



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

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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

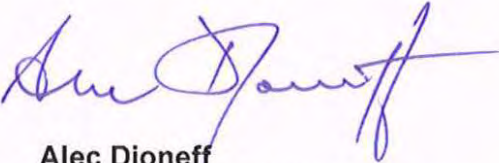
Financial Reports FR2006/323, FR2007/373 and 2008/453

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
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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

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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



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
Email: Cynthia.lobooth@air.gov.au

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: Schedule 1 of the Workplace Relations Act 1996 (RAO Schedule)
Financial Reports for year ended 30 June 2007 – FR2007/373**

I acknowledge receipt of the Victorian Hospitals' Industrial Association's Statement of Loans, Grants and Donations for the year ended 30 June 2007 and the financial report for year ended 30 June 2007. The documents were lodged with the Registry on 31 March 2009 and 16 April 2009 respectively.

The financial report has not been filed.

The Industrial Registrar will require further documents be lodged before the financial reports can be filed.

1. Committee of Management Statement

The committee of management statement does not comply with items 25 and 26 of the Reporting Guidelines. The committee of management statement must contain a number of declarations by the committee of management. A list of the matters to be considered by the committee is listed in item 25(a) to (e). Since the Victorian Hospitals' Industrial Association is an employer organisation matters relating to the recovery of wages (item 25(f)) are not relevant. Please see attached for a copy of the Reporting Guidelines.

Item 26 of the Reporting Guidelines require the committee of management statement to specify the date of passage of the resolution and the date of execution by the designated officer.

2. Auditor's Report

The auditor in his report must state whether in the auditor's 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. If the auditor is not of that opinion the report must say why.

At present, the auditor is of the opinion that the Victorian Hospitals' Industrial Association's financial report is giving a true and fair view in accordance with the *Associations Incorporations Act 1981* and the Australian Accounting Standards. The Victorian Hospitals' Industrial Association is an employer association registered as an organisation under Schedule 1 of the *Workplace Relations Act 1996* (RAO Schedule). The financial reports are filed pursuant to the requirements of Part 3 of Chapter 8 of the RAO Schedule. Therefore, it is a requirement that the auditor's opinion be made in accordance with, not only the Australian Accounting Standards, but also the RAO Schedule [s257(5) of the RAO Schedule].

The auditor's report should provide details of the auditor's qualifications to confirm that he is an approved auditor under s.256 of the RAO Schedule 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 he holds a current Public Practice Certificate. Although your auditor is most likely to be such a person it is preferred that this is made explicit in the report.

3. Second Meeting/ Designated Officer's Certificate

Section 266 of the RAO Schedule provides that the full report be presented to a general meeting or to a meeting of the committee of management if the organisation's rules provides for this [ss266(1) and 266(3)]. The full report consists of the auditor's report, the general purpose financial report (which includes the committee of management statement) and the operating report [s265(1)(a)]. If the full report is presented to a general meeting, then the full report must be provided free of charge to the members at least 21 days before the general meeting. If the full report is presented to a meeting of the committee of management then the full report must be provided to the members within a period of 5 months starting at the end of the financial year [s265(5)].

The Victorian Hospitals' Industrial Association may rely on rule 22(b) of their organisation rules to provide that the full report be presented to a committee of management. However, from the documents lodged I am unable to ascertain whether the full report has been presented to a general meeting of members or to a meeting of the committee of management. This information is usually found in the designated officer's certificate but this certificate has not been provided. The Registrar will require a designated officer's certificate. Attached is a sample copy of a designated officer's certificate.

What the Victorian Hospitals' Industrial Association are required to do?

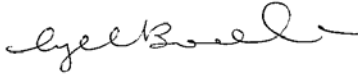
In order for the Victorian Hospitals' Industrial Association to comply with its obligations under the ROA Schedule, they are required to do the following:

- Prepare a new committee of management statement and arrange for a committee of management meeting to pass a resolution to the declarations contained in the statement. Please note the requirements of items 25 and 26 of the Reporting Guidelines (refer to point 1).
- Arrange for the preparation of a fresh auditor's report to take into account the new committee of management statement. The auditor's report should incorporate the wording of the current legislation and state whether the auditor is an approved auditor (refer to point 2).
- Arrange for a second meeting of the committee of management to present the full report. The full report should consist of, amongst other things, the *new* committee of management statement and the *new* auditor's report (refer to point 3).
- Supply the full report to the members within a period of 5 months starting at the end of the financial year. I note that the time requirement has expired, and therefore the full report should be provided to members once the new auditor's report is received (refer to point 3).
- Prepare a designated officer's certificate and lodge this with copies of the full report with the Registry within 14 days of the full report being presented to the meeting of the committee of management.

It should be noted that the Industrial Registrar attaches importance to the organisation both fully satisfying the obligations under the RAO Schedule and to those obligations being discharged within the requisite timeframes.

Should you wish to discuss any matters regarding your reporting unit'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', with a stylized flourish at the end.

Cynthia Lo-Booth
Statutory Services Branch

30 April 2008

Encl.

14 April 2008

Mr Kevin Donnellan
Statutory Services Branch
Australian Industrial Registry
Level 5
11 Exhibition Street
MELBOURNE VIC 3000

Dear Mr Donnellan

**Victorian Hospitals' Industrial Association – Annual Return for organisation
– AR 2008/240**

Further to your letter of 8 April 2008, I enclose herewith a copy of the Victorian Hospitals' Industrial Association Annual Return for 2007.

We apologise for the omission of this Report with the previous lodgement of the information in accordance with subsection 233 (1) of Schedule 1 of the Workplace Relations Act 1996.

Yours sincerely



Alec Djoneff
Chief Executive Officer

**VICTORIAN HOSPITALS INDUSTRIAL
ASSOCIATION**

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

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**VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION
OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2007**

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 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

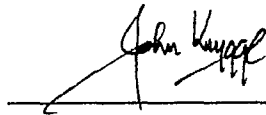
The persons who held office as members of the Committee of Management of the Association at the beginning of the financial year were:

POSITION	NAME
President	John Stanway
Deputy President	John Krygger
Board Member	(John Stanway)
Board Member	Christopher England
Board Member	John Richardson
Board Member	Gary Gray
Board Member	James Fletcher
Board Member	Gary Templeton
Board Member	Christine Fitzherbert
Board Member	Merlyn Pritchard
Board Member	Penny Newsome
Board Member	John Smith
Board Member	Chris Scott
Board Member	Graham Clay
Board Member	Jim Pasinis
Board Member	James Evans
Chief Executive Officer	Alexander Djoneff

Name: JOHN KRYGGER

Title: DEPUTY PRESIDENT

Signature:



Date: 16 November 2007

**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 (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 outstanding subscriptions within fourteen (14) days, to show cause why he/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.

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$	2006 \$
Revenue	2	4,150,918	4,030,762
Employee benefits expense		(1,748,910)	(1,971,003)
Depreciation and amortisation expenses		(119,278)	(121,414)
Finance costs	3	(40,360)	(24,771)
Other expenses		<u>(2,063,260)</u>	<u>(1,843,408)</u>
Profit from operations		<u>179,110</u>	<u>70,166</u>

The accompanying notes form part of these financial statements.

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

BALANCE SHEET

AS AT 30 JUNE 2007

	Note	2007 \$	2006 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	386,466	416,384
Trade and other receivables	7	1,173,353	815,962
Work in Progress	8	270,152	192,946
Other current assets	9	24,070	14,060
TOTAL CURRENT ASSETS		1,854,041	1,439,352
NON-CURRENT ASSETS			
Property, plant and equipment	10	922,293	966,364
TOTAL NON-CURRENT ASSETS		922,293	966,364
TOTAL ASSETS		2,776,334	2,405,716
CURRENT LIABILITIES			
Trade and other payables	11	820,608	609,653
Financial liabilities	12	83,734	86,061
Short-term provisions	13	161,273	129,344
Other	14	5,377	63,462
TOTAL CURRENT LIABILITIES		1,070,992	888,520
NON-CURRENT LIABILITIES			
Financial liabilities	12	218,669	146,507
Long-term provisions	13	48,457	176,396
TOTAL NON-CURRENT LIABILITIES		267,127	322,903
TOTAL LIABILITIES		1,338,119	1,211,423
NET ASSETS		1,438,215	1,194,293
EQUITY			
Reserves	15	432,500	367,688
Retained profits		1,005,715	826,605
TOTAL EQUITY		1,438,215	1,194,293

The accompanying notes form part of these financial statements.

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION
STATEMENT OF RECOGNISED INCOME AND EXPENSE
AS AT 30 JUNE 2007

	Retained Earnings	Asset revaluation reserve	Total
	\$	\$	\$
Balance at 1 July 2005	756,439	367,688	756,439
Profit attributable to equity shareholders	70,166		70,166
Revaluation of freehold land and buildings by Directors		-	367,688
Balance at 30 June 2006	<u>826,605</u>	<u>367,688</u>	<u>1,194,293</u>
Profit attributable to equity shareholders	179,110		179,110
Revaluation of freehold land and buildings by Directors		64,812	64,812
Balance at 30 June 2007	<u><u>1,005,715</u></u>	<u><u>432,500</u></u>	<u><u>1,438,215</u></u>

The accompanying notes form part of these financial statements.

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$	2006 \$
Cash flows from operating activities			
Receipts from members		3,707,783	3,949,766
Payments to suppliers and employees		(3,384,437)	(3,670,884)
Interest received		75,164	43,259
Borrowing costs		236,141	(24,771)
Net cash provided by operating activities	18	634,651	297,370
Cash flows from investing activities			
Payment for property, plant and equipment		(271,845)	(53,072)
Proceeds from sale of property, plant and equipment		135,500	-
Net cash used in investing activities		(136,345)	(53,072)
Cash flows from financing activities			
Proceeds from borrowings		(528,224)	(42,445)
Net cash used in financing activities		(528,224)	(42,445)
Net decrease in cash held		(29,918)	201,853
Cash at beginning of year		416,384	214,531
Cash at end of year	18	386,466	416,384

The accompanying notes form part of these financial statements.

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial report covers Victorian Hospitals Industrial Association as an individual entity. Victorian Hospitals Industrial Association is an association incorporated in Victoria under the Associations Incorporations Act 1981. The financial report of Victorian Hospitals Industrial Association as an individual entity complies with all Australian equivalents to International Financial Reporting Standards (IFRS) in their entirety.

The financial report of the company complies with all International Financial Reporting Standards (IFRS) 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

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

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

Accounting Policies

(a) Income Tax

Victorian Hospitals Industrials Association is an entity where it's income is exempt from income tax under section 50-15, Item 3.1(b) of the Income Tax Assessment Act (1997) (as Amended)

(b) Work in Progress

working progress are measured at the lower of cost and net realisable value.

(c) 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 are measured on the cost basis less depreciation and impairment losses.

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

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that 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 charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charges against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets are depreciated on a Diminishing Value basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

The depreciation rates and useful life in years used for each class of depreciable asset are:

Class of Fixed Asset:	
Buildings	2.5%
Plant and equipment	20%
Motor vehicles	15%
Computer equipment & Software	33.3%
Furniture and fittings	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

(d) Financial Assets

Recognition

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Fair value

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

Impairment

At each reporting date, the association assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(e) Impairment of assets

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

Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) 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.

(g) Provisions

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

(h) Cash and Cash Equivalents

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

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

(i) Revenue

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

Dividend revenue is recognised when the right to receive a dividend has been established.

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

Revenue from rental properties is recognised when the association has a right to receive the rent in accordance with the lease agreement.

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

(j) Goods and Services Tax (GST)

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

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

(k) Comparative Figures

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

Critical accounting estimates and adjustments

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

In the current year all accrued liability and asset accounts were reviewed and where applicable written off in the current year. The evaluation of the estimates has resulted in an increase in the current years profit figure.

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$	2006 \$
2. REVENUE			
Revenue			
Membership Fees		1,728,254	1,578,509
Consulancy Fees		655,712	885,156
Management Fees		694,412	686,442
Training Fees		595,116	400,009
Rental Revenue		65,889	62,444
Dividends Received		83,781	-
Interest received	2(a)	75,164	43,259
Other income		252,591	374,943
Total Revenue		4,150,918	4,030,762
(a) Interest received from:			
Other corporations		75,164	43,259
3. PROFIT BEFORE INCOME TAX			
Expenses:			
Finance costs:			
External		40,360	24,771
Total finance costs		40,360	24,771
Bad and doubtful debts		9,939	35,224
Net loss on disposal of non-current assets:			
Property, plant and equipment		17,339	1,385
4. KEY MANAGEMENT PERSONNEL COMPENSATION			
Short-term benefits		148,606	131,907
Total compensation		148,606	131,907
5. AUDITORS' REMUNERATION			
Auditing		11,896	6,681
Other services provided by related practices of the auditor		17,282	10,275
Due diligence services re potential acquisition		8,472	-
Specialist one off taxation services provided by related practice of auditor		18,619	-
		56,269	16,956

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$	2006 \$
6. CASH AND CASH EQUIVALENTS			
Petty cash imprest		9	1,175
Term Deposits		20,904	320,904
Cash at bank - NAB		216,619	26,067
Cash at bank - CBA		148,392	47,696
Cash at bank - Cash Maximiser		542	20,542
		386,466	416,384
7. TRADE AND OTHER RECEIVABLES			
CURRENT			
Trade receivables		406,165	611,799
Less provision for impairment of receivables		(10,000)	(10,000)
		396,165	601,799
<u>Other loans:</u>			
Loan - Health Financial Pty Ltd		342,924	7,438
Loan - Health Legal		317,650	171,691
Loan - Health Communications		116,614	-
Good and services tax		-	538
Other debtors			34,496
		1,173,353	815,962
8. WORK IN PROGRESS			
CURRENT			
At cost:			
Work in progress		270,152	192,947
		270,152	192,947
9. OTHER ASSETS			
CURRENT			
Prepaid expenses		24,070	14,060
		24,070	14,060
10. PROPERTY, PLANT AND EQUIPMENT			
Leasehold land		110,043	110,043
Less accumulated amortisation		(110,043)	(86,802)
		-	23,241
Building improvements		45,300	45,300
Less accumulated depreciation		(45,300)	(39,480)
		-	5,820

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007	2006
		\$	\$
Buildings		620,000	620,000
Less accumulated depreciation		(22,963)	(61,608)
		597,037	558,392
Total land and buildings		597,037	587,453
Plant and equipment		71,415	69,631
Less accumulated depreciation		(59,271)	(48,211)
		12,144	21,420
Furniture & Fittings		78,001	78,001
Less accumulated depreciation		(38,838)	(33,589)
		39,163	44,412
Computer equipment & Internet		58,455	58,455
Less accumulated depreciation		(52,461)	(47,003)
		5,994	11,452
Motor vehicles		305,783	361,513
Less accumulated depreciation		(67,686)	(97,844)
		238,097	263,669
Computer equipment & Software		194,718	178,121
Less accumulated depreciation		(169,288)	(144,457)
		25,430	33,664
Furniture and fittings		6,124	4,317
Less accumulated depreciation		(3,634)	(3,037)
		2,490	1,280
Mobile Phones		9,256	9,221
Less accumulated depreciation		(7,318)	(6,207)
		1,938	3,014
Total plant and equipment		325,256	378,911
Total property, plant and equipment		922,293	966,364

(a) Movement in carrying amounts

For disclosure on movement in carrying amounts please refer to note 19(a) in the end of this financial report.

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$	2006 \$
11. TRADE AND OTHER PAYABLES			
CURRENT			
Trade creditors		640,232	285,553
Accrued Expenses		100,868	-
Other creditors		2,372	4,553
Fringe Benefits liabilities		30,122	278,016
Payroll tax payable		29,417	769
Superannuation Liabilities		17,597	1,491
Pre-received income		-	19,782
Gordan Training Amort Account		-	19,489
		820,608	609,653
 12. FINANCIAL LIABILITIES			
CURRENT			
Hire purchase liability		83,734	83,734
Motor Vehicle liability		-	2,327
		83,734	86,061
 NON-CURRENT			
Hire purchase liability		218,669	146,507
 13. PROVISIONS			
			2007 \$
Employee entitlements:			
Opening balance at 1 July 2006			129,344
Provision for annual leave			31,929
Balance at 30 June 2007			161,273
			2007 \$
Provision for long service leave:			
Opening balance at 1 July 2006			176,395
Additional provisions raised			(127,938)
Balance at 30 June 2007			48,457

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$	2006 \$ Total 2007 \$
Total Provisions:			
Opening balance at 1 July 2006			305,739
Provision for annual leave			(96,009)
Balance at 30 June 2007			209,731

Analysis of Total Provisions

	2007 \$	2006 \$
Current	161,273	129,772
Non-current	48,458	176,396
	209,731	306,168

14. OTHER LIABILITIES

CURRENT

Income Holding Accounts		62,096
NAB Mastercard	5,377	1,366
	5,377	63,462

15. RESERVES

Asset Revaluation Reserve

The asset revaluation reserve records revaluations of non-current assets. Under certain circumstances dividends can be declared from this reserve.

16. FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The association's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and loans from related parties, bills and leases.

The main purpose of non-derivative instruments is to raise finance for association operations.

The association does not have any derivative instruments at period end.

(i) Treasury Risk Management

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

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007	2006
		\$	\$
(ii) Financial Risk			
The main risks the association is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.			

Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt.

Foreign currency risk

The association is not exposed to fluctuations in foreign currencies.

Liquidity risk

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

Credit risk

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

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

Price risk

The association is not exposed to any material commodity price risk.

(b) Interest Rate Risk

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

	Weighted Average Effective Interest	
	%	%
Financial Assets		
Financial Assets	5.87	5.10
Financial Assets		
Financial Assets	20,904	320,904
Total Financial Assets	<u>20,904</u>	<u>320,904</u>

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007	2006
		\$	\$
		Non Interest Bearing	
Financial Assets			
Financial Assets		365,562	95,480
Total Financial Assets		365,562	95,480
Total			
Financial Assets			
Financial Assets		20,904	320,904
Financial Assets		365,562	95,480
Total Financial Assets		386,466	416,384

17. ASSOCIATION DETAILS

The registered office of the association is:
 Victorian Hospitals Industrial Association
 Level 1 499 St Kilda Road
 Melbourne VIC 3004

18. CASH FLOW INFORMATION

(a) Reconciliation of Cash

Cash at the end of financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:

Cash	9	1,175	
Cash at Bank	365,553	94,305	
Term deposit	20,904	320,904	
	386,466	416,384	

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$	2006 \$
(b) Reconciliation of cash flow from operations with profit from operations			
Profit from ordinary activities after income tax		179,110	70,166
Non-cash flows in profit from ordinary activities:			
Amortisation			5,493
Depreciation		119,278	115,921
Net loss on disposal of PPE		17,339	-
Other non cash items		22,400	-
Changes in Assets & Liabilities:			
(increase)/decrease in receivables		205,634	(204,266)
Decrease in other assets		48,641	22,156
(increase)/Decrease in inventories		(77,206)	79,340
Increase/(Decrease) in payables		115,134	175,580
Increase/(Decrease) in provisions		(96,009)	32,980
Increase/(Decrease) in Accrued expenses		100,868	-
(Increase)/Decrease in GST Refundable		(538)	-
		<hr/>	<hr/>
Net cash provided by operating activities		634,651	297,370
		<hr/> <hr/>	<hr/> <hr/>

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2007

19. (a) MOVEMENT IN CARRYING AMOUNTS

Movements in carrying amounts for each class of property, plant and equipment.

	Leasehold land \$	Building improvements \$	Buildings \$	Plant and equipment \$	Motor vehicles \$	Computer equipment & Software \$	Furniture and fittings \$
Balance at 1 July 2005	36,789	5,820	563,410	73,922	303,164	52,358	2,117
Additions	-	-	-	20,298	71,357	4,636	-
Disposals	-	-	-	-	(51,587)	-	-
Depreciation Expense	(13,548)	-	(5,018)	(13,923)	(59,265)	(23,330)	(837)
Balance at the beginning of year	23,241	5,820	558,392	80,297	263,669	33,664	1,280
Additions	-	-	42,412	1,819	256,094	16,445	1,807
Disposals	-	-	-	-	(243,371)	-	-
Depreciation Expense	(23,241)	(5,820)	(3,767)	(22,879)	(38,143)	(24,829)	(597)
Carrying amount at 30 June 2007	-	-	597,037	59,237	238,249	25,280	2,490

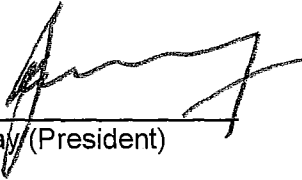
VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

STATEMENT BY MEMBERS OF THE COMMITTEE

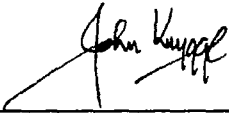
In the opinion of the Committee, the Financial Report as set out on pages

1. Presents a true and fair view of the financial position of VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION – as at 30 June 2007 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 Association 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 16th day of November 2007

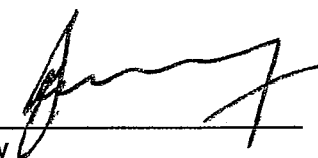
VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

CERTIFICATE BY MEMBERS OF THE COMMITTEE

I, John Stanway and I, John Krygger certify that:

- (a) We are members of the committee of the association.
- (b) We attended the annual general meeting of the association.
- (c) We are authorised by the attached resolution of the committee to sign this certificate.
- (d) The annual statement was submitted to the members of the association at its annual general meeting.

Committee Member



John Stanway

Committee Member



John Krygger

Dated this __ 16th day of November 2007

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF
VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION**

Report on the Financial Report

We have audited the accompanying financial report of Victorian Hospitals Industrial Association (the association) as set out on pages 2 to 24.

Committee's Responsibility for the Financial Report

The committee of the association is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Associations Incorporations Act 1981 in Victoria. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free of material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluation the overall presentation of the financial report

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF
VICTORIAN HOSPITALS INDUSTRIAL ASSOCIATION**

Audit 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.

Sothertons LLP
Chartered Accountants
Level 6 468 St Kilda Road
MELBOURNE, VIC, 3004



David Lissauer

Dated this 4th day of December 2007