



ChemCentre
EXPERT SOLUTIONS

ChemCentre Annual Report

FOR THE YEAR ENDED 30 JUNE

2016

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Statement of Compliance

Statement of Compliance

For year ended 30 June 2016

HON Colin Barnett MLA

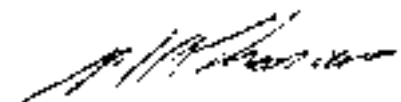
Premier; Minister for Tourism; Science

In accordance with Section 63 of the Financial Management Act 2006, we hereby submit for your information and presentation to Parliament, the annual report of ChemCentre for the financial year ended 30 June 2016.

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



David Blyth
Chair of Finance & Growth Committee
Member of Governing Board
 Date: 5 September 2016



Mark Thomas
Chair of Risk Committee
Member of Governing Board
 Date: 5 September 2016

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Overview

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OVERVIEW



From the Chair

The past year has seen ChemCentre strengthen its relationships with other government agencies, industry and the Science Minister, building on our trusted role as a provider of world class scientific expertise. The resultant transparency is an essential component of the accountability model we are working towards, bringing greater efficiency to the day-to-day operations of ChemCentre. We have become closer to our customers, strategically aligning our work priorities with their needs.

In essence, we are becoming a better business, ensuring the money we receive is being spent in the right places, in the right way, aligned with the right priorities. We have reduced waste across the agency and now run a very tight enterprise. We are committed to being innovative; we are focussed on providing rapid and reliable solutions with high levels of efficiency.

Our commitment to science adds to Western Australia's prosperity and security in tangible ways. In the past year, we have been instrumental in providing forensic services to the WA Police in their bid to remove illicit drugs and clandestine laboratories from our community. We played a crucial, but largely unseen, role in predicting the likelihood and behaviour of potential plumes of dangerous fumes during the disastrous Yarloop fires. Thankfully, the fire was brought under control before the modelled event became a reality, but ChemCentre's role in disaster planning was put to the test and found to be highly competent. We continue to be an internationally significant provider of drug detection expertise in the horseracing industry. Our work on identifying and quantifying honey varieties has been a highlight of our food science research and will bring greater profitability to the state's honey producers.

All of this is only achievable due to the dedicated efforts of very talented people working together as committed teams with common purpose. I continue to be impressed with my fellow Board members, ChemCentre staff and Executive; I thank them for their ongoing efforts.

Dr Peter Stransky retired from the Board after eight years valuable service, during which he brought broad industry experience to the table. In his stead, we welcomed Wendy Malcolm, who has recently retired from the Navy after a distinguished career which culminated in leading the ANZAC frigate refurbishment program. She is now putting her skills to good use in the private sector.

In the past year we have once again proved our value and tenacity during what has been a challenging but exciting time for ChemCentre. The coming year will undoubtedly bring new operational challenges, but I have every confidence that with ongoing support we can continue to deliver the services we provide to ensure Western Australia's ongoing security and prosperity.

Ms Denise Goldsworthy
Chair, ChemCentre Board

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OVERVIEW



From the CEO

ChemCentre's mission is to ensure a safe and prosperous Western Australia by providing specialised services to a range of government agencies, and chemical services to the WA community. To this end, ChemCentre has adopted six strategic objectives:

- Mitigate risks to government associated with public health, public safety and the environment
- Keep the state safe during times of emergency and crisis
- Support the state justice and policing systems
- Support the sustainable economic development of the state
- Support science capability and engagement in the state
- Develop our people, and enhance organisational capability and financial sustainability

In the past year, we have aligned our business to these strategic objectives, making significant progress in improving our business structure and working towards increased efficiency and accountability. Our laboratory is accredited through NATA (National Association of Testing Authorities, Australia) and we are progressing towards safety accreditation with JAS ANZ (Joint Accreditation System of Australia and New Zealand). Accreditation assures external parties that ChemCentre operates at the highest standards.

Our commitment to making a positive contribution to STEM (Science, Technology, Engineering and Mathematics) outreach and education was realised through our popular Open Day and our sought after scholarship programs.

ChemCentre has continued to play a pivotal role in the justice system, making significant contributions to some cold cases and timely responses to deal with drug seizures. Western Australia's increased population has brought new challenges not just due to a concomitant increase in workload for ChemCentre, but also through a demographic shift towards more people with cultural requirements for rapid burials, which is placing time pressures on forensic testing.

In all, ChemCentre has had an interesting year, with new issues arising from changing economic times. This has put pressure on the business areas providing services directly or indirectly to the resources industry. We have responded by identifying new markets and products to serve those markets, consistent with our mandate to support the sustainable economics of the state. We have also redoubled our efforts to ensure we develop sound relationships with our clients and collaborators so we can offer the best services possible.

ChemCentre did not achieve its financial target in 2015–16 due to the poor economic outlook; a loss before tax of \$0.741m was reported, which compares favourably to the loss before tax of \$1.539m for 2014–15.

On a personal note, this is the last annual report I will oversee for ChemCentre as I will retire as CEO in early June 2017. As such, I would like to take this opportunity to say a special thank you to my fellow ChemCentre Executive members, the Board and staff who, without exception, provide highly professional service to the government and people of Western Australia. I thank them for their professionalism and dedication, and wish them all the best for the future. I am confident that ChemCentre will continue to go from strength to strength.

Mr Peter Millington
Chief Executive Officer

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Executive Summary

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EXECUTIVE SUMMARY

Working for a safe and prosperous community

ChemCentre is a Western Australian statutory authority which provides chemical and forensic science services. Its services and expertise help protect the community and support sustainable development. While the WA community is the ultimate beneficiary of ChemCentre's activities, its major clients include the Western Australian Government, government trading enterprises and industry. ChemCentre operates possibly the best-equipped analytical chemistry laboratory in Australia, housed within the Resources and Chemistry Precinct at Curtin University.

What we offer

ChemCentre offers a unique combination of scientific excellence and applied expertise:

- Internationally recognised expertise and experience in our specialist fields
- Comprehensive range of routine and bespoke services to suit clients' needs
- State-of-the-art analytical equipment and methods
- NATA (National Association of Testing Authorities) accreditation across many of our specialist areas, with the longest running NATA accreditation in Australia (first accredited in the 1950s)
- Applied R&D to identify and develop new methods to assess emerging risks and assist the sustainable development of our state
- Collaborative scientific networks with partners at the state, national and international levels
- Continuous on-call emergency response capability for dealing with chemical incidents and emergencies throughout WA

Our core responsibilities

To support a safe and prosperous Western Australia, ChemCentre works to:

- Mitigate risks to government associated with public health, public safety and the environment
- Keep the state safe during times of emergency and crisis
- Support the state justice and policing systems
- Support the sustainable economic development of the state
- Support science capability and engagement in the state
- Develop our people and enhance organisational capability

Our work

ChemCentre's day-to-day work is organised around two main areas: forensic science and scientific services, which incorporates emergency response. We also conduct research, education and outreach activities. Our work encompasses all the major industries in WA, including agriculture and mining, and provides essential chemical information and services in policing, justice, public health and safety, and environmental protection.

Highlights from our work areas in the 2015–16 year are outlined below in the areas of Forensic Science, Scientific Services, Research and Development, and Outreach and Education.

Forensic Science

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

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In the 2015–16 financial year, ChemCentre:

- Managed an increase in the number of roadside drug testing samples, testing 2800 positive oral fluid samples.
- Managed an increasing illicit drug workload with over 9000 samples analysed during the year and 70 clandestine drug laboratories attended.
- Managed an increasing post-mortem toxicology workload with over 15,000 samples received during the year.
- Managed a marked increase in case complexity across the disciplines with the appearance of multiple new synthetic drugs, in particular a number of extremely potent synthetic opioid drugs and amphetamine derivatives.
- Delivered anti-doping analytical services, expert testimony and advice to Racing and Wagering WA, for thoroughbred, harness and greyhound racing in the state.
- Provided a recognised international capability in a number of key analytical areas, including arsenic and cobalt analysis for the racing industry, gunshot residue and illicit drugs for law enforcement agencies, and new synthetic drugs in human samples for state corrective services departments across Australia.
- Supported the assessment and remediation of sites contaminated by clandestine drug laboratory activity in WA, New South Wales, Queensland and Victoria by providing sampling kits and high level analytical services.
- Refocussed its workplace drug testing services to concentrate on niche and emerging drugs such as the new psychoactive substances (NPS), which have significantly challenged our community and led to Western Australian legislative changes and media coverage.
- Formed research collaborations with medical research groups to leverage ChemCentre's extensive knowledge and experience in the area of NPS to safeguard the health of the WA community.
- Provided state and national leadership in forensic science through participation in major working groups, with FSL staff currently chairing the Senior Managers of Australian and New Zealand Forensic Laboratories (SMANZFL) and three of its nine specialist advisory groups dedicated to toxicology, illicit drugs and chemical criminalistics.
- Participated in the Australian Standards committee CH041 managing and developing forensic science standards in Australia and the Australian New Zealand Forensic Executive Committee, a governance committee of the National Institute of Forensic Science (NIFS).
- Saw the fruition of internal research projects with papers being accepted in peer reviewed publications in the area of drugs in sport supplements, automotive paints, NPS toxicology and clandestine drug manufacture. One paper in the area of explosives received a NIFS best paper award.
- Released the 14th edition of the quarterly Illicit Drugs Newsletter to an international subscriber list.
- Worked collaboratively with agencies including WA Police, the Mental Health Commission and Department of Health through the Emerging Psychoactive Substances Review Group, which provides advice on synthetic drugs and management of risks for the WA public.
- Continued to develop business improvement strategies, including identifying productivity improvements in a number of analytical service areas and implementing a range of IT efficiencies, most notably an improved electronic casefile and workflow system.
- Provided local and national expert training for law enforcement and forensic officers from other agencies including recognition of physical evidence, clandestine drug laboratory safety, and methodologies and explosives training to bomb response and post-blast officers.

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Case study

Drug testing in sport

Detecting illicit drug use is a big issue in all kinds of sport, including those using horses and dogs. ChemCentre is one of only four Australian laboratories testing equine and canine samples. Inevitably, drugs that turn up in one location or sport are soon found in another, so information sharing and collaboration are vital. ChemCentre racing chemists are in regular contact with other Australian laboratories, sharing information to improve everyone's drug testing capabilities. ChemCentre's experience in detecting drugs in racehorses is of international standard and interest, particularly our interaction with the World Anti-Doping Agency (WADA) Laboratory Qatar and our ongoing relationship with the Association of Official Racing Chemists (AORC). In a collaborative effort to keep ahead of new threats, ChemCentre is now working with other Australian racing laboratories, the National Measurement Institute (NMI) and University of Sydney on a new project investigating gene doping.



View from the Hong Kong Jockey Club Racing Laboratory, with whom ChemCentre regularly collaborates to ensure sample integrity (Courtesy Meena Raghvani).

Case study

Improving identification of recreational drugs

When patients suspected of taking recreational drugs present themselves at hospital emergency departments, clinicians treat them based on their symptoms. However this may not be optimal and further information about the substances they have taken could greatly aid treatment. ChemCentre is working with hospital emergency department doctors to investigate the effects of new psychoactive substances (NPS). Using a single blood sample, specialised analysis is seeking to identify the causative substance or substances, and in some cases their concentration in the blood, of patients suspected of taking recreational drugs. This can be linked to the patient's signs, symptoms and any subsequent complications, thus enabling a double benefit: performing a vital public health function of informing users and clinicians of harmful drug effects, and allowing researchers to identify new trends in recreational drug use in the population. Results can also be compared to the drug that users believed they had taken. This is a new area of research which is helping WA lead the way in managing NPS in the community.



Francois Oosthuizen leads the Sobriety and Criminal Toxicology team working with health clinicians to investigate the effects of new psychoactive substances (NPS).

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Scientific Services

ChemCentre provides specialised scientific services to ensure WA is safeguarded from chemical risks to community health and safety, and to facilitate sustainable economic development for the state. We provide these comprehensive services to government agencies and the private sector in the areas of water, soil, mining, occupational health, petroleum and residues in order to assess chemical risk and manage and develop client capabilities. The information we provide is scientifically rigorous and defensible, and backed by the quality and accreditation required at this level of service provision.

ChemCentre's Emergency Response capability protects the communities of Western Australia, and plays a crucial role in managing risks associated with suspected chemical, biological or radiological (CBR) incidents. The Emergency Response team maintains a 24-hour roster every day of the year, drawing on an expert team and fully-equipped mobile laboratory ready to respond to any incident. On arrival at an incident, ChemCentre Emergency Response staff follow strict protocols to ensure safety and to identify unknown chemicals as quickly as possible, so appropriate action can be taken to mitigate any threat. To ensure long-term viability of ChemCentre's Emergency Response capability, this year has seen a strong focus on training newer staff members to fulfil the duties required when responding to incidents. This will also help increase ChemCentre's capacity to respond to more than one incident at a time and to handle protracted events that require ongoing monitoring and management.

In the 2015-16 financial year, ChemCentre:

- Signed a letter of intent with a major seafood producer to enable the provenance of prawns to be established, enabling WA industry to gain certification for sustainability and therefore provide greater marketing opportunities for WA produce.
- Assisted the Western Australian honey industry to conduct an industry forum which facilitated collaboration across the industry, and helped coordinate research and development opportunities to benefit the state.
- Assisted the lupin industry by providing unique analytical capabilities that assists with selective breeding and crop development, resulting in greater returns for WA producers and more sustainable farming practices.
- Developed a capability (MacKay Chamber) to determine the degradation of hydrocarbons in marine environments, including the impact and appropriate use of surfactants. This equipment mimics the marine environment in terms of temperature of seawater and the ambient air, wind impact, and turbulence (wave action).
- Assisted with field sampling and collection as part of a major marine hydrocarbon survey off north-west Western Australia. Being in a remote area without regular transport options, the task was logistically challenging. ChemCentre adopted an innovative approach and flexible attitude to ensure samples were analysed within the standard withholding times and without loss of sample integrity.
- Continued our successful relationship with CRC CARE (Cooperative Research Centre for Contamination Assessment and Remediation of the Environment) and associated collaborators, including the National Measurement Institute (NMI), MBS Environmental, the Minerals Research Institute of WA (MRIWA), Water Corporation and several mining companies. Favourable outcomes produced included projects on:
 - High resolution instrument (ICP-MS) techniques, to meet challenging environmental guidelines in saline and hyper saline waters
 - Comparison of methods used to predict the acid production potential of mining related waste rocks
 - Validation and standardisation of sequential leaching tests to better predict the impact of mining on ground and surface water quality
 - Establishing leaching environmental impact assessment tools (LEAF) in the development of a WA framework for by-product re-use and classification.

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- Worked with the waste management company Toxfree to co-host an industry forum, *Sustainable Waste Futures*, to inform environmental managers, government, industry and regulatory representatives about the latest trends and challenges in waste management. A major focus was enabling WA industry to continue to operate at high levels of productivity and environmental responsibility.
- Worked with the Australian Marine Oil Spill Centre (AMOSC) and associated oil and gas companies, to provide services to assist with oil spill response services around Australia. This included the development of 'EXDET' methodology that determines the efficacy of oil dispersants.
- Successfully secured a major R&D project in collaboration with the honey industry. The project, with ChemCentre as the managing partner, aims to quantify the benefits of monofloral honeys and establish a certification scheme. This will enable WA producers to potentially secure greater market returns for their product nationally and overseas. Project collaborators include the Australian Genomic Research Facility, PathWest, Department of Agriculture and Food WA (DAFWA), and a consortium of honey producers.
- Developed analysis capabilities for perfluorooctane sulphonate (PFOS) and perfluorooctanoic acid (PFOA) in various matrices in response to emerging concerns, both nationally and internationally, about the presence of perfluorinated compounds in the environment. Evidence in international literature has indicated that PFOS and PFOA, which have been used in the manufacture of fire-fighting foams and many other products, may pose a threat to health and have adverse effects on the environment.
- Participated in the Goldfields Environmental Management Group (GEMG) Forum held in Kalgoorlie, which offered a unique opportunity to liaise with industry representatives and present a technical paper regarding our work in the region.
- Gained representation on the Education Committee of Water Research Australia (WRA). This committee assesses student research proposals and assists with determining the organisation's strategic direction.
- Worked with the Department of Premier and Cabinet (DPC), DAFWA and Department of Water (DoW) on the government's important Strategic Assessment of the Perth Peel Region (SAPPR), specifically determining appropriate methodologies and accreditation methods.
- Assisted Border Force with categorising unknown chemicals found on a boat seized in Geraldton. The incident received significant media attention as the vessel was suspected of drug smuggling activities.
- Successfully completed a NATA audit process in June. This rigorous, four-day review of our capabilities reinforced ChemCentre's position as one of the highest quality laboratories in Australia.
- Worked closely with other collaborators, including the Swan River Trust, on a project that included soil amendment and the creation of an artificial wetland to mitigate the adverse impacts of high nutrient levels impacting Ellen Brook, which is in turn a major contributor to nutrient levels in the Swan River.
- Continued our valuable relationship with the DoW, assisting with the peer review of their research and policy initiatives via representation on their Science Review Panel.
- Presented on acid and metalliferous drainage (AMD) work and leaching tests at several major industry conferences, including The International Environmental GeoChemistry (IEGC) Symposium and The Australian Centre for Geomechanics Conference on Mine Closure. Participation in these events is an integral component of the research projects and enables industry uptake of research outcomes.
- Played a key role in the Perth-based national conference of the Australian Institute of Occupational Hygienists (AIOH). ChemCentre's work was showcased in diverse areas such as characterisation of household chemical waste, workplace drug testing, occupational exposure to isocyanates and tracer gas studies to determine the efficacy of the 'protect in place' policy.

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- Continued to gain national recognition with an appointment to the Australia and New Zealand Counter Terrorism Committee (ANZCTC) Chemical, Biological, Radiological and Nuclear (CBRN) Training Advisory Group. The group advises and facilitates the continuous development, management, and review of the ANZCTC CBRN Skills Enhancement Training Programme. The group comprises police command, investigations, intelligence, bomb response and forensic support members together with the Special Operations Engineering Regiment from the Australian Defence Force and chemical, biological and radiological operational subject matter experts.
- Worked closely with the Department of Fisheries and RecFish West to investigate mass fish deaths in Cockburn Sound. Our heavy metal and organic pesticide analysis indicated that neither of these potential causes were responsible in this case.
- Represented the interests of the state and Australia respectively via participation with several Standards Australia and ISO (International Standards Organization) technical committees, including those on the use of cyanide, and soil and leaching procedures. The Standards committees are a key part of developing internationally accepted procedures that form the framework for regulation and licensing. Our involvement ensures that the interests of WA industries are not adversely impacted by unrealistic standards, ensuring the standards are formulated in such a way that people and the environment is protected while maintaining viability for our industries.
- Conducted an Emergency Response Advanced Training Course, developed and facilitated by senior staff, and consisting of half-day sessions including presentations and exercises held weekly throughout the year.
- Attended and resolved 32 official Emergency Response incidents, including fires involving toxic materials at industrial sites, suspicious materials in aircraft, traffic accidents leading to chemical spills, malodorous emissions at Fremantle wharf, and an unknown chemical found in Kalgoorlie. Emergency Response staff participated in statewide exercises in relation to ChemCentre's mandated roles in the WestPlans (Western Australia's disaster management plans) and provided representatives to the State HAZMAT/CBR committee.
- Provided a representative and the Chair of Australia's Chemical Warfare Agent Laboratory Network (CWALN), specifically working with the National Institute of Forensic Science (NIFS) and the Federal Government Defence Science and Technology Group (DSTG) on securing future funding for the network to continue its work.
- Provided directing staff and participated in the Australia New Zealand Counter Terrorism Committee (ANZCTC) national training for investigation of terrorist incidents.
- Provided training and expert advice about chemical agents, attendance at incidents with potential CBR hazards, and the use of handheld monitoring equipment to Department of Fire and Emergency Services (DFES), WA Police and crime scene investigators. ChemCentre has a wide range of expertise in this area which it leverages to provide expert advice and support to the community and other government agencies.
- Attended a major exercise with relevant sections of WA Police, DFES, St John Ambulance, and the Australian Federal Police (Dignitary Protection and Airport Security) on refreshing knowledge and understanding of roles and responsibilities in relation to response to Chemical, Biological, Radiological and Nuclear (CBRN) incidents at a consulate office or Perth Airport (airside).
- Worked with Department of Fire and Emergency Services (DFES) on the replacement schedule for ChemCentre's hand-held onsite emergency response equipment, which was previously provided by DFES and which is due for replacement. A capability and capacity assessment of this equipment has been completed.
- Presented a paper on Multiuse Chemicals at the Forensic Science in Defence and Security Symposium, held at Cranfield University in the UK. Dual-use chemicals are everyday chemicals that can also have a more sinister use such as the production of drugs, toxic chemical agents and home-made explosives. ChemCentre is currently leading a working group to develop a national resource for chemical subject matter experts to call on when asked to provide chemical advice to intelligence and police investigators regarding the viability of a chemical agent threat.

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Case study

Oil dispersant stockpile testing

ChemCentre continues to demonstrate its value to the petroleum industry, and also to the safety of the community and the environment, with testing of oil dispersant stockpiles a recent case in point. Stockpiles of oil dispersants are held at various strategic locations by the Australian Marine Oil Spill Centre (AMOSC), which provides oil spill response services around Australia. Although critical in the event of an oil spill, these stockpiles fortunately often remain untouched for long periods of time, as has been the case since they were replaced after the Montara well blow-out in the Timor Sea in 2009. While they are considered to have long shelf lives, the risk of deterioration and subsequent reduced effectiveness over time cannot be discounted without appropriate analysis. AMOSC asked ChemCentre to implement the EXDET methodology (the Exxon Dispersant Effectiveness Test), a means of testing how much oil a dispersant actually removes from the surface of the water, to quantify the ongoing effectiveness of the stockpiles. ChemCentre is currently the only laboratory in Australia able to perform EXDET testing and one of only four that has a Mackay Chamber, another valuable oil spill testing apparatus.



Petroleum Team Chemist May Yuen explains the wrist-action shaker used for EXDET testing to ChemCentre Chair Denise Goldsworthy, and Parliamentary Secretary for Innovation, Mr Matt Taylor MLA during a ChemCentre visit.

Case study

LEAF testing brings clarity to reusing by-products

ChemCentre is using Leaching Environmental Assessment Framework (LEAF) tools to help Western Australian authorities and industry assess the environmental impact of using waste-derived materials and by-products; materials that are potentially beneficial for tackling soil amendment and other issues associated with rapid development and urbanisation of the Swan Coastal Plain. LEAF is a collection of data management tools, leaching tests and methods developed to assess a wide range of waste-derived materials and by-products from a range of industrial processes. Originally developed at the Energy Research Centre of the Netherlands, ChemCentre brought the LEAF technology to Australia and is carrying out field trials to ensure that the tests are properly validated for Australian conditions. The current project is funded by the Minerals Research Institute of WA (MRIWA) and industry partners, with the backing of the Department of Environment Regulation, Office of the Environment Protection Authority and Department of Water.



Soil and Mining Team Leader, Barry Price, monitoring the LEAF testing on site at ChemCentre.

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Case study

Kemerton fire modelling study

During the major fire that engulfed areas of south-west WA in January, ChemCentre assisted DFES by modelling potentially toxic plumes that could have resulted had the fire impacted the industrial area near Kemerton, north of Bunbury.

The scale and intensity of the fire made it impossible to control. It burnt almost 70,000ha and its perimeter was almost 400km at one stage. The scenario planning recognised issues associated with bulk chemical storage in the area, and while buffer zones and firebreaks were in place, worst case scenarios were modelled to assist emergency services with planning contingencies.

The concerns were centred on bulk storage of chlorine, oxygen, hydrochloric acid and titanium tetrachloride across several sites. In this incident chlorine was considered to be the highest cause for concern, with contingencies in place for the stockpile of titanium tetrachloride offering some risk mitigation. Fortunately the fire was brought under control before it reached the areas of concern. ChemCentre often contributes to this type of work, which is not within the public eye, but is essential to ensure the safety and prosperity of our state.



The January fire was so large it formed its own weather system, seen here from the Pinjarra Evacuation Centre (Courtesy Richard Polden Photography).

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Research and Development

ChemCentre's research capability enables WA's economic development to proceed in a way that doesn't compromise the environment or community safety, while always focussing on securing the state's safety and prosperity. As part of its research effort, ChemCentre has worked with the food industry this year to secure funding for several food-related projects that will be progressed in 2016–17.

In the 2015–16 financial year, ChemCentre undertook research into:

- Analytical tools to better enable industry and government to predict the long-term impact of mining on the environment, especially groundwater quality.
- Analytical and impact assessment tools to better enable the mining and mineral processing industry to prioritise their waste management options, to plan for and achieve cost-effective mine site closure and for government to grant mine-site closure terms.
- 'Fit for purpose' analytical methodologies to enable government and industry to predict the long-term impact of mine-pit lakes on the environment.
- Validation of analytical methodologies and predictive models to better enable government to assess the potential impact of waste-derived products on the environment. This will enable these products to be used to amend soils and reduce the eutrophication of ground and surface waters, especially in the Perth-Peel Region.
- Marine hydrocarbon baseline studies to enable the oil and gas industry and government to better deal with environmental impacts arising from the inadvertent release of oils, especially in the exploratory and production phases. This research has been in collaboration with the Australian Institute of Marine Science (AIMS) and other partners of the Western Australian Marine Science Institute (WAMSI), with a focus on the Browse Basin.
- Developing a certification scheme for monofloral honeys, working in collaboration with other government agencies and the honey industry.

Case study

Honey project offers sweet rewards

ChemCentre is working with a consortium of 17 honey producers (representing more than 80 per cent of WA production) to quantify the benefits of monofloral honeys and establish a certification scheme. Monofloral honeys are from the nectar of a single plant species, such as jarrah or marri. The certification process, using compositional chemistry to differentiate honeys by identifying key attributes or special characteristics, will protect against product substitution and dilution with other lower value honeys. This will ensure greater certainty for honey buyers and increased income for WA honey producers, because genuine products demand a premium in the market. Currently within Australia there is no certification for honey, so this initiative is critical for the industry to retain its international credibility. As well as ChemCentre and the consortium of honey producers, the project involves the Australian Genomic Research Facility, PathWest, the Department of Agriculture and Food WA and international honey laboratories. The collaborative project will attract approximately one million dollars of external funding over its three-year timeframe.



Western Australian monofloral honey samples ready for testing at ChemCentre.

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EXECUTIVE SUMMARY

Outreach and Education

Within its Act, ChemCentre is required to 'promote and assist in the provision of chemistry-based education and training', which it delivers through its outreach activities and broader community engagement. Examples include science communication in the media, an outreach and engagement program, supporting tertiary science education and providing expertise to state, national and international working groups.

In the 2015–16 financial year, ChemCentre:

- Ran an engaging outreach program covering school visits, professional development for teachers and community presentations.
- Welcomed more than 3000 people to ChemCentre's Bentley premises for the annual Open Day.
- Awarded the third annual Murdoch University Ritchie ChemCentre Scholarship in Chemistry.
- Achieved media coverage of its work in *The West Australian* newspaper, commercial television and local radio; and grew ChemCentre's online reach via Facebook and Twitter.
- Welcomed a range of local, national and international visitors to ChemCentre in a highly successful program of fostering stronger relationships with colleagues and clients.
- Led and participated in expert working groups and professional bodies including the WA Innovator of the Year Advisory Committee, National Science Week WA Planning Committee, Royal Australian Chemistry Institute, Association of Official Racing Chemists, and the Water Research Australia Limited (WaterRA) Education Committee.
- Staff provided academic supervision to three PhD candidates and one Honours student.



100
STUDENTS

School Visits



500
STUDENTS &
TEACHERS

Presentations



3000
VISITORS

ChemCentre
Open Day



APPROX
15000
PEOPLE

Other Events
(Curtin Open Day,
Perth Science Festival,
DFES Conference)

Case study

Opening doors to external relationships

ChemCentre continued its 'open door' approach to growing its relationships and community influence by welcoming a range of visitors to its Bentley premises throughout the year. Her Excellency, the Hon Kerry Sanderson AO, Governor of Western Australia paid an extended visit to ChemCentre in March, commenting that it was uplifting to witness the high calibre of ChemCentre's work, and our "well-qualified and enthusiastic staff". Other notable visitors included WA Police Minister, the Hon Liza Harvey MLA; WA Transport and Agriculture Minister, the Hon Dean Nalder MLA; international chemical weapons expert, Hamish de Bretton-Gordon OBE; chemists and representatives from the Chinese scientific community; and school groups from Perth and regional WA. In addition to providing staff with opportunities to demonstrate their expertise, these visits promote chemistry-based education and training, one of the core functions of the *Chemistry Centre Act (WA) 2007*, which in turn progresses the government's Science Statement.



The Hon Kerry Sanderson AO, Governor of Western Australia, views a demonstration by Chemist and Research Officer Kari Pitts of the scanning electron microscope (SEM) and its use in the Physical Evidence team.

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EXECUTIVE SUMMARY

Financial Overview

The actual loss before tax for the year ended 30 June 2016 was \$741,000 compared to an actual loss before tax for the previous year of \$1,539,000 and the budget profit before tax of \$109,000. Revenue for the year was \$23,768,000, up \$993,000 (4.3%) despite a \$547,000 (6%) reduction in service appropriations in 2015–16. Fee-for-service revenue increased by \$1,566,000. The additional revenue was earned from both the government and the non-government sectors. The additional revenue reflects increased activity levels, and increased prices to better capture of the full cost of services. The non-government revenue provides a valuable offset against the overhead costs necessarily incurred to meet the demands of the government work.

Total expenses during the period have only increased by \$195,000 (0.8% vs. a 4.3% revenue increase) to \$24,509,000 compared with the previous year. The 2014–15 building outgoings reflected a credit of \$295,000 from the previous years compared to the \$62,000 outgoings credit received in 2015–16. In addition, the decision by Curtin University (landlord) to pass on the Treasury loan guarantee fee on the building loan to ChemCentre resulted in an additional accommodation charge of \$296,000 (5.4%). The other major changes in expenses were:

1. Employee benefits expense increased by \$153,000 (1.2%) to \$12,576,000. This is less than the General Agreement increase (2.5%) and level increment increases throughout the year as ChemCentre replaced senior staff on retirement with more junior ones.
2. Depreciation and amortisation costs decreased by \$31,000. The amount spent on the Asset Investment Plan (AIP) has been constrained to manage cash flow. ChemCentre successfully argued that this is not a sustainable strategy to maintain its current services for the State. The Government has agreed to increase ChemCentre's AIP for 2016–17 to \$1,500,000.
3. Equipment maintenance has been reduced by \$81,000 as old equipment was retired and came off the maintenance list.
4. Suppliers and services expense decreased by \$143,000, despite increased activity levels, mainly through better management of the consumable purchase.
5. A reduction of \$94,000 on the marketing expense following a major investment in the previous year.
6. An overall reduction in other expenses.

In the 12 months to 30 June 2016 the cash balance decreased by \$1,120,000 to \$1,867,000. This reduction was mainly due to the increase in accounts receivable from \$832,000 in 2014–15 to \$2,102,000 in 2015–16. This was partially offset by an equity injection of \$1,300,000 during the year.

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Operational Structure

Enabling Legislation

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

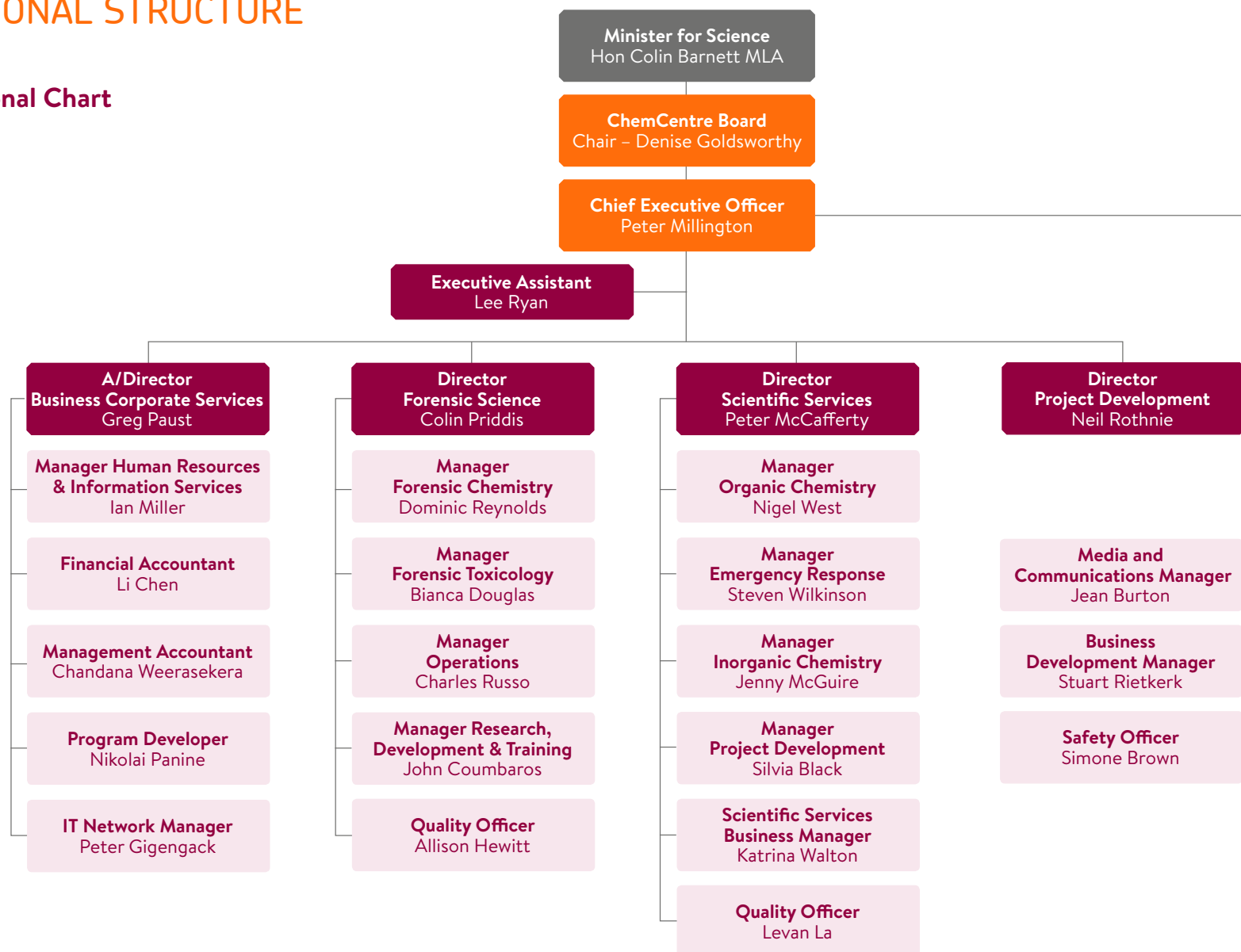
Responsible Minister

Premier; Minister for Tourism; Science.

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OPERATIONAL STRUCTURE

Organisational Chart



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OPERATIONAL STRUCTURE

Board of ChemCentre

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



Back row: Mr Bruce Brennan, Dr John Farrow, Mr Mark Thomas, Mr Peter Millington.
Front row: Ms Wendy Malcolm, Dr David Blyth, Ms Denise Goldsworthy, Dr Lianne Cretney-Barnes.
Absent: Dr Peter Stransky.

Board Profiles



Ms Denise Goldsworthy (Chair) (appointed 14 April 2014)

Denise Goldsworthy, FTSE, FAIM, GAICD, is the founder of Alternate Futures Pty Ltd, a company that works with senior teams from both research and industry, to challenge the status quo. By addressing cultural and system drivers and barriers, Alternate Futures creates tailored strategies to promote engagement and collaboration within and between organisations, enabling connections between the world's problems and solutions.

Prior to this, Denise worked as an executive for Rio Tinto, with roles including Chief Commercial Officer of Autonomous Haul Trucks, Managing Director of Dampier Salt Limited and Managing Director of Hismelt Corporation. Prior to her career with Rio Tinto, Denise spent 17 years with BHP Steel at the Newcastle Steelworks.

Denise is also an Independent Non-Executive Director for Export Finance and Insurance Commission (Efic); a member of Council at Edith Cowan University; a member of the Commercialisation Advisory Board at Curtin University, a member of the board at Minerals Research Institute of WA (MRIWA), and a trustee for the Navy Clearance Diver's Trust. Among Denise's honours is being named the 2010 Telstra Australian Business Woman of the Year.



Dr Lianne Cretney-Barnes (Deputy Chair) (appointed 1 August 2007)

Lianne Cretney-Barnes has held senior positions in both private and public sector organisations for over 20 years and has considerable experience in strategic marketing, branding and business development. Lianne is also a Board Member and Chair of the Integrity Assurance Committee for Racing and Wagering WA and the WA Partner for Women on Boards.

Lianne has been recognized for her business development skills and commercial acumen, with awards for enterprise and market development including the Edith Cowan University Vice-Chancellor's Award for Enterprise in 2003.

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Lianne has a professional doctorate in Business Administration and is a Fellow of the Australian Institute of Company Directors, the Australian Institute of Management and the Australian Marketing Institute. She has been invited to speak at numerous conferences, both nationally and internationally. Lianne has her own company, Board Connexions, and coaches and mentors CEOs, senior executives and directors facing challenges with governance, leadership and strategy.



Dr David Blyth (appointed 7 July 2014)

David Blyth is Director/Principal of a consulting practice working with senior executives and boards on strategy development and execution, organisational design and executive leadership. He has more than 30 years experience in business, business schools and industry associations (Chamber of Mines WA).

Prior to his successful consulting career, David was an Executive Director of IFAP (a safety-based not-for-profit industry foundation) and launched an Executive Master of Business Administration program for Curtin University's Graduate School of Business.

David is known for his skills in guiding strategy development and the translation of the strategy into programs and initiatives. He also works with executive teams in evaluating capability and building their capacity and delivery. These skills are underpinned by strong investment analysis, executive judgement and communication skills. His doctoral research explored organisational barriers to transformational leadership.

David is a Fellow at the Australian Institute of Company Directors and an Adjunct Associate Professor at UWA's Business School where he teaches business strategy in the MBA program. He also teaches MBA strategy at Curtin's Graduate School of Business and is part of Duke CE's global teaching team.



Mr Bruce Brennan (appointed 16 May 2011)

Bruce Brennan was a WA 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 on an AUSAid project based in Fiji as strategic adviser to the Police Chiefs of the 14 Pacific Island Forum Countries. In 2006, he was appointed to the Fire and Emergency Services Authority (FESA) Board and chaired the Bush Fire Service Consultative Committee. In his role as Deputy Commissioner, he served on many committees both local and national. He has a long involvement with and understanding of working with government and was awarded the Australian Police Medal in 1998 for Services to Policing.



Dr John Farrow (appointed 1 August 2007)

John Farrow has over 30 years experience in applied R&D related to mineral processing, especially via hydrometallurgy. Through various senior research and operational management roles at CSIRO, John has worked collaboratively with technical groups from over 100 Australian and international companies, as well as with a wide range of researchers in Australian and international universities. One area of focus has been solid-liquid separation, particularly flocculation, thickener technology and tailings disposal.

John and the CSIRO Improving Thickener Technology team were awarded the CSIRO Medal for Outstanding Research Achievements in 1999, the CSIRO Business Excellence Medal in 2004 and the CRC Association Technology Transfer Award in 2007. In 2002, John was also the joint winner of the Australasian Institute of Mining and Metallurgy's Mineral Industry Operating Award for 'services to the minerals industry, through revolutionising the development and implementation of new thickener technology for mineral processing'.

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OPERATIONAL STRUCTURE



Ms Wendy Malcolm (appointed 17 September 2015)

Wendy Malcolm is a Senior Project Manager with Saab Systems Australia and has an extensive background in defence, logistics and program management.

Wendy joined the Royal Australian Navy in 1987 and studied at the University of New South Wales, completing a Bachelor of Science (Physics) in 1989, followed by a Masters in Commercial Law at Deakin University in 2001. Wendy had a diverse career in the Navy including operational service in East Timor, program management in shipbuilding, upgrade and sustainment, and experience in commercial and project management in logistics, weapons upgrade and operational planning.

Her most recent role saw her responsible for program management and sustainment of the Navy's ANZAC Warships based in Perth and Sydney. Her leadership and strategic approach while the ANZAC Systems Program Office Director delivered a complete rethink of the commercial approach to supporting and upgrading the warships, resulting in significant savings and better operational availability to the Royal Australian Navy. Wendy left the Navy having completed 28 years service and was awarded a Conspicuous Service Medal in the Australia Day Honours List 2015.

Dr Peter Stransky (appointed 1 August 2007, retired 22 September 2015)

Peter Stransky has over 25 years experience as an industrial and product chemist, working mostly with industry on the Kwinana strip. His roles have varied from research scientist to commercial manager, and he has gained considerable experience in designing and realising commercial industrial projects, including their 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 Mark Thomas (appointed 11 November 2014)

Mark Thomas was appointed Group Manager Infrastructure Services at Fortescue Metals Group Limited in February 2015. He previously held senior positions at Fortescue, including Company Secretary, Group Manager Finance and Head of Finance & IT. Prior to Fortescue, Mark held senior finance and accounting positions with the Goldfields Australia Group and with a number of professional service providers.

With more than 20 years service in the mining and professional services industries, Mark has gained comprehensive experience in finance and accounting, governance and risk, information technology and business administration. He has a Bachelor of Commerce from the University of Western Australia, Graduate Diploma in Applied Corporate Governance, a Masters of Business Administration. Mark is a Certified Practising Accountant and a Fellow of Governance Institute of Australia.

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OPERATIONAL STRUCTURE

Senior Officers

Mr Peter Millington

Chief Executive Officer

Peter Millington has worked in the WA and Australian public services. He has extensive experience in corporate management and has been ChemCentre CEO for seven years. He is a member of the WA Innovator of the Year advisory committee and has a considerable interest in innovation and the translation of science into practical outcomes.

Mr Greg Paust

Acting Director Business and Corporate Services

Greg Paust has more than 10 years experience in senior executive positions within the WA public service. He has expertise in leading corporate strategy and operations, policy, industry economic development and natural resource management in the fisheries and agriculture sectors.

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, Colin Priddis has over 30 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

Neil Rothnie has over 30 years experience leading research programs that aim to ensure the safety and prosperity of WA. He is particularly interested in developing risk assessment tools that better enable industry to plan for and address risks. If unaddressed these risks may impact on public health and safety and the environment, and delay the sustainable economic development of the state's industries.

Administered Legislation

ChemCentre administers the *Chemistry Centre (WA) 2007 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

State Supply Commission Act 1991

State Trading Concerns Act 1916

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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 16% to services for government and 84% 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.	Service 1. Scientific Information and Advice Development and delivery of quality scientific information and advice, on a commercial basis, to government, industry and the community. Service 2. 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. Service 3. 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.

Changes to Outcome Based Management Framework

ChemCentre added an outcome for 'Research & Development' to its Outcome Based Management Framework for the annual report ending 30 June 2009 and thereafter.

Shared Responsibilities with Other Agencies

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

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

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Agency Performance - Report On Operations

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AGENCY PERFORMANCE

The 12 months results to 30 June 2016 at ChemCentre illustrate the increased commercial focus that commenced when the ChemCentre became a Statutory Authority in August 2007. ChemCentre increasingly provides more service to state government agencies, showing an increase of 9% growth over the previous year.

Financial Targets:

Actual performance compared to budget targets to 30 June 2016

The results for the 12 months to 30 June 2016 reflect an unfavourable variance against budget of \$1,123,000 for the net cost of services. Total income fell below budget by \$1,888,000 reflecting a difficult trading environment in the fee-for-service market. Despite an increase in revenues from our main state government clients, we saw a significant reduction in revenues from environmental consulting related work and experienced long delays in the implementation of a major work program investigating acid metalliferous drainage and testing services for the mining sector.

The total cost of services shows a favourable variance against budget of \$765,000 in responding to the reduction in revenue.

	Budget (\$)	Actual (\$)
Total income	17,851,000	15,963,000
Total cost of service	25,274,000	24,509,000
Net cost of service	7,423,000	8,546,000
Service appropriation	7,532,000	7,805,000
Surplus/(Deficit) before tax for period	109,000	(741,000)

Key Performance Indicators:

Actual performance compared to budget targets

Key Effectiveness Indicators	Target	Achieved
Service 1: Client Satisfaction	80%	85%
Service 1: Proficiency Rating	95%	92%
Service 2: Aggregate Value of ChemCentre Components as a ratio of R&D sold to internal R&D	60/40	46/54
Service 2: Client Satisfaction	80%	84%
Service 3: Emergency Response Resolution Time	4 hours	2.4 hours

Key Efficiency Indicators		
Service 1: Average cost/hour	\$220	\$221
Service 2: Average cost/hour	\$236	\$225
Service 3: Average cost/hour	\$270	\$291

Performance information relating to the services provided is presented at pages 73 to 78 of this report.

Notes:

Service 1: Scientific Information and Advice
Service 2: Research and Development
Service 3: Emergency Response

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AGENCY PERFORMANCE

Significant Issues Impacting the Agency

ChemCentre provides essential chemical and forensic services to ensure WA remains safe and prosperous. Its business model for delivering these services is changing to achieve financial sustainability and thus ensure its continuing role in protecting the state within a changing economic environment. The community is the ultimate beneficiary of ChemCentre's services, but major ChemCentre clients include the WA Government, government trading enterprises and industry.

ChemCentre's activities support the government's science statement in four of the five key areas of activity: mining and energy, medicine and health, agriculture and food, and biodiversity and marine science. ChemCentre has aligned its priorities for managing chemical risks from the viewpoint of government, as the key stakeholder within ChemCentre's areas of operation, using the government's RiskCover tool and maintaining consistency with AS/NZS ISO 310000:2009. This has enabled ChemCentre to prioritise its activities using a risk-based approach to delivering services.

ChemCentre's resource allocation reflects these priorities, and ChemCentre manages its resources and priorities appropriately, while continuing to improve operating efficiencies. Its business plan is directed towards productivity gains, increased external sales and transparent costing for the services ChemCentre provides to other government agencies. Additional business lines are also being developed. ChemCentre will continue to pursue revenue opportunities with other government agencies and the private sector, consistent with its mandate and strategic objectives.

The freeze on government employment during the reporting year meant some positions remained vacant after incumbent officers left the organisation during the year. This created increased workloads for some staff members and, as a result, management reassigned priorities in an attempt to ensure essential services were not compromised. In spite of this, backlogs have been created in some areas, which staff are diligently working to resolve. A commercial fee-for-service business offering was withdrawn as ChemCentre could not meet market expectations for turnaround times due to staff constraints. With the employment freeze now lifted new staff are being appointed but with appropriate consideration for overall agency efficiencies.

Changes in Written Law

There were no changes in Written Law impacting upon ChemCentre in the 2015-16 period.

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Auditor's Opinion



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 2016, 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.

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 2016 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.

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 for the Audit of the Financial Statements

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.

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AUDITOR'S OPINION

Report on Controls

I have audited the controls exercised by the Chemistry Centre (WA) during the year ended 30 June 2016.

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.

Opinion

In my opinion, in all material respects, 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 2016.

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 for the Audit of Controls

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.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Chemistry Centre (WA) for the year ended 30 June 2016.

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

Opinion

In my opinion, in all material respects, 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 2016.

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 for the Audit of Key Performance Indicators

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.

Independence

In conducting the above audits, 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 2016 included on the Centre's website. The Centre's management is responsible for the integrity of the Centre's website. This audit does not provide assurance on the integrity of the Centre's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



DON CUNNINGHAME
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
14 September 2016

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Financial Statements

Certification of Financial Statements

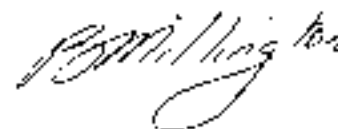
For the year ended 30 June 2016

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 2016 and the financial position as at 30 June 2016.

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



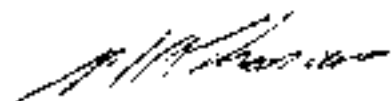
Li Chen
A/Chief Finance Officer
Date: 5 September 2016



Peter Millington
Chief Executive Officer
Date: 5 September 2016



David Blyth
Chair
Finance & Growth Committee
Member of Governing Board
Date: 5 September 2016



Mark Thomas
Chair
Risk Committee
Member of Governing Board
Date: 5 September 2016

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Statement of Comprehensive Income For the year ended 30 June 2016

	Note	2016 \$'000s	2015 \$'000s
INCOME			
Revenue			
Provision of services	7	15,920	14,354
Interest revenue	8	32	62
Other revenue	9	11	7
Total income		15,963	14,423
EXPENSES			
Expenses			
Employee benefits expense	10	12,594	12,423
Supplies and services	11	1,496	1,639
Depreciation and amortisation expense	12	1,289	1,320
Accommodation expenses	13	5,770	5,474
Other expenses	14	3,360	3,458
Total expenses		24,509	24,314
Loss before grants and subsidies from state government		(8,546)	(9,891)
Service appropriation	15	7,805	8,352
Loss before income tax expense		(741)	(1,539)
Income tax expense	31(a)	264	33
Loss after income tax expense		(477)	(1,506)
Profit/(Loss) for the year		(477)	(1,506)
Total comprehensive income for the year		(477)	(1,506)

See also Note 29 'explanatory statement'.

See also Note 38 'schedule of income and expense by service'.

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

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Statement of Financial Position For the year ended 30 June 2016

	Note	2016 \$'000s	2015 \$'000s
ASSETS			
Current assets			
Cash and cash equivalents	27(a)	1,867	2,987
Prepayments	17	372	230
Receivables	16	2,111	832
Amounts receivable for services	18	560	560
Total current assets		4,910	4,609
Non-current assets			
Property, plant and equipment	19	2,671	3,018
Intangible assets	20	778	883
Sinking fund	21	1,859	1,572
Deferred tax asset	31(d)	1,066	1,101
Total non-current assets		6,374	6,574
TOTAL ASSETS		11,284	11,183
LIABILITIES			
Current liabilities			
Payables	23	704	1,110
Provisions	24	2,638	2,631
Other current liabilities	25	824	831
Current tax liabilities	31(c)	-	300
Total current liabilities		4,166	4,872

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Statement of Financial Position For the year ended 30 June 2016 continued

	Note	2016 \$'000s	2015 \$'000s
Non-current liabilities			
Provisions	24	796	808
Deferred tax liability	31(d)	1	-
Total non-current liabilities		797	808
TOTAL LIABILITIES		4,963	5,680
NET ASSETS		6,321	5,503
EQUITY			
Contributed equity	26	7,438	6,143
Retained earnings		(1,117)	(640)
TOTAL EQUITY		6,321	5,503

See also Note 29 'explanatory statement'.

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

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Statement of Changes in Equity For the year ended 30 June 2016

	Note	Contributed equity	Reserves	Retained earnings	Total Equity
		\$'000s	\$'000s	\$'000s	\$'000s
Balance at 1 July 2014	26	5,443	-	866	6,309
Total comprehensive income for the year			-	(1,506)	(1,506)
Transactions with owners in their capacity as owners:					
Capital appropriation		700	-	-	700
Other contributions by owners		-	-	-	-
Distributions to owners		-	-	-	-
Total		700	-	-	700
Balance at 30 June 2015		6,143	-	(640)	5,503
Balance at 1 July 2015		6,143	-	(640)	5,503
Total comprehensive income for the year			-	(477)	(477)
Transactions with owners in their capacity as owners:					
Capital appropriation		1,300	-	-	1,300
Other contributions by owners			-	-	-
Distributions to owners		(5)	-	-	(5)
Total		-	-	-	-
Balance at 30 June 2016		7,438	-	(1,117)	6,321

See also Note 29 'explanatory statement'.

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

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Statement of Cash Flows For the year ended 30 June 2016

	Note	2016 \$'000s	2015 \$'000s
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Provision of services		14,645	14,844
GST receipts on services		1,465	1,484
Payments			
Employee benefits		(12,878)	(12,338)
Accommodation		(5,720)	(5,339)
GST payments on purchases		(1,143)	(1,157)
GST payments to taxation authority		(481)	(395)
Other payments		(5,267)	(6,162)
Net cash used in operating activities	27	(9,379)	(9,063)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(841)	(1,009)
Net cash used in investing activities		(841)	(1,009)
CASH FLOWS FROM STATE GOVERNMENT			
Grants and subsidies		9,100	9,457
Net cash provided by state government		9,100	9,457
Net increase/(decrease) in cash and cash equivalents		(1,120)	(615)
Cash and cash equivalents at the beginning of year		2,987	3,602
CASH AND CASH EQUIVALENT ASSETS AT THE END OF YEAR		1,867	2,987

See also Note 29 'explanatory statement'.

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

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Notes to the Financial Statements

1. Australian Accounting Standards

General

ChemCentre's financial statements for the year ended 30 June 2016 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes standards and interpretations issued by the Australian Accounting Standards Board (AASB).

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

Early adoption of standards

ChemCentre cannot early-adopt an Australian Accounting Standard or Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Partial exemption permitting early adoption of AASB 2015 7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not for Profit Public Sector Entities has been granted. 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 year ended 30 June 2016.

2. Summary of significant accounting policies

(a) General statement

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

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

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

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

(b) Basis of preparation

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

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

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

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

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

(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

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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 as a result of a restructure of administrative arrangements are accounted for as distributions to owners and contributions by owners respectively. *Refer to Note 26 'Equity'.*

(d) Reporting entity

The reporting entity comprises the Chemistry Centre (WA) referred to as ChemCentre. There are no Related Bodies. *See Note 34 'Related Bodies'.*

(e) Income

Revenue Recognition

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

Provision of services

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

Interest

Revenue is recognized as the interest accrues.

Service appropriations

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

Grants, donations, gifts and other non-reciprocal contributions

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

Notes to the Financial Statements For the year ended 30 June 2016

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 year and were obtained on the condition that they were to be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the Statement of Financial Position date, the nature of, and amounts pertaining to, those undischarged conditions are disclosed in the notes as Revenue Received in Advance. *See Note 25 'Other Current Liabilities'.*

Gains

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

(f) Income tax

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

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

The income tax expense equivalent, or income, for the year is the tax payable on the current year'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 that 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.

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An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

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

(g) Property, plant and equipment and infrastructure

Capitalisation/expensing of assets

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

Initial recognition and measurement

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

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

Subsequent measurement

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

Depreciation

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

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 scientific equipment	7–10 years
Office equipment	5 years

(h) Intangible assets

Capitalisation/expensing of assets

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

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

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

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

Software ^(a)	5 years
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(a) Software is not integral to the operation of any related hardware.

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Computer software

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

Website costs

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

(i) Research and development costs

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

(j) Impairment of assets

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at the end of each reporting year. 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 in profit or loss of the Statement of Comprehensive Income. 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 the asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

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

See Note 22 'Impairment of assets' for the outcome of impairment reviews and testing. See Note 2(n) 'Receivables' and Note 16 'Receivables' for impairment of receivables.

(k) Leases

ChemCentre currently holds operating leases (*see Note 28*). 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

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These have been disaggregated into the following classes:

Financial Assets

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

Financial Liabilities

- Payables

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

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

(m) Cash and cash equivalents

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

(n) Receivables

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

Notes to the Financial Statements For the year ended 30 June 2016

(o) Payables

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

(p) Provisions

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

Provisions are reviewed at each reporting year. See Note 24 'Provisions'.

(i) Provisions – employee benefits

Annual leave

ChemCentre has adopted AASB 119 *Employee Benefits (2011)* with a date of initial application of 1 July 2013. Annual leave is not expected to be settled wholly within 12 months after the end of the reporting year and is therefore considered to be another long-term employee benefit. The annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

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

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

Long service leave

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

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

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

Purchased leave

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

Superannuation

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

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

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

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

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

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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 14 'Other expenses' and Note 24 'Provisions'.

(q) Superannuation expense

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

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

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

(r) Amounts receivable for services (holding account)

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

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

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

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

(t) Segment information

Segment information has been disclosed by service (refer Note 38 'Schedule of Income and Expenses by Service').

(u) Comparative figures

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

3. Judgements made by management in applying accounting policies

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

Operating lease commitments

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

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4. Key sources of estimation uncertainty

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

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

Long service leave

Several estimations and assumptions used in calculating ChemCentre's long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

5. Initial application of Australian Accounting Standards

ChemCentre has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2015 that impacted on ChemCentre:

AASB 2013-9	<p><i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i></p> <p>Part C of this Standard defers the application of AASB 9 to 1 January 2017. The application date of AASB 9 was subsequently deferred to 1 January 2018 by AASB 2014-1. ChemCentre has not yet determined the application or the potential impact of AASB 9.</p>
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AASB 2014-8	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]</i></p> <p>This Standard makes amendments to AASB 9 <i>Financial Instruments</i> (December 2009) and AASB 9 <i>Financial Instruments</i> (December 2010), arising from the issuance of AASB 9 <i>Financial Instruments</i> in December 2014. ChemCentre has not yet determined the application or the potential impact of AASB 9.</p>
AASB 2015-3	<p><i>Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</i></p> <p>This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn. There is no financial impact.</p>

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6. Future impact of Australian Accounting Standards not yet operative

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

			Operative for reporting periods beginning on/after		
AASB 9	Financial Instruments	1 Jan 2018	AASB 16	Leases	1 Jan 2019
<p>This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i>, introducing a number of changes to accounting treatments.</p> <p>The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012 6, AASB 2013–9, and AASB 2014 1 <i>Amendments to Australian Accounting Standards</i>. ChemCentre has not yet determined the application or the potential impact of the Standard.</p>			<p>This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. ChemCentre has not yet determined the application or the potential impact of the Standard.</p>		
AASB 15	Revenue from Contracts with Customers	1 Jan 2018	AASB 1057	Application of Australian Accounting Standards	1 Jan 2016
<p>This Standard establishes the principles that ChemCentre shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. ChemCentre has not yet determined the application or the potential impact of the Standard.</p>			<p>This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. There is no financial impact.</p>		
			AASB 2010–7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 32, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]	1 Jan 2018
			<p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.</p> <p>The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. ChemCentre has not yet determined the application or the potential impact of the Standard.</p>		

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		Operative for reporting periods beginning on/after			Operative for reporting periods beginning on/after
AASB 2014-1	<i>Amendments to Australian Accounting Standards</i>	1 Jan 2018	AASB 2015-1	<i>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140]</i>	1 Jan 2016
	Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by ChemCentre to determine the application or potential impact of the Standard.			These amendments arise from the issuance of International Financial Reporting Standard <i>Annual Improvements to IFRSs 2012-2014 Cycle</i> in September 2014, and editorial corrections. ChemCentre has not yet determined the application or the potential impact of the Standard.	
AASB 2014-4	<i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]</i>	1 Jan 2016	AASB 2015-2	<i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]</i>	1 Jan 2016
	The adoption of this Standard has no financial impact for ChemCentre as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits.			This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.	
AASB 2014-5	<i>Amendments to Australian Accounting Standards arising from AASB 15</i>	1 Jan 2018	AASB 2015-6	<i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]</i>	1 Jul 2016
	This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. ChemCentre has not yet determined the application or the potential impact of the Standard.			The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. There is no financial impact.	
AASB 2014-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i>	1 Jan 2018			
	This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). ChemCentre has not yet determined the application or the potential impact of the Standard.				

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AASB 2015–8	<i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i>	1 Jan 2017	AASB 2016–3	<i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>	1 Jan 2018
	<p>This Standard amends the mandatory effective date (application date) of AASB 15 <i>Revenue from Contracts with Customers</i> so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. ChemCentre has not yet determined the application or the potential impact of AASB 15.</p>				
AASB 2015–10	<i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 & 128</i>	1 Jan 2016	AASB 2016–4	<i>Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities</i>	1 Jan 2017
	<p>This Standard defers the mandatory effective date (application date) of amendments to AASB 10 & 128 that were originally made in AASB 2014–10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016. ChemCentre has not yet determined the application or the potential impact of AASB 2014–10.</p>				
AASB 2016–2	<i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107</i>	1 Jan 2017			
	<p>This Standard amends AASB 107 <i>Statement of Cash Flows</i> (August 2015) to require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. There is no financial impact.</p>				

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	2016 \$'000s	2015 \$'000s
7. Provision of services		
Private sector	5,654	4,880
State government sector	10,266	9,474
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.	15,920	14,354
8. Interest revenue		
Interest revenue	32	62
	32	62
9. Other revenue		
Salary packaging recoveries	11	7
	11	7
10. Employee benefits expense		
Wages and salaries ^{(a)(b)}	9,921	9,835
Superannuation – defined contribution plans	1,324	1,211
Long service leave ^(c)	439	381
Annual leave ^(c)	910	996
	12,594	12,423

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

(b) Excludes the Board Directors' remuneration.

(c) Includes a superannuation contribution component.

Employment on-costs such as workers' compensation insurance and payroll tax are included at Note 14 'Other Expenses'.

The employment on-costs liability is included at Note 24 'Provisions'.

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	2016 \$'000s	2015 \$'000s
11. Supplies and services		
Communications	9	11
Consumables	1,398	1,526
Materials	22	21
Travel	67	81
	<u>1,496</u>	<u>1,639</u>
12. Depreciation and amortisation expense		
Depreciation		
Plant and scientific equipment	831	918
Office equipment	108	141
	<u>939</u>	<u>1,059</u>
Amortisation		
Software	350	261
Total depreciation and amortisation	<u>1,289</u>	<u>1,320</u>
13. Accommodation expenses		
Property rent	4,381	4,270
Property outgoing	706	476
Repairs and maintenance	84	83
Utilities	599	645
	<u>5,770</u>	<u>5,474</u>

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	2016	2015
	\$'000s	\$'000s
14. Other expenses		
Equipment repairs and maintenance	764	845
IT and network maintenance	96	123
Laboratory & Department of Mines and Petroleum services	279	269
Postage, printing and stationery	119	130
Payments to Cooperative Research Centres	125	125
Motor vehicle	52	65
Bad and doubtful debts	(10)	(2)
Payroll tax	738	656
Consultant fees	116	121
Staff training and miscellaneous staff expenses	339	321
Other minor expenses	742	805
	3,360	3,458
15. Service Appropriation^{(a)(b)}		
Appropriation received during the year		
<i>Salaries and Allowance Act 1975</i>	246	208
CSO	3,037	3,882
Rent and others	4,522	4,262
	7,805	8,352

(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.

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16. Receivables

Current

	2016 \$'000s	2015 \$'000s
Receivables trading	1,947	764
Receivables sundry	69	11
GST income tax credits	115	87
Allowance for impairment of receivables	(20)	(30)
	2,111	832
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of year	(30)	(35)
Amounts written off during the year	0	(2)
Amount recovered during the year	10	7
Balance at end of year	(20)	(30)

Credit Risk

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

Not more than 3 months	210	198
More than 3 months but less than 6 months	242	44
More than 6 months but less than 1 year	60	1
More than 1 year	-	-

Receivables individually determined as impaired at the Statement of Financial Position date:

Carrying amount, before deducting any impairment loss	20	30
Provision for impairment loss	(20)	(30)
	-	-

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

See also Note 2(n) 'Receivables' and Note 30 'Financial Instruments'.

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17. Prepayments

Current

Moneys paid in advance for services to be performed

2016	2015
\$'000s	\$'000s
372	230
372	230
560	560

18. Amounts Receivable for Services

Non-Current

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

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19. Property, plant and equipment

Plant and scientific equipment

At cost

Accumulated depreciation

Office equipment

At cost

Accumulated depreciation

2016	2015
\$'000s	\$'000s
14,522	14,581
(11,940)	(11,709)
2,582	2,872
1,288	1,242
(1,199)	(1,096)
89	146
2,671	3,018

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

2015

Carrying amount at 1 July 2014

Additions

Disposals

Depreciation

Carrying amount at end of year

Plant & scientific equipment	Office equipment	Total
\$'000s	\$'000s	\$'000s
3,340	219	3,559
451	67	518
(3)	(9)	(12)
(916)	(131)	(1,047)
2,872	146	3,018

2016

Carrying amount at 1 July 2015

Additions

Disposals

Depreciation

Carrying amount at end of year

2,872	146	3,018
545	51	596
(4)	-	(4)
(831)	(108)	(939)
2,582	89	2,671

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	2016 \$'000s	2015 \$'000s
20. Intangible assets		
Laboratory information management computer software development		
At cost	2,910	2,665
Accumulated amortisation	(2,132)	(1,782)
Carrying amount at end of year	778	883
Reconciliation		
Computer software	883	653
Opening carrying amount	245	491
Additions	0	0
Disposals	(350)	(261)
Amortisation expense		
Carrying amount at end of year	778	883
21. Sinking Fund		
Amount held by Curtin University for future building repairs and maintenance	1,859	1,572

22. Impairment of assets

There were no indications of impairment to property, plant and equipment, and intangible assets at 30 June 2016.

ChemCentre held no goodwill or intangible assets with an indefinite useful life during the reporting year and at

Statement of Financial Position date there were no intangible assets not yet available for use.

There are no surplus assets at 30 June 2016 that have either been classified as non-current assets held for sale or written-off.

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	2016 \$'000s	2015 \$'000s
23. Payables		
Current		
Trade payables	142	189
GST payable	158	127
Accrued expenses	272	794
Accrued superannuation	132	-
	<u>704</u>	<u>1,110</u>
See also Note 2(o) 'Payables' and Note 30 'Financial Instruments Disclosure'.		
24. Provisions		
Current		
Employee benefits provision		
Annual leave ^{(a)(c)}	1,210	1,285
Long service leave ^{(b)(c)}	1,428	1,346
	<u>2,638</u>	<u>2,631</u>
Non-current		
Long service leave ^{(b)(c)}	<u>796</u>	<u>808</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 the end of the reporting year. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:		
Within 12 months of the end of the reporting year	632	646
More than 12 months after the end of the reporting year	578	639
	<u>1,210</u>	<u>1,285</u>

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24. Provisions 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 Statement of Financial Position date. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Within 12 months of the end of the reporting year
More than 12 months after the end of the reporting year

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

25. Other liabilities

Current

Revenue received in advance

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

2016	2015
\$'000s	\$'000s
136	258
2,088	1896
2,224	2,154
824	831
824	831

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26. Equity

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

Contributed equity

Balance at the start of the year

Contributions by owners

Equity contribution

Total contributions by owners

Distributions to owners

Total distributions to owners

Balance at end of year

Retained earnings

Balance at start of year

Result for the year

Balance at end of year

Total equity at end of year

2016	2015
\$'000s	\$'000s
6,143	5,443
1,300	700
1,300	700
5	-
5	-
7,438	6,143
(640)	866
(477)	(1,506)
(1,117)	(640)
6,321	5,503

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27. Notes to the Cash Flow Statement

(a) Reconciliation of cash

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

Cash held with Commonwealth Bank

Cash on hand

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

Profit/(Loss) after income tax equivalents

Non-cash items:

Depreciation and amortisation expense

Provision for doubtful debts

Deferred tax asset

Deferred tax liability

Loss on disposal of assets

Grants and subsidies from government

Amounts credited to provision for income tax equivalents

(Increase)/decrease in assets:

Current receivables

Sinking funds

Accrued salaries suspended account

Amounts receivable for services and prepayments

Increase/(decrease) in liabilities:

Current payables

Accrued expenses

Employee benefits

Revenue in advance

Provision for tax

Net GST receipts/(payments)

Change in GST in receivables/payables

Net cash (used in) operating activities

2016	2015
\$'000s	\$'000s
1,866	2,986
1	1
1,867	2,987
(477)	(1,506)
1,289	1,320
10	2
35	(33)
1	-
4	-
(7,805)	(8,352)
-	-
(1,289)	448
(287)	(316)
-	-
(142)	(10)
116	(879)
(522)	145
(5)	85
(7)	33
(300)	-
(481)	(395)
481	395
(9,379)	(9,063)

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28. Lease Commitments

Commitments in relation to leases contracted for at the end of the reporting year 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

	2016 \$'000s	2015 \$'000s
Within 1 year	5,154	5,022
Later than 1 year and not later than 5 years	20,560	19,981
Later than 5 years	42,031	45,848
	<u>67,745</u>	<u>70,851</u>

Representing:

Cancellable operating leases

Non-cancellable operating leases

Future finance charges on finance leases

Cancellable operating leases	-	-
Non-cancellable operating leases	67,745	70,851
Future finance charges on finance leases	-	-
	<u>67,745</u>	<u>70,851</u>

29. Explanatory Statement

This statement provides details of any significant variations between estimates and actual results for 2016.

Significant variations are considered to be those greater than 5% and greater than a dollar aggregate, being the lower of \$25 million or the dollar aggregate, or as applicable:

- 2.0% multiplied by total expenses, when compared with variances for revenues, gains and expense line items. Variances relating to changes in asset revaluation surplus are excluded from the definition of major variance.
- 2.0% multiplied by total expenses, when compared with variances for cash low line items not substantially explained elsewhere in another narrative disclosure.
- 2.0% multiplied by total assets when compared with variances for assets, liabilities, and equity line items. Variances relating to cash assets, receivables, payables, contributed equity and accumulated surplus are excluded from the definition of major variance.
- The dollar aggregate calculated from total expenses and total assets is to be based on the lower of the estimate or the prior year actual, as appropriate.

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	Variance Note	Original Budget 2016 \$'000s	Actual 2016 \$'000s	Actual 2015 \$'000s	Variance between budget and actual \$'000s	Variance between actual results for 2016 and 2015 \$'000s
INCOME						
Revenue						
Provision of services	1,A	17,795	15,920	14,354	(1,875)	1,566
Interest revenue		56	32	62	(24)	(30)
Other revenue		0	11	7	11	4
Total income		17,851	15,963	14,423	(1,888)	1,540
EXPENSES						
Expenses						
Employee benefits expense	2	13,546	12,594	12,423	(952)	171
Supplies and services	3	2,634	1,496	1,639	(1,138)	(143)
Depreciation and amortisation expense		1,523	1,289	1,320	(234)	(31)
Accommodation expenses		5,652	5,770	5,474	118	296
Other expenses	4	1,919	3,360	3,458	1,441	(98)
Total expenses		25,274	24,509	24,314	(765)	195
Loss before grants and subsidies from state government		(7,423)	(8,546)	(9,891)	(1,123)	1,345
Service appropriation	B	7,532	7,805	8,352	(273)	(547)
Profit before income tax expense		109	(741)	(1,539)	(850)	798
Income tax expense		0	264	33	(264)	231
Profit after income tax expense		109	(477)	(1,506)	(586)	1,029
Profit/(Loss) for the year		109	(477)	(1,506)	(586)	1,029
Total comprehensive income for the year as at 30 June 2016		109	(477)	(1,506)	(586)	1,029

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	Variance Note	Original Budget 2016	Actual 2016	Actual 2015	Variance between budget and actual	Variance between actual results for 2016 and 2015
		\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
ASSETS						
Current assets						
Cash and cash equivalents		2,527	1,867	2,987	(660)	(1,120)
Prepayments		250	372	230	122	142
Receivables		1,523	2,111	832	588	1,279
Amounts receivable for services		560	560	560	0	0
Total current assets		4,860	4,910	4,609	50	301
Non-current assets						
Property, plant and equipment	5,C	4,332	2,671	3,018	(1,661)	(347)
Intangible assets		675	778	883	103	(105)
Sinking fund	D	1,720	1,859	1,572	139	287
Deferred tax asset		951	1,066	1,101	115	(35)
Total non-current assets		7,678	6,374	6,574	(1,304)	(200)
TOTAL ASSETS		12,538	11,284	11,183	(1,254)	101
LIABILITIES						
Current liabilities						
Payables		1,097	704	1,110	393	(406)
Provisions		2,583	2,638	2,631	(55)	7
Other current liabilities	6	1,215	824	831	391	(7)
Current tax liabilities	7,E	300	0	300	300	(300)
Total current liabilities		5,195	4,166	4,872	1,029	(706)

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	Variance Note	Original Budget 2016	Actual 2016	Actual 2015	Variance between budget and actual	Variance between actual results for 2016 and 2015
		\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Non-current liabilities						
Provisions	8	1,070	796	808	274	(12)
Deferred tax liability		0	1	0	(1)	1
Total non-current liabilities		1,070	797	808	273	(11)
TOTAL LIABILITIES		6,265	4,963	5,680	1,302	(717)
NET ASSETS		6,273	6,321	5,503	(48)	818
EQUITY						
Contributed equity		5,738	7,438	6,143	(1,700)	1,295
Retained earnings		535	(1,117)	(640)	1,652	(477)
TOTAL EQUITY		6,273	6,321	5,503	48	818

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	Variance Note	Original Budget 2016	Actual 2016	Actual 2015	Variance between budget and actual	Variance between actual results for 2016 and 2015
		\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts						
Provision of services		16,607	14,645	14,844	(1,962)	(199)
GST receipts on services		1,745	1,465	1,484	(280)	(19)
Payments						
Employee benefits	F	(13,526)	(12,878)	(12,338)	648	(540)
Accommodation		(5,852)	(5,720)	(5,339)	132	(381)
GST payments on purchases		(1,208)	(1,143)	(1,157)	65	14
GST payments to taxation authority		(537)	(481)	(395)	56	(86)
Other payments	9,G	(3,340)	(5,267)	(6,162)	(1,927)	895
Net cash used in operating activities		(6,111)	(9,379)	(9,063)	(3,268)	(316)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of non-current assets		(963)	(841)	(1,009)	122	168
Net cash used in investing activities		(963)	(841)	(1,009)	122	168
CASH FLOWS FROM STATE GOVERNMENT						
Grants and subsidies	10	7,532	9,100	9,457	1,568	(357)
Net cash provided by state government		7,532	9,100	9,457	1,568	(357)
Net increase/(decrease) in cash and cash equivalents		458	(1,120)	(615)	(1,578)	(505)
Cash and cash equivalents at the beginning of year		2,069	2,987	3,602	918	(615)
CASH AND CASH EQUIVALENT ASSETS AT THE END OF YEAR		2,527	1,867	2,987	(660)	(1,120)

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Significant variances between estimate and actual results for the financial year

- 1) Income from fee for service work was under budget by \$1.875 million due to the sales shortfall from private fee for service work. The budget for 2015–16 was originally developed in year 2011–12 and ChemCentre had forecast a 10% private sector revenue growth. However, due to poor market conditions, ChemCentre was unable to achieve that sales target.
- 2) Employee benefits expense was under budget by \$0.952 million due to the current FTE being 11 less than budget in response to the reduced fee-for-service revenue.
- 3) The actual decrease of supplies and services over the budget reflects changes in the 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 and now recorded under other expense for \$1.287 million. In addition, there was an increase of \$0.105 million in payroll tax due to the tax-free threshold phased out for the WA employers with annual taxable wages over \$7.500 million.
- 4) The actual increase of other expenses over the budget reflects changes in the classification of expenses between supplies and services and other expense. See Note 2.
- 5) Property, plant and equipment were under budget by \$1.661 million mainly due to the underspend on the Asset Investment Program for financial years 2013–14, 2014–15 and 2015–16 of \$1.101 million, \$0.915 million and \$0.122 million respectively to achieve cash conservation objectives.
- 6) Actual other current liabilities were under budget by \$0.391 million, mainly due to less work for R&D projects being completed than was budgeted as the resource was devoted to other fee for service works.
- 7) Current tax liabilities were under budget by \$0.300 million due to the written off the tax liabilities. The \$0.300 million tax liability has originally arisen from the loss carry back tax offset claimed in the income year ended 30 June 2013. This amount should only have to be repaid when and if ChemCentre claims R&D in relation to the 30 June 2013 income year. If R&D is not claimed for 2013, the amount should not need to be repaid. ChemCentre is not forecast to make a taxable profit for the next four years, therefore ChemCentre will not lodge the R&D tax return as there will be no tax benefit.
- 8) Non-current provisions were under budget by \$0.274 million as ChemCentre Management team stepped up efforts to ensure that all leave outside guidelines is eliminated and complies with the Government leave liability cap policy.
- 9) Other payments exceeded the budget by \$1.927 million as the original budget was set at too low a target.
- 10) ChemCentre had forecast that it would run out of cash from January 2016 onwards. ChemCentre since then has negotiated with Treasury to secure a strategically critical equity injection of \$1.300 million during the 2015–16 Mid-Year Review process to ensure that ChemCentre has sufficient cash to meet its debt and other financial obligations. In addition, ChemCentre received \$0.273 million as a result of partial reinstatement of recurrent appropriations for the procurement saving measure. During the year, ChemCentre returned \$0.005 million to Treasury as ChemCentre received \$0.005 million more service appropriation for 2014–15 budget year.

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Significant variances between actual results for 2016 and 2015

- A) Revenue from the provision of services increased by \$1.566 million entirely due to additional revenue from WA Police (\$1.559 million) and State Coroner's Office (\$0.199 million) which reflect full cost of provision of forensic service.
- B) Service appropriation decreased by \$0.547 million due to the reduction of the appropriation funded activities by \$0.845 million.
- C) Property, plant and equipment decreased by \$0.347 million due to the depreciation in the financial year 2015–16. This is greater than the spending on property, plant and equipment by \$0.343 million.
- D) The non-current sinking fund increased by \$0.287 million due to the \$0.255 million contribution made to the sinking fund as per the lease agreement and \$0.032 million interest received on it.
- E) Current tax liabilities decreased by \$0.300 million and the explanation is provided as above 7.
- F) Employee benefits increased by \$0.540 million as there were 27 pay periods in 2015–16 compared to 2014–15. The cash payment for the additional pay is \$0.460 million. In addition, there was 2.5% salary increase for all staff members as per the general agreement and the level increment when the staff member is yet to reach the highest level within his/her position, offset by the 11 less FTEs than 2014–15.
- G) Cash payments for the other expenses decreased by \$0.895 million mainly due to the decreased spending on supplies and services and other expenses.

30. 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 Statement of Financial Position date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment. ChemCentre trades only with recognised, creditworthy third parties. ChemCentre has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that ChemCentre's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

Provision for impairment of financial assets is calculated based on objective evidence such as observable data indicating changes in client credit ratings. For financial assets that are either past due or impaired; refer to Note 16 'Receivables'.

Liquidity risk

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

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

Market Risk

ChemCentre has no exposure to financial market risk.

(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 Statement of Financial Position date are as follows:

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30. Financial Instruments Disclosures continued

Financial Assets

Cash and cash equivalents

Loans and receivables

Financial Liabilities

Financial liabilities measured at amortised cost^(a)

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

Interest Rate Risk

ChemCentre has an interest bearing deposit sinking fund which is held at Curtin University. Other than this interest bearing sinking fund, ChemCentre does not hold pays or pay interest on any loans. The interest received from the sinking fund is insignificant, therefore there is no interest rate risk.

Fair values

All financial assets and liabilities recognised in the Statement of Financial Position, 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.

2016	2015
\$'000s	\$'000s
1,867	2,987
2,111	832
704	1,110

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31. Taxation Equivalent

(a) Income tax expense

	2016 \$'000s	2015 \$'000s
Current income tax	(300)	-
Deferred tax	36	(33)
Prior year under/(over) provision	-	-
Net current and deferred tax transferred to Statement of Comprehensive Income	(264)	(33)

(b) Reconciliation of income tax expense

Profit from continuing operations before income tax expense	(741)	(1,539)
Tax equivalent at the Australian tax rate of 30%	(222)	(462)

Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:

Tax loss not to be recognised	233	428
Unpaid superannuation (SGC)	24	-
Entertainment	1	1
Prior year over provision	(300)	-
	(264)	(33)

(c) Current tax liability

Opening balance as at 1 July 2015	(300)	(300)
Prior year under/(over) provision	300	-
Closing balance as at 30 June 2016	-	(300)

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(d) Deferred tax assets

Provision for doubtful debts
Accrued expenses
Provision for employee entitlements

30-Jun-16	Income Tax (expense)/ benefit	30-Jun-15
6	(3)	9
30	(31)	61
1,030	(1)	1,031
1,066	(35)	1,101
(1)	(1)	-
(1)	(1)	-
1,065	(36)	1,101

Deferred tax liabilities

Prepayment

Net deferred tax balance

2016	2015
\$'000s	\$'000s
703	703
1,023	790
1,726	1,493

(e) Deferred tax assets not recognised

Deferred tax assets have not been recognised in relation to the following matters:

Non-refundable carry forward R&D tax offsets
Carried forward tax losses

240,001 - 250,000

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32. Remuneration of members of the Board and senior officers (continued)

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

The total remuneration of senior officers

The superannuation included here represents the superannuation expense incurred by ChemCentre in respect of senior officers other than senior officers reported as members of the Board.
No senior officers are members of the Pension Scheme.

33. Remuneration of auditor

Remuneration payable to the Auditor General for the financial year is as follows:
Auditing the accounts, financial statements and performance indicators
The expense is included at Note 14 'Other expenses'.

34. Related bodies

There are no related bodies.

35. Affiliated bodies

There are no affiliated bodies.

36. Special purpose accounts

There are no special purpose accounts.

37. Supplementary financial information

There was no public property written off by ChemCentre during the financial year.
There were no losses of public money and public and other property through theft or default amounts recovered.
There were no gifts of public property provided by ChemCentre.

2016	2015
\$'000s	\$'000s
1,143	956
(149)	(137)
12	13
\$1,006	\$832
47	53

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38. Schedule of Income and Expenses by Service

INCOME

	Service 1 Scientific Information and Advice 2015	Service 2 Research and Development 2015	Service 3 Emergency Response Management 2015	Total 2015
	\$'000s	\$'000s	\$'000s	\$'000s
Provision of services	11,354	1,267	1,733	14,354
Interest revenue	62	-	-	62
Other income	7	-	-	7
Total income	11,423	1,267	1,733	14,423

EXPENSES

Employee benefits expense	9,826	1,097	1,500	12,423
Supplies and services	1,639	-	-	1,639
Depreciation and amortisation expense	1,320	-	-	1,320
Accommodation expenses	5,474	-	-	5,474
Other expenses	3,055	170	233	3,458
Total expenses	21,314	1,267	1,733	24,314
Profit/(loss) before grants and subsidies from state government	(9,891)	-	-	(9,891)
Net appropriation from state government	8,352	-	-	8,352
Profit/(Loss) after net appropriation from state government	(1,539)	-	-	(1,539)
Profit/(Loss) before income tax equivalents expense	(1,539)	-	-	(1,539)
Income tax equivalent benefit/(expense)	33	-	-	33
Profit/(Loss) for the year	(1,506)	-	-	(1,506)

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38. Schedule of Income and Expenses by Service (continued)

INCOME

	Service 1 Scientific Information and Advice 2016 \$'000s	Service 2 Research and Development 2016 \$'000s	Service 3 Emergency Response Management 2016 \$'000s	Total 2016 \$'000s
Provision of services	12,838	1,188	1,894	15,920
Interest revenue	32	-	-	32
Other income	11	-	-	11
Total income	12,881	1,188	1,894	15,963

EXPENSES

Employee benefits expense	10,156	940	1,498	12,594
Supplies and services	1,496	-	-	1,496
Depreciation and amortisation expense	1,289	-	-	1,289
Accommodation expenses	5,770	-	-	5,770
Loss on disposal of non-current assets	-	-	-	0
Other expenses	2,716	248	396	3,360
Total expenses	21,427	1,188	1,894	24,509

Profit/(loss) before grants and subsidies from state government	(8,546)	-	-	(8,546)
Net appropriation from state government	7,805	-	-	7,805
Profit/(Loss) after net appropriation from state government	(741)	-	-	(741)
Profit/(Loss) before income tax equivalents expense	(741)	-	-	(741)
Income tax equivalent benefit/(expense)	264	-	-	264
Profit/(Loss) for the year	(477)	-	-	(477)

39. Contingent liability & contingent asset

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

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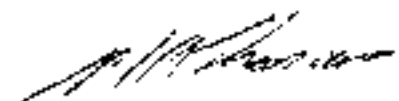
Key Performance Indicators

Certification of Key Performance Indicators

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess ChemCentre's performance, and fairly represent the performance of ChemCentre for the year ended 30 June 2016.



David Blyth
Chair of Finance & Growth Committee
Member of Governing Board
 Date: 5 September 2016



Mark Thomas
Chair of Risk Committee
Member of Governing Board
 Date: 5 September 2016

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.

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KEY PERFORMANCE INDICATORS

Key Effective Indicators by Output

Service 1: Commercial Scientific Information and Advice

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

Key Effectiveness Indicators

Client Satisfaction: *as determined by an annual survey of clients invited from all invoices sent out in the previous financial year above \$1,000 in value. The survey covered 311 clients with 24.4% response rate (n=76).*

2012–13	2013–14	2014–15	2015–16	2015–16
Actual	Actual	Actual	Actual	Target
80%	86%	87%	85%	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 2015–16 was taken at a 95% confidence level and a sampling error of $\pm 9.79\%$.

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

90%	93%	90%	92%	95%
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The proficiency rating is a relevant measure as it demonstrates the quality of testing undertaken by ChemCentre.

As ChemCentre plays a critical role in supporting the State justice and policing systems, it requires that the results of testing are dependable and high quality.

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KEY PERFORMANCE INDICATORS

Service 2: 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.*

2012-13	2013-14	2014-15	2015-16	2015-16
Actual	Actual	Actual	Actual	Target
53/47	39/61	47/53	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 invited from R&D projects conducted over the previous financial year. Eight (8) responses were collected from nine (9) client surveys.*

85%	84%	83%	84%	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 overall satisfaction with ChemCentre's service across major, ongoing projects. The actual client satisfaction for 2015-16 was taken at a 95% confidence level and a sampling error of $\pm 12.25\%$.

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.

Key Effectiveness Indicator

Average Resolution Time for all emergency response incidents attended:
extracted from the response team log book

2012-13	2013-14	2014-15	2015-16	2015-16
Actual	Actual	Actual	Actual	Target
1.9 hours	2.3 hours	1.9 hours	2.4 hours	4 hours

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.

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KEY PERFORMANCE INDICATORS

NOTES

Service 1: Commercial Scientific Information and Advice

The client satisfaction of 85%, while down 2% from the previous year, remains above the target of 80%. This is a pleasing result and demonstrates ChemCentre's commitment to providing quality and timely commercial solutions. The proficiency rating is in line with previous year and slightly below target but is still considered an acceptable result because it does not reflect a decline in quality.

Service 2: Quality Research and Development

The ratio of R&D sales to in-house contribution is lower than the previous year and below target. Where external grant funding is anticipated for the project, the minimum financial threshold is 40% from ChemCentre contribution and 60% from the funding body. However if the grant funding is delayed or not successful then ChemCentre reallocates available funding to priority research which is fully funded by ChemCentre. In 2015–16, due to the increasing workload from the fee for service activity, the resources previously devoted to R&D were transferred to fee for service work, thus resulting in the lower ratio.

The Client Satisfaction rate for R&D achieved 84%, which is a higher result than the previous year's 83%.

Service 3: Emergency Response Management

The 2016 average response and resolution time of 2.4 hours is higher than the previous year however better than the target; it is therefore an acceptable outcome. Every year the mix and location of incidents is varied and in 2015–16 less incidents were attended to and the complexity of the cases reported were higher than last financial year.

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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 year*

Average cost per chargeable hour^(a)

2012–13	2013–14	2014–15	2015–16	2015–16
Actual	Actual	Actual	Actual	Target
\$21,463,000	\$21,223,000	\$21,314,000	\$21,427,000	\$21,792,000
107,182 hours	100,833 hours	100,366 hours	96,941 hours	99,000 hours
\$200	\$210	\$212	\$221	\$220

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 year*

Average cost per chargeable hour^(a)

2012–13	2013–14	2014–15	2015–16	2015–16
Actual	Actual	Actual	Actual	Target
\$958,000	\$1,212,000	\$1,267,000	\$1,188,000	\$1,557,000
5,445 hours	4,432 hours	5,240 hours	5,278 hours	6,600 hours
\$176	\$274	\$242	\$225	\$236

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KEY PERFORMANCE INDICATORS

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.

	2012–13	2013–14	2014–15	2015–16	2015–16
	Actual	Actual	Actual	Actual	Target
Key Efficiency Indicator					
Total cost for service	\$1,617,000	\$1,815,000	\$1,733,000	\$1,894,000	\$1,925,000
Billable hours: <i>as calculated for the average staffing over the year</i>	6,969 hours	7,121 hours	7,372 hours	6,508 hours	6,600 hours
Average cost per chargeable hour ^(c)	\$232	\$255	\$235	\$291	\$270

NOTES

(a) Service 1 average cost per billable hour is in line with the budget but higher than the previous year. 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 the residue value after subtracting the billable hours for service 2 and 3 from the total available productive hours. Compared to the last year, the calculation for the available productive hours only included 46 weeks rather than 48 weeks as four weeks were for annual leave and there were two weeks public holidays for the year.

(b) Service 2 average cost per billable hour is lower than the previous year as a result of the higher billable hours as more time and resources are dedicated to R&D activity.

(c) Service 3 average cost per billable hour is higher than the previous year and the budget. This is mainly attributable to the lower billable hours as a result of the reduced incident response for 2015–16. The total cost for service also includes the cost of maintaining the capability, regardless of the number of incidents occurred during the year.

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Other Financial Disclosures

Ministerial Directives [TI 903(12)]

No Ministerial directives were received during the financial year.

Pricing policies of services provided

ChemCentre has discretion over pricing for goods and services rendered.

Employment and Industrial Relations

Staff Profile

	2015–16	2014–15
Full-time permanent	80	82
Full-time contract	31	28
Part-time measured on an FTE basis	6	5
	117	115

Staffing policies and staff development

ChemCentre's Workforce and Diversity Plan for 2015–17 continued to be implemented over the course of the reporting year. The plan placed high importance on developing ChemCentre's workforce capability and improving its culture and engagement. ChemCentre has also focussed its attention on identifying and developing its talent through succession planning.

Resourcing constraints resulting from the introduction of government measures had an immediate impact on business. Strategies to increase employee flexibility and movement assisted in managing workloads, leave commitments and staff departures during that year.

ChemCentre is committed to building a happier and healthier workforce and offers a health and wellbeing program to all staff. Good results in our staff engagement survey indicated that we have a high level of staff engagement in ChemCentre.

Looking forward ChemCentre will continue to build on its current workforce and diversity strategies and embed organisational efficiencies through improved practices and decision making processes.

ChemCentre continued to offer an indigenous scholarship for undergraduates, work experience opportunities and also placements for TAFE and university students during the year to help individuals considering a career in chemistry related analysis and research.

More than 5% of direct salary costs were invested in training and professional development this financial year. During the financial year, \$619,680 was committed to in-house and external training.

Workers' Compensation

One claim was made this financial year of a minor nature and involving medical costs but no lost time. Human Resources follow up any accident report to assist with lodging workers compensation claims.

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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.

Personal Use of Credit Cards

Officers of ChemCentre hold corporate credit cards where their functions warrant usage of this facility. Each cardholder is reminded of their obligations annually under ChemCentre's credit card policy.

During the year there were two occasions when corporate credit cards were used for a personal purpose for the value of \$100 and \$208 respectively. The first instance involved using the corporate credit card to make a deposit payment for a farewell dinner (at which all attendees other than the guest of honour paid their own account). The second instance related to an accommodation booking for a business trip where one night out of the three nights booked was for a private stay.

Under both circumstance, the corporate credit cards were used due to the practical difficulties of separating the payment for one booking. The Chief Finance Officer noted prompt advice and reimbursement of the personal use amount.

Aggregate amount of personal use expenditure for the reporting year
Aggregate amount of personal use expenditure settled by the due date (within five working days)

Aggregate amount of personal use expenditure settled after the period (after five working days)

Aggregate amount of personal use expenditure outstanding at balance date

2016
\$
308
-
308
-

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 2015/2016 was \$4,824 compared with \$4,841 in 2014/2015.

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GOVERNANCE DISCLOSURES

Board and committee remuneration

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

ChemCentre Board				
Position	Name	Type of remuneration	Period of membership	Gross/actual remuneration
Chair	Denise Goldsworthy	Annual fee	365 days	\$35,512
Deputy Chair	Lianne Cretney-Barnes	Annual fee	365 days	\$25,900
Member	John Farrow	Annual fee	365 days	\$17,822
Member	Peter Stransky	Annual fee	84 days	\$4,456
Member	Bruce Brennan	Annual fee	365 days	\$17,822
Member	David Blyth	Annual fee	365 days	\$17,822
Member	Mark Thomas	Annual fee	365 days	\$17,822
Member	Wendy Malcolm	Annual fee	298 days	\$14,555
Total				\$151,711

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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 public sector standards and the WA Code of Ethics by:

- 1) Reviewing 15% of all ChemCentre corporate and human resource policies to ensure compliance with current government requirements;
- 2) Ensuring ChemCentre's code of conduct supported the WA Code of Ethics and the public sector standards;
- 3) 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.

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

Compliance area	Compliance issues
Public Sector Standards	0 breach claim
WA Code of Ethics	0 reports of non-compliance
ChemCentre Code of Conduct	1 report 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 year in relation to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.

Total expenditure for 2015/16 was zero.

Expenditure	Total	Expenditure	Amount
Advertising agencies	Nil		Nil
Marketing research organisations	Nil		Nil
Polling organisations	Nil		Nil
Direct mail organisations	Nil		Nil
Media advertising organisations	Nil		Nil

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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 year 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 and Inclusion Plan (DAIP) satisfies the requirements of the *Disability Services Act 1993*.

ChemCentre continues to commit to ensuring that people with disability, their families and carers are not denied access to its services and programs. A successful open day held in August 2015 provided an opportunity for people with disability to share the excitement of that event with access available to all areas in our premises. ChemCentre continues to promote DAIP to all staff through our newsletters and to the community through the link on our website and in social media.

Our 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.
- 7) People with disabilities have the same opportunities as other people to access and maintain employment at ChemCentre.

Recordkeeping Plan

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

- 1) Efficiency and effectiveness
- 2) To improve ChemCentre's recordkeeping system, new staff have been given training sessions in using the document management system.
- 3) Training
- 4) 90% of ChemCentre staff has completed the online training program for records awareness.
- 5) An evaluation of the efficiency and effectiveness of recordkeeping training is assessed each financial year.
- 6) Induction Program

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OTHER LEGAL REQUIREMENTS

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

Occupational Safety, Health and Injury Management

ChemCentre is committed to providing a workplace that ensures the safety and health of all staff and visitors and recognises the benefit of preventing incidents as much as is practicable for the welfare of the individual and to avoid needless costs. A robust Occupational Safety and Health Management System (OSHMS) exists to assist the workplace in achieving its safety objectives. All new employees receive an intensive safety induction. An ongoing program of safety training is carried out on a monthly basis.

Managers and supervisors are encouraged to attend safety training each year via WorkSafe workshops or other training designed to help meet OSH obligations in the workplace. Legal and other responsibilities were the focus of in-house safety training in the last financial year to refresh leaders of their legal responsibilities.

The Occupational Safety and Health Committee, including the Chief Executive Officer, safety representatives nominated by employees and an executive appointed Safety Officer, offer a formal framework for communication and consultation of safety issues in the organisation. The Committee members and 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 Management Plan.

Attaining JAS-ANZ accreditation has been the predominant objective for ChemCentre in recent times. The main drivers are a desire to attract more work from new and larger clients; a push from current clients and organisations that ChemCentre works with, wanting to be assured of a high standard of safety; and for companies using JAS-ANZ accredited certification and inspection services it also promises to increase the likelihood of smooth access to overseas markets and will hopefully assist in promoting ChemCentre's reputation overseas.

An extensive internal safety audit conducted recently against criteria set in AS/NZS 4801:2001 encourages continuous improvement of ChemCentre's Occupational Safety and Health Management System towards an even higher standard and should soon allow for certification against the standard. ChemCentre has progressed through the first stage in the accreditation process and is on track for certification within the coming year.

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OTHER LEGAL REQUIREMENTS

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

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

Annual performance for 2015/16 against the following targets:

Indicator	2013–14	2015–16	Target 2015–16	Result
Number of fatalities	0	0	Zero (0)	Target achieved.
Lost time injury/disease (LTI/D) incidence rate	10 days	0 days	Zero (0) or 10% reduction on previous year	Target achieved.
Lost time injury severity rate	0.0	0.0	Zero (0) or 10% improvement on previous year	Target achieved. Zero (0)
Percentage of injured workers returned to work within (i) 13 weeks and (ii) 26 weeks	100%	100%	Greater than or equal to 80% return to work within 26 weeks	Target achieved.
Percentage of managers and supervisors trained in occupational safety, health and injury management responsibilities	83%	79%	Greater than or equal to 80%	Target not achieved.

Notes:

- This is a three-year trend and as such the year is to be three years prior to current reporting year.
- The current year is 2015–16.

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Publications and Presentations

Research Papers

- Brown, D.H., Hansson, R., Oosthuizen, F. and Sumner, N., 2016. “β-Methylphenylethylamines: common fragmentation pathways with amphetamines in electrospray ionization collision-induced dissociation.” *Drug Testing and Analysis*, 8, 344-350.
- Hinwood, A.L., Stasinska, A., Callan, A.C., Heyworth, J., Ramalingam, M., Boyce, M., McCafferty, P. and Odland, J.Ø., 2015. “Maternal exposure to alkali, alkali earth, transition and other metals: Concentrations and predictors of exposure.” *Environmental Pollution* 204: 256–263.
- Maric, M., van Bronswijk, W., Pitts, K. and Lewis, S.M., 2016. “Characterisation and classification of automotive clear coats with Raman spectroscopy and chemometrics for forensic purposes.” *Journal of Raman Spectroscopy*, DOI: 10.1002/jrs.4925
- Sharma, R and Kambala, V.S.R., 2015. “Assessment of nutrient loading on Attapulgitite blends and their potential release from the soil: a preliminary study.” *Journal of Applied Geochemistry*. 17 (4) 437–443.
- Swinny, E., Revell, C.K., Campbell, N., Spadek, E. and Russo, C., 2015. “In search of photosensitising compounds in the annual forage legume *Biserrula pelecinus* L.” *Crop and Pasture Science*, 66 (11) 1161–1166.
- Van Der Pal, K.J., Sauzier, G., Maric, M., van Bronswijk, W., Pitts, K. and Lewis, S.W., 2016. “The effect of environmental degradation on the characterisation of automotive clear coats by infrared spectroscopy.” *Talanta* 148, 715–720, DOI: <http://dx.doi.org/10.1016/j.talanta.2015.08.058>
- Yu, H.A., DeTata, D.A., Lewis, S.W. and Daeid N. N., 2016. “The stability of TNT, RDX and PETN in simulated post-explosion soils: Implications of sample preparation for analysis,” *Talanta*, DOI: <http://dx.doi.org/10.1016/j.talanta.2016.07.001>

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PUBLICATIONS AND PRESENTATIONS

Book Chapter and Technical Reports

Allen D. and Black S. April 2016. "Assessment of Iron Man Gypsum Using Leaching Environmental Assessment Framework (LEAF) Laboratory Methods." Report for Iluka Resources, WA. 96 pages.

Allen D., North M., Black S., Price B. and Rothnie N. May 2016. "Using Chromium Reducible Sulfur for AMD Prediction". 2016 Environmental Management Conference, the Goldfields Environmental Management Group (GEMG). Kalgoorlie, Australia.

Black S., Price B., Allen D., North M. and Rothnie N. November 2015. "Comparison of Methods Used to Predict Acid Production Potential". Report for Cooperative Research Centre for Contamination Assessment and Remediation of the Environment (CRC CARE), NSW.

Kirkbride, P., Coumbaros, J., Kobus, H. and Redman, K. 2016. "Gunshot Residues." Chapter 87, Expert Evidence, Freckelton and Selby, Thomson Reuters, Sydney.

Wilkinson S., van den Berg L. and Black S., 2015. "Application of tracer gas flow profiling to improve secondary ventilation practice – a pilot study." Proceedings, the Australian Mine Ventilation Conference, pp 345–352 (The Australasian Institute of Mining and Metallurgy: Melbourne).

Conference Posters

De Tata, D.A. 2015. "Investigations into the fate of explosives in soils" presented at the 23rd Annual Royal Australian Chemical Institute's Research and Development Topics Conference, 2015, Melbourne, Australia. (*Winner of best poster*)

King, T. 2015. "Classification of Household Hazardous Waste." Electronic Poster presented at Australian Institute of Occupational Hygienists, 33rd Annual Conference and Exhibition, Perth, Australia.

Conference Presentations

Black, S. 2016. "Understanding Diesel Particulate Matter (DPM) Flow Behaviour and Source Contribution Using Tracer Gas – A Pilot Study". Eastern Region OHS Forum, The Chamber of Minerals and Energy of WA (CME). Kalgoorlie, Australia.

Black, S. 2016. "Leaching Environmental Impact assessment Tools (LEAF) for Industry and Regulators Managing Waste Challenges". Industry Forum: Sustainable Waste Futures, hosted by ToxFree and ChemCentre. Perth, Australia.

Black, S. 2016. "Projects at ChemCentre." Swan Canning Water Quality Improvement Plan Steering Committee. Perth, Australia.

Black, S. 2016. "Projects at ChemCentre." Water Research Australia (WaterRA) WA Node Meeting. Perth, Australia.

Brown, D.H. 2015. "Synthetic cannabinoids in the living and the dead." Synthetic Cannabinoids Roundtable Symposium, University of Sydney, Australia.

Coumbaros, J., Sumner, N. and Rietkerk, S. 2015. "Workplace drug testing: current trends." Australian Institute of Occupational Hygienists, 33rd Annual Conference and Exhibition, Perth, Australia.

De Tata, D.A. 2016. "Investigations into the fate of explosives in soil." 3rd Scottish Student Forensic Research Symposium, 2016, Glasgow, UK. (Winner of 2nd prize for best oral presentation)

Downey, A. 2015. "Isocyanates: From Nazi Boots to Breast Implants: What to Monitor and Why?" Australian Institute of Occupational Hygienists, 33rd Annual Conference and Exhibition, Perth, Australia.

Norman, K. 2015. "Multiuse Chemicals." Forensics in Defence and Security Symposium, Cranfield University, Shrivenham, United Kingdom.

Wilkinson S., van den Berg L. and Black S. 2015. "Application of Tracer Gas Flow Profiling to Improve Secondary Ventilation Practice – A Pilot Study." The Australian Mine Ventilation Conference. Sydney, Australia.

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Wilkinson S., van den Berg L. and Black S. 2015. “Application of Tracer Gas Flow Profiling to Improve Secondary Ventilation Practice – A Pilot Study.” Australian Institute of Occupational Hygienists, 33rd Annual Conference and Exhibition, Perth, Australia.

Lecture Presentations

Pitts, K. 2016 “Microscopy in Forensics.” Murdoch University – Introduction to Forensic Science CHE103, Perth, Australia.

Pitts, K. 2016 “Cases from Physical Evidence Microscopy in Forensics.” Curtin University – Forensic Trace Evidence 270, Perth, Australia.

Pitts, K. 2016 “Zombies, Cars and Shoes: case studies in physical evidence.” Royal Australian Chemical Institute (RACI) Bayliss presentations, variety of locations in Perth and Darwin, Australia.

Russo, C. 2016 “Racing Chemistry – Yesterday, Today and Tomorrow.” City of Belmont Person of Interest Talk, Perth, Australia.

Russo, C. 2016 “Detection of Non Veterinary Drugs in Equine Samples: An Australian Experience.” Anti-Doping Laboratory Qatar 6th Symposium, Qatar.

Russo, C. 2016 “Racing Chemistry – Yesterday, Today and Tomorrow.” Mass Spectrometry Discussion Group (MSDG) Inaugural meeting, Medical Research Foundation Building, Perth, Australia.

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