FairWork Commission

28 October 2013

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

Dear Mr Stanway,

Victorian Hospitals' Industrial Association
Financial Report for the year ended 30 June 2012 - [FR2012/430]

I acknowledge receipt of the financial report of the Victorian Hospitals' Industrial Association (the reporting unit). The documents were lodged with Fair Work Australia on 25 October 2012.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

This financial report was filed based on a preliminary review. Please note that the reporting unit financial report for the year ending 30 June 2013 may be subject to a full compliance audit.

I make the following comments to assist you when you next prepare a financial report.

Notes to the financial statements

I note item 1 of the notes to the financial statements refers to the Fair Work (Registered Organisations) Act 2010 however this should be 2009.

Income statement

The statement of comprehensive income makes reference to 'Employee benefits expense ($2,330,828), 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 the Act requires a reporting unit to provide information that is specified in the General Manager'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:

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

This was highlighted in correspondence to the Association regarding the 2011 financial report. If, for example, office holders do not receive employee benefits then this should be stated as nil. The Association is required to provide an appropriate dissection of items of expenditure as required by the Reporting Guidelines for future reports.

Operating report

The Operating Report contains the resignation rule (Termination of Membership) of the Association's rules with the addition of sub rule 8(i) which does not appear in the Association's rules. This was also highlighted in correspondence to the Association regarding the 2011 financial report. Future reports should reflect the rule as it appears in the Association's rulebook.

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Melbourne VIC 3000
GPO Box 1994
Melbourne VIC 3001
Email : orgs@fwc.gov.au
Internet : www.fwc.gov.au

Changes to the legislation and reporting guidelines

I note with the change of legislation, references to Fair Work Australia will need to be updated to the Fair Work Commission.

Additionally, a third edition to the General Manager's s.253 reporting guidelines was gazetted on 26 June 2013. These guidelines will apply to all financial reports that end on or after 30 June 2013. Fair Work Commission has also developed a model set of financial statement for the 2012-2013 financial year. There is no requirement to use this model but it may be a useful resource to ensure compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 reporting guidelines and the Australian Accounting Standards.

The guidelines and model financial statements are available on the website here:
http://www.fwc.gov.au/index.cfm?pagename=regorgsfrguidelines#finance

As stated previously, this financial report was filed based on a preliminary review. The financial report for the year ending 30 June 2013 may be subject to a full compliance audit.

If you have any queries regarding this letter, please contact me on (03) 8661 7942 or via email at melissa.garcia@fwc.gov.au.

Yours sincerely

Melissa Garcia
Adviser
Regulatory Compliance Branch

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19 October 2012

Mr Iain Stewart
Team Manager
Tribunal Services and Organisations
Fair Work Australia
Level 5
11 Exhibition Street
MELBOURNE VIC 3000

Dear Mr Stewart

Victorian Hospital's Industrial Association – Financial Report 30 June 2012

Enclosed please find the Association's Audited Financial Report for the year ended 30 June 2012, together with the required Certificate of Authorised Officer.

Should you have any queries, please do not hesitate to contact me on 9861 4000.

Yours sincerely

Alec Djoneff
Chief Executive Officer

VHIA

CERTIFICATE OF AUTHORISED OFFICER FOR 2011-2012

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 section 268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members on Friday, 28 September 2012; and
- that the full report was presented to the Annual General Meeting of members of the reporting unit on Friday, 19 October 2012 in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009*.

Signed: ....

John Stanway
President

Date: 19/10/12

VHIA

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2012

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

CONTENTS

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
Revenue	2	4,693,655	4,445,162
Employee benefits expense to employees		(2,330,828)	(2,139,789)
Depreciation and amortisation expenses	18	(81,532)	(99,709)
Finance costs	3	(2,191)	(2,849)
Other expenses	3	(1,961,661)	(1,800,703)
Comprehensive Result – Surplus/(Deficit)		**317,443**	**402,112**
Net Result attributable to members of the Association		**317,443**	**402,112**

The accompanying notes form part of these financial statements.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	Note	2012 $	2011 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,597,560	1,311,617
Trade receivables	6	412,944	259,641
Other receivables	6	7,813	2,579
Work in progress	7	-	-
Other current assets	8	21,883	40,055
TOTAL CURRENT ASSETS		2,040,200	1,613,892
NON-CURRENT ASSETS			
Investment property at fair value	9	812,000	700,000
Investments in associated entities	15	235,987	144,780
Property, plant and equipment	10	181,684	242,209
TOTAL NON-CURRENT ASSETS		1,229,671	1,086,989
TOTAL ASSETS		3,269,871	2,700,881
CURRENT LIABILITIES			
Trade and other payables	11	1,206,254	1,052,671
Provisions	12	564,528	469,844
TOTAL CURRENT LIABILITIES		1,770,782	1,522,515
NON-CURRENT LIABILITIES			
Provisions	12	11,224	7,944
TOTAL NON-CURRENT LIABILITIES		11,224	7,944
TOTAL LIABILITIES		1,782,006	1,530,459
NET ASSETS		**1,487,865**	**1,170,422**
EQUITY			
Accumulated surplus		1,487,865	1,170,422
TOTAL EQUITY		**1,487,865**	**1,170,422**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2012

	Retained Earnings	Total
	$	$
Balance at 1 July 2010	768,310	768,310
Comprehensive result for 2010-11	402,112	402,112
Balance at 30 JUNE 2011	1,170,422	1,170,422
Comprehensive result for 2011-12	317,443	317,443
Balance at 30 JUNE 2012	1,487,865	1,487,865

The accompanying notes form part of these financial statements.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
Cash flows from operating activities			
Receipts from members		4,391,499	4,291,220
Payments to suppliers and employees		(4,044,709)	(3,260,586)
Dividends received		10,500	42,000
Interest received		81,481	59,489
Net cash (used in)/provided by operating activities	**17(b)**	438,771	1,132,123
Cash flows from investing activities			
Payments for property, plant and equipment		(47,185)	(55,815)
Investment property		(131,821)	(14,100)
Proceeds from sales of motor vehicles		26,178	581
Net cash generated from (used in) investing activities		(152,828)	(69,334)
Cash flows from financing activities			
Proceeds/(Payments) from borrowings		-	34,638
Net cash used in financing activities		-	34,638
Net Increase/(decrease) in cash held		285,943	1,097,427
Cash at the beginning of the year		1,311,617	214,190
Cash at the end of the year	**17(a)**	1,597,560	1,311,617

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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 Fair Work (Registered Organisations) Act 2010.

This financial report covers Victorian Hospitals' Industrial Association as an individual entity. Victorian Hospitals' Industrial Association is an Association incorporated under The Fair Work (Registered Organisations) Act 2010.

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

Basis of Preparation

Reporting Basis and Conventions

The financial report has been prepared on an accrual basis using historical costs modified by the evaluation 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 whose 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

Work in progress is measured at fair value based on time charged in relation to contracted prices for work undertaken.

(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 Board of Management's Finance Committee to ensure it is not in excess of the recoverable amount from these assets.

Costs of construction and/or installation are included in a non-current 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.

Assets valued at less than $1500 are expensed at the time of purchase.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, Plant and Equipment (continued)

All other costs of work done on a non-current asset are treated as repairs and maintenance or other specific operating costs which are included in the operating statement for the reporting period in which they are incurred.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to the revaluation reserve in equity. Decreases that offset previous increases for the same asset are charged directly against the revaluation reserve in equity; all other decreases are charged to the operating statement.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset:	*Depreciable Rate*
Leasehold improvements	20%
Plant and equipment	20%
Motor vehicles	20%-25%
Computer equipment and mobile phones	50%
Furniture and fittings	20%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance 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 and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to retained earnings.

(d) Financial Assets

Recognition

Financial instruments are initially measured at cost on the trade date, which includes transaction 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. Receivables are stated at fair value and loans are measured at amortised cost using the effective interest rate method.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial Assets (continued)

Financial liabilities

Non-derivative financial liabilities for loans are recognised at amortised cost, comprising original debt less principal payments and amortisation up to the reporting date. Financial liabilities for trade and other payables are measured at fair value, which is usually the contracted amount of the debt.

Derivative instruments

The Association's policy is not to acquire or dispose of any derivative financial instruments.

Fair value

Fair value is determined based on contracted prices for receivables, payables and loans. At the reporting date, unlisted equity investments were valued at fair value, in the light of the minority nature of the holdings.

Impairment

At each reporting date, the Association assesses whether there is objective evidence that a financial instrument has been impaired. In the case of accounts receivable and loans the prospects of on-time collection are evaluated and an allowance is made for impairment if required. Impairment losses are recognised in the operating statement.

(e) Impairment of assets

At each reporting date, the Association reviews the carrying values of its 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 reliably from market data, 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 up to the reporting 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.

(g) 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 up to three months. The bank overdraft is shown within financial liabilities and in current liabilities on the balance sheet.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Revenue

Membership revenue is recognised over the membership year to which it relates. Membership received in advance is recognised as deferred income as a current liability.

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 confirmed.

Revenue from the rendering of a service is recognised upon the delivery of the service to the member or other recipient.

Revenue from the Association's rental property is recognised when the Association has a right to receive the rent in accordance with the lease agreement.

All revenue is stated net of Goods and Services Tax ('GST').

(i) Goods and Services Tax (GST)

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

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

(j) Going Concern Assumption

The carrying amounts of the Association's assets and liabilities in this financial report are based on the continuing operation of the Association in accordance with its Rules. The Board has chosen to adopt the going concern assumption to underpin the carrying amounts in this report on the basis of strong net cash inflows from operations, positive budgeted results for and major strengthening of previous accounting systems and financial management skills available.

(k) Critical accounting estimates and adjustments

Board members evaluate estimates and judgements incorporated into the financial report based on historical knowledge, experience and the best available current information. Estimates rely on expert advice, assume reasonable forecasts of future events and are based on current trends and economic data, obtained both externally and within the Association.

(l) Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.
Borrowing costs include interest on bank overdrafts.

(m) Comparative Figures

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Investment in Associates

At the reporting date, the Association held shares in associated entities. Where the Board has determined that the shareholdings constitutes significant influence in any of the entities the investments in associates are accounted for in the financial statements by applying the equity method of accounting, where by the investment is initially recorded at the cost of acquisition and is adjusted in thereafter for post acquisition changes in VHIA's share of the net assets of the associate entity. VHIA's share of the financial result of the entity is recognised in the Income Statement. Where the Board has determined that the shareholdings do not constitute significant influence in any of the entities (as the Board considers that they do not have the power to participate in the financial and operating policy decisions of the investees) the shares are valued at cost at the date of allotment to the Association. Details of the interest in the associated entities are shown in Note 15.

(o) Investment Properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are measured at fair value, which is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset at the reporting date. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Investment properties are de-recognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

(p) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future periods and which the Association has decided not to early adopt. A discussion of those future requirements and their impact on the Association is as follows:

• *AASB 9: Financial Instruments and AASB 2010-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 136,139, 1023 & 1038 AND Interpretations 10 & 12) (applicable for annual reporting periods commencing on or after 1 January 2013)*

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Association has not yet determined any potential impact on the financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) New Accounting Standards for Application in Future Periods (continued)

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value
- simplifying the requirements for embedded derivatives
- removing the tainting rules associated with held-to-maturity assets
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based.

• *AASB 2010-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2010) and AASB 2010-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2011)*

These Standards detail numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Association.

• *AASB 2010-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 &1062 (applicable for annual reporting periods commencing on or after 1 January 2011)*

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Association.

• *AASB 2010-13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2011)*

This Standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This Standard is not expected to impact the Association.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) New Accounting Standards for Application in Future Periods (continued)

AASB Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments" (applicable for annual reporting periods commencing from 1 July 2011).

Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Association.

The Association does not anticipate early adoption of any of the above Australian Accounting Standards.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

		Note	2012 $	2011 $
2.	**REVENUE**			
	Membership fees		2,728,660	2,660,832
	Consultancy fees		1,006,573	839,470
	Management Services' fees		-	6,750
	Training fees		627,049	606,854
	Rental revenue		82,576	75,090
	Recovery of costs incurred on behalf of others		27,111	56,040
	Dividends received		10,500	42,000
	Interest received		81,481	62,068
	Change in fair value of investment property		(33,921)	(88,000)
	Share of retained profits in associate accounted for by the equity method		91,207	144,742
	Other income		72,419	39,316
	Total Revenue		4,693,655	4,445,162

3. OPERATING SURPLUS/DEFICIT

	Note	2012 $	2011 $
External Finance costs:		2,191	2,849
		2,191	2,849
Bad and doubtful debts		(1,576)	737
Net Profit/(Loss) - disposal non-current assets:			
Property, plant and equipment		2,088	(8,511)
Audit fees	4	25,040	22,200
Payroll tax		88,039	91,594
Legal fees		8,110	6,475
Equipment leasing		22,036	24,877
Motor vehicle expenses		32,150	34,263
Marketing and promotion		38,337	23,162
Repairs and maintenance		11,480	23,069
Consultants		872,330	809,893
Rent		203,827	194,521
Cleaning		35,068	35,269
Catering		20,942	21,869
Printing and stationary		59,064	68,668
Electricity		20,117	18,864
Travel		108,458	93,364
Investment property expenses		16,504	14,648
Agency staff		58,331	28,809
Telephone		53,446	55,000
Other		287,870	241,932
		1,961,661	1,800,703

	Note	2012 $	2011 $

4. AUDITOR'S REMUNERATION

Auditing – 2010/11			22,200
Auditing – 2011/12		25,040	
		25,040	22,200

5. CASH AND CASH EQUIVALENTS

Petty cash		11	11
Cash at bank - National Australia Bank Ltd		8,764	4,839
Cash at bank - Commonwealth Bank of Australia Ltd		231,675	364,053
Mastercard - Commonwealth Bank of Australia Ltd		9,969	-
Term Deposit - Commonwealth Bank of Australia Ltd		103,000	
OnLine Saver - Commonwealth Bank of Australia Ltd		1,244,141	942,714
		1,597,560	1,311,617

6. TRADE AND OTHER RECEIVABLES

Current			
Trade receivables		424,558	272,831
Less provision for doubtful debts		(11,614)	(13,190)
		412,944	259,641
Other accounts receivable			
Insurance Recoverable		4785	-
Interest receivable		3,028	2,579
		7,813	2,579

7. WORK IN PROGRESS

Current			
Work in progress – at fair value		-	-

8. OTHER ASSETS

Current			
Prepaid expenses		21,883	25,955
Deposit for 3 carparks at 150 Albert Rd, South Melbourne		-	14,100
		21,883	40,055

9. INVESTMENT PROPERTY

Non Current			
150 Albert Road, South Melbourne			
Opening balance		700,000	788,000
Additions		145,921	-
Change in value		(33,921)	(88,000)
Closing Balance		812,000	700,000

Investment property is carried at fair value, which has been determined based on the external valuation March 2011.

	Note	2012 $	2011 $
10. PROPERTY, PLANT AND EQUIPMENT			
Non Current			
Leasehold Improvements		103,168	103,168
Less accumulated amortisation		(61,463)	(43,588)
		41,705	59,580
Total leasehold improvements		41,705	59,580
Plant and equipment		21,500	21,500
Less accumulated depreciation		(12,809)	(9,084)
		8,691	12,416
Furniture and Fittings		43,801	43,801
Less accumulated depreciation		(25,585)	(17,779)
		18,216	26,022
Motor vehicles		203,172	206,247
Less accumulated depreciation		(90,166)	(65,955)
		113,006	140,292
Computer equipment and software		10,976	30,579
Less accumulated depreciation		(10,910)	(26,680)
		66	3,899
Total plant and equipment		139,979	182,629
Total property, plant and equipment		181,684	242,209

Movements in carrying amounts:

For disclosure of the movements in these carrying amounts please refer to Note 18 later in this financial report.

	Note	2012 $	2011 $
11. TRADE AND OTHER PAYABLES			
Current			
Trade creditors		173,342	106,779
Accrued expenses		29,435	28,172
Fringe benefits liabilities		11,746	12,509
Rent concession		46,305	66,885
Income invoiced in advance		85,997	3,418
Members' fees received in advance		859,429	834,908
		1,206,254	1,052,671

12. PROVISIONS

	2012 $	2011 $
Employee entitlements:		
Current (i)		
Annual leave	309,399	238,838
Long service leave	255,129	231,006
	564,528	469,844
Non-current (ii)		
Long service leave	11,224	7,944
	575,752	477,788

(i) Current
All annual leave and, long service leave entitlements, representing seven (7) or more years of continuous service.

12. PROVISIONS (CONTINUED)

	Note	2012 $	2011 $
Provision for annual leave:			
Balance at the beginning of the year		238,838	247,764
Change in provision for the current year		70,561	(8,926)
Balance at the end of the year		309,399	238,838
Provision for long service leave:			
Balance at the beginning of the year		238,950	215,498
Movement in provision raised for the current year		27,403	23,452
Balance at the end of the year		266,353	238,950

13. OPERATING LEASES

Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments:		
- not later than 12 months	258,753	249,935
- between 12 months and 5 years	313,111	571,864
- greater than 5 years		-
	571,864	821,799

The property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased by the lower of CPI or 4% per annum. An option exists to renew the lease at the end of the five-year term for an additional term of five years.

Ricoh Pty Ltd holds a charge over the assets of the Association for the finance lease on the photocopier.

Telstra holds a charge over the phone system.

14. FINANCIAL INSTRUMENTS

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, for each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to these financial statements.

(b) Categories of the Association's Financial Instruments

The Association's financial instruments comprise non-derivative deposits and advances from banks, local money market instruments, short-term investments, accounts receivable and payable, secured and unsecured loans to related parties and hire purchase and lease liabilities.
The main purpose of the Association's financial instruments is to fund its operating activities and to fund new initiatives within the Association's Rules.
The Association did not hold or utilise any derivative financial instruments during the reporting period or at the end of that period.

Financial assets	Note(s)	Category	Carrying Amount 2012	Carrying Amount 2011
Cash and cash equivalents	5 and 17	Cash	1,597,560	1,311,617
Accounts receivable - measured at fair value	6	Loans and receivables	412,944	259,641
Loans - measured at fair value	6	Loans and receivables	-	-
Sundry receivable	6	Loans and receivables	7,813	2,579
Equity investments in unlisted securities - at cost	15	Equity investments	235,987	144,780
Financial liabilities				
Accounts payable - measured at fair value	11	Financial liabilities	1,206,254	1,042,499

14. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Risks Arising from the Association's Financial Assets and Liabilities

(i) Credit Risk

Credit risk arises during the Association's operating cycle from providing credit to members and associated entities for voluntary membership, contracted consulting fees and training fees and recovery of costs of co-location with associated entities based on service agreements. These transactions are conducted on credit and invoices are due for payment at no more than thirty-day intervals. Risks arise where member organisations may not renew their membership, cancel their attendance at training courses, cannot be located or where members merge or experience financial distress. The Association considers, based on past experience and a reasonably close connection with its members' senior personnel in many cases, that this risk is low but an allowance is made for impaired collection where required. The criteria for assessing the allowance are known collection issues with long overdue receivables, capacity to negotiate for payment and the Association's ability to continue to contact the debtor. Any bad debts written off are reviewed and approved by the Association's Finance Committee. Any disputed debts are negotiated and expensed if no other option remains. In very rare cases, services may be withheld until a long overdue debt is paid.

The Association actively manages credit risk by regularly reviewing its aged debtors' balances and monitoring the timeliness of loan account principal and interest payments. Credit risk is measured by applying an overall assessment of the collectability of debts outstanding for more than sixty days plus any amounts that are known to be uncollectible.

The amount that best represents the Association's maximum exposure to credit risk at the reporting date without taking account of any collateral held or other credit enhancements, 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.

All short-term cash investments are made with a major local bank, which offers AAA-rated deposits at call and for fixed periods at market interest rates.

14. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Risks Arising from the Association's Financial Assets and Liabilities

(i) Credit Risk (Continued)

The following table shows an analysis of the loans and receivables that are either past due or impaired.

2012

Financial Assets	Carrying Amount	Not Past Due and Not Impaired	Past Due But Not Impaired				Impaired Financial Assets
			Less than one month	*1-3 Months*	*3 Months to One Year*	*1-5 Years*	
Receivables	432,371	318,732	19,979	12,225	69,821	-	11,614
	432,371	318,732	19,979	12,225	69,821	-	11,614

2011

Financial Assets	Carrying Amount	Not Past Due and Not Impaired	Past Due But Not Impaired				Impaired Financial Assets
			Less than one month	*1-5 Months*	*3 Months to One Year*	*1-5 Years*	
Receivables	275,410	225,672	16,900	4,358	15,290	-	13,190
	275,410	225,672	16,900	4,358	15,290	-	13,190

The Association does not consider it necessary to hold collateral or other credit enhancements as security for the receivables amount above.

14. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Risks Arising from the Association's Financial Assets and Liabilities

(ii) Liquidity Risk

The Association views liquidity risk as factors that may adversely affect its ability to fund its payment obligations over successive operating cycles and obtain an optimal return on funds not required immediately. A corollary of this view is that the Association will manage liquidity risk so as to pay its debts as and when they fall due.

The principal liquidity risk arises from the heavily skewed cash inflows from members' fees almost all of which occur in the first quarter of the financial year. This position offers both opportunities and risks, which are managed in accordance with relevant budgets and cash flow forecasts. Other fee revenue, rents and cost recoveries occur more evenly and provide a significant level of current cash inflow throughout the year. At the reporting date, the maximum liquidity risk is the total of the carrying amounts of the liabilities shown in the balance sheet.

The policies and processes used to achieve the above objectives and manage liquidity risk include monthly budgeting and cash flow forecasting, maintaining unused borrowing facilities in case of need and setting a base level of cash to be available at all times to meet payments to employees, suppliers and statutory authorities or their agents. In addition, cash that is not required immediately is invested in interest-bearing bank deposits with an appropriate maturity profile in terms of the forecast cash requirements. The Association maintains an investment policy that sets an acceptable risk profile and mandates a narrow class of low risk investments with a maturity profile that meets the Association's needs.

14. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Risks Arising from the Association's Financial Assets and Liabilities

(ii) Liquidity Risk (Continued)

The following table sets out the interest rate and maturity profile of the Association's financial assets and liabilities

2012

Financial Assets			Interest Rate Exposure		
	Weighted Average Effective Interest Rate (%)	*Carrying Amount*	*Fixed Interest Rate*	*Floating Interest Rate*	*Non-Interest Bearing*
Cash at bank	3.6%	1,597,560	103,000	1,494,560	-
Receivables	NIL	420,757	-	-	-
		2,018,317	103,000	1,494,560	-

Note: There are no financial assets that have had their terms renegotiated so as to prevent them from falling due or being impaired.

2011

Financial Assets			Interest Rate Exposure		
	Weighted Average Effective Interest Rate (%)	*Carrying Amount*	*Fixed Interest Rate*	*Floating Interest Rate*	*Non-Interest Bearing*
Cash at bank	3.80%	1,311,617	-	1,311,617	
Receivables	Nil	262,220	-	-	262,220
		1,573,837	-	1,311,617	262,220

14. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Risks Arising from the Association's Financial Assets and Liabilities

(iii) Market Risk

Market risk is the risk that future cash flows from our financial instruments or their fair values will fluctuate as a result of changes in market prices, especially interest rates. The Association is exposed to market risk through interest rates being the price of funds it invests or the cost of funds it borrows. The Association is not exposed to other market risks arising from foreign currency, publicly traded securities, hedging, derivatives or speculative transactions.

The Association works to limit its interest rate risk by investing selectively and only borrowing from large, mainstream institutions providing loans that meet the Association's needs specifically. The interest-bearing loans in financial assets and borrowings from banks and non-bank financial institutions are the subject of fixed interest rate agreements where the applicable rates are set to achieve an effective return over the period of the loan based on present interest rate expectations, inflation forecasts and predicted performance of the securities and money markets. A detailed business case is required before an investment is made in an unlisted security or an asset where selling opportunities are limited by a market that is narrow or shallow. Comprehensive criteria are applied in evaluating this type of investment. The following sensitivity analysis shows that two interest rate changes that are considered to be reasonably possible in the next financial year will have a limited impact on the Association's operating results and net assets.

14. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Risks Arising from the Association's Financial Assets and Liabilities

(iv) Market Risk (Continued)

Sensitivity Analysis – Interest Rate Exposure

2012				If Interest Rates were to Fall by 1%		2%	
	Current Rate at Reporting Date	*Carrying Amount*	*Approximate Current Return*	*Annual Return*	*Possible Effect on the Operating Statement*	*Annual Return*	*Possible Effect on the Operating Statement*
Cash at bank	3.6%	1,597,560	57,512	41,536	(15,976)	25,561	(31,951)
Receivables	NIL	420,757	-	-	-	-	-
		2,018,317	57,512	41,536	(15,976)	25,561	(31,951)

2011				If Interest Rates were to Fall by 1%		2%	
	Current Rate at Reporting Date	*Carrying Amount*	*Approximate Current Return*	*Annual Return*	*Possible Effect on the Operating Statement*	*Annual Return*	*Possible Effect on the Operating Statement*
Cash at bank	3.8%	1,311,617	49,841	36,725	(13,116)	23,609	(26,232)
Receivables	Nil	262,220	-	-	-	-	-
		1,573,837	49,841	36,725	(13,116)	23,609	(26,232)

	Note	2012	2011

15. INVESTMENTS IN ASSOCIATED ENTITIES

Non-Current

(i) Shares at Cost

At the reporting date the shareholdings in Health Financial Pty Ltd and Workplace Legal Pty Ltd are valued at cost at the date of allotment to the Association. The shares in Health Legal Pty Ltd were valued at cost in the 2011 financial year. Refer Note 1(n).

	2012	2011
Health Financial Pty Ltd - 35% of the issued ordinary shares	1	1
Workplace Legal Pty Ltd - 50% of the issued ordinary shares	2	2
Health Legal Pty Ltd	-	-
	3	3

The Board has determined that the shareholdings in Health Financial Pty Ltd and Workplace Legal Pty Ltd do not constitute significant influence as the Board considers that they do not have the power to participate in the financial and operating policy decisions of the investees.

(ii) Investment in Health Legal Pty Ltd

At the reporting date, the Association held shares in health Legal Pty Ltd. In the current financial year the investment is accounted for in the financial statements by applying the equity method of accounting. Refer Note 1 (n).

	2012	2011
Health Legal Pty Ltd - 35% net assets	235,984	144,777

(iii) Movement in carrying amount of investments

	2012	2011
Opening Balance	144,780	38
Association's 35% share of retained profits in Health Legal Pty Ltd recognised in the Income Statement	91,207	144,742
Closing Balance	235,987	144,780

	Note	2012 $	2011 $

16. CONTINGENT LIABILITIES - Secured

	2012 $	2011 $
312 Kings Way, South Melbourne	103,000	103,000

On 22 April 2010 the Commonwealth Bank of Australia provided a bank overdraft facility to the Association. The facility is secured by a registered first mortgage over the Association's property at 150 Albert Road, South Melbourne.

	2012 $	2011 $
The total amount of the facility is :	-	235,000
At the reporting date, the actual liability under the facility was	-	-
Unused amount of the facility at the reporting date	-	235,000

17. 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:

	2012 $	2011 $
Cash on hand	11	11
Cash at bank	1,597,549	1,311,606
	1,597,560	1,311,617

(b) Reconciliation of the cash flow from operations with the deficit from operations

	2012 $	2011 $
Surplus/(Deficit) from comprehensive result	317,443	402,112
Non-cash items in the surplus from comprehensive result:		
Depreciation and amortisation	81,532	99,709
Loss/(gain) on revaluation of investment property	33,921	88,000
Loss/(gain) on investments	(91,207)	(144,742)
Changes in Assets and Liabilities:		
(Increase)/Decrease in receivables	(158,537)	(3,584)
(Increase)/Decrease in other assets	4,072	4,471
(Increase)/Decrease in work in progress inventory	-	4,360
Increase/(Decrease) in payables	153,583	667,271
Increase/(Decrease) in provisions	97,964	14,526
Net cash (used in)/provided by operating activities	438,771	1,132,123

18. MOVEMENT IN CARRYING AMOUNTS

Movements in carrying amounts for each class of property, plant and equipment are set out below for the years ended 2011 and 2012.

	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Computer equipment $	Furniture and fittings $	Total $
Carrying amount at 30 June 2011	85,114	17,738	135,858	3,899	26,022	242,209
Additions	-	-	54,231	1,584	-	55,815
Disposals	-	-	(581)	-	-	(581)
Depreciation expense	(25,534)	(5,322)	(49,216)	(8,485)	(11,152)	(99,709)
Carrying amount at the beginning of the year	59,580	12,416	140,292	3,899	26,022	242,209
Additions	-	-	47,185	-	-	47,185
Disposals	-	-	(26,178)	-	-	(26,178)
Depreciation expense	(17,874)	(3,725)	(48,294)	(3,833)	(7,806)	(81,532)
Carrying amount at 30 June 2012	41,706	8,691	113,005	66	18,216	181,684

Members' access to financial records – Information to be provided to members or Registrar

Section 272 of Part 3 of Chapter 8 of Division 7 to the Fair Work (Registered Organisations) Act 2009 provides that:

(1) A member of a reporting unit, or 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) The reporting unit must comply with an application made under subsection (1).

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

COMMITTEE OF MANAGEMENT STATEMENT

On the 7 September 2012, the Executive Committee of the Victorian Hospitals's Industrial Association being the Committee of Management of the organisation, adopted the following resolution in relation to the general purpose financial report for the Association for the financial year ended 30 June 2012.

(1) The Executive Committee, having been advised accordingly by the executive director in a letter dated 31 August 2012, declares in relation to the general purpose financial report 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 General Manager, Fair Work Australia;

(c) the financial statements and notes give a true and fair view of the financial performance, financial position, and cash flows of the reporting unit for the financial year to which they relate;

(d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;

(e) during the financial year to which the general purpose financial report relates and since the end of that year;

(i) meetings of the committee of management were held in accordance with the rules of the organisation; and

(ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation; and

(iii) the financial records of the reporting unit have been managed in accordance with the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009; and

(iv) the organisation has consisted of a single report unit; and

(v) the information sought in any request of a member of the reporting unit or the General Manager of Fair Work Australia made under Section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or the General Manager of Fair Work Australia; and

(vi) there has been compliance with any order for inspection of financial records made by Fair Work Australia under Section 273 of the Fair Work (Registered Organisations) Act 2009

(f) the organisation has not undertaken any recovery of wages activity.

DESIGNATED OFFICER: JOHN STANWAY
TITLE OF OFFICE: President

SIGNATURE: ....

DATE: 27/9/12

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2012

Principal Activities

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

- to represent public health sector employers in industry enterprise bargaining negotiations with relevant health industry union;
- to provide industrial advice to members in diverse industrial disputes and represent such members in proceedings in Fair Work Australia;
- 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 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 Association's Financial Affairs

No matters or circumstances arose during the reporting year which would significantly affect the financial affairs of the Association except as set out in the accompanying general purpose financial report.

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 131.

Number of Employees

The number of persons wno were at the end of the financial year, employees of the Association was 17, measured on a full-time equivalent basis.

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2012

MEMBERS OF THE COMMITTEE OF MANAGEMENT ('THE BOARD')

The persons who held office as members of the Board of the Association during the financial year were:

POSITION	NAME	PERIOD (IF NOT FULL YEAR)
President	John Stanway	
Deputy President	Chris Scott	
Board Member	Glenis Beaumont	1/711 – 21/10/11
Board Member	Veronica Jamison	21/1/10 – 30/6/12
Board Member	Ann Clark	
Board Member	Chris Doidge	
Board Member	Christine Fitzherbert	
Board Member	Fiona Prestedge	1/7/11 – 21/10/11
Board Member	Cheyne Chalmers	21/10/11 – 30/6/12
Board Member	Mark Quirk	
Board Member	Edward Rayment	1/7/11 – 30/5/12
Board Member	John Smith	
Board Member	Wayne Sullivan	1/7/11 – 30/4/12
Board Member	Kathy Huett	
Board Member	Zoltan Kokai	1/7/11 – 30/6/12
Board Member	Vacancy Division 4	
Chief Executive Officer	Alexander Djoneff	

Name: JOHN STANWAY
Title: PRESIDENT

Signature:

Date: 27/9/12 2012

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 Chief Executive Officer. Such notice shall be taken to have been received by the Association when delivered to the Chief Executive Officer.

ii. A Notice of Resignation that has been received by the Association is not invalid because it was not addressed and delivered to the Chief Executive Officer.

iii. A resignation from membership of the Association is valid even if it is not effected 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 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 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(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 her/her name shall have been 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 Chief Executive Officer the shall advise the member in writing, that if he/she fails to pay the outstanding subscriptions and is unable within fourteen (14) days to show cause why they are un-financial within fourteen (14) days of the date of the letter then he/she will be struck off the Register of Members without further notice. If the member pays the outstanding subscriptions within that time then he/she shall not 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) Fair Work Australia; 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.

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VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION

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

Report on the Financial Report

We have audited the accompanying general purpose financial report of Victorian Hospitals' Industrial Association (the Association), which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the statement by the Board.

Boards' Responsibility for the Financial Report

The Board of 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 requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 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. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from 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 from 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 evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board, as well as evaluating 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 have complied with the independence requirements of the Australian professional ethical pronouncements.

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Auditor's Opinion

In our opinion the general purpose financial report of the Victorian Hospitals' Industrial Association is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 and other mandatory professional reporting requirements in Australia.

DFK Collins

DFK COLLINS
CHARTERED ACCOUNTANTS

Robert Wernli

Robert Wernli
Partner

Registered Company Auditor
No.16278

Melbourne
28 September 2012