I suspected as much so I've gone to plan 'B'. I bought another NIC and I'm going to assign the device directly to the VPS. So, no more venet0 where I need broadcast packets.

On a side note I wonder if using the experimental ROUTE target in iptables could bridge the packets to eth0. I haven't had time to recompile iptables to try it out. ROUTE is not included with the Fedora RPMs.