



ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2012

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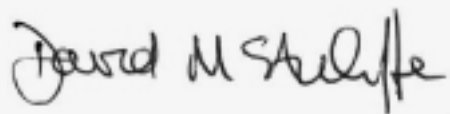
STATEMENT OF COMPLIANCE

HON John Day MLA

Minister for Planning; Culture and the Arts; Science and Innovation

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 2012.

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



Member of Governing Board
Date: 12 September 2012



Member of Governing Board
Date: 12 September 2012

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OVERVIEW

From the Chair



The 1 August 2012 marks a major milestone for ChemCentre as a statutory authority, with the fifth anniversary of the passing of the *Chemistry Centre (WA) Act 2007*. Of course, the organisation has a long history of supporting the State, but it is really in the last five years that some of the most significant changes have taken place.

The past year has been one to celebrate, with ChemCentre achieving another year of strong financial performance. The actual profit before tax for the financial year is \$1,675,000 compared to a budgeted profit before tax of \$1,125,000.

In context, over the past five years, ChemCentre has achieved a 108% increase in sales revenue, rising from \$7.6m in 2007/8 financial year to \$15.9m in 2011/12. This achievement is even more impressive considering this has been achieved with only a 22.4% increase in staffing levels, indicating a near doubling of productivity.

The Board has had another challenging and rewarding year meeting the requirements of statutory authority governance, balancing strategic planning, financial and risk management and operational performance.

I thank the management team at ChemCentre and the staff for their commitment to achieving commercial sustainability whilst striking an effective balance with their duties to the State. The confidence the Board has in the management and Executive of ChemCentre has allowed the Board to delve more into understanding and shaping the strategic opportunities available to ChemCentre as it continues to grow.

We have welcomed an addition to the regular reporting to the Board in the form of case studies on business opportunities and internal developments in promotion and presentation of services.



OVERVIEW

From the Chair continued

I have enjoyed the opportunity to gain a deeper appreciation of the endeavours of ChemCentre staff members as they contribute to an organisation built on excellence in science and a commitment to quality.

Whilst the Board constituency has not changed, the management of the Board has been revised to strengthen the performance of the Board whilst ensuring we meet our many responsibilities. This has included the convening of a Governance Committee, to sit alongside the Finance Committee and Audit and Risk Committee.

I thank my fellow directors for their commitment, vision and enthusiasm in their advice to and guidance of ChemCentre. I welcome the reappointment of Dr John Farrow to the Board for a three year period. Most of ChemCentre's Board members have been with ChemCentre since 2007, which for them makes this an even more significant and satisfying milestone.

In 2012, the Board and Executive, with a range of staff from ChemCentre, will work to set out a new strategic vision for ChemCentre, with a critical analysis of opportunities,

aspirations and market factors likely to come into play in the next ten to twenty years.

The next financial year will also see the review of the *Chemistry Centre (WA) Act 2007*. The review of the Act will provide the opportunity to determine the most appropriate structure and mandates to guide ChemCentre in its next period of development. I welcome the opportunity to contribute to this review and the perspective that will be provided for ChemCentre's long-term purpose and value to Western Australia.

We have enjoyed a strong relationship with our Minister, the Honourable John Day MLA, Minister for Planning; Culture and the Arts; Science and Innovation. The Minister has been active in representing ChemCentre at the highest possible level, and in communicating ChemCentre's position and responsibilities alongside similar WA Government agencies. We were also pleased Minister Day joined us in August 2011 to launch ChemCentre's outreach program, with the inaugural ChemCentre Open Day.



OVERVIEW

From the Chair continued



CHEMCENTRE'S 5TH BIRTHDAY

On 1 August 2012, ChemCentre celebrated its fifth anniversary as a statutory authority, marking five years since the passing of the Chemistry Centre (WA) Act 2007. Joined by colleagues and ChemCentre supporters, the event was a celebration of ChemCentre's development and growth over this time, and its continuing role in supporting Western Australia.

ChemCentre's core responsibilities, to the State Government and the people of Western Australia, are as follows:

- *Customer Service – delivery of world class chemical analytical services on time and within budget*
- *Keeping the State safe – provision of emergency and crisis response capabilities*
- *Assisting with policing – being a forensics centre of excellence*
- *Continuous improvement – getting better at what we do; and developing, keeping and applying intellectual property*
- *Zero Harm – having effective management systems in place for safety, occupational health and the environment*
- *Social responsibility – cooperating with communities wherever we work*
- *Leveraging our core pool of expertise to provide educational services*
- *Conducting applied research that adds real value*
- *Growing the business and making it financially sustainable*
- *Minimising government allocations – delivering commercial outcomes on a fee-for-service basis.*

Finally, I wish to thank the staff of ChemCentre. In a dynamic and evolving environment, the staff have shown dedication and enthusiasm for achieving ChemCentre's strategic and financial goals. Their passion and expertise are key in ensuring ChemCentre provides high quality analytical services to its complete suite of clients, whilst ensuring Western Australia is supported with outstanding analytical chemistry capabilities.

A handwritten signature in black ink, which appears to read "Bret Mattes".

Dr Bret Mattes
Chair, ChemCentre Board

OVERVIEW

► From the CEO

A fifth birthday is an important milestone in any life, and it is no less noteworthy for ChemCentre.

We have had another successful year financially. The actual profit before tax for the year ended 30 June 2012 was \$1,675,000 compared to the budget profit before tax of \$1,125,000. The actual profit for the previous year was \$2,686,000, although this included additional appropriations of \$1 million for the rent in respect of the year ending 30 June 2010. Revenue from provision of services has increased by \$1,027,000 (6.9%) over the previous year to \$15,876,000, despite a reduction in incoming work from some major projects

In the past financial year, ChemCentre has worked with government to determine the nature of ChemCentre's financial operation and the quantum and use of government funding. To this end, ChemCentre will over the next three years have to reduce its reliance on government appropriations and cover the commercial property equivalent rates for its premises at Bentley. This will require continued aggressive growth in revenue to cover the shortfall.

The responsibilities mandated by the *Chemistry Centre (WA) Act 2007* determine our priorities and every year we strive to adapt analytical techniques to assist with challenges facing the State. This has included, in the past year, developing synthetic and other emerging drug testing capabilities, enhancing very low-level metal analyses for sediments and saline waters and developing organic and inorganic speciation techniques for tracking the movement of minerals and mining by-products.

This financial year has seen changes in major projects, including the conclusion of the Esperance Cleanup and Recovery Project. This has been a significant source of activity at ChemCentre which has provided the analytical expertise to support the remediation of the Esperance environment and surroundings, to benefit the local community. Whilst 'winding down' this project will result in a temporary decrease in the volume of work, it also brings substantial opportunities as a result of the capabilities that have been developed.

The Commonwealth Heads of Government Meeting (CHOGM) was another challenge and opportunity for ChemCentre. These 'behind-



the-scenes' duties were an extension of ChemCentre's already significant emergency and chemical hazard response capabilities. I commend the team of staff dedicated to providing on-ground scientific support and those involved in laboratory preparations.

Fee-for-service work has increased significantly during the year. As a result of ChemCentre's unique capacity to test for synthetic drugs (including being the first laboratory in Australia to provide workplace confirmatory testing services for synthetic cannabinoids), there has been a large increase for workplace drug



OVERVIEW

From the CEO continued

testing services. This has required a flexible approach to staffing and resources to ensure our services to our State and fee-for-service clients are delivered at the highest possible standard.

With an increasing profile comes the challenge of balancing public interest, risk minimisation and the release of information on topical and sometimes controversial issues, such as synthetic drugs and chemical hazards. ChemCentre has initiated a newsletter and drug alert briefings for relevant authorities to better understand drug trends and emerging issues. I am pleased to note ChemCentre has also strengthened its relationships with other government agencies to provide expert scientific knowledge to benefit the Western Australian community. The most significant example of this has been the creation of the Emerging Psychoactive Substance Review Group, a collaboration between WA Health, the WA Drug and Alcohol Office, WA Police and ChemCentre.

To maintain relevance as our clients change, and their requirements evolve, we have been working within ChemCentre to build an innovative, flexible workforce, with the

capacity to turn expert scientific knowledge into unique, high-quality analytical services. This has driven a change in workplace culture within ChemCentre, with a focus on maintaining excellence whilst increasing sales to fee-for-service clients.

We have realigned how we present ChemCentre services to the market, with a revised focus on matching analytical services and consulting advice to market requirements and operational areas, such as environmental monitoring and occupational hygiene. This revised approach to sales and marketing can be seen in our new website, which we were proud to launch in July 2012.

We have also invested time in listening to our clients to better understand their requirements and how we can assist them in achieving their own goals in sustainability, financial performance and State responsibilities.

In 2011, we also launched a new outreach and education program to promote the importance of chemistry in the community, and explain the role ChemCentre plays in supporting, protecting and developing Western Australia. The cornerstone of this



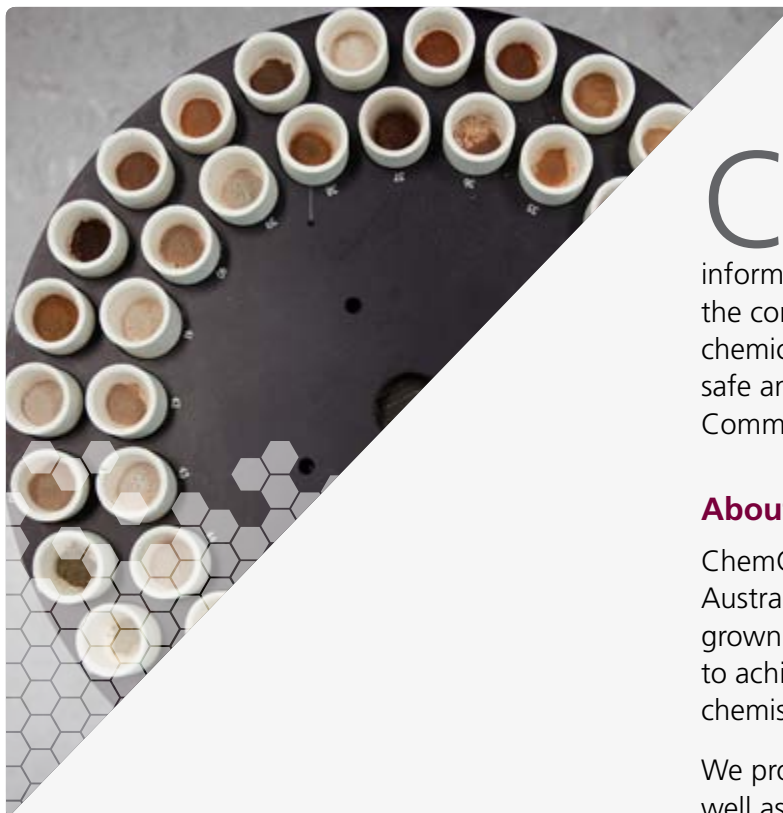
program was the inaugural Open Day in our Bentley facilities – a very successful event which we are currently preparing to run again this year.

I thank the staff of ChemCentre for their commitment, energy and passion in driving ChemCentre to achieve our shared strategic and financial goals. I also thank the Executive management group for their support and input.

Finally, I thank the Board for its guidance of ChemCentre's strategic direction and advice on high-level operational matters.

Mr Peter Millington
Chief Executive Officer

EXECUTIVE SUMMARY



ChemCentre is the Western Australian Government statutory authority that provides expert analytical and scientific information to government, industry and the community. It exists to provide essential chemical and forensic services to ensure a safe and prosperous Western Australian Community.

About ChemCentre

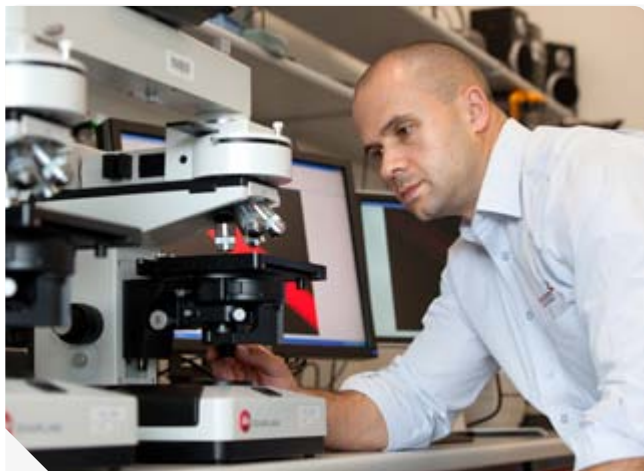
ChemCentre was established by the Western Australian Government in the 1890s and has grown and evolved over the past 120 years to achieve recognition as a leader in analytical chemistry and forensic science.

We provide routine analytical services, as well as specialised method development and unique analyses for less common chemicals of interest. Our scientists provide clients with high quality analyses, legally defensible data and where required, expert interpretation and legal testimony.

As the Western Australian Government analytical laboratory, with responsibilities in emergency response, forensic science and public and environmental health, we maintain a core of world-class expertise and equipment at our headquarters in Bentley, Western Australia.

The same expertise and equipment is used to service our industry clients, not only in Western Australia, but also nationally and in Asia, Europe and the United States.

Our laboratories are accredited and compliant with all National Association of Testing Authorities (NATA) requirements for Chemical Testing and Forensic Science. Consequently, we comply fully with all relevant clauses of ISO/IEC 17025 and meet the principles of ISO 9001. ChemCentre also holds expert accreditation with selected industry bodies and regularly undergoes rigorous compliance and quality audits.



ChemCentre's **Vision**, to guide it over the next decade, is:

ChemCentre is recognised as Australia's leading provider of premium chemical and forensic services.

Within this context ChemCentre's **Mission** over the life of its current Strategic Development Plan is:

ChemCentre is the trusted provider of essential chemical and forensic services to ensure a safe and prosperous Western Australian community.



To achieve this Mission by 2017, ChemCentre has adopted six **strategic goals**:

By 2017, ChemCentre will:

- 1** Be commercially sustainable with more and diverse customers and markets
- 2** Have a core client base with long term relationships
- 3** Have a highly skilled workforce focussed on high quality and efficient service delivery
- 4** Benefit from targeted research and development
- 5** Develop world class capabilities in core areas
- 6** Protect, enhance and educate the community by its services in analytical chemistry and forensic science.

EXECUTIVE SUMMARY

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.

ChemCentre offers a range of analytical services to clients from government, industry and the community. This includes services across areas including occupational hygiene, environmental monitoring, mining and exploration, forensic science and other analytical areas.

As the State analytical chemistry facility, ChemCentre is responsible for managing State risks with high quality scientific information and advice. This same standard of results, advice and reporting is extended to all clients.

In the 2011/12 financial year, ChemCentre:

- Completed the final stages of analytical testing and support for the Esperance Cleanup and Recovery Program to validate the cleanup of potential lead and nickel contamination in Esperance.
- Developed analytical techniques for very low level metals analyses in saline and seawaters, to measure environmental impact of industrial developments.
- Enhanced soil remediation solutions for applications on commercial and recreational properties, including State sporting grounds and parks.
- Delivered routine carbon measurement analyses to provide qualitative and quantitative information on carbon capture and sequestration programs for carbon accounting.
- Delivered routine inorganic analyses for chemicals such as metals and cyanides for environmental monitoring and occupational exposure.



SMART SCIENCE FOR WATER SENSITIVE CITIES

ChemCentre has joined the Cooperative Research Centre for Water Sensitive Cities with the aim of providing high quality research services and insight into analytical techniques and science. This will support water sustainability and 'smart' development decisions for water sensitive cities around Australia.

EXECUTIVE SUMMARY

Service 1: Commercial and Scientific Information and Advice continued



PROTECTING THE COMMUNITY FROM 'CLAN LAB' HAZARDS

ChemCentre provides a vital scientific response to and advice on clandestine drug laboratories ('clan labs'). Clan labs pose a serious health and safety risk to the community and ChemCentre's forensic scientists support WA Police in assessing, dismantling and processing the evidence from clan labs.

- Expanded chemical analyses for occupational hygiene services for workplace safety and employee monitoring.
- Provided high quality, routine analyses of water and waste water for all chemicals of concern for Western Australian water supply.
- Expanded veterinary drug residue analysis capabilities for the Australian commercial seafood industry.
- Provided two scientists as part of the Australian delegation to an international capability exercise to train in response to chemical, biological and radiological incidents.
- Increased clandestine drug laboratory ('clan lab') response capability to support WA Police in identifying, assessing and dismantling clan labs.
- Provided advice and expertise on the remediation of clandestine drug laboratory sites to local governments and authorities
- Conducted introductory and advanced clan lab chemistry training for relevant authorities, including the Fire and Emergency Services Authority and the WA Police.
- Enhanced State capabilities for the testing of explosives residues for forensic and emergency response purposes.
- Supplied forensic toxicology services to the State Coroner and sobriety and toxicology services to WA Police.
- Delivered high volume, quality anti-doping analyses (for animal and human samples) to Racing and Wagering WA for the three codes of racing in the State.
- Assisted State and Commonwealth Government authorities on updated Australian forensic science standards, through ChemCentre representation on expert working groups and advisory panels.
- Provided expert testimony for 25 matters requiring the presentation of forensic science evidence.
- Communicated vital scientific information to the community, through media and outreach initiatives, on topics including emerging drug hazards and clandestine drug laboratories.

EXECUTIVE SUMMARY

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.

AMENDING SOIL TO PROTECT THE ENVIRONMENT

ChemCentre is a partner in the Water Corporation's project to test the usefulness of lime-amended biosolids in reducing nutrient leaching in the Ellen Brook Catchment. With many years' experience in dealing with Western Australian soils, ChemCentre provides the Water Corporation with independent, analytical laboratory services to measure the effectiveness of an innovative approach to waste management and environmental protection.

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.

Many research projects are conducted in combination with other State Government agencies, academia (Western Australian universities) and national research initiatives (such as the Cooperative Research Centres). ChemCentre is also regularly invited to contribute to national and international research projects and exercises, with substantial knowledge and capability development brought back to Western Australia.

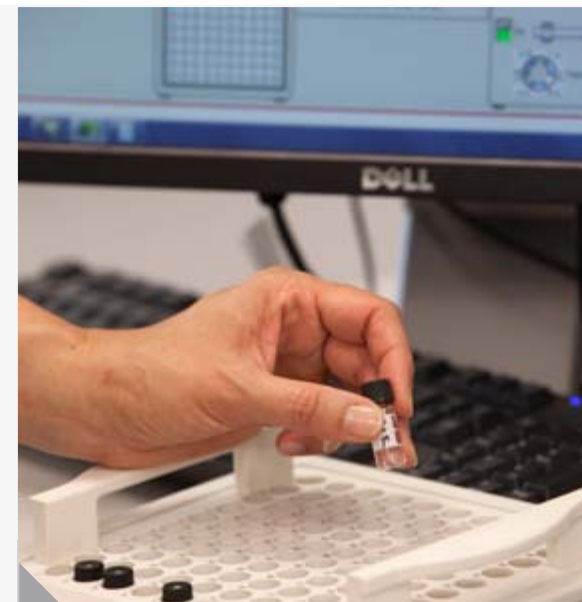
In the 2011/12 financial year, ChemCentre:

- Conducted a scientific study and review of response capabilities to chemical, biological and radiological incidents (Department of Prime Minister and Cabinet, Australian Government).
- Created sampling and testing processes for organometallic compounds resulting from industrial activity, including mineral refinery (Cooperative Research Centre for the Contamination, Assessment and Remediation of the Environment).
- Investigated absorbed chemical species on inhalable iron rich particles in industrial settings (Cooperative Research Centre for the Contamination, Assessment and Remediation of the Environment).
- Investigated the chemicals in potential crops for photosensitising chemicals that may affect grazing animals. (Department of Agriculture and Food).
- Provided analytical services for the investigation of lupin breeding in Western Australia (Department of Agriculture and Food).

EXECUTIVE SUMMARY

Service 2: Research and Development continued

- Investigated nutrient capture and water retention through the trial of unique soil amendments and filter systems in a natural environment (Swan River Trust).
- Investigated the presence of chemical markers as an indication of food product deterioration in commercial seafood products (Australian Seafood Cooperative Research Centre).
- Analysed air quality samples to assist with the setting of domestic air quality guidelines (ARC Linkage, The University of Western Australia).
- Conducted extensive testing on fruit and vegetable samples for residual contaminants (Department of Health).
- Continued to respond to community health and safety requirements and regulations through the development of analytical techniques to measure ultra-trace levels of any contaminants in treated water (Water Corporation).
- Measured the potential of treated biosolids for improved soil amendments (Water Corporation).
- Researched 'lab on a chip' methods in order to permit quality scientific analyses to take place in the field (Cooperative Research Centre for the Contamination, Assessment and Remediation of the Environment).
- Examined opportunities for value-added, consumer-focussed products derived from Australian salmon (Australian Seafood Cooperative Research Centre).



EMERGING PSYCHOACTIVE SUBSTANCES REVIEW GROUP

In 2011, the WA Drug and Alcohol Office, Department of Health, WA Police and ChemCentre united in a pro-active approach to the risks from emerging psychoactive substances in the State. The highly successful, multi-disciplinary approach of the group has supported well-informed decision making in response to issues such as synthetic drug use and legislation.

EXECUTIVE SUMMARY

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.

ChemCentre's emergency response scientists guarantee the State's ability to manage 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 authorities around the world. Over the past three years, ChemCentre has enhanced Western Australia's emergency response knowledge by leveraging State funding to secure Commonwealth and international research funds on key issues for the State.

Information from these research projects is then directly applied in Western Australia with both emergency response and environmental protection agencies. This assists in best-practice preparation and response in scenarios as diverse as industrial factory fires and the Commonwealth Heads of Government Meeting.

In the 2011/12 financial year, ChemCentre:

- Attended and resolved 25 official emergency response incidents.
- Represented Western Australia through a leadership role on the national Chemical Warfare Agent Laboratory Network.
- Delivered a major scientific study into the movement of tracer gases and biological particles in a simulated scenario to assist with first responder and emergency management procedures.
- Participated in emergency response training exercises to test and maintain state capability, with authorities including the Fire and Emergency Services Authority and WA Police.
- Provided emergency and chemical hazard response capabilities to respond to any potential chemical, biological or radiological incident during the Commonwealth Heads of Government Meeting.



DOMESTIC PREPAREDNESS AND CRISIS RESPONSE

Recognised internationally for its expertise in responding to chemical contamination incidents, ChemCentre has in the past year applied this knowledge to local state and Australian settings. ChemCentre has determined the extent of contamination following simulated release exercises in modern infrastructure, to ensure a better response should a hazardous material release occur.

EXECUTIVE SUMMARY

Financial Overview

The actual profit before tax for the year ended 30 June 2012 was \$1,675,000 compared to an actual profit for the previous year of \$2,686,000 and the budget profit before tax of \$1,125,000. The previous year included additional appropriations of \$1 million relating to rent for the year ending 30 June 2010. The current year's profit includes a reduction in rent accrued of \$488,000, relating to the period 9 September 2009 to 30 June 2012. This reduction in rent cost arises out of the finalisation of the cost of ChemCentre premises between Curtin University and BGC, the builder. (Note 13).

Revenue from provision of services has increased by \$1,027,000 (6.9%) to \$15,876,000 over the previous year. This is in spite of reduction in revenue from the Esperance Cleanup and Recovery Project. A major new line of revenue to 30 June 2012 was fee for service sales from the analysis of samples for synthetic cannabinoids. Total expenses during the period have increased by \$1,280,000 (5.9%) to \$22,924,000. The main reason for this increase is salaries and

related costs, which increased by \$1,161,000 (10.9%), due to the payment of \$249,000 in redundancy costs (2.3%) as well as increase in headcount of 9.4 (8.3%) mainly to support additional forensic work, including an additional Clandestine Laboratory analysis team for WAPol. Other increases in expenses to 30 June 2012 over the previous year include:

1. Supplies and Services increased by \$252,000 (19.2%) mainly due to consumables, including Elisa kits to test for synthetic cannabinoids.
2. Depreciation and amortisation costs increased by \$182,000, reflecting the new Asset Investment Plan and the acquisition during the year of \$1,271,000 in tangible and intangible assets. (Note 21 and 22).
3. Other expenses increased by \$136,000, mainly as a result of External Laboratory costs of \$95,000, which was passed on to the client in additional fees. (Note 15). Payroll tax also increased by \$91,000 over previous year, in line with salary increases.

In the 12 months to 30 June 2012 the cash balance decreased by \$630,000 to \$4,305,000, primarily as a result of the investment in new equipment over and above the amount appropriated (Cash Flow Statement).

The results for the year ending 30 June 2012 are largely in line with the Budget except for the reduction in rent accrued and the reclassification of administration expenses from Supplies and Services to Other Expenses. (Note 31).

OPERATIONAL STRUCTURE



Enabling Legislation

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

Responsible Minister

The Hon John Day MLA Minister for Planning; Culture and the Arts; Science and Innovation.

Mission

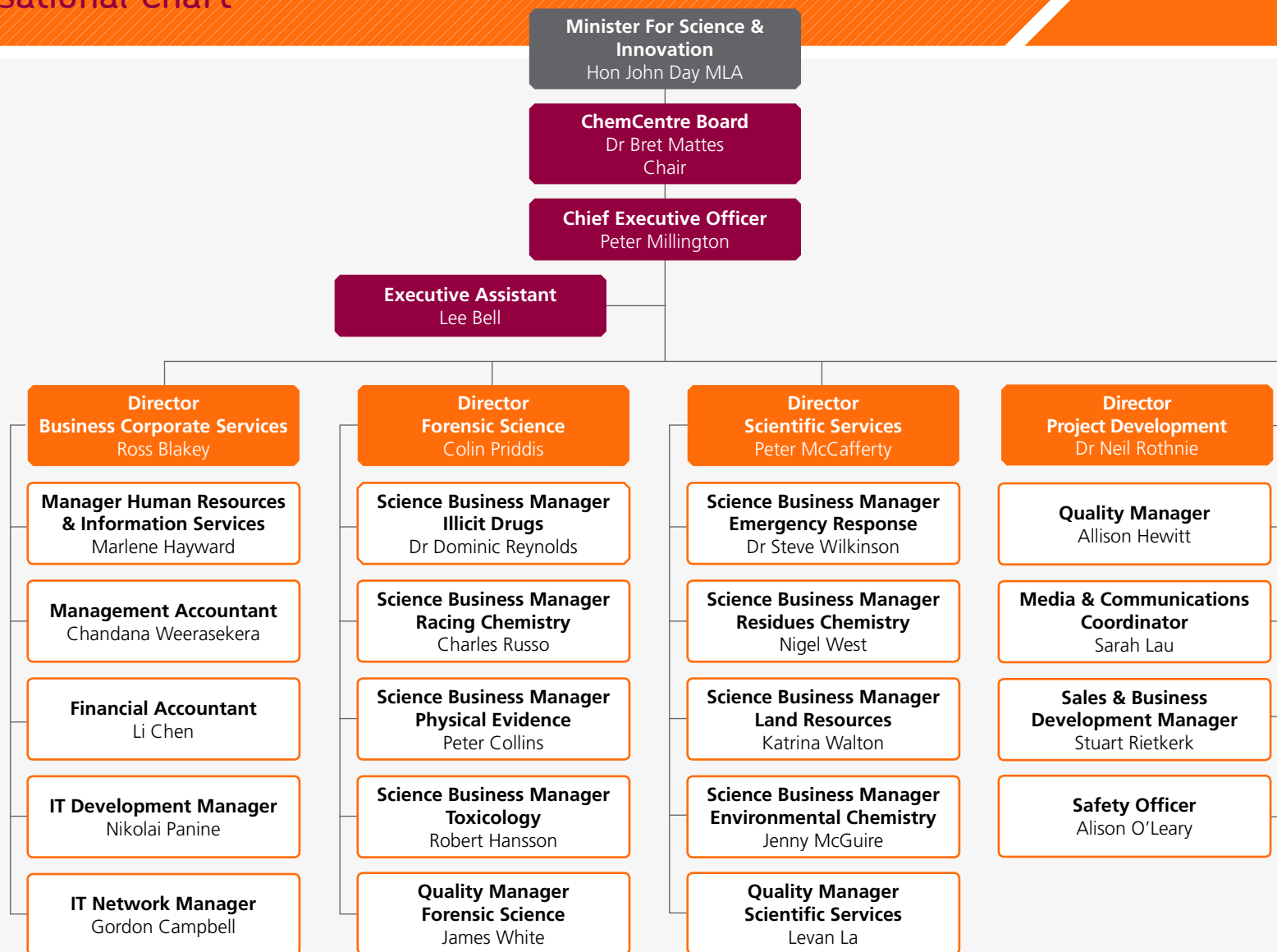
Applying technical knowledge to practical problems to achieve effective outcomes for communities, governments and industry.

To paraphrase the functions described in the enabling legislation, within its areas of expertise and in a cost effective manner, ChemCentre will:

- Manage the government's risks;
- Contribute to state development;
- Contribute to education and knowledge in WA; and
- Operate a successful consulting business.

OPERATIONAL STRUCTURE

» Organisational Chart



OPERATIONAL STRUCTURE

» Board of ChemCentre

Each member of the Board is appointed by the Minister for Science and Innovation 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.

ESPERANCE CLEANUP AND RECOVERY PROJECT

The past financial year has seen ChemCentre conduct the final rounds of testing and validation for the Esperance Cleanup and Recovery Project (ECRP) to address lead contamination in the Esperance community. Using its specialised scientific expertise and unique capabilities in testing metals, ChemCentre in the past three years has analysed nearly 120,000 samples.

Board Profiles

Dr Bret Mattes (Chair)

Originally trained as an oceanographer, Dr Mattes held several positions in Shell, including geoscientist and exploration manager, before moving in 1990 to BHP Petroleum. Between 1990 and 2007, Dr Mattes held several roles in BHP Petroleum, finishing his time with that company as Vice-President Australia/Asia Gas & Power, BHP Billiton. He is now CEO and President Director of OTP Geothermal and President of Origin Energy in Indonesia.



Absent: Dr Bret Mattes, Dr John Farrow

Dr Keith Shilkin AM (Deputy Chair)

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 this year made a Member of the Order of Australia for services to medicine and the Jewish Community.

OPERATIONAL STRUCTURE

Board Profiles continued

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. She has also worked in communications, recruitment, alumni relations, external and government relations and fundraising. She has won awards from the Australian Marketing Institute National Awards for Marketing Excellence in both 2002 and 2003. Dr Cretney-Barnes is also an Associate Fellow of the Australian Institute of Management and the Australian Marketing Institute, and a graduate of the Australian Institute of Company Directors.

Dr John Farrow

Dr Farrow has more than 25 years experience in hydrometallurgy and has roles of Waterford site manager and Theme Leader within the Commonwealth Scientific and Industrial Research Organisation (CSIRO). He has worked on a broad range of collaborative research projects with all key Australian and overseas minerals processing companies, as well as a range of engineering companies, reagent

suppliers and equipment manufacturers. Dr Farrow is a Fellow of the Australian Institute of Mining and Metallurgy and has received several awards for his research and technology transfer activities.

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 is the founder of NeuroDiscovery and has been a Director since establishment. He 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

Bruce 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 Chairs 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.

OPERATIONAL STRUCTURE

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 three 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
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.	Quality independent scientific advice, research and development, and an emergency response capability that support Government and the wider community.	Outcome 1. Emergency Response. 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. Outcome 2 & 3. Scientific Information and Advice Development and delivery of quality scientific information and advice, on a commercial basis, to government, industry and the community. Outcome 4. Research and Development 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

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 Fire and Emergency Services Authority, normally the controlling authority at such emergency events.

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

AGENCY PERFORMANCE – REPORT ON OPERATIONS

► Financial Targets: Actual performance compared to budget targets to 30 June 2012



The twelve months results to 30 June 2012 at ChemCentre continue the increased commercial focus which commenced when the ChemCentre became a Statutory Authority in August 2007. As a consequence there has been a significant increase in external revenue compared with the previous year.

Financial Targets:

Actual performance compared to budget targets to 30 June 2012

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 2012 reflect a favourable variance against budget of \$438,000 for the net cost of services. Total income exceeded budget by \$366,000 and the total cost of services shows a favourable variance against budget of \$72,000. The net surplus before

tax for the period under review shows a favourable variance of \$550,000 compared to budget resulting from a reduction in rent accrued of \$488,000, relating to the period 9 September 2009 to 30 June 2012.

This reduction in rent cost arises out of the finalisation of the cost of ChemCentre premises between Curtin University and BGC, the builder. (Note 13). See *Financial Overview on page 16 for more information*.

	Budget	Actual
Total Income	15,538,000	15,904,000
Total Cost of Service	22,996,000	22,924,000
Net Cost of Service	7,458,000	7,020,000
Service appropriation	8,583,000	8,695,000
Surplus/(Deficit) before tax for period	1,125,000	1,675,000

AGENCY PERFORMANCE – REPORT ON OPERATIONS

► Key Performance Indicators Actual performance compared to budget targets

Actual performance compared to budget targets

Key Effectiveness Indicators	Target	Achieved
Outcome 1: Emergency Response: Resolution Time	4 hr	2.1 hr
Outcome 2 & 3: Client Satisfaction	80%	80%
Outcome 2 & 3: Proficiency Rating	95%	91.5%
Outcome 4: Aggregate Value of ChemCentre Components as a ratio of R&D sold to internal R&D	60/40	46/54
Outcome 4: Client Satisfaction	80%	83%
Key Efficiency Indicators		
Service1: Average Cost/hour	\$198	\$183
Service 2: Average Cost/hour	\$238	\$230
Service 3: Average Cost/hour	\$315	\$279

Performance information relating to the services provided is presented at pages 70 to 76 of this report.



OPEN DAY

ChemCentre opened its doors to the public for the first time in its Bentley premises, to a well-received reception in August 2011. Over 1000 visitors attended tours, demonstrations, activities and presentations in a day-long celebration of chemistry in the WA community.

AGENCY PERFORMANCE – REPORT ON OPERATIONS

» Significant Issues Impacting the Agency

Strategic Issues and Trends

Appropriate resourcing to meet achieve major revenue growth

ChemCentre has projected it will grow its revenue from sales by \$1 - \$2 million per annum, totalling \$9 million over four years. This will be balanced by the phased withdrawal of recurrent appropriations, totalling \$6 million over three years. ChemCentre has achieved an average revenue growth of 27% each year over the past four financial years. Whilst there has been a growth in employee numbers over this period, this has been at less than one-third of the rate of increase in revenue. This has been achieved through aggressive cost cutting, removal of loss-making business lines and efficiency gains in operational processes. To continue this growth in revenue and meet its targets, ChemCentre will need to consider issues of increased staffing and greater flexibility in working conditions.

Translating scientific investigations into new analytical services

ChemCentre will undertake a series of commissioned research projects in the 2012-13 financial year, contributing scientific expertise to assist with issues of sustainable resource development and environmental assessment and remediation. This work builds on similar research and analytical advancements in the past two years.

The further challenge to ChemCentre is for translate the capability from these projects into innovative products and services that appeal to the market.



SUPPORTING THE RESOURCES AND EXPLORATION INDUSTRIES

ChemCentre has provided tailored services to WA's expanding resources and exploration industries. For example ChemCentre has provided high quality, legally defensible information in areas as diverse as workplace drug testing and mine site closure planning.

AGENCY PERFORMANCE – REPORT ON OPERATIONS

Significant Issues Impacting the Agency continued

Improving client interactions

ChemCentre has traditionally maintained good relationships with its long-term clients. However, as ChemCentre's business areas continue to grow and its client base expands, interactions with clients will need to become more streamlined. The level of customer service must match the quality of information provided to clients. This will involve both internal and external communication and management channels, such as a new website and better tracking and reporting for clients through ChemCentre's proprietary laboratory information management systems.

Ensuring continuity of service through workforce planning

In the 2011-12 financial year, ChemCentre undertook a series of planning and review exercises to determine current staff competencies and organisational capacity. In the coming year, ChemCentre will implement a five-year workforce plan aligning current competencies against State priorities and client requirements. Investing in training,

recruitment and succession planning will ensure continuity of service to all clients and assist in maintaining a base of expertise to manage State risk.

Enhancing mandated service delivery through targeted projects

As mandated in its enabling Act, ChemCentre has responsibilities to Western Australia in crisis and emergency response management, forensic science and state development. In the past two years, ChemCentre has evaluated its research and development commitments to determine their alignment with State priorities. ChemCentre has now established thorough decision making processes and planning for R&D management, to assist in prioritising investment in research projects based on State requirements and wider business priorities.



ENIPID

ChemCentre is developing the database and software interface for the Enhanced National Intelligence Picture on Illicit Drugs (ENIPID), a drug profiling system that identifies illegal drug supply trends by comparing drug seizure information from across Australia. This builds on ChemCentre's expertise in producing similar systems for forensic profiling of illicit drugs for European policing agencies with its European Drug Profiling System.

AGENCY PERFORMANCE – REPORT ON OPERATIONS

Significant Issues Impacting the Agency continued

Financial Issues and Trends

Appropriations for Service

ChemCentre received about \$1 million in additional service appropriations during the previous financial year ending 30 June 2011 compared with the current financial year ending 30 June 2012. These additional appropriations were in respect of higher than expected rent and a late payment of service appropriations in respect of the year ending 30 June 2010 paid in the following financial year ending 30 June 2011.

Asset Investment Plan

The appropriation disbursement file for 2012 included \$2,126,000 for asset replacement. However the budget appropriation for asset investment was only \$600,000 and is only \$600,000 in 2013 and 2014. The difference between budget spend and actual spend plus any carry over will be financed out of fee for service revenue and profits in 2013. The forward estimates show a similar trend and any shortfall between asset appropriation and asset spend will be financed through fee for service revenue as agreed and set out in the Asset Investment Plan.

Accommodation and full cost recovery

During the 2011 WA Government budget process, the EERC agreed to a three year reduction in recurrent appropriations for ChemCentre rent subsidy to reflect the commercial rent which should be recovered by ChemCentre in its fees and charges. In the year ending 30 June 2013 the reduction is \$1 million, in 2014 the reduction will be \$2 million and in 2015 the reduction will be \$3 million. This leaves a balance of rent of \$2.8 million, which amount is considered non commercial and which will be subsidised through appropriations. The \$3 million commercial rent will be recovered through fee for service revenue.

AGENCY PERFORMANCE – REPORT ON OPERATIONS

Significant Issues Impacting the Agency continued

Operational Issues and Trends

Accommodation and long term options

As flagged in previous Annual Reports, the successful growth of ChemCentre is being impacted by a shortage of office and laboratory space at its current premises. Short-term options for storage and office space have been identified. However, planning will be undertaken in the coming financial year to scope long-term accommodation options based on current projections of business expansion.

Provision of advice and service to Government agencies

ChemCentre has joined a series of committees and working groups in the past year to guarantee the timely provision of scientific information and advice to government agencies and the wider community. An example of this is the Emerging Psychoactive Substances Review Group, a collaboration between WA Health Pharmaceutical Services, WA Drug and Alcohol Office, WA Police

and ChemCentre. This group is an effective model for predicting and responding to synthetic drug hazards in Western Australia. ChemCentre's role involves constantly updating laboratory techniques and capabilities to match predicted drug trends. This cross-agency approach ensures more effective and efficient use of resources, by drawing on a combination of information sources to prioritise research and 'gearing up' of ChemCentre's facilities.

Chemistry-based outreach and education

ChemCentre launched its outreach program in August 2011, based on a diverse range of activities, presentations and events to showcase the role of chemistry in the community and everyday life. The cornerstone of the program is the annual Open Day, which allows visitors to experience the scope of ChemCentre's work and observe the State's analytical chemistry and forensic science facility. In the coming year, ChemCentre will explore ways to expand the effectiveness of

its outreach program by partnering with other science and education organisations.

Flexibility in resourcing areas experiencing high levels of demand

In the past two years, ChemCentre has experienced sudden, significant increases in demand for certain analytical services, including isotopic lead analysis for the Esperance Cleanup and Recovery Project and synthetic cannabinoid testing for workplace drug testing programs. This has necessitated a flexible approach to staffing, training and access to instruments. This flexibility will need to continue in the coming year to ensure optimum service delivery in areas that experience a similar, rapid increase in analytical requests.

Changes in Written Law

There were no changes in Written Law impacting upon ChemCentre in the 2011-12 period.

AUDITOR'S OPINION



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 2012, the Statement of Comprehensive Income, Statement of Changes in Equity and 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 2012 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.

Report on Controls

I have audited the controls exercised by the Chemistry Centre (WA) during the year ended 30 June 2012.

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 2012.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Chemistry Centre (WA) for the year ended 30 June 2012.

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 2012.

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 2012 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 ASSURANCE SERVICES
Delegate of the Auditor General for Western Australia
Perth, Western Australia
14 September 2012

FINANCIAL STATEMENTS

» 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 2012 and the financial position as at 30 June 2012.

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: 12 September 2012



P Millington

Chief Executive Officer

Date: 12 September 2012



Member of Accountable Authority

Date: 12 September 2012



Member of Accountable Authority

Date 12 September 2012

FINANCIAL STATEMENTS

» Statement of Comprehensive Income For the year ended 30 June 2012

	Note	2012 \$000	2011 \$000
INCOME			
Revenue			
Provision of Services	7	15,876	14,849
Interest Revenue	8	23	17
Other Revenue	9	5	6
Total Income		15,904	14,872
EXPENSES			
Expenses			
Employee benefits expense	10	11,772	10,611
Supplies and services	11	1,559	1,307
Depreciation and amortisation expense	12	1,315	1,133
Accommodation expenses	13	5,249	5,687
Loss on disposal of non-current assets	14	-	13
Other expenses	15	3,029	2,893
Total expenses		22,924	21,644
Loss before grants and subsidies from State Government		(7,020)	(6,772)
Service appropriation	16	8,695	9,458
Profit before income tax equivalent expense		1,675	2,686
Income Tax Equivalent Expense/Deferred Income Tax Benefit	33(a)	(172)	(592)
Profit after income tax equivalent expense		1,503	2,094
Profit/(Loss) for the period		1,503	2,094
Total Comprehensive Income for the Period		1,503	2,094

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

FINANCIAL STATEMENTS

» Statement of Financial Position For the year ended 30 June 2012

	Note	2012 \$000	2011 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	29(a)	4,305	4,935
Prepayments	18	98	122
Receivables	17	1,431	2,208
Amounts receivable for Services	19	965	770
Total Current Assets		6,799	8,035
Non-Current Assets			
Restricted Cash and Cash Equivalents	20	81	81
Property, plant and equipment	21	3,468	3,692
Intangible assets	22	783	603
Sinking Fund	23	662	432
Deferred Tax Asset	33(d)	881	753
Total Non-Current Assets		5,875	5,561
TOTAL ASSETS		12,674	13,596
LIABILITIES			
Current Liabilities			
Payables	25	1,616	3,739
Provisions	26	2,199	2,115
Other current liabilities	27	573	877
Current Tax Liabilities	33(c)	300	573
Total Current Liabilities		4,688	7,304

FINANCIAL STATEMENTS

Statement of Financial Position For the year ended 30 June 2012 continued

	Note	2012 \$000	2011 \$000
Non-Current Liabilities			
Provisions	26	702	706
Deferred Tax Liability	33(e)	-	-
Total Non-Current Liabilities		702	706
TOTAL LIABILITIES		5,390	8,010
NET ASSETS		7,284	5,586
EQUITY			
Contributed equity	28	4,043	3,848
Retained earnings		3,241	1,738
TOTAL EQUITY		7,284	5,586

The statement of financial position should be read in conjunction with the accompanying notes.

FINANCIAL STATEMENTS

» Statement of Changes in Equity For the year ended 30 June 2012

	Note	Contributed equity	Reserves	Retained earnings	Total Equity
		\$000	\$000	\$000	\$000
Balance at 1 July 2010	28	3,653	-	(356)	3,297
Total Comprehensive Income for the year			-	2,094	2,094
Transactions with owners in their capacity as owners:					
Capital appropriation		195	-	-	195
Other Contributions by owners		-	-	-	-
Distributions to owners		-	-	-	-
Total		195	-	-	195
Balance at 30 June 2011		3,848	-	1,738	5,586
Balance at 1 July 2011		3,848	-	1,738	5,586
Total Comprehensive Income for the year			-	1,503	1,503
Transactions with owners in their capacity as owners:					
Capital appropriation		195	-	-	195
Other Contributions by owners		-	-	-	-
Distributions to owners		-	-	-	-
Total		195	-	-	195
Balance at 30 June 2012		4,043	-	3,241	7,284

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

FINANCIAL STATEMENTS

» Statement of Cash Flows For the year ended 30 June 2012

	Note	2012 \$000	2011 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Provision of services		14,868	13,546
GST receipts on services		1,486	1,354
Payments			
Employee benefits		(11,692)	(10,259)
Accommodation		(4,696)	(4,868)
GST payments on purchases		(1,029)	(680)
GST payments to taxation authority		(575)	(555)
Other payments		(6,416)	(3,242)
Net cash used in operating activities	29	(8,054)	(4,704)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(1,271)	(1,516)
Net cash used in investing activities		(1,271)	(1,516)
CASH FLOWS FROM STATE GOVERNMENT			
Grants and subsidies		8,695	9,511
Net cash provided by State Government		8,695	9,511
Net increase/(decrease) in cash and cash equivalents		(630)	3,291
Cash and cash equivalents at the beginning of period		4,935	1,644
CASH AND CASH EQUIVALENT ASSETS AT THE END OF PERIOD		4,305	4,935

The Cash Flow Statement should be read in conjunction with the accompanying notes

FINANCIAL STATEMENTS

» Notes to the Financial Statements For the Year ended 30 June 2012

1. Australian equivalents to International Financial Reporting Standards

General

ChemCentre's financial statements for the year ended 30 June 2012 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).

In preparing these financial statements ChemCentre has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

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 2012.

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.

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

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

The initial application of Australian Accounting Standards that have been used in the process of applying accounting policies in the financial statements are included at Note 5 'Initial Application of Australian Accounting Standards.'

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included at Note 4 'Key sources of estimation uncertainty'.

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 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 28 'Equity'*.

(d) Reporting Entity

The reporting entity comprises the Chemistry Centre (WA) referred to as ChemCentre. There are no Related Bodies. See *Note 36 '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:

Rendering of services

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

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 27 'Other Liabilities'*.

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.

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 continued

(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 or revenue 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 are significant in total. Otherwise they are expensed directly to the Income Statement.

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.

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 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 ^(a)	2.5 to 3 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 Income Statement.

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 ^(a)	3 to 5 years
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(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, to the extent that they represent probable future economic benefits that can be reliably measured, are capitalised.

(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.

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 continued

(j) Impairment of Assets

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at each balance sheet date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As ChemCentre is a not-for-profit entity, 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.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at each balance sheet date irrespective of whether there is any indication of impairment.

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 24 'Impairment of assets' for the outcome of impairment reviews and testing.

See Note 2(n) 'Receivables' and Note 17 'Receivables' for impairment of receivables.

(k) Leases

ChemCentre currently holds operating leases (see Note 30). 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.

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 continued

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.

(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 17 '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 25 '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 26 'Provisions'.

(i) Provisions - Employee Benefits

Annual Leave and Long Service Leave

The liability for annual and long service leave expected to be settled within 12 months after the reporting date is recognised and measured at the

undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the balance sheet date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the reporting period.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted to present value using market yields at the balance sheet date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

All annual leave and 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

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 continued

12 months after 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.

ChemCentre has no liabilities under the Pension or GSS Schemes. The liabilities for the unfunded Pension and GSS Schemes are assumed by the Treasurer. GSS is a scheme which transfers members' benefits from the Pension Scheme. All other GSS Scheme obligations are funded by concurrent contributions made by ChemCentre to GESB. The concurrently funded part of the GSS Scheme is a defined contribution scheme as these contributions extinguish all liabilities in respect of the concurrently funded GSS Scheme obligations.

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). Both of these schemes are accumulation schemes. ChemCentre

makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS Schemes.

The GESB makes all benefit payments in respect of the Pension and GSS Schemes, and is recouped by the Treasurer for the employer's share.

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

(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 15 'Other expenses' and Note 26 'Provisions'.*

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 continued

(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 (WSS), 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) Accrued Salaries

Accrued Salaries represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled soon after the financial year end. ChemCentre considers the carrying amount of accrued salaries to be equivalent to the net fair value (refer Note 26 'Provisions').

The accrued salaries suspense account (see Note 20 'Restricted Cash and Cash Equivalents') consists of amounts paid annually into a suspense account over a period of 10 years to largely meet the additional cash flow in each eleventh year when 27 pay days occur instead of the normal 26. No interest is received on this account.

(s) 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.

(t) 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.

(u) Segment Information

Segment information has been disclosed by service (refer Note 40 'Schedule of Income and Expenses by Service').

(v) Comparative Figures

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

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 continued

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.

4. Key sources of estimation uncertainty

The key estimates and assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts 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 – retention rates and discount rates.

5. Initial Application of Australian Accounting Standards

ChemCentre has not applied any Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2010 that impacted on ChemCentre.

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'.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2010, 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 2014 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.

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 continued

7. Provision of services

Private Sector

State Government Sector

2012	2011
\$000	\$000
6,855	4,543
9,021	10,306
15,876	14,849

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

23	17
23	17

9. Other revenue

Salary Packaging recoveries

5	6
5	6

10. Employee benefits expense

Wages and salaries^(a)

Superannuation – defined contribution plans

Long service leave^(b)

Annual Leave^(b)

9,683	8,346
1021	856
392	387
676	1,022
11,772	10,611

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.

(b) Includes a superannuation contribution component.

Employment on-costs such as workers' compensation insurance and payroll tax are included at Note 15 'Other Expenses'. The employment on-costs liability is included at Note 26 'Provisions'.

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 continued

11. Supplies and Services

Communications
Consumables
Materials
Travel

2012	2011
\$000	\$000
13	14
1,356	1,082
86	79
104	132
<u>1,559</u>	<u>1,307</u>

12. Depreciation and amortisation expense

Depreciation

Plant, equipment and vehicles
Office Equipment

993	882
63	55
<u>1,056</u>	<u>937</u>

Amortisation

Software

Total depreciation and amortisation

259	196
<u>1,315</u>	<u>1,133</u>

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 continued

13. Accommodation expenses

	2012 \$000	2011 \$000
Property Rent ^(a)	3,871	4,378
Property Outgoings	895	841
Repairs and maintenance	91	107
Utilities	392	361
	<u>5,249</u>	<u>5,687</u>

(a) ChemCentre reduced an accrual for Rent to be charged by Building Management and Works between 9 September 2009 to 30 June 2012 as a consequence of a settlement reached between Curtin University and the builder BGC. The effect of this settlement reduced the expected rent payable by ChemCentre from 9 September 2009 to 30 June 2012. The analysis of the credit for each financial year from 30 June 2010, is as follows:

Property Rent to 30 June 2012	4,359
Credit for year ending 30 June 2010	(139)
Credit for year ending 30 June 2011	(171)
Credit for year ending 30 June 2012	(178)
Adjusted Rent to 30 June 2012	<u>3,871</u>

14. Loss on disposal of non-current assets

Loss of disposal of non-current assets	-	13
	<u>-</u>	<u>13</u>

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 continued

15. Other expenses

	2012 \$000	2011 \$000
Equipment repairs and maintenance	604	580
IT & Network Maintenance	182	257
Laboratory & Department of Mines and Petroleum Services	537	442
Postage, Printing and Stationery	92	143
Payments to Cooperative Research Centres	203	192
Motor Vehicle	98	82
Bad & Doubtful Debts	(16)	13
Payroll Tax	599	508
Consultant Fees	48	45
Relocation Costs	2	-
Staff training and miscellaneous staff expenses	87	91
Other minor Expenses	593	540
	<u>3,029</u>	<u>2,893</u>

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 continued

16. Service Appropriation

Appropriations received during the period

Salaries and Allowance Act 1975

CSO

Rent and Others

Rent 2009/10

Asset Investment Plan

Shortfall in appropriations of 2009/10

2012	2011
\$000	\$000
202	196
2,553	2,206
5,340	5,461
-	800
600	600
-	195
8,695	9,458

- (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 direct to equity.

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 continued

	2012 \$000	2011 \$000
17. Receivables		
Current		
Receivables Trading	1,202	2,052
Receivables Sundry	28	29
GST Income Tax Credits	237	180
Allowance for impairment of receivables	(36)	(53)
	<u>1,431</u>	<u>2,208</u>
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of period	(53)	(65)
Amounts provided for during the period	-	-
Amounts written off during the year	(1)	(13)
Amount recovered during the period	18	25
Balance at end of period	<u>(36)</u>	<u>(53)</u>
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	226	568
More than 3 months but less than 6 months	33	169
More than 6 months but less than 1 year	-	5
More than 1 year	-	-
Receivables individually determined as impaired at the balance sheet date:		
Carrying amount, before deducting any impairment loss	36	53
Provision for Impairment loss	(36)	(53)
	<u>-</u>	<u>-</u>

Included in the allowance for impairment of receivables, ChemCentre has some debtors the age of which places doubt on on their recoverability.

A general provision has been made against these debts

See also Note 2(n) 'Receivables' and Note 32 'Financial Instruments'

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 continued

18. Prepayments

Current

Moneys paid in advance for services to be performed

19. 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

20. Restricted Cash and Cash Equivalents

Accrued Salaries Suspense Account^(a)

(a) Amount held in the suspense account and only to be used for the purposes of meeting the 27th payroll in financial years which occur every eleven years

21. Property, plant and equipment

Plant, equipment and vehicles

At cost

Accumulated depreciation

Office equipment

At cost

Accumulated depreciation

Written down Value of plant ,equipment and office equipment

2012	2011
\$000	\$000
98	122
965	770
81	81
12,311	11,596
(8,989)	(7,997)
3,322	3,599
863	747
(717)	(654)
146	93
3,468	3,692

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 continued

21. Property, plant and equipment continued

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

2011

Carrying amount 1st July 2010

Additions

Disposals

Depreciation

Carrying amount at end of year

2012

Carrying amount 1st July 2011

Additions

Disposals

Depreciation

Carrying amount at end of year

Plant, equipment and vehicles	Office equipment	Total
\$'000	\$'000	\$'000
3,141	94	3,235
1,356	54	1,410
(15)	(1)	(16)
(882)	(55)	(937)
3,600	92	3,692
3,600	92	3,692
715	117	832
-	-	-
(993)	(63)	(1,056)
3,322	146	3,468

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 continued

22. 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

23. Sinking Fund

Amount held by Curtin for future building repairs and maintenance

24. Impairment of assets

There were no indications of impairment to Property, plant and equipment, and Intangible assets at 30 June 2012.

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.

All surplus assets at 30 June 2012 have either been classified as non-current assets held for sale or written-off.

2012	2011
\$000	\$000
1,700	1,261
(917)	(658)
783	603
603	690
439	109
-	-
(259)	(196)
783	603
662	432

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 continued

25. Payables

Current

Trade payables

GST Payable

Accrued Expenses

Accrued Superannuation

2012	2011
\$000	\$000
278	1,387
105	141
1,233	2,210
0	1
<u>1,616</u>	<u>3,739</u>

See also Note 2(o) 'Payables' and Note 32 'Financial Instruments Disclosure'

26. Provisions

Current

Employee benefits provision

Annual leave^(a)

Long service leave^(b)

1,243	1,298
956	817
<u>2,199</u>	<u>2,115</u>

Non-current

Long service leave^(b)

<u>702</u>	<u>706</u>
------------	------------

(a) Annual leave liabilities have been classified as current as 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 will occur as follows:

Within 12 months of balance sheet date

More than 12 months after balance sheet date

1,054	1,087
189	211
<u>1,243</u>	<u>1,298</u>

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 continued

(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 will occur as follows:

Within 12 months of balance sheet date
More than 12 months after balance sheet date

2012	2011
\$000	\$000
956	817
702	706
<u>1,658</u>	<u>1,523</u>

(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 15 'Other expenses'

27. Other liabilities

Current

Revenue received in Advance

573	877
<u>573</u>	<u>877</u>

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

28. Contributed equity

Balance at the start of the period

Contributions by owners

Capital Contribution

Total Comprehensive income/(loss) for the year

Balance at end of period

5,586	3,297
195	195
1,503	2,094
<u>7,284</u>	<u>5,586</u>

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 continued

29. 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

2012	2011
\$000	\$000
4,304	4,934
1	1
<u>4,305</u>	<u>4,935</u>

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 continued

29. Notes to the Cash Flow Statement continued

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

	2012 \$000	2011 \$000
Profit after income tax equivalents	1,503	2,094
Non-cash items:		
Depreciation and amortisation expense	1,315	1,133
Provision for Doubtful Debts	-	-
Write-down of non-current assets	-	13
Grants and subsidies from Government	(8,695)	(9,458)
Amounts credited to provision for income tax equivalents	-	-
(Increase)/decrease in assets:		
Current receivables	777	173
Sinking Funds	(230)	(225)
Current inventories		
Amounts receivable for services and prepayments	24	12
Increase/(decrease) in liabilities:		
Current Payables	(1,145)	954
Accrued Expenses	(977)	825
Accrued Salaries	(1)	(11)
Employee Benefits	80	352
Revenue in Advance	(304)	(128)
Provision for Tax	(401)	(438)
Net GST receipts/(payments)	(575)	(555)
Change in GST in receivables/payables	575	555
Net cash (used in) operating activities	(8,054)	(4,704)

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 continued

30. 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

Representing:

Cancellable operating leases

Non-Cancellable operating leases

Future finance charges on finance leases

2012	2011
\$000	\$000
5,077	5,227
25,256	25,882
56,481	63,067
<u>86,814</u>	<u>94,175</u>
-	-
86,814	94,175
-	-
<u>86,814</u>	<u>94,175</u>

ChemCentre moved to the Resources and Chemistry Precinct, Building 500 in Bentley on 8 September 2009. Building Management and Works on behalf of the Minister for Housing and Works negotiated the final rent payment per annum with Curtin on behalf of ChemCentre based on the final building cost. Included in non cancellable operating leases are rent payments to Curtin for 17 years and 68 days, being the remaining term of the Lease. This amounts to \$72.3 million for rent and management fee and \$14.5 million for outgoings.

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 continued

31. Explanatory statement

This statement provides details of any significant variations between estimates and actual results for 2012. Significant variations are considered to be those greater than \$250,000.

Significant variances between estimate and actual results for the financial period

	2012	2012	
	Estimate	Actual	Variation
	\$'000's	\$'000's	\$'000's
Income ^(a)	16,162	15,904	(258)
Supplies and Services ^(b)	2,719	1,559	1,160
Accommodation Expenses ^(c)	5,935	5,249	686
Other expenses ^(d)	1,894	3,029	(1,135)

(a) Income: below budget mainly due to the loss of a DNA kit tender worth \$900k per annum.

(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 expense initially recorded under Supplies and Services in the budget estimates and now recorded under Other expenses.

(c) Accommodation Expenses: The actual decrease in rent reflects a credit of \$488k received in relation to final rent settlement between Curtin University and BGC - see Note 13.

(d) Other Expenses: The increase 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.

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 continued

31. Explanatory statement continued

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

	2011	2012	
	Actual	Actual	Variation
	\$'000's	\$'000's	\$'000's
Income ^(a)	14,872	15,904	1,032
Accommodation Expenses ^(b)	5,687	5,249	438

- (a) Income: Exceeded actual last year due to greater commercial activity and greater volume sales than previous year. Increase includes additional fee for service sales from Synthetic Cannabinoids analysis and a second Clandestine Laboratory analysis team for WAPol.
- (b) Accommodation Expenses. Below actual last year because of the the reduction in rent accrual by \$488k as a consequence of the final rent settlement between Curtin University and BGC - See Note 13.

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 continued

32. 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 17 '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

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 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 balance sheet date are as follows:

	2012 \$000	2011 \$000
Financial Assets		
Cash and cash equivalents	4,305	4,935
Loans and Receivables	1,431	2,208
Restricted Cash held for financial year with 27 payrolls	81	81
Held in accounts with the Department of Treasury and Finance		
Financial Liabilities		
Financial liabilities measured at amortised cost ^(a)	1,616	3,739

(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

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 continued

33. Taxation Equivalent

(a) Income tax expense

Current income tax

Deferred tax

Prior Year deduction for R&D

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

Accrual not incurred

Entertainment

Non-Deductible pre transitional LSL payments

Total Add back items

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

Tax Losses deducted

Depreciation – tax (excluding R&D assets)

Reduction in Bad Debts Provision

Deductions

Assessable Income

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

Prior Year under/(over) provision

Current Income Tax

2012	2011
\$000	\$000
571	455
(68)	449
(331)	(312)
172	592
1,675	2,686
1,315	1,133
79	353
-	-
4	1
162	261
1,560	1,748
	(1,377)
(1,315)	(1,133)
(16)	(13)
(1,331)	(2,523)
1,904	1,911
571	573
-	(118)
571	455

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 continued

33. Taxation Equivalent (Continued)

(c) Current Tax Liability

Opening Balance as 1 July 2011

Current Tax

Tax equivalent refundable (prior year deduction for R&D)

Tax paid

Closing Balance as 30 June 2012

(d) Deferred Tax Assets

Opening Balance as 1 July 2011

Deferred tax liability

Credited/(Charged) to Income Statement

Movement attributable to prior year adjustments

Closing Balance as 30 June 2012

(e) Deferred Tax Liabilities

Opening Balance as 1 July 2011

Deferred tax Asset

Closing Balance as 30 June 2012

2012	2011
\$000	\$000
(573)	(1,148)
(571)	(455)
271	-
573	1,030
(300)	(573)
753	909
-	(19)
68	(449)
60	312
881	753
-	(19)
-	19
-	-

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 continued

34. 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

The total remuneration of members of the accountable authority is:

2012	2011
\$000	\$000
5	6
2	2
\$81,450	\$80,658

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:

\$

130,001 – 140,000

140,001 – 150,000

160,001 – 170,000

170,001 – 180,000

180,001 – 190,000

190,001 – 200,000

200,001 – 300,000

The total remuneration of senior officers is:

1	1
-	-
3	-
-	3
-	-
-	1
1	-
\$988,155	\$852,327

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

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 continued

35. 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 15 'Other expenses'

36. Related bodies

There are no related bodies

37. Affiliated bodies

There are no affiliated bodies

38. Special purpose accounts

There are no special purpose accounts

39. 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

2012	2011
\$000	\$000
47	44
-	-
-	-
-	-

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 continued

40. 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 2011 \$'000's	Service 2 Research and development 2011 \$'000's	Service 3 Emergency Response Management 2011 \$'000's	Total 2011 \$'000's
12,393	1,374	1,082	14,849
17	-	-	17
6	-	-	6
12,416	1,374	1,082	14,872
8,856	982	773	10,611
1,307	-	-	1,307
1,133	-	-	1,133
5,687	-	-	5,687
13	-	-	13
2,192	392	309	2,893
19,188	1,374	1,082	21,644
(6,772)	-	-	(6,772)
9,458	-	-	9,458
2,686	-	-	2,686
2,686	-	-	2,686
(592)	-	-	(592)
2,094	-	-	2,094

FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year ended 30 June 2012 continued

40. 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

Service 1 Scientific Information and Advice 2012 \$'000's	Service 2 Research and development 2012 \$'000's	Service 3 Emergency Response Management 2012 \$'000's	Total 2012 \$'000's
13,290	1,447	1,139	15,876
23	-	-	23
5	-	-	5
13,318	1,447	1,139	15,904
9,854	1,073	845	11,772
1,559	-	-	1,559
1,315	-	-	1,315
5,249	-	-	5,249
-	-	-	-
2,361	374	294	3,029
20,338	1,447	1,139	22,924
(7,020)	-	-	(7,020)
8,695	-	-	8,695
1,675	-	-	1,675
1,675	-	-	1,675
(172)	-	-	(172)
1,503	-	-	1,503


41. Contingent Liability

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

KEY PERFORMANCE INDICATORS For the Year ended 30 June 2012

Certification of Key Performance Indicators

I 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 30 June 2012.



Member of Governing Board
Date: 12 September 2012



Member of Governing Board
Date: 12 September 2012

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 PERFORMANCE INDICATORS

► Key Effectiveness Indicators By Output For the Year ended 30 June 2012

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

2010-11	2011-12	2011-12
Actual	Actual	Target
2.3 hr	2.1 hr	4 hr

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.

KEY PERFORMANCE INDICATORS

Key Effectiveness Indicators By Output For the Year ended 30 June 2012 continued

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 a quarterly survey of clients randomly selected from the invoices sent out in the preceding quarter. The survey covered 219 organizations with 100% response rate and representing about 29% of all clients we dealt with in the preceding quarter.

2010-11	2011-12	2011-12
Actual	Actual	Target
82%	80%	80%

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 2012 was taken at a 95% confidence level and a sampling error of $\pm 5.6\%$.

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.*

93.3%	91.5%	95.0%
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Proficiency testing can be a sound measure for assessing quality; however, it does not readily lend itself to quantification with the target of 95%; a somewhat artificial construct to serve as a KEI. ChemCentre's management of non-conformance is entirely compliant with its accreditation requirements and the international standard on which it is based, and consequently, a small deviation for the target (should it be statistically significant) does not reflect a decline in quality.

KEY PERFORMANCE INDICATORS

Key Effectiveness Indicators By Output For the Year ended 30 June 2012 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.*

2010-11	2011-12	2011-12
Actual	Actual	Target
54/46	46/54	60/40

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 randomly selected from R&D projects fully or substantially completed over the previous financial year. 9 responses were collected from 17 survey invitations, representing approximately 53% of ChemCentre's total current R&D projects.*

83%	83%	80%
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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 their desire to use ChemCentre again. The actual client satisfaction for 2012 was taken at a 95% confidence level and a sampling error of $\pm 23.1\%$.

NOTES

Outcome 1: Emergency Response Management

The 2011 average response and resolution time of 2.1 hours is a slight improvement on the previous year, as well as better than the target. It is therefore an acceptable outcome.

Outcome 2 & 3: Commercial Scientific Information and Advice

The client satisfaction of 80% is slightly below previous year but is above 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 marginally lower than previous year and target but is still considered an acceptable result because it does not reflect a decline in quality.

KEY PERFORMANCE INDICATORS

Key Effectiveness Indicators By Output For the Year ended 30 June 2012 continued

Outcome 4: Quality Research and Development

The ratio of R & D sales to in-house contribution shows a significant fall over previous year. This is entirely due to unfunded work for CHOGM and the purchase of standards for synthetic cannabinoid analysis. Both CHOGM attendance and the development of Standards for synthetic cannabinoid analysis benefited the State and the latter also provided a sound base for a new line of commercial activity. The total amount of unbudgeted and unfunded work in 2012 was \$405,000 and had that work not been undertaken the ratio would have been 55/45 of funded to in-house contribution.

The client satisfaction percentage was on target and slightly below previous year mainly due to timeliness of completion. While still on target overall ChemCentre will aim to improve its ability to achieve milestones.

KEY PERFORMANCE INDICATORS

► Key Efficiency Indicators By Service

Service 1: Commercial Scientific Information and Advice^(a)

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^(a)

2010-11 Actual	2011-12 Actual	2011-12 Target
\$19,188,000	\$20,338,000	\$20,108,000
104,831 hr	110,937 hr	101,400 hr
\$183	\$183	\$198

Service 2: Research and Development^{(a)(b)}

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^(b)

2010-11 Actual	2011-12 Actual	2011-12 Target
\$1,374,000	\$1,447,000	\$1,785,000
6,661 hr	6,278 hr	7,500 hr
\$206	\$230	\$238

KEY PERFORMANCE INDICATORS

Key Effectiveness Indicators By Service For the Year ended 30 June 2012 continued

Service 3: Emergency Response Management^{(a)(c)}

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^(c)

2010-11	2011-12	2011-12
Actual	Actual	Target
\$1,082,000	\$1,139,000	\$1,103,000
3,863 hr	4,079 hr	3,500 hr
\$280	\$279	\$315

NOTES

- (a) Service 1 average cost per billable hour is much lower than budget because of the impact of improved productivity over 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 last year because the ratio of paid to unpaid R & D has worsened due to CHOGM and Synthetic Cannabinoid method development not funded by appropriations.
- (c) Service 3 average cost per billable hour is lower than previous year because of the higher number of hours attributable to providing the service.

OTHER LEGAL REQUIREMENTS

Ministerial Directives [TI 903(12)]

No Ministerial directives were received during the financial period.

Other Financial Disclosures

Pricing policies of services provided

ChemCentre has discretion over pricing for goods and services rendered.

Employment and Industrial Relations

Staff Profile

	2011-12	2010-11
Full-time permanent	77	78
Full-time contract	39	32
Part-time measured on a FTE basis	10	7
	126	117

Staffing policies and staff development

ChemCentre is committed to the attraction and retention of a skilled and motivated workforce. This commitment includes the on-going review of corporate policies and procedures, including recruitment and selection practices. ChemCentre offers 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 \$746,160 on in-house and external training compared with \$626,809 (6%) in 2010-11.

Workers' Compensation

Two claims were made this financial year, both of a minor nature. There was 1 day of lost time for the period to 30 June 2012. Human Resources follows up any accident report to assist with lodging workers' compensation claims.

OTHER LEGAL REQUIREMENTS

» 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 2011/12 was \$6,555 compared with \$6,055 in 2010/11.

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 *Code of Ethics* by the following actions:

1. Reviewed 20% of all ChemCentre policies and 8 new policies were introduced within the previous 12 months to ensure compliance with current government requirements;
2. Ensured the 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.
4. Organised accountability and ethical decision making training for another 7% of staff over the previous twelve months.
5. Raised awareness of employee responsibilities in the area of ethics and public sector standard through monthly communication sessions, weekly newsletters, induction sessions and the intranet to raise awareness.

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

Compliance area	Compliance issues
Public sector standards	0 breach claims
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.

The details of the report are as follows:

Expenditure with Advertising Agencies	
Expenditure with Mining Review & Mining Chronicle	-
Expenditure with Polling Agencies	-
Expenditure with Direct Mail Agencies	-
Expenditure with Media Advertising Agencies (Generator & Adcorp)	\$3,684
TOTAL EXPENDITURE	\$3,684

OTHER LEGAL REQUIREMENTS

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.

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 11 of the 2011/12 outcomes 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
94% of ChemCentre staff has completed the online training program for records awareness. 7 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.

OTHER LEGAL REQUIREMENTS

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 the safety officer are accessible 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 strategy has been developed.

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

Annual performance for 2011/12 against the following targets:

Indicator	2010-11 ⁽¹⁾	2011-12 ⁽¹⁾	Target 2011-12	Result
Number of fatalities	0	0	Zero (0)	Target achieved.
Lost time injury/disease (LTI/D) incidence rate	0	1 day	Zero (0) or 10% reduction on previous year	Target not achieved.
Lost time injury severity rate	0.0	0.0	Zero (0) or 10% improvement on previous year	Target achieved. 0 (Zero)
Percentage of injured workers returned to work within 28 weeks	100%	100%	Actual percentage result	100% of injured workers returned to work.
Percentage of managers trained in occupational safety, health and injury management responsibilities	66%	60%	Greater than or equal to 50%	Target achieved. (60%)

Notes:

- (1) The results are sourced from the RiskCover's Performance Worksheet 2012 and internal training records.

PUBLICATIONS AND PRESENTATIONS

Research Papers

Maisey, SJ, Saunders, SM, West, N & Franklin, PJ 2011 'Modelling seasonal influences on reactive indoor air pollution chemistry for residential environs in the southern hemisphere', *Proceedings of the 19th International Congress on Modelling and Simulation - Sustaining Our Future: Understanding and Living with Uncertainty*, Perth, Australia, pp. 1788-1794.

Ramalingam, M, Hinwood, A, Boyce, M, McCafferty, P 2011 'Optimising the digestion of whole blood samples to determine metals by inductively coupled plasma mass spectrometry', *Analytical Letters*, May 2011.

Ramalingam, M, Hinwood, A, Boyce, M, McCafferty, P, Callan, A & Barton C 2011 'Maternal blood metal concentrations in Western Australia - preliminary investigation' in *'Progress on Heavy Metals in the Environment'*.

Singh, SP, Singh, Z & Swinny EE 2012 'Climacteric level during fruit ripening influences lipid peroxidation and enzymatic and non-enzymatic antioxidative systems in Japanese plums (*Prunus salicina Lindell*)' *Postharvest Biology and Technology*, vol. 65, pp. 22-32.

Wilkinson, S, Muir, B & Coumbaros, J 2012 'Field Deployable Devices' in Jamieson, A & Moenssens, A (eds), *Encyclopaedia of Forensic Science*.

Prepared Reports

Muir, B, Wilkinson, S, James, E & Menon, A 2012 'Domestic Preparedness in Australia: Assessment of Contamination Following Simulated Chemical and Biological Attacks in a Public Building', prepared for the Attorney-General's Department, Australian Government.

Muir, B, Wilkinson, S, Swinny, E & Tranthim-Fryer, D 2012 'Literature review on long-term recovery issues associated with decontamination of sites affected by CBRN incidents', prepared for Emergency Management Capability Development Branch, National Security Capability Development Division, Attorney-General's Department, Australian Government.

Spadek, T, Swinny, E, Wang, L, Grocott, M, Rothnie, N, Taylor, P 2012 'Increased Market Potential of Compost – development of technology to screen for possible organic contaminants', prepared for WA Waste Authority Strategic Waste Initiative Scheme.

Walton, K & Sharma, R 2012 'Nutrient Filter Pilot Trial – Ellen Brook Western Australia', prepared for the Swan River Trust.

Walton, K 2012 'Evaluation of the Effectiveness and Environmental Risk of the Application of Lime Amended Biosolids-Clay to Bassendean Sands, Glass House Leaching Trial', prepared for the Water Corporation.

Walton, K 2012 'Evaluation of the effectiveness of nutrient filter chips for the removal of soluble phosphorus and other contaminants from WWTP Effluent Water', prepared for the Water Corporation.

Conference Presentations and Posters

Davison, EM, Kazemi, S, McDonald, S, Paton, S, Tay, FCS, Warton, B & West, N 2012 'Use of metham sodium to eliminate *Phytophthora* spp. from roading gravel', presented at Australasian Soilborne Diseases Symposium, Fremantle, Australia.

PUBLICATIONS AND PRESENTATIONS

Publications and Presentations continued

Muir, B, Wilkinson, S & James, E 2012 'Development of an integrated Australian approach for assessment, decontamination and verification of decontamination of public infrastructure following a 'toxic' event', presented at CBRN Site Decontamination Workshop, Sydney, Australia.

Ogburn, D, Meeuwig, J, McCafferty, P, Grice, K & Waddington, K 2011 'Recent Developments in Methods to Detect Impacts in Coastal Benthic Habitats in Western Australia', presented at Coast and Ports 2011 - Diverse and Developing, Perth, Australia.

Muir, B, Wilkinson, S, James, E, Menon, A, Burke, J, Lingard, B, O'Connor, L & Daga, F 2012 'Domestic Preparedness in Australia: Assessment of Contamination Following Simulated Chemical and Biological Attacks in a Public Building', presented at CBRN Site Decontamination Workshop, Sydney, Australia.

Oosthuizen, F, Hansson, R, Reynolds, D & Goggin, L 2012 'The West Australian Government's response to the 'designer drug' phenomenon', presented at the 50th meeting of The International Association of Forensic Toxicologists, Hamamatsu, Japan.

Oosthuizen, F, Sumner, N, Hansson, R, Reynolds, D and Davies, M 2012 'Issues with screening and identification of synthetic cannabinoids and their metabolites', presented at the 50th International Meeting of The International Association of Forensic Toxicologists, Hamamatsu, Japan.

Pitts, K 2011 'The Strength of Trace Evidence: Two case studies where unusual trace evidence has impacted legal proceedings', presented at the 2011 Trace Evidence Symposium, FBI and National Institute of Justice, Kansas City, United States of America.

Pitts, K 2012 'Glass and Paint: Material, manufacture and new technology', presented at WA Police professional development series, Perth, Australia.

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Walton, K 2012 'Benefits of compost in horticulture', presented at the Department of Agriculture Field Walk, Gingin, Australia.

Walton, K 2012 'The role of analytical chemistry and methodology consideration', presented at Carbon In Soils Workshop, Australian Soil & Plant Council (ASPAC) and Australian Society of Soil Science (ASSSI), Adelaide, Australia.