Exhibition Street
Melbourne, VIC 3000
GPO Box 1994, Melbourne, VIC 3001
Telephone: (03) 8661 7787
Fax: (03) 9655 0410
Email: ian.stewart@air.gov.au

Mr Alec Djoneff
Victorian Hospitals' Industrial Association
Level 1, 499 St Kilda Road
MELBOURNE VIC 3004

By email: adjoneff@vhia.com.au

Dear Mr Djoneff

**Re: Schedule 1 of the Workplace Relations Act 1996 (RAO Schedule)
Financial reports for year ended 30 June 2006 – FR2006/323**

I refer to the numerous communications by Ms Lo-Booth from our office to the Association in relation to our request for the outstanding information required to file the organisation's financial report for the year ended 30 June 2006.

To-date, the Registry has no record of any further documents lodged by the Association.

As you know, financial reports should be prepared, audited, supplied to members, presented to a meeting and lodged in the Industrial Registry within a certain timescale and sequence. For your assistance I have enclosed a Diagrammatic Summary of the reporting process.

As you will note from the enclosed diagram the reporting process begins with the first meeting of the committee of management. At that meeting a resolution is passed authorising the making of a statement by the committee in which it makes certain declarations with respect to the reporting unit's compliance with various aspects of the RAO Schedule and the Industrial Registrar's Guidelines. This Committee of Management Statement, the General Purpose Financial Report and the Operating Report are then audited.

The General Purpose Financial Report, including the Committee of Management Statement and the Operating Report, and the Auditor's Report – known as the full report – are then provided to members. Depending on the rules of the reporting unit, a copy of the full report must be provided to members at least 21 days before they are presented to a general meeting, or, if the rules allow for the full report to be presented to the committee of management, then the documents must be provided within 5 months of the end of the financial year.

The full report, accompanied by a Designated Officer's Certificate, must be lodged with the Registry within 14 days of its presentation to an appropriate meeting.

From the information available, the Committee of Management Statement dated 10 October 2006 declares that the initiating resolution was passed on 20 October 2006. However, the Auditor's Report is dated 6 October 2006. If the dates on the documents are correct, it would appear that the Auditor could not have taken into account the Committee of Management Statement in forming their opinion. Section 253(2)(c) of the RAO Schedule and the Industrial Registrar's Reporting Guidelines require the General Purpose Financial Report to include a Committee of Management Statement. If the documents lodged are dated correctly then this could not have happened.

Under these circumstances, the Registry cannot file the report. Moreover, if the dates on the documents are accurate I advise the Association will need to repeat certain steps in the reporting process.

Specifically, the Association is required to do the following:

- Arrange for the preparation of a fresh Auditor's Report that takes into account the Committee of Management Statement. Since the auditor will be required to prepare a fresh opinion you are requested to draw to your auditor's attention the need for his/her opinion to reflect the current legislative requirements, that is, incorporate in the auditor's opinion the words "presented fairly" as prescribed by s.257(5). The Auditor's Report should also confirm the auditor is an approved auditor under s.256 and regulation 4 of the *Workplace Relations (Registration and Accountability of Organisations) Regulations 2003* (RAO Regulations).
- The Association should then supply the full report, including the revised Auditor's Report to members.
- Present the full report to a general meeting of members at least 21 days after the provision of the full report the members or to a committee of management meeting.
- Lodge the full report in the Registry within 14 days of the relevant meeting accompanied by a Designated Officer's Certificate (s.268).

If you require further clarification on what you are required to further lodge with the Registry, you can contact Ms Cynthia Lo-Booth on 86617989 (Wed/Thurs) or me on 8661 7787 (Mon-Thurs) or by e-mail at ian.stewart@air.gov.au.

Yours faithfully,

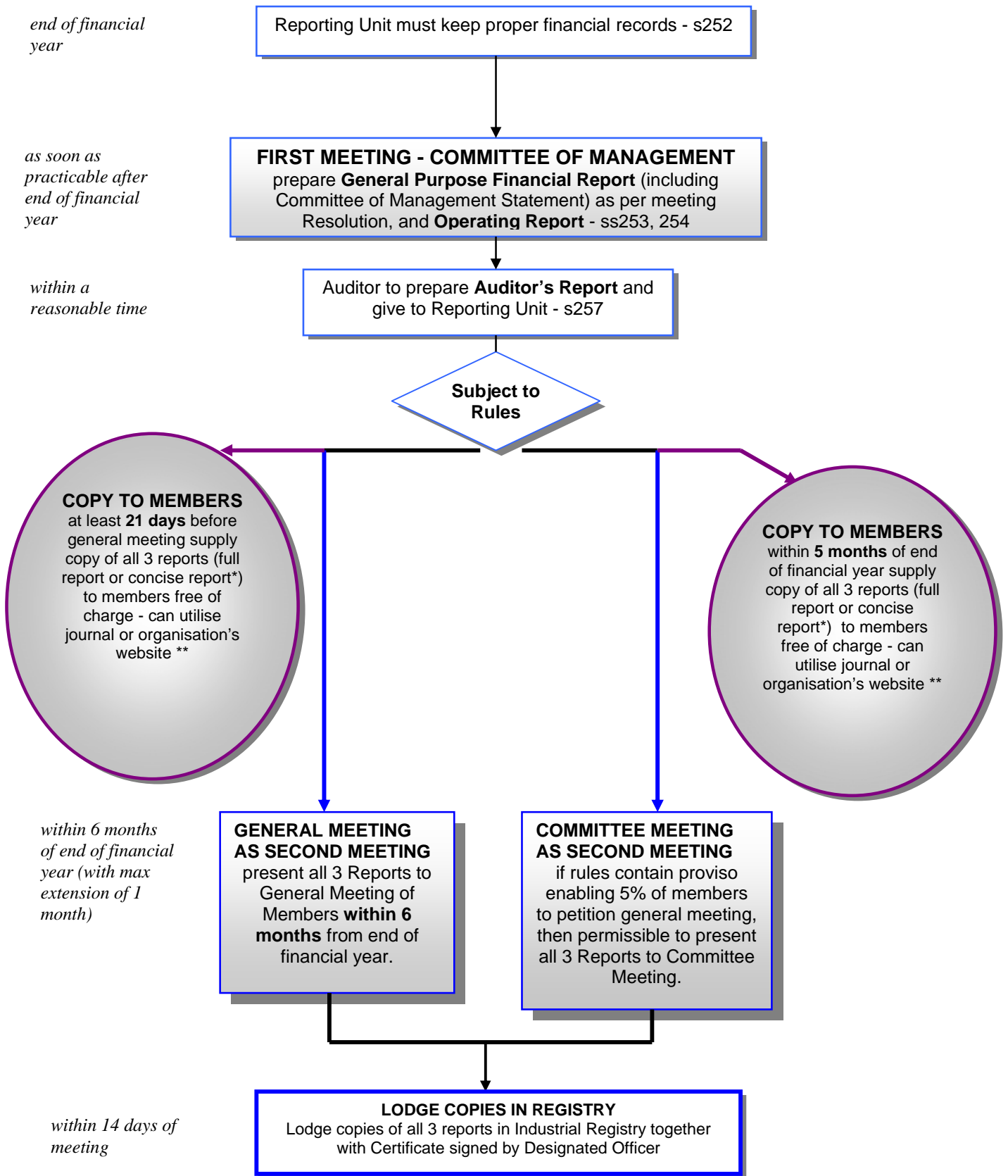


Iain Stewart
Manager, Team 3
Statutory Services Branch

1 August 2007

Encl.

Financial Reporting Timeline (RAO Schedule)



* concise report may be provided if s265(1)-(4) complied with. ** report may be supplied through organisation's journal or on organisation's website subject to particular specifications as per RAO regulation 18.



Australian Government

Australian Industrial Registry

11 Exhibition Street
Melbourne, VIC 3000
GPO Box 1994, Melbourne, VIC 3001
Telephone: (03) 8661 7989
Fax: (03) 9655 0410

Mr Alec Djoneff
Victorian Hospitals' Industrial Association
Level 1, 499 St Kilda Road
MELBOURNE VIC 3004

By E-mail: adjoneff@vhia.com.au

Dear Mr Djoneff

**Re: Financial reports for year ended 30 June 2006
Victorian Hospitals' Industrial Association - FR 2006/290**

I refer to my telephone conversation with you on 2 May 2007, my telephone message left with your assistant on 20 June 2007, my correspondence addressed to you on 2 and 31 May 2007. I also refer to my correspondence with Mr Ross Mackay dated 6 December 2006 and Ms Anna Docksey dated 23 February and 28 March 2007.

The Registry has no record of lodgement of any further documents from your organisation.

You are advised to promptly contact our office to advise when the requested documents contained in the letter of 6 December will be lodged.

Yours sincerely,

A handwritten signature in cursive script, appearing to read 'Cynthia Lo-Booth'.

Cynthia Lo-Booth
Statutory Services Branch

Statutory Services Branch

5 July 2007



Australian Government

Australian Industrial Registry

11 Exhibition Street
Melbourne, VIC 3000
GPO Box 1994, Melbourne, VIC 3001
Telephone: (03) 8661 7989
Fax: (03) 9655 0410

Mr Alec Djoneff
Victorian Hospitals' Industrial Association
Level 1, 499 St Kilda Road
MELBOURNE VIC 3004

By e-mail: adjoneff@vhia.com.au

Dear Mr Djoneff

**Re: Financial Reports for year ended 30 June 2006
Victorian Hospitals' Industrial Association – FR2006/323**

I refer to my earlier correspondence to Mr Ross Mackay from your office dated 6 December 2006 and 4 January 2007. I also refer to my correspondence with Ms Anna Docksey on 23 February and 28 March 2007, and my telephone and e-mail correspondence with you on 2 May 2007 where I forwarded the letter of 6 December 2006 to you.

The letter of 6 December 2006 requests for further documents in relation to the financial reports for the year ended 30 June 2006 for the Victorian Hospitals' Industrial Association.

I note that I have not received any further documents from you to date.

The matters raised in the letter of 6 December 2006 require your prompt action. I have enclosed another copy of such letter for your convenience.

Should you wish to discuss any matters raised in our letter, or if you require further information on the financial reporting requirements of the Act, I can be contacted on (03) 8661 7989 (Wed and Thurs) or by e-mail at cynthia.lobooth@air.gov.au.

Yours sincerely,

A handwritten signature in cursive script, appearing to read 'Cynthia Lo-Booth'.

Cynthia Lo-Booth
Statutory Services Branch

Statutory Services Branch

31 May 2007

Enc.



Australian Government

Australian Industrial Registry

11 Exhibition Street
Melbourne, VIC 3000
GPO Box 1994, Melbourne, VIC 3001
Telephone: (03) 8661 7811
Fax: (03) 9655 0410

Ms Anna Docksey
Victorian Hospitals' Industrial Association
Level 1, 499 St Kilda Road
MELBOURNE VIC 3004

By e-mail: vhia@vhia.com.au

Dear Ms Docksey

Re: Financial Reports for year ended 30 June 2006 – Victorian Hospitals' Industrial Association – FR2006/323

I refer to my earlier correspondences to Mr Ross Mackay from your office dated 6 December 2006 and 4 January 2007, and my telephone conversation with you on 23 February 2007.

I confirm that in my conversation with you on 23 February you advised that Mr Ross Mackay had left your organisation since 1 January 2007 and that you would be looking after the registry request for further information as outlined in my letter of 6 December 2006. You also advised that you have a copy of this letter and that you intend to speak to the accountant on 26 February 2007 and your chief executive officer regarding the outstanding issues contained therein.

I note I have not received any further documents from you to date.

Should you wish to discuss the outstanding documents required to complete the filing of the financial reports or any other matter related to your organisation's financial reporting obligations I may be contacted on (03) 8661 7989 (Wed and Thurs) or by e-mail at cynthia.lobooth@air.gov.au.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Cynthia Lo-Booth'.

Cynthia Lo-Booth
Statutory Services Branch

Statutory Services Branch

28 March 2007



Australian Government

Australian Industrial Registry

Level 5, 11 Exhibition Street
Melbourne, VIC 3000
GPO Box 1994, Melbourne, VIC 3001
Telephone: (03) 8661 7989
Fax: (03) 9655 0410
Email: Cynthia.lobooth@air.gov.au

Mr Ross Mackay
Accountant
Victorian Hospitals Industrial Association
Level 1, 499 St Kilda Road
MELBOURNE VIC 3004

By email: vhia@vhia.com.au

Dear Mr Mackay

Re: Financial Reports for year ended 30 June 2006 – Victorian Hospitals' Industrial Association – FR2006/323

I refer to my earlier correspondences to your office dated 6 December 2006 requesting for further documents to facilitate the filing of the financial reports for year ended 30 June 2006.

I note that I have not received any further documents from you to date.

Should you wish to discuss the letter of 6 December 2006 or any other matter regarding your organisation's financial reporting obligations I can be contacted on (03) 8661 7989 (Wed and Thurs) or by e-mail at cynthia.lobooth@air.gov.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Cynthia Lo-Booth'.

Cynthia Lo-Booth
Statutory Services Branch

4 January 2007



Australian Government

Australian Industrial Registry

Level 5, 11 Exhibition Street
Melbourne, VIC 3000
GPO Box 1994, Melbourne, VIC 3001
Telephone: (03) 8661 7989
Fax: (03) 9655 0410
Email: Cynthia.lobooth@air.gov.au

Mr Ross Mackay
Accountant
Victorian Hospitals Industrial Association
Level 1, 499 St Kilda Road
MELBOURNE VIC 3004

By email: vhia@vhia.com.au

Dear Mr Mackay

Re: Financial Reports for year ended 30 June 2006 – Victorian Hospitals’ Industrial Association – FR2006/323

I have received the financial reports of Victorian Hospitals’ Industrial Association for the year ended 30 June 2006. The documents were lodged in the Registry on 10 November 2006.

The documents have not yet been filed.

There are a number of issues that require attention before the documents can be filed.

1. Operating Report

The operating report lodged has provided the names of persons who were members of the committee of management of the Association at the beginning of the financial year. Regulation 159(c) of the *Workplace Relations (Registration and Accountability of Organisations) Regulations 2003* (RAO Regulations) require the operating report to further provide the period for which he or she held such a position. If all members held their respective offices from the beginning to the end of the financial year a general comment to that effect will satisfy the requirements.

Furthermore, s.254(2)(d) of *Schedule 1 of the Workplace Relations Act 1996* (ROA Schedule) request for details of any **officer or member** of the reporting unit who is a trustee, or a director of a company that is a trustee, of a superannuation entity or an exempt public sector superannuation scheme. In the event that there is no officer or member who is a trustee or director of a company that is a trustee of a superannuation entity or exempt public sector superannuation scheme, the operating report should include a comment to this effect. I note the operating report lodged has only addressed ‘officers’ of the Association.

I request that a fresh operating report is prepared to incorporate the abovementioned details and signed by an office-holder such as the President or Deputy President. Please do not backdate the document and ensure the date of execution is the actual date the document is signed.

2. Committee of Management Statement

The committee of management statement was executed before the resolution was passed by the committee of management. The purpose of the statement is to satisfy the Industrial Registrar that a resolution has been passed by the committee of management declaring certain matters as required by Item 26 of the Reporting Guidelines. Therefore, the statement must be executed after the resolution has been passed.

I request that a fresh committee of management statement is prepared and signed by an office-holder such as the President or Deputy President, after the resolution has been passed by the committee of management. Again, please do not backdate the document and ensure the date of execution is the actual date the document is signed.

3. Auditor's Report

“Presented Fairly”

Section 257(5) of the RAO Schedule requires the auditor to state, among other things, whether in the auditor's opinion the general purpose financial report is *presented fairly*. The words ‘true and fair view’ were requirements of the previous legislative regime and are no longer relevant. The changed legislative prescription has applied since the first full financial year commencing after 8 May 2003.

The following wording in an Auditor's Report would satisfy the requirements of s.257 of the RAO Schedule:

“In our opinion the general purpose financial report is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of Schedule 1 (RAO Schedule) of the Workplace Relations Act 1996.”

Auditor's Qualifications

The Auditor's Report should provide details of the Auditor's qualifications to confirm he or she is an approved auditor under s.256 and reg.4 of the RAO Regulations.

Regulation 4 defines an approved auditor as a person who is a member of CPA Australia, The Institute of Chartered Accountants in Australia or the National Institute of Accountants **and** holds a current Public Practice Certificate. The individual auditor signing off on the report should provide details of which professional body he or she is a member of and that they hold a current Public Practice Certificate.

I request the organisation's auditor provide a further opinion as to whether they are of the opinion that the general purpose financial report is ‘presented fairly’ and to give details that the individual auditor signing off is an approved auditor.

Auditor's Disclaimer to Income and Expenditure Statement

It is a requirement of s.252 of the RAO Schedule for a reporting unit to prepare a general purpose financial report. Such report must consist of, among other things, financial statements containing a profit and loss statement. The accounts and other statements should contain certain disclosures as prescribed by the Industrial Registrar's Reporting Guidelines.

In our previous correspondence to the Victorian Hospitals' Industrial Association dated 21 February 2006 you were advised that future documents should include a Statement of Income and Expenditure setting out particulars of all relevant disclosure requirements of the Industrial Registrar's Guidelines. As the information contained in the detailed statement of income and expenditure does not appear to form part of the audited “accounts and statements” the financial documents as lodged may not satisfy the requirements of s.253 of the RAO Schedule.

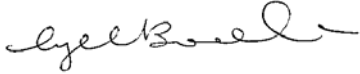
4. Authorised Officer's Certificate

Section 268 of the RAO Schedule and regulation 162 of the RAO Regulations require that an authorised officer's certificate be lodged within 14 days after the general meeting. The matters to which the certificate should address are prescribed by s.268. The certificate must be signed either by the President, Deputy President or an elected member of the management Board of the Association.

Please ensure that an authorised officer's certificate is promptly prepared, executed and lodged with the Registry along with the other documents requested in this letter.

Should you wish to discuss this letter or if you require further information on the reporting requirements of the Act, I may be contacted on (03) 8661 7989 (Wednesday and Thursday) or by email on cynthia.lobooth@air.gov.au

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Cynthia Lo-Booth', with a stylized flourish at the end.

Cynthia Lo-Booth
Statutory Services Branch

6 December 2006

1 November 2006

Australian Industrial Relations Commission
Statutory Services Branch
80 Collins Street
Melbourne, Vic 3000

Att: Larry Powell

Dear Larry,

Re: Financial Reporting Obligations – Victorian Hospitals Industrial Association

Please find included the VHIA's Financial Report for the year ended 30 June 2006 presented at the organisation's Annual General Meeting last month.

The document contains the required Statement by Members of the Committee (page 18) and Certificate by Member of the Committee (page 20).

If you require any further information, please contact the undersigned at your convenience.

Regards,



Ross Mackay
ACCOUNTANT
Victorian Hospitals Industrial Association

VICTORIAN HOSPITALS INDUSTRIAL ASSOC.

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006**

VICTORIAN HOSPITALS INDUSTRIAL ASSOC.

TABLE OF CONTENTS

Auditor's Independence Declaration	1
Committee's Report	2-5
Financial Report	
Income Statement	6
Balance Sheet	7
Statement of Changes in Equity	8
Cash Flow Statement	9
Notes to the Financial Statements	10-17
Statement by Members of the Committee	18
Certificate by Member of Committee	19
Independent Audit Report	20
Additional Information	21-23

VICTORIAN HOSPITALS INDUSTRIAL ASSOC.

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C
OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF VICTORIAN HOSPITALS INDUSTRIAL
ASSOC.**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2006 there have been:

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

Sothertons LLP

David Lissauer
Partner

6 October 2006
Level 6, 468 St Kilda Road
Melbourne VIC 3004

**VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION
OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2006**

Principal Activities

The principal activities of the Association during the financial year were:

- to represent public health sector employers in industry enterprises bargaining negotiations with relevant health industry unions;
- to provide industrial advice to members in diverse industrial disputes and represent such members in proceedings in the Australian Industrial Relations Commission;
- to assist and advise members of their own and their employees industrial obligations under award and certified agreements;
- to represent members in relevant negotiations and liaise with the Victorian Department of Human Services having regard to their obligations under diverse government policies;
- to encourage and foster sound consultative arrangements designed to prevent disputation and facilitate resolution of potential or actual disputes.

Results of Principal Activities

The foregoing activities of the Association resulted in fair and reasonable industrial agreements, the minimisation of industrial disputes and the fostering of a stable and fair industrial relations environment in the Victorian public health sector.

Significant Changes in Nature of Principal Activities

There were no significant changes in the nature of the Association's principal activities during the financial year.

Significant Changes in the Association's Financial Affairs

No matters or circumstances arose during the reporting year which would significantly affect the financial affairs of the Association.

Trustee or Director of a Trustee Company of a superannuation entity or an exempt Public Section Superannuation Scheme

No officer of the Association was a Trustee or Director of a Trustee Company of a Superannuation Entity or an Exempt Public Sector Superannuation Scheme.

Number of Members

The number of organisations who at the end of the financial year were recorded on the Register of Members was 130.

Number of Employees

The number of persons who were at the end of the financial year, employees of the Association was 18, measured on a full time equivalent basis.

**VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION
OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2006**

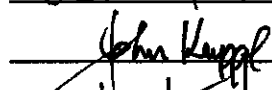
Members of the Committee of Management

The persons who held office as members of the Committee of Management of the Association at the beginning of the financial year were:

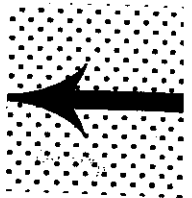
POSITION	NAME
President	John Stanway
Deputy President	John Krygger
Board Member	(John Stanway)
Board Member	Christopher England
Board Member	John Richardson
Board Member	Dennis Swift
Board Member	Penny Newsome
Board Member	Jon Evans
Board Member	<i>Vacant</i>
Board Member	Jim Fletcher
Board Member	Chris Scott
Board Member	(John Krygger)
Board Member	Merlyn Pritchard
Board Member	John Smith
Board Member	Gary Templeton
Board Member	Jim Pasinas
Chief Executive Officer	Alexander Djoneff

Name: JOHN F KRYGGER

Title: DEPUTY PRESIDENT

Signature: 

Date: 10/10/06



**VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION
OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2006**

Manner of Resignation

TERMINATION OF MEMBERSHIP

- a)
- i. A member may resign from membership of the Association by written notice addressed and delivered to the General Manager. Such notice shall be taken to have been received by the Association when delivered to the General Manager.
 - ii. A Notice of Resignation that has been received by the Association is not invalid because it was not addressed and delivered to the General Manager.
 - iii. A resignation from membership of the Association is valid even if it is not affected in accordance with paragraph 8(a)(i) if the member is informed in writing by or on behalf of the Association that the resignation has been accepted.
- b) A notice of resignation from membership of the Association takes effect as follows:
- i. Where the member ceases to be eligible to become a member of the Association:
 - 1) on the day on which the notice is received by the Association; or
 - 2) on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member,whichever is the later; or
 - ii. in any other case:
 - 1) at the expiration of two (2) weeks after the notice is received by the Association; or
 - 2) on the day specified in the notice,whichever is the later.
- c) If a member ceases to be engaged in or as an employer in the industry the membership of such member may be determined summarily by resolution of the Board, provided however that such determination shall not affect the liability of the member to pay all monies owing by the member to the Association.
- d) Any dues payable but not paid by a former member of the Association, in relation to a period before the member's resignation or termination from the Association which took effect, may be sued for and recovered in the name of the Association in a court of competent jurisdiction, as a debt due to the Association.
- e) Any member who has not paid any subscription within three (3) months from the date on which such subscription became due or payable shall be disqualified from taking part in any proceedings of the Association and may be struck off the roll of membership by order of the Board in accordance with sub-rule 8(f).
- f) If a member becomes unfinancial in accordance with sub-rule 8(e), his/her name may be struck off the Register of Members by order of the Board. Any member shall cease to be a member of the Association as soon as his/her name shall be struck off the Register of Members by order of the Board and not sooner. Provided that where a member has become unfinancial and at least twenty eight (28) days before the Board orders that the member be struck off the Register of Members, the General Manager shall advise the member in writing, that if he/she fails to pay the outstanding subscriptions within fourteen (14) days, to show cause why he/she is unfinancial within fourteen (14) days of the date of the letter he/she otherwise will be struck off the Register of Members.

- g) Any member who shall be expelled from the Association under the provisions of Rule 34 shall thereupon cease to be a member.
- h) Members ceasing to be such from any cause whatsoever shall have no claim of any kind monetary or otherwise on the Association or its assets.
- i) Within 28 days after the Association receives from a member a notice of the member's resignation from the Association, the Association will give written notice of the resignation to:
 - 1) the Industrial Register; and
 - 2) each organisation of employees that is bound by an award when the Association receives the notice from the member, bound the member as a result of membership of the Association.

VICTORIAN HOSPITALS INDUSTRIAL ASSOC.

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 \$	2005 \$
Revenue	2	4,030,762	3,472,400
Changes in work in progress		(79,340)	174,290
Other direct expenses		(1,272,292)	(1,167,924)
Employee benefits expense		(1,971,003)	(1,712,142)
Transport costs		-	(18)
Depreciation and amortisation expenses		(121,414)	(135,387)
Advertising		(6,922)	(14,513)
Other expenses from ordinary activities		(484,854)	(600,098)
Borrowing costs expense	3	<u>(24,771)</u>	<u>(29,549)</u>
Profit from ordinary activities before income tax expense (income tax revenue)		70,166	(12,941)
Income tax revenue (income tax expense) relating to ordinary activities		<u>-</u>	<u>-</u>
Net profit attributable to the members of the entity		<u>70,166</u>	<u>(12,941)</u>

The accompanying notes form part of these financial statements.

VICTORIAN HOSPITALS INDUSTRIAL ASSOC.

BALANCE SHEET
AS AT 30 JUNE 2006

	Notes	2006 \$	2005 \$
CURRENT ASSETS			
Cash and cash equivalents	5	416,384	214,531
Trade and other receivables	6	773,489	569,223
Work in progress	7	192,946	272,286
Other current assets	8	<u>25,510</u>	<u>26,697</u>
TOTAL CURRENT ASSETS		<u>1,408,329</u>	<u>1,082,737</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	954,910	1,031,757
Intangible assets		<u>11,453</u>	<u>16,945</u>
TOTAL NON-CURRENT ASSETS		<u>966,363</u>	<u>1,048,702</u>
TOTAL ASSETS		<u>2,374,692</u>	<u>2,131,439</u>
CURRENT LIABILITIES			
Trade and other payables	10	542,624	407,451
Short term borrowings	11	83,734	111,016
Short term provisions	12	129,772	134,736
Other current liabilities	13	<u>101,367</u>	<u>28,099</u>
TOTAL CURRENT LIABILITIES		<u>857,497</u>	<u>681,302</u>
NON-CURRENT LIABILITIES			
Long term borrowings	11	146,507	187,559
Long term provisions	12	<u>176,395</u>	<u>138,451</u>
TOTAL NON-CURRENT LIABILITIES		<u>322,902</u>	<u>326,010</u>
TOTAL LIABILITIES		<u>1,180,399</u>	<u>1,007,312</u>
NET ASSETS		<u>1,194,293</u>	<u>1,124,127</u>
EQUITY			
Retained earnings		<u>1,194,293</u>	<u>1,124,127</u>
TOTAL EQUITY		<u>1,194,293</u>	<u>1,124,127</u>

The accompanying notes form part of these financial statements.

VICTORIAN HOSPITALS INDUSTRIAL ASSOC.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006

	Share Capital			Retained Earnings	Total	
	Note	Ordinary Shares	Capital Profits Reserve			Asset Revaluation Reserve
		\$	\$	\$	\$	
Balance at 1 July 2004		-	-	367,688	769,378	1,137,066
Profit attributable to members		=	=	=	(12,939)	(12,939)
Transfers to and from reserves						
Balance at 30 June 2005		=	=	<u>367,688</u>	<u>756,439</u>	<u>1,124,127</u>
Profit attributable to members		=	=	=	<u>70,165</u>	<u>70,165</u>
Transfers to and from reserves						
Balance at 30 June 2006		=	=	<u>367,688</u>	<u>826,604</u>	<u>1,194,292</u>

The accompanying notes form part of these financial statements.

VICTORIAN HOSPITALS INDUSTRIAL ASSOC.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 \$	2005 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members		3,949,766	3,638,743
Payments to suppliers and employees		(3,670,884)	(3,607,834)
Interest received		43,259	53,093
Borrowing costs		(24,771)	(29,549)
Net cash provided by operating activities	14(a)	<u>297,370</u>	<u>54,453</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(53,072)	206,056
Payment for other non current assets		-	(436,765)
Net cash used in investing activities		<u>(53,072)</u>	<u>(230,709)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings		(42,445)	178,725
Net cash provided by/(used in) financing activities		<u>(42,445)</u>	<u>178,725</u>
Net increase in cash held		201,853	2,469
Cash at beginning of financial year		<u>214,531</u>	<u>212,062</u>
Cash at end of financial year	5	<u>416,384</u>	<u>214,531</u>

The accompanying notes form part of these financial statements.

VICTORIAN HOSPITALS INDUSTRIAL ASSOC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Associations Incorporation Act of Victoria.

The financial report is for the entity VICTORIAN HOSPITALS INDUSTRIAL ASSOC. as an individual entity. VICTORIAN HOSPITALS INDUSTRIAL ASSOC. is an association incorporated in Victoria under the Associations Incorporation Act 1981.

The financial report of VICTORIAN HOSPITALS INDUSTRIAL ASSOC. complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the association in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

First time Adoption of Australian Equivalents to International Financial Reporting Standards

VICTORIAN HOSPITALS INDUSTRIAL ASSOC. has prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005.

In accordance with the requirement of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the accounts resulting from the introduction of IFRS have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These accounts are the first financial statements of VICTORIAN HOSPITALS INDUSTRIAL ASSOC. to be prepared in accordance with AIFRS.

Reporting Basis and Conventions

The financial report has been prepared on an accrual basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied

Accounting Policies

(a) Property, Plant and Equipment

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

Plant and equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

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

The cost of fixed assets constructed includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are include in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the association and the cost of the item can be measured reliably. All other repairs and maintenance are charted to the income statement during the financial period in which they occurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a Diminishing Value basis over their useful lives to the association commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

VICTORIAN HOSPITALS INDUSTRIAL ASSOC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The depreciation rates and useful lives used for each class of depreciable assets are:

Class of fixed asset	Depreciation rates/useful lives	Depreciation basis
Buildings	2.5 %	Diminishing Value
Leasehold improvements	20 %	Diminishing Value
Plant and equipment	20 %	Diminishing Value
Motor Vehicles	15 %	Diminishing Value
Office Equipment	15 %	Diminishing Value
Furniture Fixtures and Fittings	20 %	Diminishing Value
Computer Equipment	33.3 %	Diminishing Value

(h) Employee Benefits

Provision is made for the association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(c) Cash and Cash Equivalents

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

(d) Revenue

Revenue from sale of goods is recognised upon the delivery of goods to customers.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

Other revenue is recognised when the right to receive the revenue has been established.

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

(e) Comparative Figures

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

Critical accounting estimates and judgments

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

VICTORIAN HOSPITALS INDUSTRIAL ASSOC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Key estimates - impairment

The association assesses impairment at each reporting date by evaluating conditions specific to the association that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is terminated. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

VICTORIAN HOSPITALS INDUSTRIAL ASSOC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
NOTE 2: REVENUE			
Operating activities			
- sale of goods (net)		3,291,807	2,898,463
- rendering of services		488,840	240,769
- interest	2(a)	43,259	53,093
- rent		62,444	61,984
- other revenue		<u>144,412</u>	<u>218,091</u>
		<u>4,030,762</u>	<u>3,472,400</u>
(a) Interest from:			
- other persons		<u>43,259</u>	<u>53,093</u>
NOTE 3: PROFIT FROM ORDINARY ACTIVITIES			
(a) Expenses			
Cost of sales		1,351,632	993,634
Finance costs:			
- external		<u>24,771</u>	<u>29,549</u>
NOTE 4: AUDITORS' REMUNERATION			
Remuneration of the auditor for:			
- auditing or reviewing the financial report		<u>6,681</u>	<u>9,342</u>
NOTE 5: CASH AND CASH EQUIVALENTS			
Cash on hand		1,175	1,175
Cash at bank		94,305	191,564
Deposits at call		<u>320,904</u>	<u>21,792</u>
		<u>416,384</u>	<u>214,531</u>
Reconciliation of cash			
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:			
Cash and cash equivalents		<u>416,384</u>	<u>214,531</u>
		<u>416,384</u>	<u>214,531</u>
NOTE 6: TRADE AND OTHER RECEIVABLES			
CURRENT			
Trade receivables		611,799	392,532
Less provision for impairment		<u>(10,000)</u>	<u>(10,000)</u>
		601,799	382,532
Other debtors		<u>171,690</u>	<u>186,691</u>
		<u>773,489</u>	<u>569,223</u>

VICTORIAN HOSPITALS INDUSTRIAL ASSOC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
NOTE 7: INVENTORIES			
CURRENT			
Work in progress at cost		<u>192,946</u>	<u>272,286</u>
NOTE 8: OTHER ASSETS			
CURRENT			
Prepayments		18,072	26,231
Other current assets		<u>7,438</u>	<u>466</u>
		<u>25,510</u>	<u>26,697</u>
NOTE 9: PROPERTY, PLANT AND EQUIPMENT			
BUILDINGS			
At cost		620,000	620,000
Less accumulated depreciation		<u>(61,608)</u>	<u>(56,590)</u>
		<u>558,392</u>	<u>563,410</u>
LEASEHOLD IMPROVEMENTS			
At cost		110,043	110,043
Less accumulated amortisation		<u>(86,802)</u>	<u>(73,254)</u>
		<u>23,241</u>	<u>36,789</u>
Total land and buildings		<u>581,633</u>	<u>600,199</u>
PLANT AND EQUIPMENT			
(a) Improvements			
At cost		45,300	39,480
Less accumulated depreciation		<u>(39,480)</u>	<u>(39,480)</u>
		<u>5,820</u>	<u>-</u>
(b) Motor vehicles			
Under lease		361,513	350,917
Less accumulated depreciation		<u>(97,844)</u>	<u>(47,753)</u>
		<u>263,669</u>	<u>303,164</u>
(c) Office equipment			
At cost		78,851	75,186
Less accumulated depreciation		<u>(54,418)</u>	<u>(45,341)</u>
		<u>24,433</u>	<u>29,845</u>
(d) Computer equipment			
At cost		126,705	122,069
Less accumulated depreciation		<u>(107,635)</u>	<u>(93,437)</u>
		<u>19,070</u>	<u>28,632</u>

VICTORIAN HOSPITALS INDUSTRIAL ASSOC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
(e) Furniture, fixtures and fittings			
At cost		78,001	72,818
Less accumulated depreciation		<u>(33,589)</u>	<u>(28,742)</u>
		<u>44,412</u>	<u>44,076</u>
(f) Software pool			
At cost		51,416	51,416
Less accumulated depreciation		<u>(36,822)</u>	<u>(27,691)</u>
		<u>14,594</u>	<u>23,725</u>
(g) Low value asset pool			
At cost		4,317	4,317
Less accumulated depreciation		<u>(3,038)</u>	<u>(2,201)</u>
		<u>1,279</u>	<u>2,116</u>
Total plant and equipment		<u>373,277</u>	<u>431,558</u>
Total property, plant and equipment		<u>954,910</u>	<u>1,031,757</u>

	BUILDING	BUILDING IMPROVEMENT	LEASEHOLD	FURNITURE & FITTINGS	MOTOR VEHICLE
Balance at beginning of the year	56,3410.50	-	36,788.84	44,075.88	303,164.00
Additions	-	5,820.00	-	5,183.00	71,356.00
Disposals	-	-	-	-	(51,587.12)
Depreciation Expense 05/06	<u>(5,018.24)</u>	<u>-</u>	<u>(13,548.03)</u>	<u>(4,846.46)</u>	<u>(59,264.88)</u>
Carrying amount at the end of the year	<u>558,392.26</u>	<u>5,820.00</u>	<u>23,240.81</u>	<u>44,412.42</u>	<u>263,668.00</u>

	COMPUTER SOFTWARE	LAPTOPS & COMPUTER EQUIPMENT	OFFICE EQUIPMENT	KITCHEN EQUIPMENT
Balance at beginning of the year	23,725.49	28,632.57	29,845.84	2,116.56
Additions	-	4635.53	3,665.00	-
Disposals	-	-	-	-
Depreciation Expense 05/06	<u>(9,131.65)</u>	<u>(14,198.10)</u>	<u>(9,077.07)</u>	<u>(837.01)</u>
Carrying amount at the end of the year	<u>14,593.84</u>	<u>19,070.00</u>	<u>24,433.77</u>	<u>1,279.55</u>

VICTORIAN HOSPITALS INDUSTRIAL ASSOC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
NOTE 10: TRADE AND OTHER PAYABLES			
CURRENT			
Unsecured liabilities			
Trade creditors		285,552	200,048
Sundry creditors and accruals		<u>257,072</u>	<u>240,188</u>
		<u>542,624</u>	<u>440,236</u>
Secured liabilities			
Sundry creditors and accruals		-	(32,785)
Employee entitlements		<u>-</u>	<u>-</u>
		<u>542,624</u>	<u>407,451</u>
NOTE 11: BORROWINGS			
CURRENT			
Secured liabilities			
Hire purchase liability		<u>83,734</u>	<u>111,016</u>
NON-CURRENT			
Secured liabilities			
Hire purchase liability		<u>146,507</u>	<u>187,559</u>

VICTORIAN HOSPITALS INDUSTRIAL ASSOC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
NOTE 12: PROVISIONS			
		Employee Entitlements	
		\$	
Opening balance at beginning of period		<u>273,187</u>	
Balance end of period		<u>306,167</u>	
		2006	2005
		\$	\$
Analysis of Total Provisions			
Current		129,772	134,736
Non-current		<u>176,395</u>	<u>138,451</u>
		<u>306,167</u>	<u>273,187</u>

NOTE 13: OTHER LIABILITIES

CURRENT

Deferred income		101,367	28,175
Other liabilities		<u>-</u>	<u>(76)</u>
		<u>101,367</u>	<u>28,099</u>

NOTE 14: CASH FLOW INFORMATION

(a) Reconciliation of cash flow from operations with profit from ordinary activities after income tax

Surplus (Deficit) after income tax		70,166	(12,941)
Non-cash flows in profit			
Amortisation		5,493	9,913
Depreciation		115,921	125,474
Changes in assets and liabilities			
(Increase)/decrease in receivables		(204,266)	193,910
Decrease in other assets		22,156	17,169
(Increase)/decrease in inventories		79,340	(174,290)
Increase/(decrease) in payables		175,580	(207,235)
Increase in provisions		<u>32,980</u>	<u>102,453</u>
Cash flows from operations		<u>297,370</u>	<u>54,453</u>

NOTE 15: ASSOCIATION DETAILS

The principal place of business of the association is:

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION
LEVEL 1
499 ST KILDA ROAD
MELBOURNE 3004

VICTORIAN HOSPITALS INDUSTRIAL ASSOC.

STATEMENT BY MEMBERS OF THE COMMITTEE

In the opinion of the committee the financial report as set out on pages 6-7:

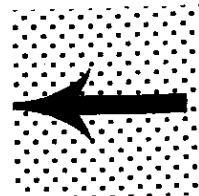
1. Presents a true and fair view of the financial position of VICTORIAN HOSPITALS INDUSTRIAL ASSOC. as at 30 June 2006 and its performance for the year ended on that date in accordance with the Australian Accounting Standards and other mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.
2. At the date of this statement, there are reasonable grounds to believe that VICTORIAN HOSPITALS INDUSTRIAL ASSOC. will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the committee and is signed for and on behalf of the Committee by:

John Stanway (President)



John Krygger (Deputy President)



Dated this 6th day of October 2006

Committee of Management Statement

On 20 October 2006 the Committee of Management of the Victorian Hospitals Industrial Association passed the following resolution in relation to the General Purpose Financial Report (GPFR) of the reporting unit for the financial year ended 2006.

The Committee of Management declares in relation to the GPFR that in its opinion;

- a) The financial statements and notes comply with the Australian Accounting Standards.
- b) The financial statements and notes comply with the reporting guidelines of the Industrial Registrar.
- c) The financial statements and notes give a true and fair view of the financial performance, financial position and cashflows of the reporting unit for the financial year to which they relate.
- d) There are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.
- e) During the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the Committee of Management were held in accordance with the rules of the Association including the rules concerning branches of the Association;
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the Association including the rules concerning breaches of the Association;
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations;
 - (iv) where the organisation consists of two (2) or more reporting units, the financial records of the reporting unit have been kept as far as practicable in a consistent manner to each of the other reporting units of the organisation;
 - (v) the information sought in any request of a member of the reporting unit or a Register duly made under section 272 of the RAO Schedule has been furnished to the member or Register; and
 - (vi) no orders for inspection of financial records have been made by the Commission under section 273 of the RAO Schedule.
- f) VHIA has a realistic expectation that some funds will be forwarded to VHIA by Health Legal in the 2006/07 financial year based on the current Relationship Deed between VHIA and Health Legal.

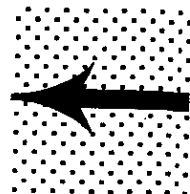
For Committee of Management: John Krygger

Title of Office held: Audit and Risk Management Chair and Deputy President

Signature:

John Krygger
.....
10 October 2006

Date:



VICTORIAN HOSPITALS INDUSTRIAL ASSOC.
INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
VICTORIAN HOSPITALS INDUSTRIAL ASSOC.

Scope

We have audited the financial report of VICTORIAN HOSPITALS INDUSTRIAL ASSOC. for the financial year ended 30 June 2006 being the Income Statement, Balance Sheet, Cash Flow Statement, notes to the Financial Statements and the Statement by Members of the Committee.

The committee is responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members.

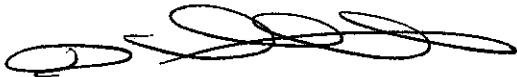
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, the Association Incorporation Act of Victoria, and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the association's financial position and performance as represented by the results of its operations and its cash flows.

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

Audit Opinion

In our opinion, the financial report of VICTORIAN HOSPITALS INDUSTRIAL ASSOC. presents a true and fair view in accordance with applicable Accounting Standards, the Association Incorporation Act of Victoria and other mandatory professional reporting requirements in Australia, the financial position of VICTORIAN HOSPITALS INDUSTRIAL ASSOC. as at 30 June 2006 and the results of its operations and its cash flows for the year then ended.

Sothertons LLP
Level 6, St Kilda Road
Melbourne VIC 3004



David Lissauer
Partner

6 October 2006

VICTORIAN HOSPITALS INDUSTRIAL ASSOC.

**DISCLAIMER TO THE MEMBERS OF
VICTORIAN HOSPITALS INDUSTRIAL ASSOC.**

The additional financial data presented on pages 22-23 is in accordance with the books and records of the association which have been subjected to the auditing procedures applied in our statutory audit of the association for the year ended 30 June 2006. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than VICTORIAN HOSPITALS INDUSTRIAL ASSOC.) in respect of such data, including any errors of omissions therein however caused.

Sothertons LLP
Level 6, St Kilda Road
Melbourne VIC 3004



David Lissauer

Partner

6 October 2006

VICTORIAN HOSPITALS INDUSTRIAL ASSOC.

PRIVATE INFORMATION FOR THE COMMITTEE OF MANAGEMENT ON THE 2006 FINANCIAL STATEMENTS

INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
INCOME		
Member's subscriptions	3,291,807	2,898,463
Commission received	25,988	36,362
Consulting fees	31,230	-
Professional fees	31,367	36,381
Other professional income	400,255	168,026
Interest	43,259	53,093
Rental income	62,444	61,984
Other income	144,412	218,091
TOTAL INCOME	4,030,762	3,472,400
LESS EXPENSES		
Accounting fees	10,275	-
Advertising	400	800
Amortisation	5,493	9,913
Audit fees	6,681	9,342
Bank charges	5,003	5,938
Body corporate and management fees	12,174	6,705
Cleaning	15,450	15,422
Computer expenses	36,225	36,891
Consultancy fees	-	4,300
Depreciation	115,921	125,474
Employees' amenities	5,920	8,690
Entertainment expenses	-	33,767
Freight and cartage	-	18
Fringe benefits	117,550	126,196
General expenses	-	8,056
Insurance	22,707	51,116
Interest paid	24,771	29,549
Legal costs	-	3,673
Light and power	13,862	9,568
Magazines, journals and periodicals	1,706	9,194
Market research	6,522	13,713
Motor vehicle expenses	-	40,955
Payroll tax	92,125	65,875
Postage	5,301	6,516
Printing and stationery	28,986	33,914
Rates and taxes	3,099	9,136
Recruitment costs	14,834	-
Rent	245,600	222,069
Rental outgoings	-	33,307
Repairs and maintenance	3,851	10,767
Expenses carried forward	2,412,246	2,303,455

These financial statements should be read in conjunction with the attached Disclaimer.

VICTORIAN HOSPITALS INDUSTRIAL ASSOC.

PRIVATE INFORMATION FOR THE COMMITTEE OF MANAGEMENT ON THE 2006 FINANCIAL STATEMENTS

INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
Expenses brought forward	2,412,246	2,303,455
Salaries and wages	1,624,471	1,372,591
Staff training and welfare	1,240	4,514
Subscriptions	704	2,780
Sundry expenses	-	1,940
Superannuation	129,697	134,277
Telephone	58,396	44,741
Cost of goods sold	<u>1,351,632</u>	<u>993,634</u>
TOTAL EXPENSES	<u>3,960,596</u>	<u>3,485,341</u>
OPERATING PROFIT/(LOSS)	<u>70,166</u>	<u>(12,941)</u>

These financial statements should be read in conjunction with the attached Disclaimer.