

# ChemCentre

## annual report

FOR  
THE YEAR  
ENDED  
30 JUNE

20  
14



**ChemCentre**  
EXPERT SOLUTIONS

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# Statement of Compliance

## Statement of Compliance For the year ended 30 June 2014

**Chemistry Centre (WA), trading as ChemCentre**

**HON Colin Barnett MLA**

**Premier; Minister for State Development; Science**

In accordance with Section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the annual report of ChemCentre for the financial year ended 30 June 2014.

The annual report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.



**Chair of Governing Board**

Date: 26 August 2014



**Member of Governing Board**

Date: 26 August 2014

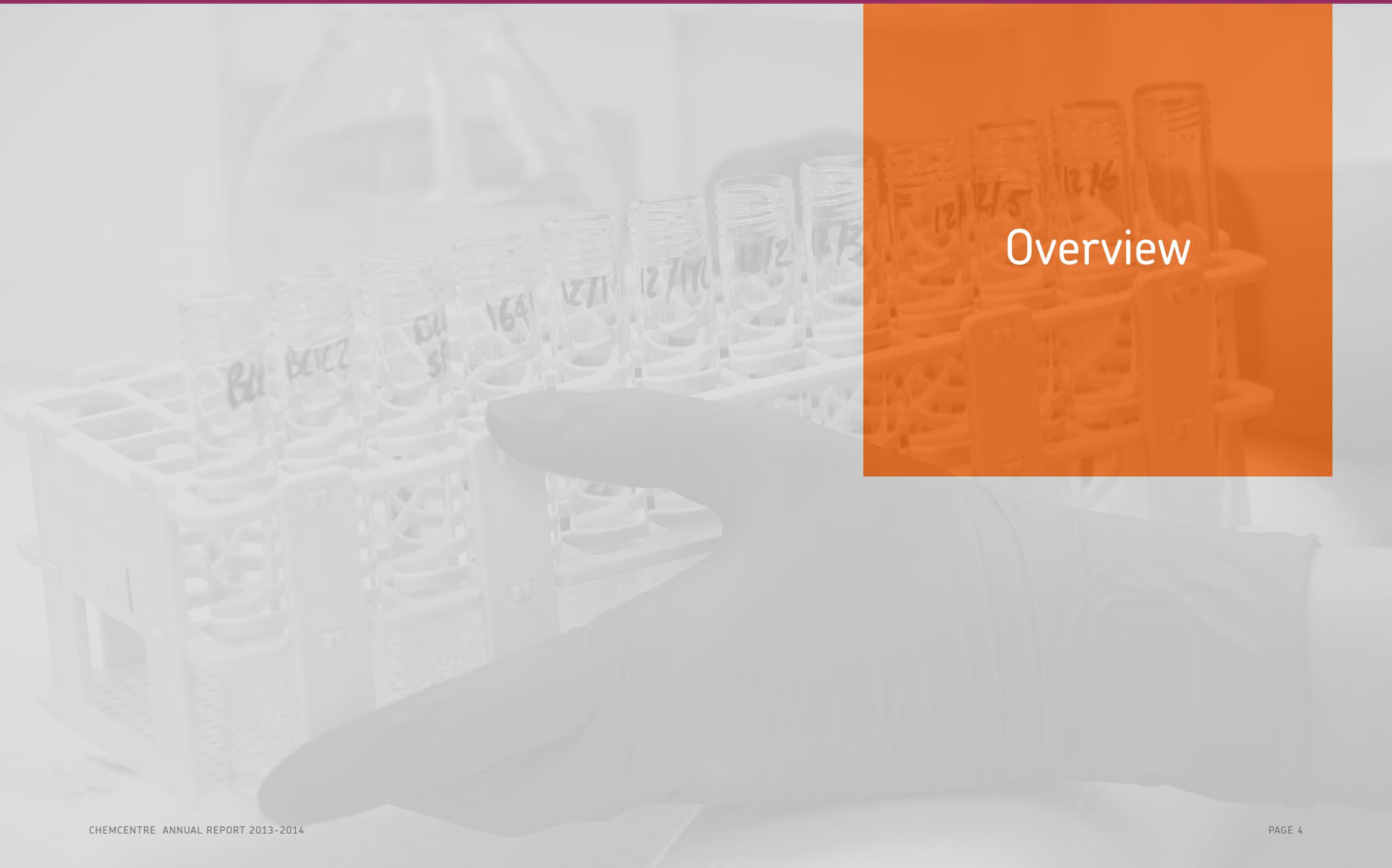
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# Overview



## From the Chair

This is my first address as Chair of the ChemCentre Board, having been appointed in the latter part of the 2013-14 financial year.

I thank my predecessor, Dr Bret Mattes, for his leadership over the past six years. As a founding Board member, appointed with the creation of the Chemistry Centre (WA) Act 2007, Dr Mattes provided strong guidance and developed a well-functioning board, with cohesion and vision.

I also thank fellow foundation member, the retiring Deputy Chair and recent Acting Chair, Dr Keith Shilkin. Having led pathology service providers, and as an active member of numerous professional and community associations, Dr Shilkin brought considerable experience and knowledge to the Board.

ChemCentre's role in the Western Australian community is a vital one, supporting emergency response, public and environmental health, justice, safety and security. To support this role, the Board has worked actively to establish the foundation strategy and governance processes to ensure ChemCentre is known as the premier provider of reputable and reliable analytical services and expertise to Western Australia.

Although market conditions are currently such that ChemCentre has experienced a downturn in revenue, ChemCentre's potential for future growth is reflected in its performance over the first five years of its operation (ending 2012). In this period, ChemCentre averaged 21% per year revenue growth from the delivery of its services. Creating a business model that ensures the pipeline of next generation services is continuously refreshed is important to sustaining profitability.

It is therefore time for ChemCentre to move into a new strategic phase which sees a sustainable business model developed, ensuring the expertise and knowledge can be sustained irrespective of the economic environment and to leverage future technologies and further build on systems and processes to ensure new capabilities are established as new challenges and hazards arise in our community. To provide this leadership, it is essential that the Board possesses and applies expertise in areas relevant to ChemCentre, and provides perspective via experience across a number of sectors. I look forward to working with Board members to ensure we are drawing on their strengths across our areas of responsibility, including committee representation.

A significant consideration for the Board is the first review of the *Chemistry Centre (WA) Act 2007*, as required every five years by that Act. An independent panel submitted a number of findings, some of which required further investigation. A steering committee, led by the Office of Science, has worked closely with the ChemCentre Board and Executive, and a series of key stakeholders, to examine possible approaches for ChemCentre's future operations and business model.

For the coming financial year, the CEO and Executive have set out a number of immediate strategic priorities that the Board agrees will contribute towards ensuring improved financial performance and the forecasted growth in out years.

I have been impressed by the energy and commitment of the ChemCentre Board, Executive and staff and I look forward to this exciting opportunity.

A handwritten signature in black ink, reading "Denise Goldsworthy". The signature is written in a cursive style.

**Ms Denise Goldsworthy**  
**Chair, ChemCentre Board**



## From the CEO

The past financial year has seen ChemCentre continue to deliver outstanding chemical and forensic science services to clients, whilst meeting the challenges of changing business and market conditions.

ChemCentre's responsibilities to the State – ensuring the safety and prosperity of Western Australia – were met through a series of diverse incidents and requests for chemical expertise. A few examples from 2013-14 include onsite testing of suspicious white powders sent through the mail, investigating soil chemistry to improve the health of the Swan Canning river system and analysis of emerging psychoactive substances ('synthetic drugs') to determine unknown contents.

I commend the entire staff of ChemCentre for their expertise and dedication in performing outstanding science and communicating these outcomes in a timely and clear manner to assist our partners, often in emergency services, in making key decisions to protect the community.

As an essential, trusted provider of analytical services, ChemCentre remains the preferred provider of expert knowledge and testing for these clients. However, market conditions that impact on clients also have a flow on effect for ChemCentre, in some cases resulting in decreased testing and research programs.

Fluctuations in client demand and the conclusion of several major analytical projects meant that revenue from provision of services decreased by \$0.6 million (4.5%), compared with the previous year.

Therefore, the Board and Executive of ChemCentre have commenced a number of key initiatives to ensure the organisation is resilient and

prepared for future changes in business demands. Strategic initiatives planned for 2014-15 include:

- Investing in stakeholder relationships to develop high-value, long term relationships with clients and key decision makers
- Developing ChemCentre's workforce to expand staff skills and ensure alignment with client demands
- Continuing with business improvement initiatives, including reviewing operational efficiency using Lean Six Sigma methodology to improve key client deliverables
- Reviewing internal metrics to ensure that performance indicators are in place to accurately evaluate the cost and value of service areas
- Tailoring research activities based on a comprehensive knowledge of industry and regulatory requirements

These initiatives will likely be complemented by a number of actions resulting from the review of the *Chemistry Centre (WA) Act 2007*.

I thank the Board for its guidance and role in shaping the future of ChemCentre via its governance and participation in the review of the *Chemistry Centre (WA) Act 2007*. I also welcome Denise Goldsworthy as the new Chair of the Board, whose extensive experience in the resources industry and consulting sectors will provide invaluable perspective and leadership in this role.

Finally, I extend my thanks to the staff and Executive of ChemCentre for their commitment and flexibility in ensuring ChemCentre is well-positioned to meet the requirements of our clients and the Western Australian community.

**Mr Peter Millington**  
**Chief Executive Officer**



# Executive Summary

ChemCentre works to ensure a safe and prosperous Western Australia through providing essential services and quality expertise.

## Executive Summary continued

There are three core service descriptions for ChemCentre's performance. These are:

- **Service 1: Commercial and Scientific Information and Advice** - Development and delivery of quality scientific information and advice, including commercial services, to government, industry and the community
- **Service 2: Research and Development** - Delivery of quality project-based knowledge, know-how and/or intellectual property relevant to state development, public health and safety, or delivery of ChemCentre's other services
- **Service 3: Emergency Response Management** - Specialist technical advice and support to government and industry in managing the risks arising from unmanaged chemical-biological-radiological releases

There are four key areas in which ChemCentre delivers the services described above. These are:

- Forensic science
- Emergency response
- Environmental chemistry
- Research and community

More information on these areas and a selection of highlights from the 2013-14 financial year is included below.

### Forensic Science

ChemCentre provides Western Australian authorities with defensible, high quality forensic science testing and expertise. The forensic science laboratory plays a key role in justice administration in Western Australia, providing services in forensic toxicology, trace evidence, drug analysis and racing chemistry for state and district coroners, the police and other government agencies.

In the 2013-14 financial year, ChemCentre:

- Improved the Enhanced National Intelligence Picture on Illicit Drugs, a unique drug profiling software system that compares drug seizure information from across Australia to identify trends and patterns
- Continued its leadership in synthetic drug analysis for coronial, sobriety, criminal investigation and workplace drug testing applications
- Worked collaboratively with agencies including WA Police, the Drug and Alcohol Office and Department of Health through the Emerging Psychoactive Substances Review Group, which examines the issue of synthetic drugs and management of risks for the Western Australian public
- Enhanced its in-house developed software tool for comparing fibres under forensic examination by significantly expanding the range of fibres contained within the comparison database
- Provided state and national leadership in forensic science through participation in, and guidance of, major working groups, including chairing the National Workshop on Analogue Drugs and the Australian Forensic Explosives Group
- Delivered anti-doping analytical services, expert testimony and advice to Racing and Wagering Western Australia, for the three codes of racing in the State
- Launched analytical services to support the assessment and remediation of sites contaminated by clandestine drug laboratory activity
- Deployed its comprehensive explosives response and analysis capability in assisting WA Police with the successful resolution of a criminal matter involving the discovery of the world's second largest haul of the extremely dangerous explosive triacetone triperoxide (TATP)

## Executive Summary continued

- Participated in the supervision of Curtin University chemistry research students (PhD and Honours levels), culminating in acclaimed peer reviewed publications
- Implemented a comprehensive business improvement strategy, with an initial implementation project resulting in process efficiencies measured by improvements in turnaround times ranging between 25 – 50% for illicit drugs casework
- Implemented enhanced analytical methodology for the comprehensive detection of the illicit use of anabolic steroids in the horse racing industry
- Provided expert training services for WA Police including: recognition of physical evidence, analytical methodologies; appropriate techniques for responding to chemical hazards from drug manufacturing; and explosives training to bomb response and post-blast officers
- Delivered explosives training workshops as a part of the national Australian and New Zealand Counter Terrorism Committee training program
- Participated in international INTERPOL forums associated with explosives response, detection and characterisation
- Presented as part of the Australian delegation to the Yunnan Police Officer Academy in Kunming for the 2014 Australia/China bilateral Workshop on Counter Narcotics Policing
- Created an easy-to-use sampling kit and laboratory testing service to support the identification and cleanup of sites contaminated by attempted drug manufacture

### CELEBRATING EXCELLENCE AT CHEMCENTRE

In October, ChemCentre celebrated the contributions of outstanding employees with the Ian Ritchie Achievement Award and the Ritchie Early Career Award. These awards recognise employees that have made the greatest contribution to ChemCentre in the previous year.



## Environmental Chemistry

ChemCentre's Act mandates the provision of expertise to support public health and safety. This is delivered through outstanding environmental chemistry services, used to assess and monitor potential risks to the environment and community. These services are delivered to clients from the private and public sector alike, and are focussed on providing legally defensible information to ensure sustainable development and thorough risk management.

In the 2013-14 financial year, ChemCentre:

- Developed testing programs to support Operational and Scientific Monitoring Programs for offshore drilling operations in the north west of Western Australia, which will allow a rapid and informed response in the event of an oil spill
- Created unique, rapid testing capabilities for the analysis of mining material to enable more efficient environmental impact assessments, waste management and informed mine site closure planning
- Supported the protection of the Swan Canning River system by investigating the use of soil amendments to improve soil properties to retain nutrients and water
- Translated expertise in gas monitoring in the atmosphere into industrial exposure trials, allowing companies to determine the best options to protect employees in the case of an onsite chemical hazard
- Introduced new analytical methodologies to support the use of mineral processing by-products as a valuable resource rather than as a waste material
- Developed techniques for assessing and characterising particulate matter in industrial settings, including underground mining, to improve knowledge of occupational exposure
- Expanded testing capabilities to assess chemical residues (e.g. pesticides, veterinary drugs) in food sources to assess performance against public health, export and import quality guidelines
- Carried out contamination and nutritional assessment of foods consumed in Western Australia as part of the Local Health Analytical Advisory Committee
- Presented the plenary speech at the International Water and Waste Water Conference in Kuala Lumpur for the Government of Malaysia
- Provided mine closure-baseline analysis of water (Acid Metalliferous Drainage)

## PRIZE-WINNING RESEARCH FOR SUSTAINABLE WATER IN WA

ChemCentre won the 2013 Australian Water Association WA Water Award for Recycling for its work using chemistry research to support community acceptance of sustainable water reuse. ChemCentre was also a finalist in the Research Innovation Award category.



## Emergency Response

ChemCentre's emergency response scientists assist with management of the State's ability to respond to risk and protect the community in suspected chemical, biological or radiological incidents (CBRN). This includes identifying unknown chemicals and advising on evacuation and emergency response procedures. ChemCentre's expertise in the area of emergency response is valued amongst emergency and counterterrorism groups in several partner countries.

In the 2013-14 financial year, ChemCentre:

- Attended and resolved 33 official emergency response incidents
- Undertook training exercises with partners in emergency and hazard response, the Department of Fire and Emergency Services (DFES) and WA Police for frontline staff as well as capability studies
- Provided Directing Staff for the Australia and New Zealand Counter Terrorism Committee course on obtaining rapid intelligence during a Chemical Biological Radiological Incident
- Participated together with WA Police and DFES in a counter terrorism exercise with the Special Air Service Regiment in order to test defence assistance to civilian responders
- Provided state, national and international leadership in emergency response through participation in, and guidance of, major working groups, including presenting at the United States Environmental Protection Authority's Decontamination Research and Development Conference, playing a lead role in South East Asian Regional Exercises conducted by the Organisation for the Prohibition of Chemical Weapons and providing leadership of Australia's Chemical Warfare Agent Laboratory network
- Completed several emergency response related research projects including evaluation of a hardware/software system for the investigation of sites contaminated with chemical and biological agents
- Managed a liaison and response program with local government authorities to categorise and responsibly dispose of hazardous household waste at council waste facilities

### HAZARDOUS CHEMICALS SCENARIO TRAINING

ChemCentre provides expert training and education services to agencies including WA Police and Department of Fire and Emergency Services. This includes leading and participating in major training exercises dealing with chemical hazard response.



## Research and Community

ChemCentre undertakes a series of commissioned research projects every year, contributing staff expertise and time as in-kind support for developing State capability or knowledge. These projects are selected based on their ability to address issues such as State development priorities, demand for improved analytical services and delivery of other business areas.

In the 2013-14 financial year, ChemCentre undertook research in the following areas:

- Better analytical tools to support environmental risk assessments, mine site waste management and mine site closure
- Feasibility of the sub-aqueous storage of pyritic waste materials
- Feasibility of rapidly oxidizing pyritic materials to reduce costs and legacy risks associated with the storage of reactive wastes
- Application of United States Environmental Protection Agency-approved analytical methodologies to support the registration of mineral by-products as valuable resources rather than wastes
- Particulate source apportionment and dust characterisation studies to support the Port Hedland Health Risk Assessment
- Analytical services to support the Operational and Scientific Monitoring Programs plan for offshore drilling operations
- New approaches to improve the quality and measurement of total petroleum hydrocarbons in Australian environmental samples
- Characterisation of naturally occurring photosensitising chemicals that have a adverse effect on grazing animals
- Analytical services associated with the optimisation and development of lupins in Australia
- Analytical assessment of the value and effectiveness of carbon capture programs and sequestered carbon initiatives
- Nutrient capture and water retention through the trial of unique soil

amendments and filter systems in a natural environment

- Advanced analytical method development support for the Ground Water Replenishment Trial
- Heavy metal exposure and public health

Within its Act, ChemCentre is also required to support chemistry

education and community engagement, and delivers this through science communication in the media, an outreach and engagement program, support of tertiary science education and providing expertise to state, national and international working groups.

In the 2013-14 financial year, ChemCentre:

- Ran a highly successful outreach program, covering school visits, community presentations and the annual Open Day, with highlights from across ChemCentre's work, which reached nearly 1500 visitors
- Hosted 17 student officers and internships, supporting tertiary chemistry and laboratory practice education
- Participated in regular media interviews and stories, supporting regulatory and public health authorities and achieving recognition as an expert in areas including illicit drugs, clandestine drug laboratories and workplace drug testing
- Led and participated in expert working groups and professional bodies, including the Royal Australian Chemical Institute, Water Research Australia and the National Institute of Forensic Science



## Financial Overview

The actual loss before tax for the year ended 30 June 2014 was \$833,000 compared to an actual loss before tax for the previous year of \$2,000,000 and the budget profit before tax of \$620,000.

Actual service appropriations in 2013-14 were \$2,013,000 (26.0%) higher than previous year as a consequence of appropriations received to pay for redundancies under the Voluntary Severance Scheme (VSS) of \$666,000, a partial reinstatement of salary cap of \$442,000 and appropriations received for the maintenance of essential forensic capabilities of \$736,000. Revenue from the provision of services decreased by \$638,000 (4.5%) to \$13,598,000 compared with the previous year. The reduction in revenue compared to previous year results from a reduction in samples requiring analysis from the Water Corporation (following the completion of stage one of the Ground Water Replenishment Trial) and a reduction in revenue from workplace drug testing.

Total expenses during the period have increased by \$212,000 (0.9%) to \$24,250,000 compared with the previous year. The main reason for this increase is salaries and related costs, which increased by \$183,000 (1.5%), due to the payment for five redundancies under the VSS of \$666,000, partially offset by the salary savings resulting from fewer FTEs. Average FTEs reduced by 7 as a direct result of the VSS and the termination of contract workers when their contracts expired. Other increases and decreases in expenses to 30 June 2014 compared with the previous year include:

1. Depreciation and amortisation costs decreased by \$7,000, reflecting the \$1 million less spent on the Asset Investment Plan as a result of a moratorium placed on capital acquisition during the first half of financial year in order to conserve cash (Note 19 and 20).

2. Accommodation expenses increased by \$69,000, mainly as a result of higher utility costs than the previous year.

In the 12 months to 30 June 2014 the cash balance increased by \$991,000 to \$3,602,000. The actual cash balance includes a \$300,000 tax refund and early receipt of debtor payment from clients for June invoices. (See Statement of Cash Flows page 31).

Actual profit before tax for the year ending 30 June 2014 is under budget by \$1,453,000. Revenue from the provision of services is \$2,758,000 below budget as a result of a reduction in samples requiring analysis from the Water Corporation after completion of the Ground Water Replenishment Trial stage one, as well as a reduction in revenue from workplace drug testing. The aforementioned revenue reduction compared to budget is offset by a \$1,844,000 increase in appropriations over budget.

The increase consists of:

Description	\$'000
Maintenance of forensic capability	736
Voluntary Severance Scheme	666
Salary cap partial reinstatement	442
<b>Total</b>	<b>1,844</b>



# Organisational Structure

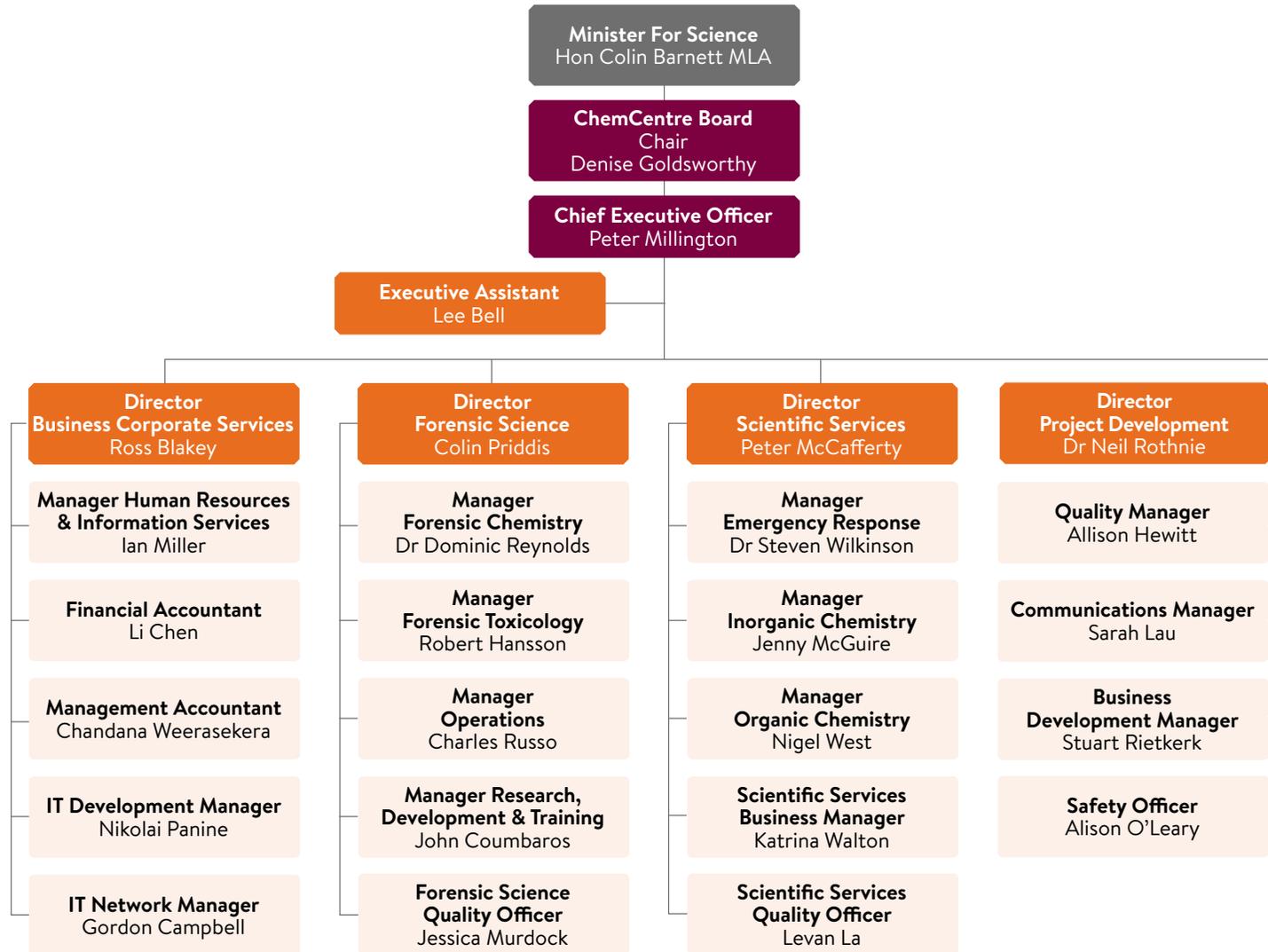
## Enabling Legislation

ChemCentre was established as a statutory authority under the *Chemistry Centre (WA) Act 2007*, on 1 August 2007.

## Responsible Minister

Premier; Minister for State Development; Science.

## Organisational Structure continued





Back row: Mr Bruce Brennan, Dr John Farrow, Mr Peter Millington, Dr David McAuliffe.  
Front row: Dr David Blyth, Ms Denise Goldsworthy, Dr Lianne Cretney-Barnes. Absent: Dr Keith Shilkin, Dr Peter Stransky.

## Board of ChemCentre

Each member of the Board is appointed by the Minister for Science and selected for the relevant expertise that they bring. Appointments (or re-appointments) are for three year terms, with a staggered rotation of board membership.

### Board Profiles

#### Dr Bret Mattes (Chair, until 31 July 2013)

Dr Mattes was inaugural Chair of the Board from its creation on 1 August 2007 until the expiry of his third term of office on 31 July 2013. He is currently the CEO and President Director of OTP Geothermal and President of Origin Energy in Indonesia.

#### Ms Denise Goldsworthy (Chair, appointed on 14 April 2014)

Ms Goldsworthy is the founder of Alternate Futures Pty Ltd, a company that works with senior teams from both research and industry, to challenge the status quo. Prior to this, she worked as an executive for Rio Tinto, with roles including Chief Commercial Officer Autonomous Haul Trucks, Managing Director of Dampier Salt Limited and Managing Director Hlsmelt Corporation. Before her career with Rio Tinto, Ms Goldsworthy spent 17 years with BHP Steel at the Newcastle Steelworks. Denise holds a Metallurgy degree (BMet Hons and University Medal) from the University of Newcastle in New South Wales. Ms Goldsworthy is an Independent Non-Executive Director for Aquila Resources, a member of Council at Edith Cowan University and a trustee for the Navy Clearance Diver's Trust. Among Ms Goldsworthy's honours is being named the 2010 Telstra Australian Business Woman of the Year.

#### Dr Keith Shilkin AM (Deputy Chair, until 30 April 2014)

Dr Shilkin was the CEO of Pathwest for ten years. Prior to that, he was the Head of Department of Pathology at Sir Charles Gairdner Hospital and held other Pathology appointments in Perth, Singapore, London and New York. He is widely published in the professional literature. He has held numerous positions in professional pathology and associated organisations and committees. He has been active over many years in various community organisations. Dr Shilkin was made a Member of the Order of Australia for services to medicine and the Jewish Community.

### **Dr Lianne Cretney-Barnes**

Dr Cretney-Barnes has held senior positions in both private and public sector organisations for over 20 years and has considerable experience in strategic marketing, branding and business development. Lianne is also a Board Member and Chair of the Integrity Assurance Committee for Racing & Wagering WA and the WA Partner for Women on Boards. Lianne has been recognised for her business development skills and commercial acumen, with awards for enterprise and market development including the Edith Cowan University Vice-Chancellor's Award for Enterprise in 2003. Lianne has a professional doctorate in Business Administration and her company, Board Connexions, focuses on helping boards and directors find their way through the maze of governance, performance, people and strategy issues.

### **Dr John Farrow**

Dr Farrow is the Site Manager for CSIRO's Australian Minerals Research Centre at Waterford, in Perth, Western Australia. Dr Farrow is also a senior manager within the CSIRO Mineral Resources Flagship "Processing Australian Ore" Program. Dr Farrow and the CSIRO Improving Thickener Technology team were awarded the CSIRO Medal for Outstanding Research Achievements in 1999, the CSIRO Business Excellence Medal in 2004 and the CRC Association Technology Transfer Award in 2007. In 2002, Dr Farrow was also the joint winner of the Australasian Institute of Mining and Metallurgy's Mineral Industry Operating Award for 'services to the minerals industry, through revolutionising the development and implementation of new thickener technology for mineral processing'.

### **Dr Peter Stransky**

Dr Stransky has over 25 years experience as an industrial and production chemist, working mostly with industry on the Kwinana strip. His roles varied from research scientist to Commercial Manager and he has had considerable experience in designing and realising commercial industrial projects, including financial, contractual and technical aspects. Since 2006, he has continued to be involved in business development assignments for minerals and chemicals companies in his role as an independent consultant.

### **Mr David McAuliffe**

Mr McAuliffe has over fourteen years experience in the international Life Science sector. During this time he has been involved in numerous capital raisings and technology in-licensing exercises. Mr McAuliffe has an Honours degree in Law and a Bachelor of Pharmacy degree and is the President of the Dyslexia-Speld Foundation WA (Inc).

### **Mr Bruce Brennan APM**

Mr Brennan was a WA career police officer for 39 years serving in most facets of policing but predominantly as a detective. He completed his Officer Training at the Victorian Police Officer College in 1986 and the Australian Police Staff College in NSW. In 1996 he was appointed Deputy Commissioner and State Commander and held this position until his retirement in 2003. In 2004 he worked with an AUSAid project based in Fiji as strategy adviser to Police Chiefs of the 14 Pacific Island Forum Countries. In 2006 he was appointed to the FESA Board and chaired the Bush Fire Service Consultative Committee. In his role as Deputy Commissioner he served on many committees both local and national. He has a long involvement and understanding of working with Government and was awarded the Australian Police Medal in 1998 for services to Policing.

### Senior Officers

#### Mr Peter Millington

##### Chief Executive Officer

Mr Millington has worked in both the State and Australian public service. He has extensive experience in corporate management and has held the position of CEO at ChemCentre for five years.

#### Mr Ross Blakey

##### Director Business and Corporate Services

Mr Blakey has over 25 years' wide-ranging commercial experience in the private sector as an Executive Director and Company Secretary of public companies.

#### Mr Peter McCafferty

##### Director Scientific Services Division

Mr McCafferty has extensive experience in the public and private sector, utilising analytical chemistry and related science to solve problems for industry and the public.

#### Mr Colin Priddis

##### Director Forensic Science Laboratory

As a forensic scientist, Mr Priddis has over 25 years' experience delivering services and expert opinion to clients including WA Police, Office of the State Coroner and Racing and Wagering WA.

#### Dr Neil Rothnie

##### Director Project Development

Dr Rothnie has over 20 years' experience undertaking strategic research and investigation to protect Western Australia and contribute to State development.

### Administered Legislation

ChemCentre does not administer any Act.

### Other Key Legislation Impacting on ChemCentre's Activities

In the performance of its functions, ChemCentre complies with the following relevant written laws:

*Auditor General Act 2006;*  
*Contaminated Sites Act 2003;*  
*Disability Services Act 1993;*  
*Equal Opportunity Act 1984;*  
*Financial Management Act 2006;*  
*Freedom of Information Act 1992;*  
*Industrial Relations Act 1979;*  
*Minimum Conditions of Employment Act 1993;*  
*Occupational Safety and Health Act 1984;*  
*Public Sector Management Act 1994;*  
*Salaries and Allowances Act 1975;*  
*State Records Act 2000;* and  
*State Supply Commission Act 1991.*

## Performance Management Framework

### Outcome Based Management Framework

Broad, high level government goals are supported at agency level by more specific desired outcomes. Agencies deliver services to achieve these desired outcomes, contributing to the achievement of the higher level government goals. The relationship between the government goals, agency level desired outcomes and associated services is tabulated below.

ChemCentre's effort is divided approximately 39% to services for government and 61% to fee-for-service activities, delivered to government and private sectors.

Government Goal	Desired Outcome	Outcomes
<p><b>Social and Environmental Responsibility.</b> Ensuring that economic activity is managed in a socially and environmentally responsible manner for the long term benefit of the state.</p>	<p>Quality independent scientific advice, research and development, and an emergency response capability that support Government and the wider community.</p>	<p><b>Outcome 1. Emergency Response.</b> Special technical advice and support to government, other government agencies and industry in managing the risks arising from unmanaged chemical-biological-radiological releases delivered just in time.</p> <p><b>Outcome 2 &amp; 3. Scientific Information and Advice</b> Development and delivery of quality scientific information and advice, on a commercial basis, to government, industry and the community.</p> <p><b>Outcome 4. Research and Development</b> Project-based development of quality knowledge, know-how and/or intellectual property relevant to state development, public health and safety, or delivery of ChemCentre's other services</p>

### Changes to Outcome Based Management Framework

ChemCentre added Outcome 4 "Research & Development" to its Outcome Based Management Framework for the Annual Report ending 30 June 2009 and thereafter.

### Shared Responsibilities with Other Agencies

ChemCentre's Emergency Response service is largely delivered in support of the Department of Fire and Emergency Services, normally the controlling authority at such emergency events.

ChemCentre also provides an extensive forensic science service to the WA Police and the Office of the State Coroner.



# Agency Performance

- Report on Operations

The twelve months results to 30 June 2014 at ChemCentre continue the increased commercial focus which commenced when the ChemCentre became a Statutory Authority in August 2007. ChemCentre has successfully secured two major contracts which will bring in substantial revenues from 1 July 2014 for the next two years.

**Financial Targets: Actual performance compared to budget targets to 30 June 2014**

ChemCentre has a history of providing a specialist service to government, at a net cost to government. The results for the twelve months to 30 June 2014 reflect an unfavourable variance against budget of \$3,297,000 for the net cost of services. Total income fell below budget by \$2,731,000 and the total cost of services shows an unfavourable variance against budget of \$566,000. The unfavourable net deficit variance before tax is due to the ‘sale of goods and services’ which was \$2,758,000 below budget due to a reduction in samples requiring analysis from the Water Corporation after completing the Ground Water Replenishment Trial stage one, as well as a significant reduction in revenue from workplace drug testing.

	Budget (\$)	Actual (\$)
Total Income	16,381,000	13,650,000
Total Cost of Service	23,684,000	24,250,000
Net Cost of Service	7,303,000	10,600,000
Service appropriation	7,923,000	9,767,000
Surplus/(Deficit) before tax for period	620,000	(833,000)

**Key Performance Indicators: Actual performance compared to budget targets**

Key Effectiveness Indicators	Target	Achieved
Outcome 1: Emergency Response: Resolution Time	4 hr	2.3 hr
Outcome 2 & 3: Client satisfaction	80%	86%
Outcome 2 & 3: Proficiency Rating	95%	93%
Outcome 4: Aggregate Value of ChemCentre Components as a ratio of R&D sold to internal R&D	60/40	39/61
Outcome 4: Client Satisfaction	80%	84%
<b>Key Efficiency Indicators</b>		
Service 1: Average Cost/hour	\$197	\$210
Service 2: Average Cost/hour	\$444	\$274
Service 3: Average Cost/hour	\$386	\$255

Performance information relating to the services provided is presented at pages 61 to 65 of this report.

## Significant Issues Impacting the Agency

### Current and emerging issues and trends

#### Review of *Chemistry Centre (WA) Act 2007*

The *Chemistry Centre (WA) Act 2007* requires that a review of the Act is completed every five years. An independent panel was appointed in the previous financial year and delivered a report for Government consideration. As a number of recommendations from the panel address issues associated with ChemCentre's business model, a steering committee was appointed and is being led by the Office of Science. Recommendations from the steering committee will be incorporated into ChemCentre's business and strategic plans for coming years.

#### Economic and market conditions

The majority of ChemCentre's income is generated by the sale of analytical services in key markets, including environmental and occupational exposure services for the mining and resources sector. In the past financial year, clients from this latter sector have experienced a downturn in activity, which then lead to a decrease in the demand for analytical services. This has impacted on ChemCentre's financial performance in 2013-14, but senior staff at ChemCentre are working on strengthening other business lines to offset these adverse conditions.

#### Attraction and retention of staff

Annual surveys of ChemCentre clients reveal that one of the key benefits for clients when working with ChemCentre is access to knowledgeable and approachable staff to assist with interpretation of results and problem solving. Whilst this is a clear market advantage, difficulties in recruiting external expertise, whilst retaining key staff already employed at ChemCentre, are continual challenges. Further, five people departed ChemCentre in budget year 2013-14 as part of wider agency efficiency

measures under a Voluntary Separation Scheme. Therefore, to ensure the skills and knowledge are in place to protect the State and meet client needs, ChemCentre will undertake skills assessments across key service areas and plan staff training accordingly.

#### Emergency response capability and capacity

ChemCentre provides essential emergency and hazard response services for the State, maintaining an expert staff base and a 24-7 response capability. In the 2013-14 financial year, ChemCentre staff assisted in incidents ranging across industrial truck rollovers, factory fires, white powders being mailed to Parliamentarians and explosives recovered by WA Police. Maintaining staff expertise through ongoing training and development, and ensuring currency with international best practice, is a challenge for ChemCentre and is being addressed through a comprehensive training and succession planning program.

#### Forensic science capability and capacity

ChemCentre provides expert forensic services for WA Police, for major and special crime investigations, as well as 'cold case' reviews. This work is requested and directed by WA Police in accordance with its investigation priorities. Government operating subsidies in 2013-14 of \$736,000 and \$754,000 in budget year 2014-15 will maintain capability and scientific support for forensic investigations determined by WA Police.

#### Deferral of rental operating subsidy withdrawal

In line with its commercially sustainable business model, ChemCentre aims to pay a rate of rent for its Bentley premises in line with commercial analytical laboratory rental rates. Government has agreed to provide

a portion of operating subsidies to cover the remainder of the cost attributable to the rental agreement. There was a planned stepped reduction in this support for the 2012-13 financial year, however, with adverse trading conditions impacting on forecast revenue, this reduction has been deferred until 2014-15.

### **Internal efficiencies and system improvement**

In order to continually deliver value and quality services to clients and stakeholders, ChemCentre has implemented two business improvement programs designed to enhance laboratory operations and the management of major project work. Using internal staff expertise and cross-organisational project teams, ChemCentre expects to implement these changes over the 2014-15 financial year.

### **Changes in Written Law**

There were no changes in Written Law impacting upon ChemCentre in the 2013-14 period.



Auditor General

**INDEPENDENT AUDITOR'S REPORT**

To the Parliament of Western Australia

**CHEMISTRY CENTRE (WA)**

**Report on the Financial Statements**

I have audited the accounts and financial statements of the Chemistry Centre (WA).

The financial statements comprise the Statement of Financial Position as at 30 June 2014, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

*Board's Responsibility for the Financial Statements*

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 Centre's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Chemistry Centre (WA) at 30 June 2014 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

# Auditor's Opinion

**Report on Controls**

I have audited the controls exercised by the Chemistry Centre (WA) during the year ended 30 June 2014.

Controls exercised by the Chemistry Centre (WA) are those policies and procedures established by the Board to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

*Board's Responsibility for Controls*

The Board is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

*Auditor's Responsibility*

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Chemistry Centre (WA) based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Centre complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the controls exercised by the Chemistry Centre (WA) are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2014.

**Report on the Key Performance Indicators**

I have audited the key performance indicators of the Chemistry Centre (WA) for the year ended 30 June 2014.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

*Board's Responsibility for the Key Performance Indicators*

The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions and for such controls as the Board determines necessary to ensure that the key performance indicators fairly represent indicated performance.

*Auditor's Responsibility*

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Board's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the key performance indicators of the Chemistry Centre (WA) are relevant and appropriate to assist users to assess the Centre's performance and fairly represent indicated performance for the year ended 30 June 2014.

**Independence**

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing and Assurance Standards, and other relevant ethical requirements.

**Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators**

This auditor's report relates to the financial statements and key performance indicators of the Chemistry Centre (WA) for the year ended 30 June 2014 included on the Centre's website. The Centre's management is responsible for the integrity of the Centre's website. This audit does not provide assurance on the integrity of the Centre's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.

DON CUNNINGHAME  
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
29 August 2014

## Certification of Financial Statements

The accompanying financial statements of ChemCentre have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2014 and the financial position as at 30 June 2014.

At the date of signing we are not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.



**R Blakey**

Director Business and Corporate Services

Date: 26 August 2014



**C Priddis**

A/Chief Executive Officer

Date: 26 August 2014



**Chair of Accountable Authority**

Date: 26 August 2014



**Member of Accountable Authority**

Date: 26 August 2014

## Statement of Comprehensive Income For the year ended 30 June 2014

	Note	2014 \$'000	2013 \$'000
<b>INCOME</b>			
<b>Revenue</b>			
Provision of Services	7	13,598	14,236
Interest Revenue	8	46	43
Other Revenue	9	6	5
Total Income		13,650	14,284
<b>EXPENSES</b>			
<b>Expenses</b>			
Employee benefits expense	10	12,585	12,402
Supplies and services	11	1,327	1,347
Depreciation and amortisation expense	12	1,357	1,364
Accommodation expenses	13	5,496	5,427
Other expenses	14	3,485	3,498
<b>Total expenses</b>		24,250	24,038
Loss before grants and subsidies from State Government		(10,600)	(9,754)
Service appropriation	15	9,767	7,754
Profit /(Loss) before income tax expense		(833)	(2,000)
Income Tax Expense/Benefit	32(a)	67	391
Profit /(Loss) after income tax expense		(766)	(1,609)
<b>Profit/(Loss) for the period</b>		(766)	(1,609)
<b>Total Comprehensive Income for the Period</b>		(766)	(1,609)

See also note 39 'Schedule of Income and Expense by Service'.

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

## Statement of Financial Position For the year ended 30 June 2014

	Note	2014 \$'000	2013 \$'000
<b>As at 30 June 2014</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	27(a)	3,602	2,611
Prepayments	17	220	105
Receivables	16	1,282	1,037
Amounts receivable for services	18	965	965
<b>Total Current Assets</b>		<b>6,069</b>	<b>4,718</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	19	3,559	4,093
Intangible assets	20	653	635
Sinking fund	21	1,256	954
Deferred tax asset	32(d)	1,068	1,001
<b>Total Non-Current Assets</b>		<b>6,536</b>	<b>6,683</b>
<b>TOTAL ASSETS</b>		<b>12,605</b>	<b>11,401</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	23	1,844	1,155
Provisions	24	2,558	2,430
Other current liabilities	25	798	663
Current tax liabilities	32(c)	300	(42)
<b>Total Current Liabilities</b>		<b>5,500</b>	<b>4,206</b>

## Statement of Financial Position For the year ended 30 June 2014 continued

	Note	2014 \$'000	2013 \$'000
<b>Non-Current Liabilities</b>			
Provisions	24	796	820
Deferred tax liability	32(e)	-	-
<b>Total Non-Current Liabilities</b>		796	820
<b>TOTAL LIABILITIES</b>		6,296	5,026
<b>NET ASSETS</b>		6,309	6,375
<b>EQUITY</b>			
Contributed equity	26	5,443	4,743
Retained earnings		866	1,632
<b>TOTAL EQUITY</b>		6,309	6,375

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

## Statement of Changes in Equity For the year ended 30 June 2014

	Note	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total Equity \$'000
<b>Balance at 1 July 2012</b>	26	4,043	-	3,241	7,284
Total comprehensive income for the year		-	-	(1,609)	(1,609)
Transactions with owners in their capacity as owners:					
Capital appropriation		700	-	-	700
Other contributions by owners		-	-	-	-
Distributions to owners		-	-	-	-
Total		700	-	-	700
<b>Balance at 30 June 2013</b>		4,743	-	1,632	6,375
<b>Balance at 1 July 2013</b>		4,743	-	1,632	6,375
Total Comprehensive income for the year		-	-	(766)	(766)
Transactions with owners in their capacity as owners:					
Capital appropriation		700	-	-	700
Other contributions by owners		-	-	-	-
Distributions to owners		-	-	-	-
Total		-	-	-	-
<b>Balance at 30 June 2014</b>		5,443	-	866	6,309

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

## Statement of Cash Flows For the year ended 30 June 2014

	Note	2014 \$'000	2013 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Provision of services		13,494	14,725
GST receipts on services		1,349	1,468
<b>Payments</b>			
Employee benefits		(12,481)	(12,053)
Accommodation		(4,944)	(5,317)
GST payments on purchases		(999)	(1,099)
GST payments to taxation authority		(274)	(95)
Other payments		(5,122)	(6,017)
<b>Net cash provided by /(used in) operating activities</b>	27	(8,977)	(8,388)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Payments</b>			
Purchase of non-current physical assets		(841)	(1,841)
<b>Net cash provided by/( used in) investing activities</b>		(841)	(1,841)
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Grants and subsidies		10,809	8,535
<b>Net cash provided by State Government</b>		10,809	8,535
<b>Net increase/(decrease) in cash and cash equivalents</b>		991	(1,694)
Cash and cash equivalents at the beginning of period		2,611	4,305
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>		3,602	2,611

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

## Notes to the Financial Statements

### 1. Australian Accounting Standards

#### General

ChemCentre's financial statements for the year ended 30 June 2014 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and interpretations issued by the Australian Accounting Standard Board (AASB).

ChemCentre has adopted any applicable new and revised Australian Accounting Standards from their operative dates.

#### Early adoption of standards

ChemCentre cannot early adopt an Australian Accounting Standard or Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Australian Accounting Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by ChemCentre for the annual reporting period ended 30 June 2014.

### 2. Summary of significant accounting policies

#### (a) General statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

The *Financial Management Act 2006* and the Treasurer's Instructions are legislative provisions governing the preparation of financial

statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

#### (b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention. ChemCentre is a for profit entity.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

*Note 3* 'Judgements made by management in applying accounting policies' discloses judgements that have been made in the process of applying ChemCentre's accounting policies resulting in the most significant effect on amounts recognised in the financial statements.

*Note 4* 'Key sources of estimation uncertainty' discloses key assumptions made concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## Notes to the Financial Statements For the year ended 30 June 2014 continued

### (c) Contributed equity

AASB Interpretation 1038 'Contribution by Owners Made to Wholly Owned Public Sector Entities' requires transfers, other than the result of a restructure of administrative arrangements, in the nature of equity contributions to be designated by the Government (the owner) as contributions by the owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital contributions (appropriations) have been designated as contributions by owners by Treasury Instruction (TI) 955 'Contributions by Owners made to Wholly Owned Public Sector Entities' and have been credited directly to Contributed Equity.

Transfers of Net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal. See Note 26 'Equity'.

### (d) Reporting entity

The reporting entity comprises the Chemistry Centre (WA) referred to as ChemCentre. There are no Related Bodies. See Note 35 'Related Bodies'.

### (e) Income

#### Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

#### Provision of services

Revenue is recognised on delivery of the service to the client or by reference to the stage of completion of the transaction.

#### Interest

Revenue is recognized as the interest accrues.

#### Service appropriations

Service appropriations are accrual amounts reflecting the net cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable holding account comprises the depreciation expense for the period and any agreed increase in leave liability during the period.

#### Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when ChemCentre obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Where contributions are recognised as revenues during the reporting period and were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the balance sheet date, the nature of, and amounts pertaining to, those undischarged conditions are disclosed in the notes as Revenue Received in Advance. See Note 25 'Other Current Liabilities'.

## Notes to the Financial Statements For the year ended 30 June 2014 continued

### Gains

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets.

### (f) Income tax

ChemCentre operates within the National Tax Equivalent Regime (“NTER”) whereby an equivalent amount in respect of income tax is payable to the WA Treasury. The calculation of the liability in respect of income tax is governed by NTER guidelines and directions approved by Government.

As a consequence of participation in the NTER, ChemCentre is required to comply with AASB 112 ‘Income Taxes’.

The income tax expense equivalent, or income, for the period is the tax payable on the current period’s taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rate expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

### (g) Property, plant and equipment and infrastructure

#### Capitalisation/expensing of assets

Items of property, plant and equipment costing \$400 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment and infrastructure costing under \$400 are capitalised only if they form part of a group of similar items which is significant in total. Otherwise they are expensed directly to the Statement of Comprehensive Income.

#### Initial recognition and measurement

All items of property, plant and equipment are initially recognised at cost.

For items of property, plant and equipment acquired at no cost or for nominal cost, cost is their fair value at the date of acquisition.

#### Subsequent measurement

After recognition as an asset, ChemCentre uses the cost model for all property, plant and equipment. All items of property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

#### Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

## Notes to the Financial Statements For the year ended 30 June 2014 continued

Depreciation on assets is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Plant and equipment	5 to 7 years
Office equipment	5 years
Software <sup>(a)</sup>	3 to 5 years
Motor vehicles	3 to 7 years

(a) Software that is integral to the operation of related hardware.

### (h) Intangible assets

#### Capitalisation/expensing of assets

Acquisitions of intangible assets costing \$400 or more and internally generated intangible assets costing \$50,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred of less than \$400 are immediately expensed directly to the Statement of Comprehensive Income.

All acquired and internally developed intangible assets are initially measured at cost. For assets acquired at no cost or for nominal cost, cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by ChemCentre have a finite useful life and zero residual value.

The expected useful lives for each class of intangible asset are:

Software<sup>(a)</sup> 3 to 5 years

(a) Software that is not integral to the operation of any related hardware.

#### Computer software

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than \$400 is expensed in the year of acquisition.

#### Website costs

Website costs are charged as expenses when they are incurred unless they relate to the acquisition or development of an asset when they may be capitalised and amortised. Generally, costs in relation to feasibility studies during the planned phase of a website, and ongoing costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a website that can be reliably measured, are capitalised to the extent that they represent probable future economic benefits.

#### (i) Research and development costs

Research costs are expensed as incurred. Development costs incurred for an individual project are carried forward when the future recoverability can reasonably be regarded as assured and the total project costs are likely to exceed \$50,000. Other development costs are expensed as incurred.

#### (j) Impairment of assets

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the

## Notes to the Financial Statements For the year ended 30 June 2014 continued

carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised in profit or loss. Unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at each balance sheet date.

See Note 22 'Impairment of assets' for the outcome of impairment reviews and testing.

See Note 2(n) 'Receivables' and Note 16 'Receivables' for impairment of receivables.

### (k) Leases

ChemCentre currently holds operating leases (see Note 29). Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

### (l) Financial Instruments

In addition to cash and cash equivalents, ChemCentre has two categories of financial instrument:

- Loans and Receivables;
- Financial liabilities measured at amortised cost.

These have been disaggregated into the following classes:

#### Financial Assets

- Cash and cash equivalents
- Receivables
- Amounts receivable for services

#### Financial Liabilities

- Payables

Initial recognition and measurement is at fair value. The transaction cost or face value is equivalent to the fair value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

### (m) Cash and cash equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents includes restricted cash and cash equivalents. These include cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

## Notes to the Financial Statements For the year ended 30 June 2014 continued

### (n) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that ChemCentre will not be able to collect its debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days. See Note 2(l) 'Financial Instruments' and Note 16 'Receivables'.

### (o) Payables

Payables are recognised when ChemCentre becomes obliged to make future payments as a result of a purchase of assets or services at the amounts payable. The carrying amount is equivalent to fair value, as they are generally settled within 30 days. See Note 2(l) 'Financial Instruments' and Note 23 'Payables'.

### (p) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting period. See Note 24 'Provisions'.

(i) Provisions - employee benefits

#### Annual leave

ChemCentre has adopted AASB 119 *Employee Benefits (2011)* with a date of initial application of 1 July 2013. Annual leave is not

expected to be settled wholly within 12 months after the end of the reporting period and is therefore considered to be an other long-term employee benefit. The annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as a current liability as ChemCentre does not have an unconditional right to defer settlements of the liability for at least 12 months after the end of the reporting period.

#### Long service leave

Long service leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contribution, as well as the experience of employee departure and periods of service.

## Notes to the Financial Statements For the year ended 30 June 2014 continued

The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Unconditional long service leave provisions are classified as current liabilities as ChemCentre does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because ChemCentre has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

### Purchased leave

The provision for purchased leave relates to Public Service employees who have entered into an agreement to self-fund up to an additional four weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at the nominal amounts expected to be paid when the liabilities are settled. This liability is measured on the same basis as annual leave.

### Superannuation

The Government Employees Superannuation Board (GESB) in accordance with legislative requirements administers public sector superannuation arrangements in Western Australia.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members, or to the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension or the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). From 30 March 2012, existing members of the WSS or GESBS and new employees have been able to choose their preferred superannuation fund provider. ChemCentre makes contribution to GESB or other fund providers on behalf of employees in compliance with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*. Contributions to these accumulation schemes extinguish ChemCentre's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

The GSS, the WSS, and the GESBS, where the current service superannuation charge is paid by ChemCentre to the GESB are defined contribution scheme. The liabilities for current service superannuation charge under the GSS, the WSS, and the GESBS are extinguished by the concurrent payment of employer contributions to the GESB.

The GSS is a defined benefit scheme for the purpose of employees and whole-of-government reporting. However, from ChemCentre perspective, apart from the pre-transfer benefits, it is a defined contribution plan under AASB 119.

See also Note 2(q) 'Superannuation expense'.

## Notes to the Financial Statements For the year ended 30 June 2014 continued

(ii) Provisions - Other

### Employment on costs

Employment on-costs, including workers' compensation insurance and payroll tax, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are not included as part of ChemCentre's 'Employee benefits expense' and the related liability is included in Employment on-costs provision. See Note 14 'Other expenses' and Note 24 'Provisions'.

### (q) Superannuation expense

The superannuation expense in the Statement of Comprehensive Income comprises employer contribution paid to the GSS (concurrent contributions), the West State Superannuation Scheme, and the GESB Super Scheme.

The GSS Scheme is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, apart from the transfer benefit, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the agency to GESB extinguishes the agency's obligations to the related superannuation liability.

See also Note 2(p) 'Provisions – employee benefits' under superannuation.

### (r) Amounts receivable for services (holding account)

ChemCentre receives appropriation funding on an accrual basis that recognises the full annual cash and non cash cost of services. The appropriations are paid partly in cash and partly as an asset that is accessible on the emergence of the cash funding requirement to cover asset replacement.

### (s) Resources received free of charge or for nominal cost

Resources received free of charge or for nominal cost that can be reliably measured are recognised as at fair value. Where the resource received represents a service that ChemCentre would otherwise pay for, a corresponding expense is recognised. Receipts of assets are recognized in the Statement of Financial Position.

Assets or services received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

### (t) Segment information

Segment information has been disclosed by service (refer Note 39 'Schedule of Income and Expenses by Service').

### (u) Comparative figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

### 3. Judgements made by management in applying accounting policies

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. ChemCentre evaluates these judgements regularly.

### Operating lease commitments

ChemCentre has entered into a number of leases for motor vehicles and a property lease. It has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

## Notes to the Financial Statements For the year ended 30 June 2014 continued

### 4. Key sources of estimation uncertainty

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year include:

- Estimating useful life and residual values of key assets and intangible assets.

### Long service leave

Several estimations and assumptions used in calculating ChemCentre's long service leave provision include

expected future salary rates, discount rates, employee retention rates and expected future payments. Changes

In these estimations and assumptions may impact on the carrying amount of the long service leave provision.

### 5. Initial application of Australian Accounting Standards

ChemCentre has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2013 that impacted on ChemCentre.

AASB 119 <sup>(1)</sup>

AASB 13 <sup>(2)</sup>

(1) As disclosed in note 2 (p) (r), ChemCentre changed its accounting policy in respect of employee benefits with the adoption of *AASB 119 Employee Benefits (2011)*. The impact of this change is that the annual leave liability for certain employees has changed from a short-term liability to an other long term benefit. ChemCentre has applied the new policy retrospectively

in accordance with the transitional provision of the standard. The impact on the comparative period is immaterial and therefore the comparative figures have not been restated.

(2) *AASB 13* establishes a single framework for measuring fair value and marking disclosures about fair value measurements when such measurements are required or permitted by other AASBs. The change had no significant impact on the measurement of ChemCentre's assets and liabilities.

### 6. Future impact of Australian Accounting Standards not yet operative

ChemCentre cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, ChemCentre has not applied early any of the Australian Accounting Standards that have been issued that may impact ChemCentre. Where applicable, ChemCentre plans to apply these Australian Accounting Standards from their application date.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2013, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of ChemCentre, except for AASB 9 Financial Instruments, which becomes mandatory for the ChemCentre's 2019 financial statements and could change the classification and measurement of financial assets. ChemCentre does not plan to adopt this standard early and the extent of the impact has not been determined.

## Notes to the Financial Statements For the year ended 30 June 2014 continued

### 7. Provision of services

Private Sector  
State Government Sector

ChemCentre invoices clients on a fee for service basis for work performed. The clients are organisations in the Private Sector and Western Australian State Government Agencies.

### 8. Interest revenue

Interest Revenue

### 9. Other revenue

Salary packaging recoveries

### 10. Employee benefits expense

Wages and salaries<sup>(a)</sup>  
Superannuation – defined contribution plans<sup>(b)</sup>  
Long service leave<sup>(c)</sup>  
Annual leave<sup>(c)</sup>

	2014 \$'000	2013 \$'000
	4,942	5,677
	8,656	8,559
	13,598	14,236
	46	43
	46	43
	6	5
	6	5
	10,138	9,775
	1,115	1,084
	404	475
	928	1,068
	12,585	12,402

(a) Includes the payment of \$666,000 for five employees who took of the Voluntary Severance Scheme.

(b) Defined contribution plans include West State, Gold State, GESB and other eligible funds.

(c) Includes a superannuation contribution component.

*Employment on-costs such as workers' compensation insurance and payroll tax are included at note 14 'Other Expenses'.  
The employment on-costs liability is included at note 24 'Provisions'.*

## Notes to the Financial Statements For the year ended 30 June 2014 continued

### 11. Supplies and Services

Communications  
Consumables  
Materials  
Travel

### 12. Depreciation and amortisation expense

#### Depreciation

Plant, equipment and vehicles  
Office Equipment

#### Amortisation

Software

#### Total depreciation and amortisation

### 13. Accommodation expenses

Property Rent  
Property Outgoings  
Repairs and maintenance  
Utilities

	2014	2013
	\$'000	\$'000
	11	13
	1,215	1,138
	28	31
	73	165
	<u>1,327</u>	<u>1,347</u>
	937	941
	136	104
	<u>1,073</u>	<u>1,045</u>
	284	319
	<u>1,357</u>	<u>1,364</u>
	4,266	4,237
	595	559
	89	121
	546	510
	<u>5,496</u>	<u>5,427</u>

## Notes to the Financial Statements For the year ended 30 June 2014 continued

### 14. Other expenses

	2014 \$'000	2013 \$'000
Equipment repairs and maintenance	830	782
IT & Network Maintenance	175	328
Laboratory & Department of Mines and Petroleum Services	408	392
Postage, Printing and Stationery	140	116
Payments to Cooperative Research Centres	188	188
Motor Vehicle	71	75
Bad & Doubtful Debts	3	2
Payroll Tax	670	613
Consultant Fees	24	170
Staff training and miscellaneous staff expenses	228	179
Other minor Expenses	748	653
	3,485	3,498

### 15. Service Appropriations<sup>(a)(b)</sup>

#### Appropriations received during the period

Salaries and Allowance Act 1975	208	208
Community Service Obligation (CSO)	4,012	2,541
Rent and Others <sup>(c)</sup>	5,142	4,600
Asset Investment Plan	405	405
	9,767	7,754

(a) Service appropriations are accrual amounts reflecting the net cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable holding account comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

(b) Where assets or services have been received free of charge or for nominal cost, ChemCentre recognises revenues equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable. The exception occurs where the contribution of assets or services are in the nature of contributions by owners, in which case ChemCentre makes the adjustment directly to equity.

(c) Rent and Others include \$666,000 in respect of the appropriations to pay for the Voluntary Severance Scheme.

## Notes to the Financial Statements For the year ended 30 June 2014 continued

### 16. Receivables

#### Current

Receivables Trading

Receivables Sundry

GST Income Tax Credits

Allowance for impairment of receivables

Reconciliation of changes in the allowance for impairment of receivables:

Balance at start of period

Amounts written off during the period

Impairment losses reversed during the period

Balance at end of period

#### Credit Risk

Ageing of receivables past due but not impaired based on the information provided to senior management, at the balance sheet date:

Not more than 3 months

More than 3 months but less than 6 months

More than 6 months but less than 1 year

More than 1 year

Receivables individually determined as impaired at the balance sheet date:

Carrying amount, before deducting any impairment loss

Provision for Impairment loss

Included in the allowance for impairment of receivables, ChemCentre has some debtors the age of which places doubt on their recoverability. A provision has been made against these debts.

See also note 2(n) 'Receivables' and note 31 'Financial Instruments'.

	2014	2013
	\$'000	\$'000
	1,021	880
	204	48
	92	147
	(35)	(38)
	1,282	1,037
	(38)	(36)
	(3)	(2)
	6	-
	(35)	(38)
	204	164
	60	56
	3	18
	-	1
	35	38
	(35)	(38)
	-	-

**Notes to the Financial Statements** For the year ended 30 June 2014 continued

**17. Prepayments**

Current

Current tax asset

Moneys paid in advance for services to be performed

**18. Amounts Receivable for Services**

Current

Represents the non-cash component of Services appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

	2014	2013
	\$'000	\$'000
	-	-
	220	105
	220	105
	965	965

## Notes to the Financial Statements For the year ended 30 June 2014 continued

### 19. Property, plant and equipment

Plant, equipment and vehicles

At cost

Accumulated depreciation

Office equipment

At cost

Accumulated depreciation

Carrying amount of plant, equipment and office equipment

	2014	2013
	\$'000	\$'000
	14,139	13,756
	(10,799)	(9,930)
	3,340	3,826
	1,176	1,088
	(957)	(821)
	219	267
	3,559	4,093

Reconciliations of the carrying amounts of property, plant, equipment and vehicles at the beginning and end of the reporting period are set out below.

#### 2013

Carrying amount 1st July 2012

Additions

Disposals

Depreciation

Carrying amount at end of year

#### 2014

Carrying amount 1st July 2013

Additions

Disposals

Depreciation

Carrying amount at end of year

	Plant, equipment and vehicles	Office equipment	Total
	\$'000	\$'000	\$'000
	3,322	146	3,468
	1,445	225	1,670
	-	-	-
	(941)	(104)	(1,045)
	3,826	267	4,093
	3,826	267	4,093
	451	88	539
	-	-	-
	(937)	(136)	(1,073)
	3,340	219	3,559

## Notes to the Financial Statements For the year ended 30 June 2014 continued

### 20. Intangible assets

Laboratory Information Management Computer software development

At cost

Accumulated amortisation

Carrying amount at end of year

Reconciliation

Computer software

Opening Carrying amount

Additions

Disposals

Amortisation expense

Carrying amount at end of year

### 21. Sinking Fund

Amount held by Curtin University for future building repairs and maintenance

### 22. Impairment of assets

There were no indications of impairment to Property, plant and equipment, and Intangible assets at 30 June 2014.

ChemCentre held no goodwill or intangible assets with an indefinite useful life during the reporting period and at balance sheet date there were no intangible assets not yet available for use.

There are no surplus assets at 30 June 2014 which have either been classified as non-current assets held for sale or written-off.

### 23. Payables

#### Current

Trade payables

GST Payable

Accrued Expenses

Accrued Superannuation

See also note 2(o) 'Payables' and note 31 'Financial Instruments Disclosure'.

	2014	2013
	\$'000	\$'000
	2,174	1,871
	(1,521)	(1,236)
	653	635
	635	783
	302	171
	-	-
	(284)	(319)
	653	635
	1,256	954
	1,054	285
	141	121
	649	749
	-	-
	1,844	1,155

## Notes to the Financial Statements For the year ended 30 June 2014 continued

### 24. Provisions

#### Current

Employee benefits provision

Annual leave<sup>(a)(c)</sup>

Long service leave<sup>(b)(c)</sup>

#### Non-current

Long service leave<sup>(b)(c)</sup>

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Within 12 months of the end of the reporting period

More than 12 months after the end of the reporting period

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Within 12 months of the end of the reporting period

More than 12 months after the end of the reporting period

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation premiums and payroll tax. The provision is measured at the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is included at Note 14 'Other expenses'.

	2014	2013
	\$'000	\$'000
	1,245	1,312
	1,313	1,118
	2,558	2,430
	796	820
	615	1,062
	630	250
	1,245	1,312
	293	1,118
	1,816	820
	2,109	1,938

## Notes to the Financial Statements For the year ended 30 June 2014 continued

### 25. Other liabilities

Current

Revenue received in advance

Revenue in advance relates to funds received from clients in respect of work to be completed within the following 12 months.

### 26. Equity

The Western Australian Government holds the equity interest in ChemCentre on behalf the community. Equity represents the residual interest in the net assets of ChemCentre.

#### Contributed equity

Balance at the start of the period

Contributions by owners

Capital Contribution

#### Total Contributions by owners

Distributions to owners

#### Total Distributions to owners

#### Balance at end of period

#### Retained earnings

Balance at start of period

Result for the period

#### Balance at end of period

#### Total equity at end of period

	2014 \$'000	2013 \$'000
	798	663
	798	663
	<b>4,743</b>	<b>4,043</b>
	700	700
	700	700
	-	-
	-	-
	<b>5,443</b>	<b>4,743</b>
	1,632	3,241
	(766)	(1,609)
	866	1,632
	<b>6,309</b>	<b>6,375</b>

## Notes to the Financial Statements For the year ended 30 June 2014 continued

### 27. Notes to the Cash Flow Statement

#### (a) Reconciliation of cash

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

Cash held with Commonwealth Bank  
Cash on hand

#### (b) Reconciliation of profit/(loss) after income tax equivalents to net cash flows provided by/(used in) operating activities

Profit/(Loss) after income tax equivalents

Non-cash items:

Depreciation and amortisation expense  
Provision for Doubtful Debts  
Grants and subsidies from Government  
Amounts credited to provision for income tax equivalents

(Increase)/decrease in assets:

Current receivables  
Sinking Funds  
Accrued salaries suspended account  
Amounts receivable for services and prepayments

Increase/(decrease) in liabilities:

Current Payables  
Accrued Expenses  
Employee Benefits  
Revenue in Advance  
Provision for Tax

Net GST receipts/(payments)  
Change in GST in receivables/payables  
Net cash (used in) operating activities

	2014	2013
	\$'000	\$'000
	3,601	2,610
	1	1
	<u>3,602</u>	<u>2,611</u>
	(766)	(1,609)
	1,357	1,364
	(3)	-
	(10,109)	(7,835)
	-	-
	(242)	394
	(302)	(292)
	-	81
	(115)	(7)
	789	23
	(100)	(484)
	104	349
	235	90
	275	(462)
	(274)	(95)
	274	95
	<u>(8,977)</u>	<u>(8,388)</u>

## Notes to the Financial Statements For the year ended 30 June 2014 continued

### 28. Services provided free of charge

During the period the following services were provided to other agencies free of charge

An appropriation of \$736,000 was provided to ChemCentre to maintain essential forensic capability

(a) It represents the amount of service provided to the Office of the State Coroner in excess of the amount recovered through the Memorandum of Understanding.

(b) It represents the drug analysis, special crime and soil comparison service provided to WA Police, not covered by the Memorandum of Understanding.

### 29. Non-cancellable operating lease commitments

Commitments in relation to leases contracted for at the end of the reporting period but not recognised in the financial statements are payable as follows:

Within 1 year

Later than 1 year and not later than 5 years

Later than 5 years

	2014 \$'000	2013 \$'000
	284 <sup>(a)</sup>	503 <sup>(b)</sup>
	<u>284</u>	<u>503</u>
	4,942	4,950
	19,708	19,710
	50,165	55,090
	<u>74,815</u>	<u>79,750</u>

ChemCentre moved to the Resources and Chemistry Precinct, Building 500 in Bentley on 9 September 2009. Building Management and Works on behalf of the Minister for Housing and Works negotiated the final rent payment per annum with Curtin University on behalf of ChemCentre based on the final building cost. Included in non cancellable operating leases are rent payments to Curtin for 15 years and 68 days, being the remaining term of the Lease. This amounts to \$64.6 million for rent and management fees and \$10.2 million for outgoings.

## Notes to the Financial Statements continued

### 30. Explanatory statement

This statement provides details of any significant variations between estimates and actual results for 2014. Significant variations are considered to be those greater than \$250,000.

#### Significant variances between estimate and actual results for the financial period

	2013 Actual \$'000's	2013 Actual \$'000's	Variation \$'000's
Income <sup>(a)</sup>	15,145	13,650	(1,495)
Supplies and Services <sup>(b)</sup>	2,726	1,327	1,399
Other expenses <sup>(c)</sup>	3,072	4,842	(1,770)

(a) Income: Below Estimate mainly due to the less income from work place drug testing and the estimated work from Acid Metalliferous Drainage was delayed.

(b) Supplies and Services: The decrease reflects changes in the classification of expenses between Supplies and Services and Other Expenses. The main reclassification is administration expenses initially recorded under Supplies and Services in the budget estimates and now recorded under Other expenses.

(c) Other Expenses: The actual increase over Estimate reflects changes in classification of expenses between Supplies and Services and Other Expenses. The main reclassification is administrative expense initially recorded under Supplies and Services in the budget estimates and now recorded under Other expenses.

#### Significant variances between actual and prior year actual – revenues and expenditures

	2013 Actual \$'000's	2013 Actual \$'000's	Variation \$'000's
Income <sup>(a)</sup>	14,284	13,650	(634)
Accommodation Expenses <sup>(b)</sup>	5,427	5,496	(69)

(a) Income: Below actual last year due to less work place drug testing analysis.

(b) Accommodation Expenses: Exceeded actual last year due to the higher utility costs offset partially by lower outgoings due to credit from previous years.

## Notes to the Financial Statements continued

### 31. Financial Instruments Disclosures

#### (a) Financial Risk Management Objectives and Policies

Financial instruments held by ChemCentre are cash and cash equivalents, Treasurer's advances and receivables and payables.

ChemCentre has limited exposure to financial risks. ChemCentre's overall risk management program focuses on managing the risks identified below.

#### *Credit risk*

Credit risk arises when there is the possibility of ChemCentre's receivables defaulting on their contractual obligations resulting in financial loss to ChemCentre. ChemCentre measures credit risk on a fair value basis and monitors risk on a regular basis.

The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment. ChemCentre trades only with recognised, creditworthy third parties. ChemCentre has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that ChemCentre's exposure to bad debts is minimal. There are no significant concentrations of credit risk. Provision for impairment of financial assets is calculated based on objective evidence such as observable data indicating changes in client credit ratings. For financial assets that are either past due or impaired, refer to Note 16 'Receivables'.

#### *Liquidity risk*

ChemCentre is exposed to liquidity risk through its trading in the normal course of business. Liquidity risk arises when ChemCentre is unable to meet its financial obligations as they fall due.

ChemCentre has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

#### *Market Risk*

ChemCentre has no exposure to market risk.

**Notes to the Financial Statements continued**

**31. Financial Instruments Disclosures continued**

(b) Categories of Financial Instruments

In addition to cash and cash equivalents, the carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are as follows:

**Financial Assets**

Cash and cash equivalents

3,602

2,611

Loans and Receivables

held in accounts with the Department of Treasury and Finance

1,282

1,037

**Financial Liabilities**

Financial liabilities measured at amortised cost <sup>(a)</sup>

1,844

1,155

(a) The amount of financial liabilities measured at amortised cost excludes GST payable to the ATO (statutory receivable/payable).

Interest Rate Risk

ChemCentre does not hold any interest bearing deposits or pay interest on any loans. Therefore there is no interest rate risk.

Fair values

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

	2014	2013
	\$'000	\$'000
Cash and cash equivalents	3,602	2,611
Loans and Receivables held in accounts with the Department of Treasury and Finance	1,282	1,037
Financial liabilities measured at amortised cost <sup>(a)</sup>	1,844	1,155

**Notes to the Financial Statements continued**

**32. Taxation Equivalent**

**(a) Income tax expense**

Current income tax

Deferred tax

Prior year under/(over) provision

**Net Current and Deferred Tax transferred to Income Statement**

**(b) Numerical reconciliation of income tax expense to prima facie tax payable**

Profit/(loss) before income tax equivalents

**Tax effect of amounts which are not deductible in calculating taxable income:**

Accounting Depreciation on tax fixed assets incl R&D assets

Net movement in provisions

Accruals requiring adjustment (not incurred)

Entertainment

Total Add back items

**Tax effect of amounts which are deductible in calculating taxable income:**

Depreciation – tax (excluding R&D assets)

Accruals requiring adjustment (prior year)

Deductions

Taxable Income / (Loss)

Income Tax expected to be paid at Statutory Rate (30%)

Current Income Tax

	2014	2013
	\$'000	\$'000
	-	-
	(67)	(120)
	-	(271)
	(67)	(391)
	(833)	(2,000)
	1,358	1,364
	101	351
	171	49
	3	3
	1,633	1,767
	(1,358)	(1,364)
	(49)	-
	(1,407)	(1,364)
	(607)	(1,597)
	-	-
	-	-

**Notes to the Financial Statements continued**

**32. Taxation Equivalent continued**

**(c) Current Tax Liability**

**Opening Balance as 1 July 2013**

Current Tax

Prior year under/(over) provision

Tax equivalent refunded

Tax paid

**Closing balance as 30 June 2014**

**(d) Deferred Tax Assets**

**Opening Balance as 1 July 2013**

Credited/(Charged) to Income Statement

Movement attributable to prior year adjustments

**Closing balance as 30 June 2014**

**(e) Deferred Tax Liabilities**

**Opening Balance as 1 July 2013**

Credited/(Charged) to Income Statement

**Closing balance as 30 June 2014**

	2014	2013
	\$'000	\$'000
	42	(300)
	-	-
	(300)	-
	(42)	300
	-	42
	(300)	42
	1001	881
	67	120
	-	-
	1,068	1,001
	-	-
	-	-
	-	-

**Notes to the Financial Statements continued**

**33. Remuneration of members of the accountable authority and senior officers**

Remuneration of Members of the accountable authority

The number of members of the accountable authority, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are

\$

1 – 10,000

10,001 – 20,000

20,001 – 30,000

The total remuneration of members of the accountable authority is:

The total remuneration includes the superannuation expense incurred by ChemCentre in respect of members of the accountable authority.

No members of the accountable authority are members of the Pension Scheme.

Remuneration of Senior Officers

The number of senior officers, other than senior officers reported as members of the accountable authority, whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

\$

150,001 – 160,000

160,001 – 170,000

170,001 – 180,000

180,001 – 190,000

190,001 – 200,000

200,001 – 210,000

210,001 – 220,000

	2014	2013
	\$'000	\$'000
	2	-
	4	6
	2	1
	\$122,521	\$113,055
	2	-
	-	1
	1	-
	-	2
	1	1
	-	1
	1	-
	\$896,927	\$981,299

**Notes to the Financial Statements continued**

Cash remuneration and superannuation  
 Annual leave and long service leave accruals  
 Other benefits

**The total remuneration of senior officers**

The superannuation included here represents the superannuation expense incurred by ChemCentre in respect of senior officers other than senior officers reported as members of the accountable authority.

No senior officers are members of the Pension Scheme.

**34. Remuneration of auditor**

Remuneration payable to the Auditor General for the financial period is as follows:

Auditing the accounts, financial statements and performance indicators

The expense is included at note 14 'Other expenses'.

**35. Related bodies**

There are no related bodies.

**36. Affiliated bodies**

There are no affiliated bodies.

**37. Special purpose accounts**

There are no special purpose accounts.

**38. Supplementary financial information**

Write-Offs

There was no public property written off by ChemCentre during the financial period

Losses Through Theft, Defaults and Other Causes

Losses of public money and public and other property through theft or default amounts recovered

Gifts of Public Property

Gifts of public property provided by ChemCentre

	2014	2013
	\$'000	\$'000
	1,023	981
	(131)	(4)
	5	4
	<u>\$897</u>	<u>\$981</u>
	51	49
	-	-
	-	-
	-	-

**Notes to the Financial Statements continued**

**39. Schedule of Income and Expenses by Service**

**INCOME**

Provision of services  
Interest Revenue  
Other Income

**Total income**

**EXPENSES**

Employee benefits expense  
Supplies and services  
Depreciation and amortisation expense  
Accommodation expenses  
Loss on disposal of non-current assets  
Other expenses

**Total expenses**

**Profit/(loss) before grants and subsidies from State Government**

Net Appropriation from State Government

**Profit/(Loss) after Net Appropriation from State Government**

**Profit/(Loss) before income tax equivalents expense**

Income tax equivalent benefit/(expense)

**Profit/(Loss) for the period**

	Service 1 Scientific Information and Advice 2014 \$'000	Service 2 Research and development 2014 \$'000	Service 3 Emergency Response Management 2014 \$'000	Total 2014 \$'000
	10,571	1,212	1,815	13,598
	46	-	-	46
	6	-	-	6
<b>Total income</b>	<b>10,623</b>	<b>1,212</b>	<b>1,815</b>	<b>13,650</b>
	9,783	1,122	1,680	12,585
	1,327	-	-	1,327
	1,357	-	-	1,357
	5,496	-	-	5,496
	-	-	-	-
	3,260	90	135	3,485
<b>Total expenses</b>	<b>21,223</b>	<b>1,212</b>	<b>1,815</b>	<b>24,250</b>
<b>Profit/(loss) before grants and subsidies from State Government</b>	<b>(10,600)</b>	<b>-</b>	<b>-</b>	<b>(10,600)</b>
	9,767	-	-	9,767
<b>Profit/(Loss) after Net Appropriation from State Government</b>	<b>(833)</b>	<b>-</b>	<b>-</b>	<b>(833)</b>
<b>Profit/(Loss) before income tax equivalents expense</b>	<b>(833)</b>	<b>-</b>	<b>-</b>	<b>(833)</b>
	67	-	-	67
<b>Profit/(Loss) for the period</b>	<b>(766)</b>	<b>-</b>	<b>-</b>	<b>(766)</b>

## Notes to the Financial Statements continued

## 39. Schedule of Income and Expenses by Service (continued)

**INCOME**

Provision of services

Interest Revenue

Other Income

**Total income****EXPENSES**

Employee benefits expense

Supplies and services

Depreciation and amortisation expense

Accommodation expenses

Loss on Disposal of non-current assets

Other expenses

**Total expenses****Profit/(loss) before grants and subsidies from State Government**

Net Appropriation from State Government

**Profit/(Loss) after Net Appropriation from State Government****Profit/(Loss) before income tax equivalents expense**

Income tax equivalent benefit/(expense)

**Profit/(Loss) for the period****40. Contingent liability & contingent asset**

As at the date of this report there were no contingent liabilities or contingent assets.

	Service 1 Scientific Information and Advice 2013 \$'000	Service 2 Research and development 2013 \$'000	Service 3 Emergency Response Management 2013 \$'000	Total 2014 \$'000
	11,661	958	1,617	14,236
	43	-	-	43
	5	-	-	5
	11,709	958	1,617	14,284
	10,158	835	1,409	12,402
	1,347	-	-	1,347
	1,364	-	-	1,364
	5,427	-	-	5,427
	-	-	-	-
	3,167	123	208	3,498
	21,463	958	1,617	24,038
	(9,754)	-	-	(9,754)
	7,754	-	-	7,754
	(2,000)	-	-	(2,000)
	(2,000)	-	-	(2,000)
	391	-	-	391
	(1,609)	-	-	(1,609)

# Key Performance Indicators

## Certification of Key Performance Indicators

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess ChemCentre's performance, and fairly represent the performance of ChemCentre for the year ended 30th June 2014.



**Chair of Governing Board**  
Date: 26 August 2014



**Member of Governing Board**  
Date: 26 August 2014

## Government Goal

### Social and environmental responsibility

Ensuring that economic activity is managed in a socially and environmentally responsible manner for the long term benefit of the State.

### Agency Level Government Desired Outcome:

Quality independent scientific advice, research and development, and an emergency response capability that supports government and the wider community.

## Key Effectiveness Indicators By Output

### Outcome 1: Emergency Response Management

Specialist technical advice and support to government and industry in managing the risks arising from unmanaged chemical-biological-radiological releases.

#### Key Effectiveness Indicator

#### Average Resolution Time for all emergency response incidents attended:

*extracted from the response team log book*

The average response and resolution time is relevant because the quicker ChemCentre responds to and resolves a chemical-biological-radiological emergency, the lower the risk to the community.

2012-13	2013-14	2013-14
Actual	Actual	Target
1.9 hr	2.3 hr	4 hr

### Outcome 2 & 3: Commercial Scientific Information and Advice

Development and delivery of quality scientific information and advice, including commercial services, to government, industry and the community.

#### Key Effectiveness Indicators

*Client Satisfaction: as determined by an annual survey of clients invited from all invoices sent out in the previous financial year. The survey covered 102 clients with 100% response rate, representing about 24% of all clients we dealt with in the preceding year.*

The client satisfaction percentage is a relevant measure because it demonstrates the quality of ChemCentre's scientific information and advice through clients' responses to questions on quality, timeliness and overall satisfaction with ChemCentre's service. The actual client satisfaction for 2014 was taken at a 95% confidence level and a sampling error of  $\pm 8.46\%$ .

2012-13	2013-14	2013-14
Actual	Actual	Target
85%	86%	80%

**Proficiency Rating for the Accredited Services:** *this includes performance in qualitative and quantitative trials undertaken during the relevant year, whether internally or externally sourced and is determined by the percentage of samples satisfactorily meeting the evaluation criteria of the proficiency trial provider.*

90%	93%	95%
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## Key Performance Indicators continued

### Outcome 4: Quality Research and Development

Delivery of quality project-based developed knowledge, know-how and/or intellectual property relevant to state development, public health and safety, or delivery of ChemCentre's other services.

#### Key Effectiveness Indicators

Aggregate value of ChemCentre Components: *as determined by the ratio of R & D sold or for which a grant has been received to internal R & D amount spent.*

The ratio of R & D sold or for which a grant has been received, to internal R & D amount spent, is relevant because it demonstrates to ChemCentre's management the spending of appropriations by maintaining or bettering the budget ratio of in house spending to external funding.

**Client Satisfaction:** *as determined by an annual survey of clients invited from R&D projects conducted over the previous financial year. Seven responses were collected from 17 survey invitations, representing approximately 41% of ChemCentre's total current R&D projects.*

The client satisfaction percentage is a relevant measure because it demonstrates the quality of ChemCentre's R & D, through clients' responses to questions on quality, timeliness and overall satisfaction with ChemCentre's service across major, ongoing projects. The actual client satisfaction for 2014 was taken at a 95% confidence level and a sampling error of  $\pm 29.28\%$ .

2012-13	2013-14	2013-14
Actual	Actual	Target
53/47	39/61	60/40
85%	84%	80%

#### NOTES

##### Outcome 1: Emergency Response Management

The 2014 average response and resolution time of 2.3 hrs is slightly higher than previous year and better than the target; it is therefore an acceptable outcome. Every year the mix and location of incidents is varied and in 2013-14 more incidents were attended to and the complexity of the cases reported were higher than last financial year.

##### Outcome 2 & 3: Commercial Scientific Information and Advice

The client satisfaction of 86% has increased by 1% from prior year and meets target for the current year. This is a pleasing result and demonstrates ChemCentre's commitment to providing quality and timely commercial solutions. The proficiency rating is higher than previous year and slightly below target but is still considered an acceptable result because it does not reflect a decline in quality.

##### Outcome 4: Quality Research and Development

The ratio of R & D sales to in-house contribution is lower than previous year and is below target. The actual includes non funded community service obligations such as mandated outreach and method development. Both benefited the State and the latter also provided a sound base for commercial activity.

The Client Satisfaction percentage was better than target and just lower than the previous year's score. However due to the small sample size this is not considered significant.

## Key Efficiency Indicators by Service

### Service 1: Commercial Scientific Information and Advice<sup>(a)</sup>

Development and delivery of scientific information and advice, including commercial services, to government, industry and the community.

#### Key Efficiency Indicator

Total cost for service

Billable hours: *as calculated for the average staffing over the period*

Average Cost per Chargeable Hour<sup>(a)</sup>

2012-13	2013-14	2013-14
Actual	Actual	Target
\$21,458,000	\$21,223,000	\$19,003,000
107,182 hr	100,833 hr	96,600 hr
\$200	\$210	\$197

### Service 2: Research and Development<sup>(a)(b)</sup>

Project-based development of knowledge, know-how and/or intellectual property relevant to state development, public health and safety, or delivery of ChemCentre's other services.

#### Key Efficiency Indicator

Total cost for service

Billable hours: *as calculated for the average staffing over the period*

Average Cost per Chargeable Hour<sup>(b)</sup>

2012-13	2013-14	2013-14
Actual	Actual	Target
\$958,000	\$1,212,000	\$3,332,000
5,445 hr	4,432 hr	7,500 hr
\$176	\$274	\$444

## Key Performance Indicators continued

### Service 3: Emergency Response Management<sup>(a)(c)</sup>

Specialist technical advice and support to government and industry in managing the risks arising from unmanaged chemical-biological-radiological releases.

#### Key Efficiency Indicator

Total cost for service

Billable hours: *as calculated for the average staffing over the period*

Average Cost per Chargeable Hour<sup>(c)</sup>

2012-13	2013-14	2013-14
Actual	Actual	Target
\$1,617,000	\$1,815,000	\$1,349,000
6,969 hr	7,121 hr	3,500 hr
\$232	\$255	\$386

#### NOTES

(a) Service 1 average cost per billable hour is higher than budget and previous year because of the impact of lower productivity as a result of Voluntary Severance Scheme (VSS) over budget. The lower productivity resulted from lower revenue and less work than budget. Chargeable hours for service 2 and 3 are the actual hours recorded and extracted from laboratory records and charged against those services. The chargeable hours for service 1 are calculated and based on full time equivalents.

(b) Service 2 average cost per billable hour is higher than previous year as a result of the lower billable hours due to one R&D employee has accepted VSS.

(c) Service 3 average cost per billable hour is higher than previous year because of the higher costs attributable to providing the service. More hours were spent in 2013-14 as a result of improved productivity.

# Other Financial Disclosures

## Ministerial Directives [TI 903(12)]

No Ministerial directives were received during the financial period.

### Pricing policies of services provided

*ChemCentre has discretion over pricing for goods and services rendered.*

### Employment and Industrial Relations

#### Staff Profile

Full-time permanent

Full-time contract

Part-time measured on a FTE basis

	2013-14	2012-13
Full-time permanent	77	89
Full-time contract	32	29
Part-time measured on a FTE basis	8	6
	117	124

### Staffing policies and staff development

ChemCentre is committed to the attraction and retention of a highly skilled, motivated and flexible workforce. In 2013/14 ChemCentre restructured both laboratories to meet changing business requirements, to refocus efforts, improve efficiencies and gain a competitive advantage. Organisational capability focussed on leadership development, management practices, developing Key Performance Indicators and succession management. A review of corporate policies and procedures, including recruitment and selection practices was ongoing. ChemCentre offers an indigenous scholarship for undergraduates, work experience opportunities and placements for TAFE and university students during the year to help individuals considering a career in the chemistry related analysis and research.

ChemCentre has a commitment to the development of its employees. Our strategies are to build a highly skilled professional and diverse workforce with the ability to adapt to changing business technology and the environment. More than 7% of direct salary costs were invested in training and professional development this financial year. During the financial period, staff spent in excess of \$844,841 (7%) on in-house and external training compared with \$864,748 (7%) in 2012-13.

### Workers' Compensation

Three claims were made this financial year, all of a minor nature with the exception of one claim that involved lost time. Total lost time days were 10 for the period to 30 June 2014. Human Resources follow up any accident report to assist with lodging workers' compensation claims.

# Governance Disclosures

## Contracts with Senior Officers

At the date of reporting, other than normal contracts of employment of service, no Senior Officers, or firms of which Senior Officers are members, or entities in which Senior Officers have substantial interests had any interests in existing or proposed contracts with ChemCentre and Senior Officers.

## Insurance premiums paid to indemnify members of the Board

An insurance policy has been taken out to indemnify members of the Board against any liability incurred under sections 13 or 14 of the Statutory Corporations (Liability of Directors) Act 1996. The amount of the insurance premium paid for 2013/2014 was \$4,841 compared with \$4,841 in 2012/2013.

## Board and committee remuneration

Members were paid remuneration as determined by the Minister for Science.

ChemCentre Board				
Position	Name	Type of remuneration	Period of membership	Actual remuneration
Chair	Ms Denise Goldsworthy	Annual fee	78 days	\$6,936
Chair	Dr Bret Mattes	Annual fee	31 days	\$5,405
Acting Chair/Deputy Chair	Dr Keith Shilkin	Annual fee	273 days	\$24,301
Member/Acting Deputy Chair	Ms Lianne Cretney-Barnes	Annual fee	365 days	\$20,775
Member	Dr John Farrow	Annual fee	365 days	\$16,276
Member	Mr Bruce Brennan	Annual fee	365 days	\$16,276
Member	Mr David McAuliffe	Annual fee	365 days	\$16,276
Member	Dr Peter Stransky	Annual fee	365 days	\$16,276
<b>Total</b>				<b>\$122,521</b>

# Other Legal Requirements

### Compliance with Public Sector Standards and Ethical Codes

In accordance with s31(1) of the *Public Sector Management Act 1994*, ChemCentre has ensured compliance with the public sector standards, the WA Public Sector *Code of Ethics* by the following actions:

1. Reviewed 22.5% of all ChemCentre policies and 5 new policies were introduced within the previous 12 months to ensure compliance with current government requirements;
2. Ensured ChemCentre’s code of conduct supported the WA Public Sector *Code of Ethics* and the Public Sector standards;
3. Raised ChemCentre employees’ awareness of its code of conduct and WA Public Sector *Code of Ethics* through CEO-led communication sessions.

Using the actions listed above, the following results have been achieved.

Compliance area	Compliance issues
Public Sector standards	0 breach claim
WA code of ethics	0 reports of non-compliance
ChemCentre code of conduct	0 reports of non-compliance

### Electoral Act 1907 section 175ZE

In compliance with section 175ZE of the *Electoral Act 1907*, ChemCentre is required to report on expenditure incurred during the financial period in relation to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.

Total expenditure for 2013/14 was \$7,050.

Expenditure was incurred in the following areas:

Expenditure	Total	Expenditure	Amount
Advertising agencies	Nil		Nil
Marketing research organisations	Nil		Nil
Polling organisations	Nil		Nil
Direct mail organisations	Nil		Nil
Media advertising organisations	\$7,050	Rubis	\$7,050

### Annual Estimates

ChemCentre complied with the relevant sections of the *Financial Management Act 2006* by meeting the requirements and targets for submitting annual estimates.

Section 40 of the *Financial Management Act 2006* provides for the accountable authority of a statutory authority to submit annual estimates of the annual operations of the statutory authority to the Minister for approval.

The estimates are to be prepared and submitted to the Minister at such times as determined by the Treasurer, or no later than three months before the commencement of the next financial year.

## Other Legal Requirements continued

Statutory authorities not funded as a separate Division of the Consolidated Account Expenditure Estimates should include the approved annual estimates for the current financial period in the annual report of the preceding financial year submitted to the responsible Minister under the provisions of section 61 of the Act.

### **Disability Access and Inclusion Plan Outcomes**

ChemCentre's Disability Access and Inclusion Plan (DAIP) is available to the public on its website.

ChemCentre has completed a review of the plan and has submitted its 2014-2018 DAIP for community consultation and continues to liaise with Disability Services Commission to finalise and have accepted the plan in the first quarter of 2014/15. During the period of review ChemCentre has completed 14 of the strategies incorporated into the plan.

Current initiatives address the following desired DAIP outcomes:

1. People with disabilities have the same opportunities as other people to access the services of, and any events organised by, ChemCentre.
2. People with disabilities have the same opportunities as other people to access the buildings and other facilities of ChemCentre.
3. People with disabilities can request to receive information from ChemCentre in a format that will enable them to access the information as readily as other people are able to access it.
4. People with disabilities receive the same level and quality of service from the staff of ChemCentre as other people receive.
5. People with disabilities have the same opportunities as other people to make complaints to ChemCentre.
6. People with disabilities have the same opportunities as other people to participate in any public consultation by ChemCentre.

### **Recordkeeping Plan**

In compliance with the *State Records Act 2000*, ChemCentre has an approved recordkeeping plan.

#### 1. Efficiency and Effectiveness

To improve ChemCentre's recordkeeping system, new staff have been given training sessions in using the document management system.

#### 2. Training

95% of ChemCentre staff has completed the online training program for records awareness 12 new staff members were retrained on the Records Management System.

3. An evaluation of the efficiency and effectiveness of recordkeeping training is assessed each financial year.

#### 4. Induction Program

ChemCentre has mandatory records and document management training that all employees attend as part of their induction. In addition, new staff members are required to complete the online training program for records awareness and attend a small group or a one on one training session on the Records Management System. Pamphlets covering a range of recordkeeping topics are provided to all new employees as part of the induction package.

### **Occupational Safety, Health and Injury Management**

ChemCentre has policies and procedures committing it to sound occupational health and safety and injury management practices. All new employees receive an intensive safety induction. An ongoing program of safety training is carried out on a monthly basis.

The Occupational Safety and Health Committee, including safety representatives nominated by employees and an executive appointed safety officer, form the key to occupational safety and health consultation. The Committee members and safety officer are accessible

## Other Legal Requirements continued

and effectively utilised by both management and employees in the discussion and resolution of occupational safety and health issues.

The Occupational Safety and Health Committee meets monthly to discuss and resolve occupational issues, review hazard and incident reports and review progress against the Occupational Safety and Health Plan.

In accordance with the *Workers' Compensation and Injury Management Act 1981*, ChemCentre has a documented injury management system which is readily available to all employees through the intranet. A return to work program is available

ChemCentre's Occupational Safety and Health Plan is monitored internally on a monthly basis and outcomes reported to the Board.

Annual performance for 2013/14 against the following targets:

Indicator	2011-12 <sup>(a)</sup>	2013-14 <sup>(b)</sup>	Target	Comment on result
Number of fatalities	0	0	0	Target achieved.
Lost time injury/disease (LTI/D) incidence rate	1 day	10 days	0 or 10% reduction on previous year	Target achieved.
Lost time injury severity rate	0.0	0.0	0 or 10% reduction on previous year	Target achieved.
Percentage of injured workers returned to work (i) within 13 weeks (ii) within 26 weeks	100% 100%	100% 100%	Greater than or equal to 80% return to work within 26 weeks	Target achieved.
Percentage of managers and supervisors trained in occupational safety, health and injury management responsibilities	60%	83%	Greater than or equal to 80%	Target achieved.

Notes:

(a) This is a three-year trend and as such the year is to be three years prior to current reporting year.

(b) The current year is 2013/14.

# Publications & Presentations

### Research Papers

Bergmann, RC, Ralebitso-Senior, TK & Thompson, TJU 2014 'An RNA-based analysis of changes in biodiversity indices in response to *Sus scrofa domesticus* decomposition', *Forensic Science International*, vol. 241, pp. 190-194.

Biermann, V, Lillcrap, AM, Magana, C, Price, B, Bell, RW & Oldham, CE 2014 'Applicability of passive compost bioreactors for treatment of extremely acidic and saline waters in semi-arid climates', *Water Research*, vol. 55, pp. 83-94.

Brayshaw, FFM, Krebs, GL, Norton, BE, Ho, K, McCafferty, P & Dods, K 2014 'Interrelationships between grazing management system and sheep production in the arid shrublands of Western Australia. Diet composition and diet quality using faecal DNA and NIR technologies' *Animal Production Science*, In Press, CSIRO publications.

Callan, AC, Hinwood, AL, Ramalingam, M, Boyce, M, Heyworth, J, McCafferty, P & Odland, JO 2013 'Maternal exposure to metals – concentrations and predictors of exposure', *Environmental Research*, July 2013, vol. 126, pp. 111-117.

DeTata, D, Collins, P & McKinley, A 2013 'A fast liquid chromatography quadrupole time-of-flight mass spectrometry (LC-QToF-MS) method for the identification of organic explosives and propellants', *Forensic Science International*, vol.233(1-3), pp.63-74.

Hinwood, A, Callan, A, Heyworth, J, McCafferty, P & Sly, P 2014 'Children's personal exposure to PM10 and associated metals in urban, rural and mining activity areas', *Chemosphere*, vol. 108, pp125-133.

Hinwood, A, Callan, A, Ramalingam, M, Boyce, M, Heyworth, J, McCafferty, P & Odland J 2013 'Cadmium, lead and mercury exposure in non smoking pregnant women', *Environmental Research*, vol. 126, pp 118-124.

Maisey, SJ, Saunders, SM, West N & Franklin, PJ 2013 'An extended baseline examination of indoor VOCs in a city of low ambient pollution: Perth, Western Australia', *Atmospheric Environment*, vol. 81, pp. 546-552.

Maric, M, Van Bronswijk, W, Lewis, SW & Pitts, K 2014 'Synchrotron FTIR characterisation of automotive primer surfacer paint coatings for forensic purposes', *Talanta*, vol.118, pp.156-161

Maric, M, Van Bronswijk, W, Lewis, SW, Pitts, K & Martin, DE 2013 'Characterisation of chemical component migration in automotive paint by synchrotron infrared imaging', *Forensic Science International*, vol.228(1-3), pp.165-170.

### Conference Papers and Presentations

McCafferty, P 2013 'Strategies to Address the Water Challenges of the Next Millennium', presented at the International Conference on Water and Wastewater Management, Kuala Lumpur, Malaysia.

McCafferty, P, Blair, P, Jambol, I & Garbin, S 2013 'Ensuring sustainable water resources for Perth, Western Australia', presented at the International Conference on Water and Waste Water Management, Kuala Lumpur, Malaysia.

McCafferty, P, Ramalingam, M, Warjak, M & Kittappa SS 'The International Conference on Water and Wastewater Management (ICWWM) 2013, in conjunction with Lab Asia '13 and Chem Asia '13, and the 6th Regional Conference on Total Laboratory Management (6QSEL) – Final Conference Report', Kuala Lumpur, Malaysia.

Dods, K 2013 'Truth in labelling', presented at the Asia Pacific Food Innovation Conference, Perth, Australia.

Dods, K 2013 'The star system for communication of nutritional value on front of pack labelling', presented at the Australian Institute of Food Science Technology and Local Health Authorities Analytical Committee seminar, Perth, Australia.