

THE VICTORIAN CHAMBER OF COMMERCE AND INDUSTRY

ANNUAL REPORT 2016



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The Victorian Chamber overview

The Victorian Chamber of Commerce and Industry (Victorian Chamber) is the most influential business organisation in Victoria, informing and servicing more than 15,000 members, customers and clients across the State.

The Victorian Chamber's expertise spans a diverse range of areas, including policy and advocacy, workplace relations, training, international trade and apprenticeship services.

The Victorian Chamber helps business be successful today and into the future, for the good of Victoria.

Working for business. Working for Victoria.

Policy and Advocacy

The Victorian Chamber continues to advocate to all levels of government on behalf of our members to help improve the operating environment for Victorian business and drive economic growth in our state.

In 2015/16, our advocacy ahead of the Victorian State Budget resulted in the introduction of key business friendly measures such as an increase in the payroll tax threshold, funding to cut planning red tape and investment in new economic infrastructure and programs to enhance our state's international engagement.

In partnership with the Australian Chamber of Commerce and Industry, we also promoted business interests in the lead up to the federal election through our 'Top 10 in 10' campaign, calling for measures to simplify the workplace relations framework, lower the company tax rate and make it easier for businesses to take on apprentices and trainees.

The Policy and Advocacy team continued to oversee the Victorian Chamber's taskforces, which bring together business and sector leaders to develop key recommendations and shape the Victorian Chamber's policy agenda.

The Victorian Chamber Policy and Advocacy team continues to work with members through regular consultation and submissions to government and publications including the quarterly Survey of Business Trends and Prospects, and the Business Excellence magazine.

Membership

The Victorian Chamber delivers advocacy, products and services to its Members to create the environment, skills and opportunities for business to flourish.

We offer membership propositions to support Victorian business of all sizes and needs. The Victorian Chamber value proposition saves businesses time and money when complying with workplace regulation and upskilling their employees to drive growth.

The Victorian Chamber also offers specialist support to the tourism industry through the Victorian Tourism Industry Council and to larger businesses through the Melbourne Chamber of Commerce.

Workplace Relations

The Victorian Chamber's Workplace Relations consultants provide Members with comprehensive solutions to workplace problems in areas such as unfair dismissal, redundancy and change management, diversity and equal opportunity, enterprise bargaining and contracts and HR services. A range of tools, templates, wage summaries and manuals are available on the Victorian Chamber's website for Members.

Our Melbourne Chamber of Commerce, Connect and Complete Members have access to unlimited phone advice via our Workplace Relations Helpline and, if needed, legal advice and representation via its associated law firm, CCI Lawyers.

Training

The Victorian Chamber is committed to delivering excellence in training and conducts 700 short courses, accredited diplomas and certificates, briefings and webinars across Victoria each year.

As a Registered Training Organisation, the Victorian Chamber's selection of nationally recognised diploma and certificate-level courses cover a number of business topics including management, business administration, project management and HR management among others.

Our short courses cover areas as diverse as leadership and management, business, finance and productivity, human resources and workplace relations, WorkCover, sustainability, information technology, and personal effectiveness.

Occupational Health and Safety

The Victorian Chamber provides businesses with practical occupational health and safety solutions to keep their employees safe. Our advice is tailored to Member needs and delivered by experienced safety practitioners.

We offer a range of consulting services such as workplace safety assessments, Victorian WorkCover Authority support, WorkCover claims and return to work management. The services also cover incident investigation and advice on corrective/preventative actions and manual handling, and ergonomic, noise and plant assessments.

Our practitioners can provide Members with advice on 'due diligence' and their legal obligations, hazard identification and risk assessment, developing a safety management system and/or audits and establishing health and safety representatives and committees.

Apprenticeships Services Australia

Apprenticeships Services Australia (ASA) is the Victorian delivery partner of Chambers Apprenticeship Support Australia (CASA). CASA is contracted by the Australian Government to deliver quality end-to-end advice and support services to Australia's apprentices and their employers.

ASA supports more than 25,000 Victorian businesses each year to deliver a full range of marketing, information and advice to support apprentices and employers prior to commencement and whilst they are in training. This includes assisting employers to select the apprenticeship that is most suited to the employer and the potential apprentice, conducting training contract sign-ups, assessing eligibility for commonwealth incentive programs, and engaging with state and territory training authorities.

International Trade

The Victorian Chamber's international trade, business and investment professionals provide advice and assistance on international trade opportunities and processes, enabling Victorian business to establish new, or build on existing, international opportunities.

Consultants identify opportunities, potential partners and trusted suppliers, assist with market research and market entry strategies, and help businesses understand trade conditions, restrictions and quarantine.

Our international trade consultants also arrange and host international trade missions. Other services offered by the team include customs and export documentation, export skills and cultural training, integrated visa and migration services, and support in accessing financial assistance and other government programs.

From the Chief Executive

This year has been a resounding success for the Victorian Chamber of Commerce and Industry and the Victorian business community. I am proud of the key policies we have shaped which will enable job creation and growth in Victoria and ensure it continues to be an attractive and competitive place to do business.

In May, we welcomed Victorian Premier Daniel Andrew's second budget, which addressed a number of key priorities for the Victorian Chamber including raising the payroll tax threshold from \$550,000 to \$650,000, providing \$286 million in savings to 36,000 Victorian businesses.

In partnership with the Melbourne Press Club, the Victorian Chamber held a successful post-budget lunch featuring Victorian Treasurer the Hon. Tim Pallas MP, who took attendees through the other key budget measures, including a commitment to major infrastructure projects such as the full funding of the Melbourne Metro Rail Project, \$1.4 billion towards the Western Distributor project, \$1.3 billion to upgrade regional infrastructure, \$1.4 billion regional and outer suburban road improvement package and a new \$101 million Regional Tourism Infrastructure Fund.

Following a long Federal election campaign which focussed heavily on jobs and growth, the Victorian Chamber congratulated the Coalition on its re-election to government. A successful national pre-election campaign, Top 10 in 10, outlined top priorities for business. This is the first campaign to be organised under our new chamber identifying brand and logo and I was pleased to see the success of the campaign and collaboration on a national scale.

Our long-standing position of support for the further development and leasing of the Port of Melbourne, a key recommendation in our 2014 state election agenda Taking Care of Business, was realised as legislation passed to allow the lease to go ahead. The State Government has announced that this will generate an estimated \$9.7 billion to fund investment in new infrastructure and improve Victoria's productivity and trade competitiveness. These projects are vital to the liveability and competitiveness of our state, now and in years to come.

When in opposition, Victorian Labor made a pre-election commitment to introduce two new public holidays in Victoria, which we advocated strongly against, particularly the Grand Final Eve public holiday which was not supported by 9 out of 10 Victorian Chamber members we surveyed. We will continue to advocate against the Grand Final Eve public holiday, after the majority of members reported significant financial losses that day from paying staff to not come to work or reduced trading if they opened.

Launched in December by Victorian Chamber President Mark Birrell, the Victorian Chamber Internship Program is a great success, delivering 100 student internships in 2016 to give Victorian university students 'real-world' work experience. The program is designed to support the development of a skilled, adaptive and productive future workforce. By providing \$3,000 for each internship as well as administration and recruitment support, the Victorian Chamber sought to make internships as productive as possible for all parties. The program will provide more than \$1 million for Internships over three years.

In March, we welcomed the Victorian Government's newly formed infrastructure advisory body, Infrastructure Victoria, and made submissions to its discussion paper Laying the Foundations and options paper All Things Considered, which sets the scene for its 30-year infrastructure strategy.

In light of this upcoming strategy, the Victorian Chamber advocated for the needs of business to be front and centre of the planning reform agenda in a refresh of Plan Melbourne 2014, which puts renewed focus on critical areas such as jobs and investment, transport connections and planning tools.

In two Regulation Reform Roundtables in Bendigo and Melbourne, the Victorian Chamber worked closely with the new Victorian Red Tape Commissioner, Dr Matthew Butlin, to give Victorian businesses a chance to put forward their ideas for regulation reform and identify specific regulatory problems which will inform recommendations for practical solutions from Dr Butlin to the Victorian Government.

The Victorian Chamber's International Engagement Taskforce handed down a report encouraging Victorian businesses to increase their international engagement through eight key recommendations.

We appeared before the Victorian Parliament's Economic, Education, Jobs and Skills Committee and made a submission to the Portable Long Service Leave Parliamentary Inquiry. Our submission strongly argued against extending current arrangements for portable long service leave entitlements, as this would increase business costs without delivering a boost to productivity and would discourage employment, particularly among older Victorians.

In 2015-16, the Victorian Chamber made a number of submissions to the State Government on issues affecting our members, customers and clients, including a submission to the Inquiry into the Environment Protection Authority with recommendations on how to improve its regulatory efficiency and minimise the regulatory burden on business, and another to the Victorian Government's Inquiry into the Labour Hire Industry and Insecure Work.

Looking ahead to 2016/17, the Victorian Chamber is well positioned to continue making Victoria a great place to do business, with a new Agribusiness Taskforce set to develop recommendations to strengthen the competitiveness of Victorian agribusinesses and support industries.

The Victorian Chamber will also be embarking on two major initiatives in the next financial year. The Member1 project is the development and implementation of a new customer relationship system and website which will improve the way we connect and do business with our members. We are also offering a new service, Workplace Assured, which offers businesses complete peace of mind by helping them manage their employer obligations and remove compliance risk.

I would like to thank the Victorian Chamber's Board, Executive Council and staff for the ongoing strategic leadership and guidance in continuing to position Victoria as a prosperous place to do business. In particular, I would like to recognise the advancement of the Victorian Chamber under the direction of the current President, the Hon. Mark Birrell, who retires from his role in the coming months. I thank Mark for his commitment to the Chamber.

Lastly, I would like to thank all members of the Victorian Chamber of Commerce and Industry for their continued membership and support, whose collective voice underpins all of our advocacy on behalf of Victorian business.

The Victorian Chamber of Commerce and Industry

Chief Executive

Mark Stone

Operating report

MEMBERS OF COMMITTEE OF MANAGEMENT

The Members of the Committee of Management (Board of Directors) comprise of elected representatives of the Executive Council of the Victorian Chamber of Commerce and Industry (Victorian Chamber) who form the Board of Directors. The Past President of the Victorian Chamber is eligible for election to the Board of Directors in the office of Past President, under rule 22A which came into effect on 18 November 2015.

The Directors present their report together with the financial report of the Victorian Chamber for the year ended 30 June 2016 and the Auditor's Report thereon.

The persons who held office as members of the Board of Directors of the Victorian Chamber during the reporting period were:

Name of Officer	Office Held	Appointed	Resigned
Mr Mark Birrell	President	20.11.2007	
Mr Don Rankin	Vice President	20.11.2007	
Mr Kevin Brown	Director	27.05.2003	
Mr Jeremy Johnson	Director	19.11.2013	31.03.2016
Mr Adrian Kloeden	Director	19.11.2013	
Mr David Richardson	Director	04.04.2016	
Ms Kerry Smith	Director	20.11.2012	
Ms Karyn Sobels	Director	22.11.2011	
Mr Robert Van Stokrom	Director	18.11.2015	
Mr Mark Stone	Secretary/Chief Executive	20.06.2011	

MEETINGS – BOARD OF DIRECTORS

The number of meetings attended by each of the members of the Board of Directors of the Victorian Chamber during the financial year was:

Name of Officer	Number of Meetings Held while in Office	Meetings Attended
Mr Mark Birrell	10	10
Mr Don Rankin	10	9
Mr Kevin Brown	10	10
Mr Jeremy Johnson	8	6
Mr Adrian Kloeden	10	10
Mr David Richardson	2	2
Ms Kerry Smith	10	8
Ms Karyn Sobels	10	10
Mr Robert Van Stokrom	10	9
Mr Mark Stone	10	10

Mr Peter McMullin, in his capacity as Immediate Past President, attended 4 meetings and concluded his term on 31 December 2015.

REMUNERATION PAID TO OFFICERS

The salary ranges of the six highest paid officers of the Victorian Chamber for the year ended 30 June 2016 were:

Name of Officer	Remuneration (\$000s)			Non-cash Benefits (\$)		
	0-50	51-100	401-450	0-50	51-100	401-450
Ms Kerry Smith	•					
Mr Kevin Brown	•					
Mr Jeremy Johnson	•					
Mr Don Rankin	•					
Mr Mark Birrell		•				
Mr Mark Stone			•	•		

SUPERANNUATION TRUSTEES

The following information is required under S.254(2)(d) of the Fair Work (Registered Organisations) Act 2009:

Name of Officer or Member	Position Held	Superannuation Fund	Nominated by the Victorian Chamber or other Body
Mr Wayne Kayler-Thomson	Member	VICSuper	The Victorian Chamber
Mr Graham Sherry	Member	Vision Super	The Victorian Chamber
Mr Mark Sibree	Member	CARE Super	The Victorian Chamber

PRINCIPAL ACTIVITIES

The principal activities of the Victorian Chamber during the financial year were to assist the interests of Victorian business members and contributors via representation and advocacy to Government and policy makers along with providing membership services primarily involving Industrial Relations, information, advice, networking and value added professional services. The Victorian Chamber makes a positive difference to Victoria's economic, environment and ultimately the community. There was no significant change in the nature of these activities during the period.

REVIEW AND RESULTS OF OPERATIONS

The Victorian Chamber recorded a consolidated operating loss for the year ended 30 June 2016 of \$(3,018,559) (2015: Profit \$2,165,434). The consolidated net assets at 30 June 2016 totalled \$90,054,207 (2015: \$93,072,766).

MEMBERSHIP OF THE VICTORIAN CHAMBER

As at 30 June 2016, the Victorian Chamber had 5,721 paid members (2015: 5,529).

EMPLOYEES OF THE VICTORIAN CHAMBER

As at 30 June 2016, the total number of employees was 206 (2015:211).

Operating report continued

BOARD COMMITTEES

The following Board Committees operated during the reporting period:

Audit and Risk Committee*

Don Rankin – Chair

Karyn Sobels

Robert van Stokrom

Jeremy Johnson (resigned 01.04.2016)

Investment Committee*

Kerry Smith – Chair

Adrian Kloeden

Peter McMullin (resigned 31.12.2016)

Remuneration Committee*

Kevin Brown – Chair

Mark Birrell

Don Rankin

*Note: The President is an ex-officio member of these Committees

EVENTS AFTER BALANCE DATE

The Victorian Chamber entered into a memorandum of understanding with the NSW Business Chamber and Australian Business Lawyers & Advisors Pty Ltd on 9 August 2016 to obtain a 49% shareholding in Workplace Assured for the purposes of rolling out Workplace Assured in Victoria. It is expected that this transaction will be formalised by December 2016 and will involve an equity investment. Workplace Assured will be a national business offering a complete workplace relations solution for small to medium businesses. The Victorian Chamber also entered into an agreement with Oakton Services Pty Ltd on 1 August 2016 to design and deliver a new CRM, website and digital strategy for the Chamber. The total value of this project is estimated at \$3.6m and will be delivered in two phases over the course of 2016-17.

MANNER OF RESIGNATION

Rule 10 provides for the process of resignations.

- (a) (i) A member may resign from membership of the Organisation by written notice addressed and delivered to the Secretary. Such notice shall be taken to have been received by the Organisation when delivered to the Secretary.
- (ii) A notice of resignation that has been received by the Organisation is not invalid because it was not addressed and delivered to the Secretary.
- (iii) A resignation from membership of the Organisation is valid even if it is not effected in accordance with paragraph (i) hereof if the member is informed in writing by or on behalf of the Organisation that the resignation has been accepted.
- (b) A notice of resignation from membership of the Organisation takes effect:
- (i) where the member ceases to be eligible to become a member of the Organisation:
1. on the day on which the notice is received by the Organisation; 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 later; or
- (ii) in any other case:
1. at the expiration of 2 weeks after the notice is received by the Organisation; 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, subject to the member being accorded natural justice, be determined summarily by resolution of the Executive Council, provide however that such determination shall not affect the liability of the member to pay all monies owing by the member to the Organisation.
- (d) Any dues payable but not paid by a former member of the Organisation, in relation to a period before the member's resignation or termination from the Organisation took effect, may be sued for and recovered in the name of the Organisation in a court of competent jurisdiction, as a debt due to the Organisation.
- (e) If a member becomes unfinancial in accordance with Rule 9 his name may be struck off the Register of Members by Order of the Executive Council. Any member shall cease to be a member of the Organisation as soon as his name shall have been struck off the Register of Members by Order of the Executive Council and not sooner. Provided that where a member has become unfinancial and at least fourteen (14) days before the Executive Council orders that the member be struck off the Register of Members, the Secretary shall advise the person, in writing, that if he fails to pay the outstanding subscriptions within fourteen (14) days of the date of the letter then he will be struck off the Register of Members without further notice. If the person pays the outstanding subscriptions within that time then he shall not be struck off the Register of Members.
- (f) Any member who shall be expelled from the Organisation under the Provisions of Rule 40 hereof shall thereupon cease to be a member.
- (g) Members ceasing to be such from any cause whatsoever have no claim of any kind – monetary or otherwise – on the organisation or its assets.

Signed in accordance with a resolution of the Committee of Management.



Signed: Secretary and Chief Executive
Mark Stone
At Melbourne, 20 October 2016

Statement of comprehensive income

for the year ended 30 June 2016

	Note	Consolidated		Parent	
		2016 \$	2015 \$	2016 \$	2015 \$
Revenue	2a	27,009,974	30,044,299	26,811,182	29,786,278
Other income	2b	2,125,842	5,128,155	2,083,840	5,107,857
TOTAL REVENUE AND OTHER INCOME		29,135,816	35,172,454	28,895,022	34,894,135
Operating expenses		3,336,634	3,608,784	3,334,337	3,604,827
Employee expenses	4	19,272,402	18,912,383	18,976,952	18,581,205
Affiliation fees		600,000	622,860	600,000	622,860
Depreciation and amortisation expense		808,928	662,321	808,928	659,944
Donations		400	210	400	210
Federal & State Government programs		2,243,711	3,293,516	2,243,711	3,293,516
Occupancy Expenses		1,371,035	1,061,504	1,359,137	1,053,944
Consultancy fees		1,387,061	1,651,352	1,345,061	1,651,352
Impairment gain/(loss)		–	527,886	196,871	512,790
Other administration expenses		3,134,204	2,666,204	3,209,117	2,744,706
TOTAL EXPENDITURE		32,154,375	33,007,020	32,074,514	32,725,354
CURRENT YEAR (DEFICIT) / SURPLUS BEFORE TAX	3	(3,018,559)	2,165,434	(3,179,492)	2,168,781
Income tax expense	1b	–	–	–	–
NET CURRENT YEAR (DEFICIT) / SURPLUS		(3,018,559)	2,165,434	(3,179,492)	2,168,781
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit and loss					
Revaluation of freehold land and buildings	11	–	12,260,076	–	12,260,076
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		–	12,260,076	–	12,260,076
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR, NET OF TAX		(3,018,559)	14,425,510	(3,179,492)	14,428,857
NET CURRENT YEAR (DEFICIT) / SURPLUS ATTRIBUTABLE TO MEMBERS OF THE ENTITY		(3,018,559)	2,165,434	(3,179,492)	2,168,781
TOTAL COMPREHENSIVE (LOSS) / INCOME ATTRIBUTABLE TO MEMBERS OF THE ENTITY		(3,018,559)	14,425,510	(3,179,492)	14,428,857

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of financial position

as at 30 June 2016

	Note	Consolidated		Parent	
		2016	2015	2016	2015
		\$	\$	\$	\$
ASSETS					
Current assets					
Cash and cash equivalents	6	2,148,934	8,755,898	2,082,888	8,685,690
Trade and other receivables	7	3,705,714	5,146,771	3,681,055	5,343,521
Assets held for sale	8	–	36,236,984	–	36,236,984
Financial assets	9	1,817,070	1,503,080	1,817,070	1,503,080
TOTAL CURRENT ASSETS		7,671,718	51,642,733	7,581,013	51,769,275
Non-current assets					
Financial assets	9	86,728,033	55,004,111	86,728,053	55,004,131
Intangible assets	10	291,798	181,925	291,798	181,925
Property, plant and equipment	11	5,475,282	955,695	5,475,282	955,695
Lease Incentive Receivable	16a	4,287,486	–	4,287,486	–
TOTAL NON-CURRENT ASSETS		96,782,599	56,141,731	96,782,619	56,141,751
TOTAL ASSETS		104,454,317	107,784,464	104,363,632	107,911,026
LIABILITIES					
Current liabilities					
Trade and other payables	12	4,041,491	4,173,004	3,942,094	4,118,484
Deferred revenue	13	4,143,125	8,896,230	4,139,375	8,896,230
Short-term provisions	14	1,805,457	1,502,298	1,777,673	1,482,201
TOTAL CURRENT LIABILITIES		9,990,073	14,571,532	9,859,142	14,496,915
Non-current liabilities					
Provision for long service leave	14	122,551	140,166	122,551	140,166
Lease Incentive Payable	16a	4,287,486	–	4,287,486	–
TOTAL NON-CURRENT LIABILITIES		4,410,037	140,166	4,410,037	140,166
TOTAL LIABILITIES		14,400,110	14,711,698	14,269,179	14,637,081
NET ASSETS		90,054,207	93,072,766	90,094,453	93,273,945
EQUITY					
Retained earnings		90,054,207	72,075,341	90,094,453	72,276,520
Reserves		–	20,997,425	–	20,997,425
TOTAL EQUITY		90,054,207	93,072,766	90,094,453	93,273,945

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of changes in equity

for the year ended 30 June 2016

Consolidated	Retained earnings	Asset revaluation reserve	Total
	\$	\$	\$
Balance at 1 July 2014	69,909,907	8,737,349	78,647,256
Profit attributable to members of the consolidated group	2,165,434	–	2,165,434
Total other comprehensive income for the year	–	12,260,076	12,260,076
Balance at 1 July 2015	72,075,341	20,997,425	93,072,766
Loss attributable to members of the consolidated group	(3,018,559)	–	(3,018,559)
Transfer to Retained Earnings	20,997,425	(20,997,425)	–
BALANCE AT 30 JUNE 2016	90,054,207	–	90,054,207

Parent			
Balance at 1 July 2014	70,107,740	8,737,349	78,845,089
Profit attributable to members of the parent entity	2,168,780	–	2,168,780
Total other comprehensive income for the year	–	12,260,076	12,260,076
Balance at 1 July 2015	72,276,520	20,997,425	93,273,945
Loss attributable to members of the parent entity	(3,179,492)	–	(3,179,492)
Transfer to Retained Earnings	20,997,425	(20,997,425)	–
BALANCE AT 30 JUNE 2016	90,094,453	–	90,094,453

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of cash flows

for the year ended 30 June 2016

	Note	Consolidated		Parent	
		2016	2015	2016	2015
		\$	\$	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from members and others		23,977,699	22,920,105	23,461,856	22,492,454
Receipts from Federal and State Government programs		7,664,223	10,491,157	7,664,224	10,491,157
Payments to suppliers and employees		(35,857,173)	(35,263,985)	(35,337,169)	(34,854,223)
Interest received		94,172	115,955	94,172	115,955
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	19	(4,121,079)	(1,736,768)	(4,116,917)	(1,754,657)
CASH FLOW FROM INVESTING ACTIVITIES					
Payments for investments		(30,261,647)	(4,304,922)	(30,261,647)	(4,304,922)
Proceeds from the sale Assets Held For Sale		32,941,007	3,335,993	32,941,007	3,335,993
Proceeds from the sale of investments		337,302	5,100,000	337,302	5,100,000
Payment for purchase of property, plant, equipment and intangible assets		(5,478,402)	(823,319)	(5,478,402)	(823,317)
Proceeds of sale of property, plant, equipment and intangible assets		(24,145)	–	(24,145)	–
Payments to subsidiaries		–	–	–	(5,000)
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES		(2,485,885)	3,307,752	(2,485,885)	3,302,754
Net increase/(decrease) in cash held		(6,606,964)	1,570,984	(6,602,802)	1,548,097
Cash at the beginning of the financial year		8,755,898	7,184,914	8,685,690	7,137,593
CASH AT THE END OF THE FINANCIAL YEAR	6	2,148,934	8,755,898	2,082,888	8,685,690

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Statement of recovery of wages activity

Cash basis for the year ended 30 June 2016

	Note	Consolidated		Parent	
		2016	2015	2016	2015
		\$	\$	\$	\$
CASH ASSET IN RESPECT OF RECOVERED MONEY AT BEGINNING OF YEAR					
Receipts		–	–	–	–
Amounts recovered from employers in respect of wages etc.		111,227	–	111,227	–
TOTAL RECEIPTS		111,227	–	111,227	–
PAYMENTS					
Payments to workers in respect of recovered money		(111,227)	–	(111,227)	–
TOTAL PAYMENTS		(111,227)	–	(111,227)	–
CASH ASSET IN RESPECT OF RECOVERED MONEY AT END OF YEAR		–	–	–	–

The above Statement of Recovery of Wages Activity should be read in conjunction with the accompanying notes.

Notes to the financial statements

for the year ended 30 June 2016

NOTE 1: ENTITY INFORMATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of the Victorian Chamber and controlled entities ('Consolidated Group' or 'Group') and the separate financial statements and notes of the Victorian Chamber as an individual parent entity ('Parent Entity').

The financial statements were authorised for issue on 20 October 2016 by the Board of Directors.

ENTITY INFORMATION

The Victorian Chamber is a registered Employer Association under the Fair Work (Registered Organisations) Act 2009, incorporated and domiciled in Australia. The Victorian Chamber is considered a 'reporting unit' for the purposes of section 242 of the Fair Work (Registered Organisations) Act 2009.

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

1. A member of a reporting unit, or the General Manager, 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; and
3. A reporting unit must comply with an application made under subsection (1).

Information prescribed by the Fair Work (Registered Organisations) Regulations 2009 is available to members on request.

BASIS OF PREPARATION

Reporting Basis and Conventions

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Fair Work (Registered Organisations) Act 2009. The Victorian Chamber is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

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, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

a. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (The Victorian Chamber) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parents controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns from its power over the entity. The controlling entities contained in the financial statements are the CCI Victoria Legal Pty Ltd as trustee for the CCI-Victoria Legal Trust (CCI Victoria Legal), VECCI Business Brokers Pty Ltd as trustee for VECCI Business Brokers Trust and VECCI Export Services Pty Ltd.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date of control ceases. Intercompany transactions, balances and unrealised gains and losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the group.

b. Income Tax

As a registered Employer Association, the Victorian Chamber is exempt from income tax in accordance with Section 50-15 of the Income Tax Assessment Act 1997.

c. Property, Plant and Equipment

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

Property

Freehold land and buildings are shown at their fair value less impairment loss and accumulated depreciation (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction). At each balance date the carrying amount of each asset is reviewed to ensure that it does not differ materially from the asset's fair value at reporting date. Where necessary, the asset is revalued to reflect its fair value.

Increases in the carrying amount arising on revaluation of land and buildings are credited to the asset revaluation reserve in equity through Other Comprehensive Income. Should the revaluation result in a net decrease any revaluation should first be offset against previous credit balances existing in respect of the same class of asset through Other Comprehensive Income, and then through the profit and loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset.

Notes to the financial statements

for the year ended 30 June 2016

NOTE 1: ENTITY INFORMATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Plant and Equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. If any impairment indicators exist, the recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows are discounted to present values in determining the recoverable amount.

d. Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

- (i) Financial assets at fair value through profit or loss
- Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

- (ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

- (iii) 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 subsequently measured at amortised cost using the effective interest rate method.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. All other loans and receivables are classified as non-current assets.

- (iv) Financial Liabilities

Non-derivative financial liabilities, excluding financial guarantees, are subsequently measured at amortised cost using the effective interest rate method.

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.

NOTE 1: ENTITY INFORMATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset or a group of financial assets will be deemed to be impaired if, and only if, there is objective evidence of impairment as a result of the occurrence of one or more events (a "loss event"), which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors, or a group of debtors, are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter into bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having undertaken all possible measures of recovery, if the management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

e. Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable asset are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant and equipment	20-27%

Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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 profit or loss. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

f. Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefit incidental to ownership.

Finance Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Group are classified as finance leases.

Finance leases are capitalised recording an asset and a liability equal to the lower of fair value or the present value of the minimum lease payments, including any guaranteed residual value. Finance leases are depreciated on a straight line basis over their estimated useful lives or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Operating Leases

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis. Lease incentives under an operating lease are recognised as a liability and amortised on a straight line basis across the life of the lease term.

Notes to the financial statements

for the year ended 30 June 2016

NOTE 1: ENTITY INFORMATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

h. Cash and Cash Equivalents

Cash and cash equivalents include: cash on hand, deposits held at call with banks, and other short-term highly liquid investments which are readily convertible to cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes.

i. 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 Australian Taxation Office (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

j. Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(d) for further discussion on the determination of impairment losses.

k. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

l. Revenue

(i) Membership Revenue

General Membership Revenue is initially recognised on receipt of payment from the member. Melbourne Chamber of Commerce membership revenue is initially recognised when a sales invoice for membership dues is raised. Subsequent to initial recognition, all membership revenue is recognised on an accruals basis over the twelve month period of the paid membership.

(ii) Training Revenue

Training revenue for scheduled courses is recognised on an accruals basis and recognised in the month that the course is held.

(iii) Other Revenue

Interest revenue is recognised on an accruals basis taking into account the interest rates applicable to the financial assets. Rental, sponsorship and event income are recognised on an accruals basis.

NOTE 1: ENTITY INFORMATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Revenue (continued)

(iv) Dividend Revenue

Dividend and distribution revenue is recognised when the right to receive a dividend has been established. Dividends received from associates are accounted for in accordance with the equity method of accounting.

(v) Grant Revenue

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably. If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

(vi) Professional Services Revenue

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

All revenue is stated net of the amount of GST.

m. Prior Year Restatements

The prior year Statement of Cash Flows did not include the grossed up revenue and expenses to account for the effect of GST on the operating cash flow. The entry would have had the impact of increasing both the receipts from members and others and payments to suppliers and employees by \$4,724,985.

In addition the Statement of Cash Flows included an entry that overstated cash flows from operating activities and understated cash flows from investing activities by \$3,335,993.

Note 19: Cash flow information has been reflected to include the above changes.

These changes have had a \$NIL impact on the Statement of Comprehensive Income and Statement of Financial Position.

n. Comparative Figures

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

o. Impairment of Assets

At each reporting date, the Group 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 profit or loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

p. Intangible Assets – Systems Development and Software

Assets relating to information technology and system development are carried at cost less any accumulated amortisation and impairment losses. These costs have a finite life and are amortised over their useful life ranging from 2 to 4 years.

q. Research and Development

Expenditure on research activities is recognised as an expense when incurred.

Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the entity is able to use or sale the asset; the entity has sufficient resources; and intent to complete the development and its costs can be measured reliably.

Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using straight-line method to allocate the cost of the intangible assets over the estimated useful lives. Amortisation commences when the intangible asset is available for use. Other development expenditure is recognised as an expense when incurred.

r. Provisions

Provisions are recognised when the Group 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.

s. Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments 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 Group. Management are required to exercise judgment in the process of applying accounting policies. In preparing the financial statement the following key judgements were made:

Notes to the financial statements

for the year ended 30 June 2016

NOTE 1: ENTITY INFORMATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Critical Accounting Estimates and Judgments (continued)

Trade Receivables

Included in trade receivables at the end of the reporting period is an amount receivable from customers during the current financial year amounting to \$2,145,101 for the Group and \$2,081,891 for the Parent Entity. Management has determined that recoverability of a portion of these debts is uncertain hence a provision for impairment has been made. An assessment of all accounts outstanding for longer than the agreed trading terms has been undertaken.

t. Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the Group's share of post-acquisition reserves of its associates.

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the Group's share of post-acquisition reserves of its associates.

The Group had the following investments in associates which were dormant during the period:

- Business Advisory Centre
- Australian Chamber Alliance

u. New Accounting Standards for Application in Future Periods

An assessment of Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the association and their potential impact on the association when adopted in future periods is discussed below:

- AASB 9: Financial Instruments (December 2015) and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

These Standards will be applicable retrospectively (subject to the comment on hedge accounting below) and include revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes made to the Standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater

flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

Although members of the committee anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact

- AASB 15: Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2019).

This Standard, when effective, will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of AASB 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services.

To achieve this objective, AASB 15 provides the following five-step model:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract; and
- recognise revenue when (or as) the performance obligation is satisfied.

AASB 15 also requires enhanced disclosures regarding revenues.

This Standard will require retrospective restatement and is available for early adoption.

It is impracticable for the directors at this stage to provide a reasonable estimate of impact on the Groups financial statements this change will have.

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

NOTE 1: ENTITY INFORMATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact

NOTE 2: REVENUE AND OTHER INCOME

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
a. REVENUE				
Membership and contributors subscriptions	7,098,557	7,366,986	7,098,558	7,366,986
Federal and State Government programs	7,676,094	11,251,017	7,676,094	11,251,017
Professional services	7,834,502	7,315,374	7,635,709	7,057,353
Training	3,322,063	2,997,312	3,322,063	2,997,312
Dividends	1,078,758	1,113,610	1,078,758	1,113,610
	27,009,974	30,044,299	26,811,182	29,786,278
b. OTHER INCOME				
Income from investments	3,076,893	3,676,202	3,076,891	3,676,203
Gain/(Loss) on financial assets at fair value through profit or loss	(1,656,113)	537,802	(1,656,113)	537,802
Other	705,062	914,151	663,062	893,852
	2,125,842	5,128,155	2,083,840	5,107,857

The Victorian Chamber did not receive capitation fees, donations, compulsory levies or any other financial support during the reporting period. There was a recovery of wages activity during the financial year or the amount of \$111,227 (2015: Nil).

Notes to the financial statements

for the year ended 30 June 2016

NOTE 3: SURPLUS FOR THE YEAR

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Surplus has been determined after:				
Depreciation and amortisation	808,928	662,321	808,928	659,944
Operating lease rental expense	414,494	558,915	414,246	558,585
Affiliation fees paid to ACCI	600,000	622,860	600,000	622,860
Office Rent	1,188,285	527,886	1,188,285	512,790
Legal expenses	51,529	124,121	177,158	259,944
Consultancy fees	1,387,061	1,651,352	1,345,061	1,651,352
Entertainment package expense	632,794	601,360	632,794	601,360
Remuneration of auditor	87,250	100,000	76,250	89,500

The Victorian Chamber did not incur expenses relating to payroll deductions of membership subscriptions, capitation fees, compulsory levies; grants; fees and/or allowances paid to persons in respect of their attendances as representatives of the Victorian Chamber at conferences or other meetings or penalties imposed under the RO Act with respect to the Victorian Chamber's conduct during the reporting period.

The Victorian Chamber incurred \$4,418 operating expenses in connection with holding meetings of councils, committees, panels or other bodies for the holding of which the Victorian Chamber was wholly or partly responsible.

NOTE 4: EMPLOYEE EXPENSES

Consolidated	Employees		Office Bearers		Total	
	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$
Wages and salaries	16,034,077	15,850,067	774,186	793,127	16,808,263	16,643,154
Superannuation	1,329,519	1,336,351	69,736	71,633	1,399,255	1,407,984
Leave entitlements	934,192	732,651	6,575	27,072	940,767	759,723
Separation and redundancy	124,117	101,522	—	—	124,117	101,522
Other employee expenses	—	—	—	—	—	—
	18,421,905	18,020,551	850,497	891,832	19,272,402	18,912,383
Parent						
Wages and salaries	15,623,665	15,765,512	774,186	793,127	16,397,851	16,558,639
Superannuation	110,855	82,271	69,736	71,633	180,591	153,904
Leave entitlements	2,124,863	1,658,876	6,575	27,072	2,131,438	1,685,948
Separation and redundancy	267,072	182,714	—	—	267,072	182,714
Other employee expenses	—	—	—	—	—	—
	18,126,455	17,689,373	850,497	891,832	18,976,952	18,581,205

There were no other employee expenses incurred for employees or office bearer during 2015 and 2016.

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

a. Directors

	2016	2015
Total number of Directors	8	8

The following persons were directors of the Victorian Chamber during the financial year:

Name of Officer	Office Held	Appointed	Resigned
Mr Mark Birrell	President/Committee Member	20.11.2007	
Mr Don Rankin	Vice President/Committee Chair	20.11.2007	
Mr Kevin Brown	Director/Committee Chair	27.05.2003	
Mr Jeremy Johnson	Director/Committee Member	19.11.2013	31.03.2016
Mr Adrian Kloeden	Director/Committee Member	19.11.2013	
Mr David Richardson	Director/Committee Member	04.04.2016	
Ms Kerry Smith	Director/Committee Chair	20.11.2012	
Ms Karyn Sobels	Director/Committee Member	22.11.2011	
Mr Robert Van Stokrom	Director/Committee Member	18.11.2015	

b. Other key management personnel

The following person also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name of Officer	Office Held	Appointed
Mr Mark Stone	Secretary / Chief Executive	20.06.2011

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Wages and salaries	774,186	793,127	774,186	793,127
Superannuation	69,736	71,633	69,736	71,633
Annual leave	6,575	20,072	6,575	20,072
	850,497	884,832	850,497	884,832

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
CASH AT BANK	2,148,934	8,755,898	2,082,888	8,685,690

Cash at bank includes deposits held in trust for the following purposes: Carnet deposits: \$807,591 (2015: \$1,240,709); VECCI Business Brokers: \$1,184 (2015: \$3,716); business migration: \$37,109 (2015: \$33,066); and grant funding: \$240,653 (2015: \$573,905).

Notes to the financial statements

for the year ended 30 June 2016

NOTE 7: TRADE AND OTHER RECEIVABLES

	Note	Consolidated		Parent	
		2016	2015	2016	2015
		\$	\$	\$	\$
CURRENT					
Trade receivables		2,145,101	3,709,231	2,081,891	3,672,025
Less: Impairment		(108,930)	(57,763)	(107,071)	(55,903)
		2,036,171	3,651,468	1,974,820	3,616,122
OTHER RECEIVABLES					
Accrued income		404,869	207,070	404,869	207,070
Prepayments		806,568	1,059,757	795,358	1,050,592
GST paid		101,802	149,795	98,517	148,015
Other debtors		356,304	78,681	358,486	75,845
		1,669,543	1,495,303	1,657,230	1,481,522
Amounts receivable from controlled entity	7a	—	—	1,304,680	1,304,680
Impairment of related party receivables		—	—	(1,255,675)	(1,058,803)
		3,705,714	5,146,771	3,681,055	5,343,521

Other receivables include: GST receivable from the ATO, prepayments and sundry debtors. At parent level, trade debtors include \$215 receivable from the CCI – Victoria Legal Trust (2015: \$94) and \$26,400 receivable from VECCI Export Services (2015: \$0)

a. Controlled Entities

Unsecured loans made to CCI - Victoria Legal Trust \$1,225,675 (2015: \$1,225,675) and VECCI Business Brokers \$79,005 (2015: \$79,005) are interest free.

b. Credit Risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. Trade and Other Receivables is considered to be the main source of credit risk related to the Group.

NOTE 7: TRADE AND OTHER RECEIVABLES (continued)

	Gross amount	Past due and impaired	Within initial trade terms (age in days)		Past due but not impaired (age in days)	
			< 30	31-60	61-90	> 90
Consolidated	\$	\$	\$	\$	\$	\$
2016						
Trade receivables	2,145,101	108,930	1,385,345	234,949	102,567	313,310
Other receivables	1,669,543	–	1,669,543	–	–	–
Amounts receivable from controlled entity	–	–	–	–	–	–
	3,814,644	108,930	3,054,888	234,949	102,567	313,310
2015						
Trade receivables	3,709,231	57,763	2,936,404	127,066	459,315	128,683
Other receivables	1,495,303	–	1,495,303	–	–	–
Amounts receivable from controlled entity	–	–	–	–	–	–
	5,204,534	57,763	4,431,707	127,066	459,315	128,683
Parent						
2016						
Trade receivables	2,081,891	107,071	1,360,381	216,235	101,558	296,646
Other receivables	1,657,230	–	1,657,230	–	–	–
Amounts receivable from controlled entity	1,304,680	1,255,675	–	–	–	49,005
	5,043,801	1,362,746	3,017,611	216,235	101,558	345,651
2015						
Trade receivables	3,672,025	55,903	2,905,474	126,108	457,687	126,853
Other receivables	1,481,522	–	1,481,522	–	–	–
Amounts receivable from controlled entity	1,304,680	1,058,803	–	–	–	245,877
	6,458,227	1,114,706	4,386,996	126,108	457,687	372,730

Notes to the financial statements

for the year ended 30 June 2016

NOTE 7: TRADE AND OTHER RECEIVABLES (continued)

**Provision for impairment
of receivables**
\$

CONSOLIDATED GROUP

Carrying amount at 30 June 2014	81,677
Charge for the year	(23,914)
Amounts written off	–
Carrying amount at 30 June 2015	57,763
Charge for the year	54,462
Amounts written off	(3,295)
CARRYING AMOUNT AT 30 JUNE 2016	108,930

PARENT

Carrying amount at 30 June 2014	79,469
Charge for the year	(23,566)
Amounts written off	–
Carrying amount at 30 June 2015	55,903
Charge for the year	54,462
Amounts written off	(3,295)
CARRYING AMOUNT AT 30 JUNE 2016	107,070

PARENT - CONTROLLED ENTITIES

Carrying amount at 30 June 2014	1,058,803
Charge for the year	–
Amounts written off	–
Carrying amount at 30 June 2015	1,058,803
Charge for the year	196,872
Amounts written off	–
CARRYING AMOUNT AT 30 JUNE 2016	1,255,675

NOTE 8: ASSETS HELD FOR SALE

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Freehold land	–	13,459,451	–	13,459,451
Buildings	–	22,716,891	–	22,716,891
Plant and equipment	–	60,642	–	60,642
	–	36,236,984	–	36,236,984

On the 30th September 2015 the Victorian Chamber completed the sale of its commercial property at 486 Albert Street, East Melbourne, Victoria. A revaluation (\$12,260,076) to sale price was recorded in Other Comprehensive Income in the 2015 financial year.

NOTE 9: FINANCIAL ASSETS

	Note	Consolidated		Parent	
		2016	2015	2016	2015
		\$	\$	\$	\$
CURRENT					
Term deposits – held to maturity	20	1,817,070	1,503,080	1,817,070	1,503,080
NON-CURRENT					
Managed investments at fair value through profit or loss	20	54,640,069	22,145,874	54,640,069	22,145,874
Managed investments held for trading	20	32,087,854	32,858,127	32,087,854	32,858,127
Investments in subsidiaries		–	–	20	20
Investments in associates		110	110	110	110
		86,728,033	55,004,111	86,728,053	55,004,131

NOTE 10: INTANGIBLE ASSETS

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
NON-CURRENT				
Software – At cost	882,907	675,421	824,097	616,611
Project costs and system development – At cost	456,738	1,062,159	456,738	1,062,159
Accumulated amortisation	(1,160,897)	(1,655,655)	(1,102,087)	(1,596,845)
Project Member One (in progress)	620,406	607,356	620,406	607,356
Impairment	(507,356)	(507,356)	(507,356)	(507,356)
	291,798	181,925	291,798	181,925

Notes to the financial statements

for the year ended 30 June 2016

NOTE 10: INTANGIBLE ASSETS (continued)

Movements in Carrying Amounts

Movement in the carrying amounts for each class of intangible asset between the beginning and the end of the current financial year.

SYSTEM DEVELOPMENT AND COMPUTER SOFTWARE

	Computer software	System development	CRM project (In progress)	Total
	\$	\$	\$	\$
CONSOLIDATED GROUP				
Carrying amount at 30 June 2014	144,845	12,194	792,139	949,178
Additions	6,450	–	–	6,450
Deductions	–	–	(184,783)	(184,783)
Impairments	–	–	(507,356)	(507,356)
Depreciation expense	(73,232)	(8,332)	–	(81,564)
Carrying amount at 30 June 2015	78,063	3,862	100,000	181,925
Additions	217,082	58,400	13,050	288,532
Disposals	(642)	(102,618)	–	(103,260)
Depreciation expense	(154,054)	78,655	–	(75,399)
CARRYING AMOUNT AT 30 JUNE 2016	140,449	38,299	113,050	291,798
PARENT ENTITY				
Carrying amount at 30 June 2014	144,105	12,194	792,139	948,438
Additions	6,450	–	–	6,450
Deductions	–	–	(184,783)	(184,783)
Impairments	–	–	(507,356)	(507,356)
Depreciation expense	(72,492)	(8,332)	–	(80,824)
Carrying amount at 30 June 2015	78,063	3,862	100,000	181,925
Additions	217,082	58,400	13,050	288,532
Disposals	(642)	(102,618)	–	(103,260)
Depreciation expense	(154,054)	78,655	–	(75,399)
CARRYING AMOUNT AT 30 JUNE 2016	140,449	38,299	113,050	291,798

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
LEASEHOLD IMPROVEMENTS				
Leasehold Improvements	5,177,483	298,309	5,177,483	298,309
Accumulated depreciation	(384,183)	(16,582)	(384,183)	(16,582)
TOTAL LEASEHOLD IMPROVEMENTS	4,793,300	281,727	4,793,300	281,727
PLANT AND EQUIPMENT				
Plant and equipment at cost	1,463,536	5,873,203	1,437,958	5,847,626
Accumulated depreciation	(781,554)	(5,199,235)	(755,976)	(5,173,658)
TOTAL PLANT AND EQUIPMENT	681,982	673,968	681,982	673,968
TOTAL PROPERTY, PLANT AND EQUIPMENT	5,475,282	955,695	5,475,282	955,695

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Freehold Land	Buildings	Leasehold Improvements	Plant and Equipment	Total
		\$	\$	\$	\$
CONSOLIDATED GROUP					
Carrying amount at 30 June 2014	9,100,000	14,975,537	55,803	821,953	24,953,293
Additions	–	2,590	242,506	345,204	590,300
Revaluation	4,494,286	8,128,806	–	–	12,623,092
Impairment	–	(15,096)	–	(5,434)	(20,530)
Transfer to Assets Held for Sale	(13,594,286)	(22,945,072)	–	(60,642)	(36,600,000)
Disposals/Write back of assets	–	–	–	(6,915)	(6,915)
Depreciation expense	–	(146,765)	(16,582)	(420,198)	(583,545)
CARRYING AMOUNT AT 30 JUNE 2015	–	–	281,727	673,968	955,695
Additions	–	–	4,894,522	299,056	5,193,578
Disposals/Write back of assets	–	–	(1,464)	57,304	55,840
Depreciation expense	–	–	(381,485)	(348,346)	(729,831)
CARRYING AMOUNT AT 30 JUNE 2016	–	–	4,793,300	681,982	5,475,282

Notes to the financial statements

for the year ended 30 June 2016

NOTE 12: TRADE AND OTHER PAYABLES

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
CURRENT				
Unsecured Liabilities				
Trade payables	948,826	322,200	908,415	322,024
Sundry payables and accrued expenses	1,602,656	2,048,768	1,548,452	1,996,297
Payables to employees	382,418	261,327	377,636	259,454
Payables to office bearers	—	—	—	—
Carnet deposits held in trust	1,107,591	1,540,709	1,107,591	1,540,709
	4,041,491	4,173,004	3,942,094	4,118,484

At the balance date, there were no payables to employers as consideration for the employers making payroll deductions of membership subscriptions and there were no payables in respect of legal costs and other expenses related to litigation and other legal matters.

NOTE 13: DEFERRED REVENUE

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
CURRENT				
Deferred membership revenue	3,362,543	3,251,408	3,362,543	3,251,408
Deferred training revenue	192,425	225,953	192,425	225,953
Deferred grant revenue	255,406	267,277	255,406	267,277
Deposits received in advance	—	3,660,000	—	3,660,000
Other deferred revenue	332,751	1,491,592	329,001	1,491,592
	4,143,125	8,896,230	4,139,375	8,896,230

NOTE 14: PROVISIONS

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
CURRENT				
Annual leave – employees	850,936	790,907	823,152	770,810
Annual leave – office bearers	64,340	40,840	64,340	40,840
Long service leave – employees	890,181	670,551	890,181	670,551
Long service leave – office bearers	–	–	–	–
	1,805,457	1,502,298	1,777,673	1,482,201
NON-CURRENT				
Long service leave – employees	122,551	140,166	122,551	140,166
Long service leave – office bearers	–	–	–	–
	122,551	140,166	122,551	140,166
	Annual Leave	Long Service Leave	Total	
	\$	\$	\$	
CONSOLIDATED GROUP				
Carrying amount at 30 June 2015	831,747	810,717	1,642,464	
Additional provisions	1,161,184	283,632	1,444,816	
Amounts used	(1,077,655)	(81,617)	(1,159,272)	
CARRYING AMOUNT AT 30 JUNE 2016	915,276	1,012,732	1,928,008	
PARENT ENTITY				
Carrying amount at 30 June 2015	811,650	810,717	1,622,367	
Additional provisions	1,141,821	283,632	1,425,453	
Amounts used	(1,065,979)	(81,617)	(1,147,596)	
CARRYING AMOUNT AT 30 JUNE 2016	887,492	1,012,732	1,900,224	

There were no further provisions for employees or office bearers including separation and redundancy.

NOTE 15: RESERVES AND RETAINED PROFITS**a) Nature and purpose of reserves – Asset revaluation reserve**

The asset revaluation reserve is used to record increments and decrements on the revaluation of property, plant and equipment.

b) Restriction of reserves and retained profits

The retained profits and reserves are not available for distribution to members. The retained profits are available for the operations of the Group. In the event of the Group winding up, the retained profits and reserves shall be given or transferred to some other institution or institutions in compliance with the Victorian Chamber's rules (rule 48).

Notes to the financial statements

for the year ended 30 June 2016

NOTE 16: CAPITAL AND LEASING COMMITMENTS AND RECEIVABLES

a. Operating Lease Commitments

During the 2016 financial year, the Victorian Chamber entered into an agreement to lease office premises in Melbourne. This has resulted in a significant increase in operating lease commitments in the 2016 financial year. The Victorian Chamber entered into an Operating Lease for the premises at 150 Collins Street throughout the course of the financial year. This lease includes a lease incentive of \$4,635,120 which will be provided to the Victorian Chamber over the first 5 years of the lease. The incentive is contingent on the Victorian Chamber remaining at the premises for the full 10 year lease period. The remaining portion of the lease incentive is reflected in the Statement of Financial Position and will be amortised over the life of the lease. No renewal clause has been entered into.

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Non-cancellable operating leases contracted for are in the financial statements				
- not later than 1 year	1,712,760	1,094,150	1,712,760	1,094,150
- later than 1 year but not later than 5 years	7,161,840	388,979	7,161,840	388,979
	8,874,600	1,483,129	8,874,600	1,483,129

b. Operating Lease Receivables

Approximately 34% of the property at 486 Albert Street was leased to tenants under 1 to 5 year operating leases with rentals payable monthly in advance. Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

- not later than 1 year	–	251,862	–	251,862
- later than 1 year but not later than 5 years	–	–	–	–
	–	251,862	–	251,862

NOTE 17: RELATED PARTY TRANSACTIONS

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

PITCHER PARTNERS

During the financial year, the Victorian Chamber made payments to Pitcher Partners of \$93,563 (2015: \$249,181) in respect of professional advisory and tax services and portfolio management services performed and received payments from Pitcher Partners of \$113,612 (2015: 140,254) in respect of sponsorship, consulting, events and training work performed. Don Rankin (Deputy President), was a National Chairman at Pitcher Partners during the financial year. All services rendered were made on an arm's length commercial basis.

FORT KNOX (MCMULLIN GROUP)

During the financial year, the Victorian Chamber made payments to Fort Knox Records Management of \$10,790 (2015: \$206) in respect of professional services performed and received payments from Fort Knox Records Management of \$200 (2015: \$350) in respect of consulting, events and training work performed. Peter McMullin (Immediate Past President) is a director of the McMullin Group of which Fort Knox is a subsidiary. All services rendered were made on an arm's length commercial basis.

AUSTRALIAN CHAMBER OF COMMERCE AND INDUSTRY (ACCI)

During the financial year, the Victorian Chamber made payments to ACCI of \$1,126,282 (2015: \$ 919,447) in respect of affiliation fees and contributions towards rebranding work and received payments from ACCI of \$5,500 (2015: \$0) in respect of consulting, events and training work performed. Mark Birrell (President), Mark Stone (Secretary) and Jeremy Johnson (Director) were board members of the entity during the financial year. All services rendered were made on an arm's length commercial basis.

NOTE 17: RELATED PARTY TRANSACTIONS (continued)**INFRASTRUCTURE PARTNERSHIPS AUSTRALIA (IPA)**

During the financial year, the Victorian Chamber made payments to IPA of \$28,050 (2015: \$27,500) in respect of membership subscriptions. Adrian Kloeden (Director) was Chairman of the entity during the financial year. All services rendered were made on an arm's length commercial basis.

DFP RECRUITMENT SERVICES (DFP)

During the financial year, the Victorian Chamber made payments to DFP of \$39,536 (2015: \$41,569) and received payments from DFP of \$65,283 (2015: \$79,147) in respect of sponsorship, consulting, events and training work performed. Robert van Stokrom (Director) was Chief Executive Officer of the entity during the financial year. All services rendered were made on an arm's length commercial basis.

PORT OF MELBOURNE CORPORATION (PMC)

During the financial year, the Victorian Chamber received payments from the Port of Melbourne Corporation of \$160 (2015: \$48,403) in respect of consulting, events and training work performed. Mark Birrell (Director) was Chairman of the entity during the financial year. All services rendered were made on an arm's length commercial basis.

RPM REAL ESTATE GROUP (RPM)

During the financial year, the Victorian Chamber received payments from RPM of \$9,688 (2015: \$838) in respect of consulting, events and training work performed. Kevin Brown (Director) was Chief Executive Officer of the entity during the financial year. All services rendered were made on an arm's length commercial basis.

SERCO ASIA PACIFIC (SERCO)

During the financial year, the Victorian Chamber received payments from Serco of \$1,080 (2015: \$38,500) in respect of consulting, events and training work performed. Adrian Kloeden (Director) was a Director of the entity during the financial year. All services rendered were made on an arm's length commercial basis.

SIMPLY BUSINESS

During the financial year, the Victorian Chamber received payments from Simply Business of \$1,445 (2015: \$175) in respect of consulting, events and training work performed. Karyn Sobels (Director) was a Director of the entity during the financial year. All services rendered were made on an arm's length commercial basis.

PFD FOODS (PFD)

During the financial year, the Victorian Chamber received payments from PFD of \$28,535 (2015: \$33,883) in respect of consulting, events and training work performed. Kerry Smith (Director) was Chief Executive Officer of the entity during the financial year. All services rendered were made on an arm's length commercial basis.

STRATEGEM FINANCIAL GROUP (SFG)

During the financial year, the Victorian Chamber received payments from SFG of \$1,800 (2015: \$1,020) in respect of consulting, events and training work performed. David Richardson (Director) was Chief Executive Officer of the entity during the financial year. All services rendered were made on an arm's length commercial basis.

RELATED PARTY MEMBER TRANSACTIONS

The companies of which the Victorian Chamber office holders and Executive Council members are either proprietor, partner, director, general manager, manager or secretary are all required to hold a fully paid up Victorian Chamber membership under the Victorian Chamber rules.

Notes to the financial statements

for the year ended 30 June 2016

NOTE 18: INTERESTS IN SUBSIDIARIES

a. Information about Principal Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principle place of business is also its country of incorporation.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group	
		2016 %	2015 %
CCI Victoria Legal Pty Ltd	Melbourne, Australia	100	100
VECCI Business Brokers Pty Ltd	Melbourne, Australia	100	100
VECCI Export Services Pty Ltd	Melbourne, Australia	100	100

There are no non-controlling interests outside of the Group. Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

b. Significant Restrictions

There are no significant restrictions over subsidiaries.

TRANSACTIONS BETWEEN SUBSIDIARIES

The Victorian Chamber is the ultimate parent company of CCI Victoria Legal Pty Ltd, VECCI Business Brokers Pty Ltd and VECCI Export Services Pty Ltd. During the financial year, the Victorian Chamber made payments of \$141,274 to CCI Victoria Legal Pty Ltd (2015: \$176,248), nil payment to VECCI Business Brokers Pty Ltd (2015: Nil) and nil payment to VECCI Export Services Pty Ltd (2015: nil). During the financial year, the Victorian Chamber received \$38,024 from CCI Victoria Legal Pty Ltd (2015: \$29,548), nil from VECCI Business Brokers Pty Ltd (2015: \$2,107) and nil receipts from VECCI Export Services Pty Ltd (2015: Nil).

As at 30 June 2016, the Victorian Chamber has outstanding loan balances with CCI Victoria Legal Pty Ltd of \$ 1,225,675 (2015: \$1,225,675) and VECCI Business Brokers Pty Ltd of \$79,005 (2015: \$74,004). The Group assesses whether there is objective evidence that the loan balances have been impaired at each reporting date, and as such, an impairment has been raised against the outstanding loan balance with CCI Victoria Legal Pty Ltd in prior years.

NOTE 19: CASH FLOW INFORMATION

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Surplus/(deficit) after income tax	(3,018,559)	2,165,434	(3,179,492)	2,168,781
Non-cash flows:				
– Depreciation and Amortisation	808,928	662,321	808,928	659,944
– Impairment losses	–	946,151	–	931,055
– Change in fair value of investments	978,012	(1,233,810)	978,012	(1,233,810)
– Investment income reinvested	(2,669,762)	(2,658,843)	(2,669,762)	(2,658,843)
– Interest income reinvested	(762,617)	(278,019)	(762,617)	(278,019)
Changes in assets and liabilities:				
Decrease/(Increase) in receivables and prepayments	1,441,056	(1,843,398)	1,662,464	(1,867,018)
(Decrease)/Increase in payables and deferred income	(1,183,681)	217,903	(1,232,307)	238,349
(Decrease)/Increase in provisions	285,544	285,493	277,857	284,904
CASH FLOWS GENERATED FROM/(USED IN) OPERATING ACTIVITIES	(4,121,079)	(1,736,768)	(4,116,917)	(1,754,657)

The receipt of cash in the 2015 financial year in relation to the sale of land and buildings was booked to deferred revenue. The completion of this sale in the 2016 financial year has significantly reduced the carrying amount of deferred revenue in the 2016 Statement of Financial Position.

Notes to the financial statements

for the year ended 30 June 2016

NOTE 20: FINANCIAL RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments in term-deposits, managed investments portfolios, accounts receivable and payable, loans to and from subsidiaries, and leases. The Group does not speculate in the trading of financial instruments.

i. Investment Risk Management

The Investment Committee, consisting of directors and executives of the Group, engaged independent external consultants Pitcher Partners as its investment manager during the financial year to provide professional advice with respect to the Group's investments. During the year, the Investment Committee also engaged the services of Emerge Capital as its investment manager for Australian unlisted property assets. The Committee and investment managers meet on a regular basis to analyse financial risk exposure and to evaluate investment management strategies in the context of the most recent economic conditions and forecasts.

The committee's overall risk management strategy seeks to assist the Consolidated Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance. The Investment Committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. The current investment strategy is conservative, focussed on achieving medium to long term investment gains.

ii. Financial Risk Exposures and Management

The main risks the Group are exposed to through its financial instruments are market risk, interest rate risk, price risk and credit risk.

a. Interest Rate Risk

The Group'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 weighted average interest rate for classes of financial assets and financial liabilities (calculated using the applicable interest rates and balances during the financial year) is set out below:

Consolidated	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate		Non-Interest Bearing		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
FINANCIAL ASSETS										
Cash at bank	1.88	2.09	2,148,934	8,755,898	–	–	–	–	2,148,934	8,755,898
Financial assets – term deposits	2.06	3.06	–	–	1,817,070	1,503,080	–	–	1,817,070	1,503,080
Financial assets – unlisted securities			–	–	–	–	–	–	–	–
Financial assets – managed investments			27,374,965	4,520,620	17,072,658	17,625,255	42,280,300	32,858,126	86,727,923	55,004,001
Trade and other receivables			–	–	–	–	3,755,378	5,146,771	3,755,378	5,146,771
TOTAL FINANCIAL ASSETS			29,523,899	13,276,518	18,889,728	19,128,335	46,035,678	38,004,897	94,449,305	70,409,750
FINANCIAL LIABILITIES										
Trade and other payables			–	–	–	–	4,053,165	4,173,004	4,053,165	4,173,004
TOTAL FINANCIAL LIABILITIES			–	–	–	–	4,053,165	4,173,004	4,053,165	4,173,004

NOTE 20: FINANCIAL RISK MANAGEMENT (continued)**a. Interest Rate Risk (continued)**

Parent	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate		Non-Interest Bearing		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
FINANCIAL ASSETS										
Cash at bank	1.88	2.09	2,082,888	8,685,690	–	–	–	–	2,082,888	8,685,690
Financial assets – term deposits	2.06	3.06	–	–	1,817,070	1,503,080	–	–	1,817,070	1,503,080
Financial assets – unlisted securities			–	–	–	–	–	–	–	–
Financial assets – managed investments			27,374,965	4,520,620	17,072,658	17,625,255	42,280,300	32,858,126	86,727,923	55,004,001
Trade and other receivables			–	–	–	–	3,930,440	5,343,521	3,930,440	5,343,521
TOTAL FINANCIAL ASSETS			29,457,853	13,206,310	18,889,728	19,128,335	46,210,740	38,201,647	94,558,321	70,536,292
FINANCIAL LIABILITIES										
Trade and other payables			–	–	–	–	3,942,094	4,118,484	3,942,094	4,118,484
TOTAL FINANCIAL LIABILITIES			–	–	–	–	3,942,094	4,118,484	3,942,094	4,118,484

b. Market Risk

The maximum exposure to market risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market price of the financial instruments, amounts to the value of the financial instrument as disclosed in the Statement of Financial Position. Refer to the sensitivity analysis below at note 20 (f).

c. 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 of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial report.

Details with respect to credit risk of trade and other receivables are detailed in note 7 (b).

d. Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group does not have a significant liquidity risk. The only financial liabilities are trade and other payables to the value of \$4,053,165 (2015: \$4,173,004) which are due for payment within 1 year. With cash equalling \$2,148,934 (2015: \$8,755,898), and liquid assets of \$27,374,965 (2015: \$4,520,620) held in financial assets - managed investment, the Group has sufficient liquid financial assets to meet its debt as and when they fall due.

Notes to the financial statements

for the year ended 30 June 2016

NOTE 20: FINANCIAL RISK MANAGEMENT (continued)

e. Foreign Exchange Risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group. At 30 June 2016, 8% of its investment portfolio was held in overseas interests although it is not considered that this exposes the Group to any material foreign exchange risk.

f. Sensitivity Analysis

The Group does not have any borrowings and therefore the main exposure would be in market risk due to price movements of investments. The following table summarises the sensitivity of the Group's and the Parent's non-interest bearing financial assets to the movement in the market.

Carrying value of non-current non-interest bearing financial assets at fair value at 30 June 2016 is \$42,280,300 (2015: \$32,858,126).

	Profit \$	Equity \$
CONSOLIDATED GROUP		
Year ended 30 June 2016		
Fair value on 3% movement	+/- 1,268,409	+/- 1,268,409
Fair value on 5% movement	+/- 2,114,015	+/- 2,114,015
Fair value on 10% movement	+/- 4,228,030	+/- 4,228,030
Year ended 30 June 2015		
Fair value on 3% movement	+/- 985,744	+/- 985,744
Fair value on 5% movement	+/- 1,642,906	+/- 1,642,906
Fair value on 10% movement	+/- 3,285,813	+/- 3,285,813

Price risk relates to the risk that the fair value of a financial instrument and future cash flows will fluctuate because of changes in market prices of securities held. Such risk is managed through diversification of investments across industries and geographic locations. The Group's managed investments are held in the following financial assets at the end of the reporting period.

	2016 %	2015 %
Cash	32	7
Fixed Interest	20	33
Australian Shares	21	43
Overseas Shares	7	11
Australian Property	3	4
Overseas Property	1	2
Unlisted Property	12	0
Alternatives	4	0
	100	100

NOTE 20: FINANCIAL RISK MANAGEMENT (continued)**f. Sensitivity Analysis (continued)**

The following table illustrates sensitivities to the Group's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit	Equity
	\$	\$
CONSOLIDATED GROUP		
Year ended 30 June 2016		
2% in interest rate	+/- 590,478	+/- 590,478
10 % in listed investments	+/- 4,228,030	+/- 4,228,030
Year ended 30 June 2015		
2% in interest rate	+/- 265,530	+/- 265,530
10 % in listed investments	+/- 3,285,813	+/- 3,285,813

Notes to the financial statements

for the year ended 30 June 2016

NOTE 21: FAIR VALUE MEASUREMENTS

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Financial assets at fair value through profit and loss;

The Group does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

a. Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

VALUATION TECHNIQUES

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

NOTE 21: FAIR VALUE MEASUREMENTS (continued)**RECURRING FAIR VALUE MEASUREMENTS**

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
CONSOLIDATED GROUP 2016				
Financial assets				
– Managed investments at fair value through profit or loss	86,727,923	–	–	86,727,923
CONSOLIDATED GROUP 2015				
Financial assets				
– Managed investments at fair value through profit or loss	55,004,001	–	–	55,004,001
Non-financial assets				
– Assets held for sale	36,236,984	–	–	36,236,984
PARENT 2016				
Financial assets				
– Managed investments at fair value through profit or loss	86,727,923	–	–	86,727,923
PARENT 2015				
Financial assets				
– Managed investments at fair value through profit or loss	55,004,001	–	–	55,004,001
Non-financial assets				
– Assets held for sale	36,236,984	–	–	36,236,984

DISCLOSED FAIR VALUE MEASUREMENTS*

There has been no change in the valuation techniques used to calculate the fair values disclosed in the financial statements.

There has been no transfers between fair value hierarchies during the year.

Notes to the financial statements

for the year ended 30 June 2016

NOTE 22: EVENTS AFTER BALANCE DATE

The Victorian Chamber entered into a memorandum of understanding with the NSW Business Chamber and Australian Business Lawyers & Advisors Pty Ltd on 9 August 2016 to obtain a 49% shareholding in Workplace Assured for the purposes of rolling out Workplace Assured in Victoria. It is expected that this transaction will be formalised by December 2016 and will involve an equity investment. Workplace Assured will be a national business offering a complete workplace relations solution for small to medium businesses. The Victorian Chamber also entered into an agreement with Oakton Services Pty Ltd on 1 August 2016 to design and deliver a new CRM, website and digital strategy for the Chamber. The total value of this project is estimated at \$3.6m and will be delivered in two phases over the course of 2016-17.

The financial statements were authorised for issue on 20 October 2016 by the Board of Directors.

NOTE 23: ASSOCIATION DETAILS

The registered office and principal place of business of the Victorian Chamber is:

The Victorian Chamber of Commerce and Industry (The Victorian Chamber)
150 Collins Street
MELBOURNE VIC 3000

The principal activities of the Victorian Chamber during the financial year were to assist the interests of Victorian business members and contributors via representation and advocacy to Government and policy makers along with providing membership services primarily involving Industrial Relations, information, advice, networking and value added professional services.

NOTE 24: ADDITIONAL DISCLOSURES - s.253 OF FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009 ("RO Act") Reporting Guidelines, the following disclosures are made:

- The Victorian Chamber's ability to continue as a going concern is not reliant on the agreed financial support of another entity. The Victorian Chamber has agreed to provide financial assistance to its subsidiaries the CCI – Victoria Legal Trust, VECCI Business Brokers Pty Ltd, VECCI Business Brokers Trust and VECCI Export Services Pty Ltd in order for each subsidiary to be able to pay its debts as and when they become payable. The Victorian Chamber also confirms that it will not call on or require repayment of any loans (whether in whole or in part) at any time within 12 months after the date of the signing of the audit report for each subsidiary named above for the year ended 30 June 2016, to the extent that the ability of the subsidiary entity to continue as a going concern would be adversely affected.
- The Victorian Chamber has not acquired any assets or liabilities during the financial year as a result of an amalgamation under Part 2 of Chapter 3 of the RO Act in which it was the amalgamated organisation; a restructure; a determination by the General Manager under subsection 245(1) of the RO Act of an alternative reporting structure; or a revocation by the General Manager under subsection 249(1) of the RO Act of a certificate issued to an organisation under subsection 245(1).
- The Victorian Chamber was not involved in a business combination during the financial year.
- No funds or accounts were operated in respect of compulsory levies or voluntary contributions.
- No funds or accounts were operated that were required by the Victorian Chamber rules.
- There were no funds, accounts or controlled entities kept for a specific purpose.

Committee of management statement

On 20 October 2016, the Members of the Committee of Management (Board of Directors) of the Victorian Chamber passed the following resolution in relation to the general purpose financial report of the reporting unit for the financial year ended 30 June 2016.

The Board of Directors declares in relation to the general purpose financial report that in its opinion:

- (a) The financial statements and notes comply with Australian Accounting Standards;
- (b) The financial statements and notes comply with the reporting guidelines of the General Manager;
- (c) The financial statements and notes give a true and fair view of the financial position as at 30 June 2016 and of the performance and cash flows for the year ended on that date for the reporting unit;
- (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 board of directors were held in accordance with the rules of the organisation including the rules of a branch concerned;
 - ii. the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned;
 - iii. the financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 ("RO Act");
 - iv. where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - v. where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager;
 - vi. where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.
- (f) During the financial year to which the general purpose financial report relates, the Victorian Chamber undertook recovery of wages activity during the reporting period:
 - i. the financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the reporting guidelines of the General Manager; and
 - ii. the Committee of Management instructed the auditor to include in the scope of the audit required under subsection 257(1) of the RO Act all recovery of wages activity by the reporting unit from which revenues had been derived for the financial year in respect of such activity; and
 - iii. no fees or reimbursement of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers other than as reported in the financial report on recovery of wages activity and the notes to the financial statements; and
 - iv. that prior to engaging in any recovery of wages activity, the organisation has disclosed to members by way of a written policy all fees to be charged or reimbursement of expenses required for recovery of wages activity, and any likely request for donations or other contributions in acting for a worker in recovery of wages activity; and
 - v. no fees or reimbursements off expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers until distributions of recovered money were made to the workers.

This declaration is made in accordance with a resolution of the Committee of Management.

For Board of Directors:

Name: Mark Stone

Title of Office held: Secretary and Chief Executive

Name: Mark Birrell

Title of Office held: President

Signature:



Signature:



Date: 20 October 2016

Date: 20 October 2016



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE VICTORIAN CHAMBER OF COMMERCE & INDUSTRY

Report on the Financial Statements

We have audited the accompanying financial statements of the Victorian Chamber of Commerce and Industry ("Victorian Chamber"), which comprise the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes comprising a summary of significant accounting policies, other explanatory information and the Committee of Management statement of the consolidated entity comprising Victorian Chamber and the entities it controlled at the year's end or from time to time during the financial year.

Committee of Management's Responsibility for the Financial Report

The Committee of Management is responsible for the preparation of the financial statements in accordance with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009* and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The scope of the audit encompassed recovery of wages activity.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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 management, as well as evaluating the presentation of the financial statements.

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 Australian professional ethical pronouncements.



Declaration

We are an approved auditor for the purposes of Fair Work (Registered Organisations) Act 2009 and we are a member of the ICAA and hold a Public Practice Certificate.

Opinion

In our opinion, the general purpose financial report and notes and recovery of wages financial report presents fairly, in all material respects, the financial position and performance of the reporting unit in accordance with Australian Accounting Standards and the requirements of Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*.

Other Matter

We are also of the opinion that management's use of the going concern basis of accounting in the preparation of the financial statements was appropriate.

ShineWing Australia

ShineWing Australia
Chartered Accountants

A handwritten signature in black ink, appearing to read 'H Underwood'.

Hayley Underwood CA
Auditor Registration Number: 428374
Partner

Melbourne, 24 October 2016

