NATA

2014
annual report

ACCREDITATION: DELIVERING CONFIDENCE IN ENERGY PROVISION

ACCREDITATION: DELIVERING CONFIDENCE IN ENERGY PROVISION

The theme of this year's Annual Report is the theme of World Accreditation Day 2014 and reflects the importance of accreditation to the supplies of energy on which our economy depends.

Accreditation provides confidence that a clear line is drawn between the methodologies and activities that are right and wrong with respect to energy provision.

Accreditation of the organisations that are performing these tasks ensures a consistent and reliable approach, which will in turn result in an industry that is conducive to meeting the needs of the consumer and the environment.

Quotations from members that appear in this Annual Report are from entries in NATA's 2014 World Accreditation Day competition in which members expressed their feelings about how accreditation delivers confidence in energy provision.

NOTICE OF MEETING

The 2014 Annual General Meeting of the National Association of Testing Authorities, Australia will be held at the Amora Hotel Jamison Sydney, 11 Jamison Street, Sydney NSW 2000 on Wednesday, 29 October 2014 commencing at 3:30 pm.

The meeting will receive the financial report including the report of the auditor.

The meeting will also consider a special resolution proposing changes to NATA's Constitution.

For further details, please refer to special resolution notice despatched to members.

Jennifer Evans
Chief Executive Officer
6 October 2014

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"The ability to meet and provide for the demands of the world's population without impacting negatively on future generations will be of major importance when planning for a society that has become heavily dependent on the convenience that is obtained from the use of energy.

"As the number of households and businesses increases the use of energy will also increase and ensuring that this is in accordance with the guidelines and regulatory factors will be of major concern to the world and its sharemarkets.

"The bodies that are governed by Accreditation will provide assurance to businesses and their customers that this will be completed through the correct policies, procedures and guidelines and ensure that they are purchasing a quality product that is safe, meets all the energy ratings and is utilised for its intended purpose over time."

Josie Salsano
PathWest QEII Site
Senior Medical Scientist for CSRA QEII Network

CHAIR'S OVERVIEW

Alastair Ross AM

I am pleased to present this annual report to NATA members, my third as Chair, covering the Association's 2013-2014 year.

During the twelve months of the reporting period NATA has continued the implementation of its current three year Strategic Plan. The supporting business initiatives continue to deliver benefits to members through enhancements to the accreditation process. Such improvements have enabled further reductions in our service delivery turnaround times (Charter of Service Standards) enabling us to better meet members' expectations.

With respect to this financial year, NATA has again performed well. Despite the winding down of the mining boom and a gradual slowing of the Australian economy, the Association has experienced modest growth in both the number of accredited sites and in the number of accredited units. I would like to thank all NATA management and staff for their effort in achieving a successful outcome from operations.

At the NATA Council meeting in October 2013 I provided information related to the current NATA rules review and in particular the future of the Council. Information is being sent to all members with respect to the proposed changes and I encourage members to familiarise yourselves with the proposals prior to the AGM this year.

The Association has taken steps during the year to further engage with a broad range of stakeholders, recognising that these activities are the key to ensuring the sustainability of NATA's existing programs as well as to driving the organisation's future growth.

Our ongoing program to build relationships with private sector specifiers and industry has adopted a more focused approach, particularly in construction and building products as well as in healthcare. Stakeholder fora have been especially productive as a means of building links with industries relevant to our members' future successes.

It is also pleasing to report that NATA has been actively working with overseas accreditation bodies with the aims of strengthening Mutual Recognition Arrangements (MRA). This is directly related to supporting the conformance framework and meeting the challenges of ensuring that goods imported into Australia are of suitable quality.

We are working with our Chinese counterpart, the Chinese National Accreditation Service (CNAS) on a project considering quality issues around imported building products. Australia's trading relationship with China and our well- established relationship with CNAS are fundamental in a project examining what accreditation bodies can do to

> "The Association has taken steps during the year to further engage with a broad range of stakeholders."

improve product compliance outcomes.

The outcomes of the project should contribute to enhancing the MRA and to improving product compliance outcomes globally. We look forward to gaining closer working ties with CNAS as one of the key outcomes of this activity.

During the reporting year NATA has negotiated or renewed a number of key agreements with both the Commonwealth and several state governments. In addition a revised MoU was signed with JAS-ANZ in June 2014 and a new MoU with Sydney Water was signed in May 2014. NATA was also granted approval as an accreditor for the National Safety and Quality Health Service Standards which will enable NATA to conduct aligned assessments for our Medical Testing, Medical Imaging and Sleep Disorder Service members.

We are now preparing for the evaluation of our signatory status by APLAC in March 2015. As well as covering NATA's ISO/IEC 17025 based fields, Inspection and Reference Materials Producers, for the first time our evaluation will include Medical Testing and Proficiency Testing Scheme Providers.

The NATA Board has undergone a number of changes. We farewelled Ms Deborah Anton and Mr. Ken Pettifer and welcomed Mr Paul Trotman from the Commonwealth Department of Industry and Mr David Gray who has represented the Australian Chamber of Commerce and Industry (ACCI) on NATA Council since 1998.

On behalf of the Board of NATA I again wish to thank my fellow Technical Assessors and Committee members who donate their time and voluntarily share their knowledge and experience to make possible the exceptional standard of accreditation delivered by the Association.

I was very pleased to see that during the 2013-14 year there were 17 face-to-face Assessor Development Programs held and attended by 150 Technical Assessors. There is now a total pool of 3430 Assessors that will greatly help us to meet our accreditation responsibilities in the coming year.

In closing, I thank all of my colleagues on the NATA Board for their commitment, dedication and wise counsel in what has been another eventful and successful year for the organisation.

Alastair Ross AM
NATA Chair

CHIEF EXECUTIVE OFFICER'S OVERVIEW

Jennifer Evans

"The Directors have recognised the need to continue our investment in technology that supports the accreditation process."

The 2013-2014 year sees NATA continue to evolve and develop through our extensive on-going program of business process improvement initiatives.

The Board of Directors has emphasised the need for a significant investment in a comprehensive stakeholder engagement strategy to facilitate growth in accreditation services in existing and new programs, to identify other compatible business opportunities and to receive feedback on our services and potential improvements. During the past year we have engaged extensively with members and other stakeholders to ensure we understand their needs and can support their activities.

The Directors have recognised the need to continue our investment in technology that supports the accreditation process. They are also determined to ensure that the aptitudes and knowledge base of our staff members remain at the forefront of the industry, which can only be done through investing in training and skills development.

At the same time however, our focus has remained fixed on improving policies and procedures, identifying and eliminating redundant, obsolete and duplicate processes and laying the foundations for further improvements.

I am very pleased to report that our end-of-year financial and operational performance has again been extremely pleasing. Our overall profit of $268,689 was slightly greater than anticipated as the result of the success of our plan to reduce operating costs.

This enabled us to limit the membership fee increase for the 2014-2015 year to a very reasonable figure of 2.9%, the same as in 2013-2014, and below the composite index of CPI and Average Weekly Ordinary Times Earnings (AWOTE).

Our operational performance was again pleasing. On 1 July 2013, the timeframes for a number of the Service Standards in the Charter of Service were further reduced to meet members' expectations and still we managed to achieve 92% compliance against a target of ≥90%. It is worth noting that the Service Standard for issuing the confirmed report post an assessment or surveillance visit has been reduced from six weeks in June 2012 to two weeks from 1 July 2013.

We also managed to achieve our target of ≤2% with respect to overdue surveillance with our end of year position at 1.7%.

This is an excellent result and I am extremely grateful to NATA's staff for their hard work. We will continue to improve internal efficiencies which for members will limit increases in fees and charges and improve the quality and timeliness of our delivery of accreditation services.

A key project, the implementation of a new Accreditation Information Management System (AIMS), has now progressed to the development phase.

Early in 2014 NATA engaged Armature, a US-based company with experience in developing and implementing accreditation information management systems to develop AIMS, which will ultimately replace a number of current systems, e.g. Technical Assessor and facility databases, and enable us to implement a number of process improvements including electronic scheduling of accreditation activities, improvements to our client management capabilities and to record and publish Scopes of Accreditation

(SoAs) in the new tabular format.

This is a two year project requiring a considerable investment of financial and human resources. It is however an exciting project that will deliver long term benefits to the organisation.

A related project is the establishment of a new tabular format for scopes of accreditation. In March we began the process of progressively collecting the necessary information to populate a tabular scope for each facility.

The new standardised format will provide a more consistent presentation of scopes but will also enable more flexibility in the expression of scopes to meet the needs of individual facilities and their clients and stakeholders. The format will also enable combined scopes to be developed for facilities with accreditations in multiple fields and/or programs and importantly the new format will provide better searching capability on the NATA website.

This is a medium to long–term undertaking and requires major changes to our IT system which will be delivered by the abovementioned AIMS project. Your on-going assistance in supplying the requested information is appreciated.

Another key project in this past year has been the revision of our training procedures for new client coordinators. In order to achieve our objective of delivering accreditation in a more uniform and consistent manner, the training of client coordinators must be a key input. Toward the end of June we appointed a small group of experienced client coordinators as Training Coordinators whose responsibility will be to supervise and participate in the training of new client coordinators, those returning from extended leave and those multiskilling in additional technical disciplines. All client coordinators have a role in the training of new colleagues, particularly in relation to the on-site activities, and we have run a series of coaching workshops to assist with those responsibilities.

Following a major review of NATA's Constitution, Regulations and Schedules (NATA Rules), we finalised the first phase of the review which focussed on bringing the Constitution up to date with a number of changes made to NATA's organisational structure and accreditation processes since the last major review in 2004. These changes were endorsed by the Members at the 2013 Annual General Meeting.

Member consultation about the second tranche of proposed changes commenced in early 2014. It is proposed that a further draft Constitution will be put to a vote of the membership at the 2014 AGM.

This year has seen NATA re-sign our Memorandum of Understanding (MoU) with the State of Tasmania and extend our MoU with the Commonwealth Department of Agriculture to include laboratories conducting veterinary testing of animal products. In February 2014 NATA signed a new MoU with Sydney Water for the accreditation of laboratories and inspection bodies seeking to become listed providers of Field Testing Services.

NATA also re-signed its Deeds of Agreement with APLAC for the provision of the APLAC secretariat and the APLAC website for a further five years and in March, we re-signed our MoU with the South African National Accreditation Service (SANAS).

From the start of 2014 we began preparations in earnest for our MRA evaluation to be conducted by APLAC, on behalf of both ILAC and APLAC, in March 2015. NATA is evaluated every four years by our international peers in a process very similar to a reassessment.

The evaluation will cover all of NATA's ISO/IEC 17025 based fields, Inspection and RMP. NATA has applied for an extension to our recognition under the MRA to include our Medical Testing and Proficiency Testing Scheme Providers programs.

It is pleasing to announce that NATA has been granted approval as an accreditor for the National Safety and Quality Health Service Standards (NSQHS). We have offered assessments to our accredited pathology laboratories, medical imaging practices and sleep disorder services to complement their existing accreditation from July 2014.

The major advantages for our members are firstly, a better understanding of the applicability or otherwise of the NSQHS to the pathology, imaging and sleep disorder services and, secondly, a potential reduction in the number of accreditation visits.

Finally, on 9 June 2014 we celebrated World Accreditation Day, the annual event that puts accreditation into the spotlight and raises the public's awareness of its global importance.

This year's theme was 'Delivering confidence in the provision of energy', and highlights the crucial link between accreditation and having the reliable energy sources we too often take for granted. This theme has been adapted for the 2014 NATA Annual Report which you are now reading.

On behalf of the Executive Management Team, I would like to thank NATA's staff for their on-going support of these and many other initiatives and for maintaining such a high standard in the face of the continuing changes and process improvements. I would also like to thank our Committee members and Technical Assessors for their contributions and their employers and families whose support of NATA's work and success is recognised and appreciated.

Jennifer Evans
Chief Executive Officer

WHO WE ARE

What we do

NATA is a key part of Australia's technical infrastructure that is responsible for setting standards, ensuring conformance, and assessing competence. Our role serves the national and public interest by ensuring that member facilities are competent to provide consistently reliable testing, calibration, measurement and inspection data to government, industry and the wider community.

NATA's expert independent third-party assessments help our customers identify and manage risk, increase community confidence and trust, and facilitate trade.

In short, NATA is the authority that assesses technical competence of our member facilities in carrying out testing, calibration, measurement and inspection. It also provides confidence to the customers of our member facilities that their services and products are reliable and consistent.

The authority in accreditation

Though largely self-funded, NATA has memoranda of understanding with the Australian Government and several state and territory governments.

We are recognised by the Australian Government as the national authority for accrediting test and measurement laboratories and reference material producers, and as a peak body for accrediting inspection bodies and proficiency testing scheme providers.

NATA is also recognised by the Australian Government as the compliance monitoring authority for the OECD Principles of GLP.

The Commonwealth Government uses NATA-accredited facilities wherever possible and encourages state and territory governments and other instrumentalities to do likewise.

Our service

NATA is dedicated to providing a high quality, innovative and flexible service to its members. In so doing we build confidence in both the Association and its stakeholders which include members, their customers and the broader national and international community.

NATA's key role is to enhance the public good by providing assurance that its members are technically competent and reliable.

NATA is committed to maintaining its position as Australia's national accreditation authority by delivering real, tangible value.

What we will be

We are working towards becoming more responsive, innovative and customer-focused. This will allow us to remain competitive in a changing market and a less certain economic environment.

We will be innovative in creating new business approaches to help our customers capitalise on their technical competence.

We will continue to influence and promote policy in relation to technical competence assessment, both within Australia and internationally.

We are also aware of the importance of building on NATA's long track record through continuous quality improvement, such as by providing ongoing high quality staff training.

Our Objectives

We will support our customers with effective and efficient accreditation services that promote their growth. As the national accreditation authority, NATA will be recognised as a contributor to Australia's international trade and interest.

Our public interest role will be understood and supported by the community. We will consult stakeholders on key issues so they are committed to our goals and contribute to our success. We will achieve our public interest goals and meet stakeholders' expectations.

Our business model will be innovative and provide quality services that meet customers' needs at a competitive price. Our practices, systems and technology will adapt to better serve our stakeholders.

Our prudent financial structure will underpin a sound financial foundation that is consistent with NATA's status and meets our future needs. Our staff will be motivated and skilled, committed to high performance and achieving NATA's goals.

Our services

NATA provides a range of services in addition to accreditation. These include training courses in laboratory management, auditing, microbiological quality control, and laboratory management systems.

The Association maintains a public database of accredited facilities, and publishes a range of technical documents covering laboratory practice and evaluation, as well as publishing NATA News, a bi-monthly magazine for members.

NATA is represented in international fora and in the development of international standards related to accreditation. It also promotes its member facilities to domestic and foreign consumers.

What we believe

To be of value to our customers, we must remain competent, impartial, fair, responsive and efficient.

To do this we have a culture that attracts and retains high-calibre staff who care about our customers and about the broader community that relies on the results of our members' technical competence in the conduct of their business.

Our Technical Assessors

NATA's work and reputation relies to a great extent on the thousands of industry experts who generously give their time to participate in technical assessments. To them we offer our thanks and appreciation.

International consulting

NATA provides a range of training and advisory services to overseas clients. These range from conducting individual training courses to playing a key role in the establishment of new accreditation bodies.

Our staff

NATA employs around 200 staff in Sydney (head office), Melbourne, Brisbane, Adelaide and Perth.

NATA people share a commitment to work for the public good. We have a strong belief that we can make a difference through applying our core skills in technical assessment.

Our members

NATA is a not-for-profit, government-endorsed company operating as an association owned by its members. These consist of more than 3,000 facilities in Australia and around 50 in other economies.

We maintain broad stakeholder involvement through our advisory committees and Council, which comprises elected member representatives and nominated representatives from government, industry and professional bodies. The Board of Directors is drawn from the Council.

What is NATA accreditation?

Accreditation is a means of determining, formally recognising and promoting the competence of facilities to perform specific types of testing, measurement, calibration and inspection against the relevant national and international standards.

Key elements of the NATA accreditation process include:

- Ongoing, on-site assessment of staff and facilities;
- Assessment teams consisting of lead assessors (NATA staff members) and Technical Assessors (peers) who have a sound understanding of the tests, measurements, inspections or other activities for which accreditation is sought or held;
- Evaluation of both management systems and technical processes;
- A focus on demonstrated and practical competence;
- A cooperative, constructive approach; and
- A strong foundation for ongoing quality improvement.

NATA provides accreditation for a wide range of facilities in such areas as pathology, diagnostic imaging, environmental analysis, food, water, pharmaceuticals, concrete, asbestos, toxicology, electrical equipment, IT, biotechnology, metallurgy, plastics, and many more.

We currently offer accreditation in a number of programs:

- Laboratory Accreditation
- Inspection Body Accreditation
- Reference Material Producers Accreditation
- Proficiency Testing Scheme Providers Accreditation
- Medical Testing Accreditation
- Research & Development Accreditation
- Medical Imaging Practice Accreditation
- Sleep Disorders Services Accreditation

Our Laboratory Accreditation Program is divided into the following fields: Biological Testing, Calibration, Chemical Testing, Construction Materials Testing, Forensic Science, Information and Communications Technology Testing, Mechanical Testing, Performance and Approvals Testing, Non-Destructive Testing, and Veterinary Testing.

STATEMENT OF CORPORATE INTENT

NATA's Mission and Values

OUR MISSION

to deliver best practice and cost effective accreditation services and complementary activities in the national and public interest.

NATA accreditation is the assurance of competence and a foundation for confidence that provides benefits to and enhances the health, well-being and safety of Australia and Australians by:

IDENTIFYING competent providers of testing, measurement, inspection and related activities

PROVIDING an assurance of the quality of these activities to those who engage the services of competent providers and to the community generally

ENABLING the acceptance internationally of the results of these activities thereby facilitating trade and the exchange of technical data

We will achieve this by embracing these values:

ACCOUNTABLE We support each other, we are honest and we take ownership

INNOVATIVE We grow our business through innovation and creativity

COMMUNICATIVE We listen, we understand and respond with respect

CUSTOMER-CENTRIC We deliver what customers want and need with integrity

STRATEGIC DIRECTIONS 2013 - 2015

Introduction

The National Association of Testing Authorities, Australia (NATA) is an independent, not-for-profit company limited by guarantee. NATA operates as an association owned by its members, who are entities accredited by NATA.

NATA's primary role is the accreditation of laboratories, calibration services, inspection bodies, producers of certified reference materials and providers of proficiency testing schemes throughout Australia.

The Commonwealth Government recognises NATA as Australia's national authority for these accreditation services. NATA is also recognised by the Commonwealth Government as Australia's compliance monitoring authority for facilities undertaking non-clinical health and environmental safety studies in accordance with the OECD Principles of Good Laboratory Practice.

Beyond Australia, accreditation by NATA provides a globally-recognised foundation for confidence in Australia's calibration, testing, and inspection activities.

This Statement of Corporate Intent sets out the strategic directions and key goals of NATA and has been prepared and published for the information of all stakeholders.

NATA's Board and governance structure

NATA, as a not for profit organisation, follows its principal objectives of delivering efficient accreditation services and promoting accreditation under an effective governance structure.

The NATA Board is comprised of non-executive directors including the Chair and Vice Chair, all of whom serve as volunteers and do not receive any remuneration. The Board has an Audit and Risk Committee to address strategic risk and compliance issues.

The Chief Executive Officer is responsible for the operation of the organisation under delegated authorities from the Board. The CEO is assisted by the Executive Management Team.

The NATA Council acts as an advisory body to the Board.

At a more targeted advisory level NATA has established Accreditation Advisory Committees for each major area of accreditation that are chaired by and comprised of member representatives to advise NATA on accreditation policy and practices.

1. Stakeholder engagement

Stakeholders in NATA's accreditation activities reflect the diverse range of groups that have an interest in accreditation. These include governments, professional and industrial businesses, educational institutions, professional and technical societies, and the general public.

Stakeholders are a major strength of many organisations and of NATA in particular.

Foremost in our planning is to ensure we engage stakeholders in relevant issues so that we can move forward with joint commitment to reaching agreed goals. To facilitate this:

- *Stakeholder engagement strategies have been further developed and pursued.*

A major focus will always be on the various needs and contexts of our 3,000+ members. Their activities accredited by NATA are diversely spread across the technical spectrum of professional and industrial businesses.

Accreditation of those activities provides independent assurance of the technical competence of the facilities, thereby increasing community confidence and trust in the services provided. This in turn facilitates trade, helps mitigate risk, and can improve the tendering success of not only the accredited service but also the businesses who use the services of accredited facilities.

Engagement with NATA's existing members will be emphasised in the overall engagement strategy:

- *We will listen to their changing needs and ensure that member organisations continue to be well-supported with effective and efficient accreditation services that meet current and future needs; and*

- *We will develop and maintain an improved database on current and future needs of members and their customers, and corresponding industry trends.*

The success of our engagement activities will be determined by external stakeholders, not by us:

- *We will seek feedback from stakeholders on NATA's roles and performance during normal interaction and regular contacts to obtain stakeholders' assessments of NATA's performance and its fit with current and future needs.*

2. Business model and innovation

Our current business model has well supported our accreditation, assessment, training and advisory services. This is in large part due to quality management and continuous process improvements being NATA's core values.

NATA is committed to constant review of its business model and assessment processes to keep abreast of industry and technological developments and to identify and develop ways to improve the benefits of NATA's services for customers and consumers of customer products and services.

This has particular relevance in the current era of rapid change given:

- the constant product and technological developments within our customers' industries and in communication and other relevant fields; and
- increasing price competition across all sectors and industries.

Process improvement developments are underway within NATA including a model for delivering accreditation services which will eliminate duplication of effort by the customer and NATA in the many instances where individual customers receive multiple accreditations and/or assessments.

We will continue to review our business model to ensure the best fit with NATA's and our customers' needs and that it provides quality services at competitive prices. This will include:

- *maintaining continuous process improvement initiatives;*
- *completing implementation of Integrated Accreditation; and*
- *regularly reviewing costs and service value.*

We will introduce innovative business processes to deliver services that meet customers' needs by:

- *encouraging and supporting innovation at the workplace;*
- *enhancing customer services needs analysis; and*
- *improving the ease of doing business with NATA.*

At the more detailed level we will ensure that our business policy, practices, procedures, systems, and technology are responsive and adaptable to customers changing needs. To do this we will:

- *implement the Accreditation Information Management System (AIMS);*
- *deploy technology to improve our interface with customers and internal processing efficiency; and*
- *develop and implement an alternative surveillance model.*

3. Growth

Although economic growth has slowed nationally and internationally, the pace of industrial and technological change has increased. The implications for NATA are that accreditation and related services require periodic review to ensure they remain relevant to and supportive of the needs of our customers, industry, and the economy.

Sustainable growth is important as it provides opportunities for innovations and fosters creative thinking.

We will harness these opportunities to expand accreditation and assessment services to existing and emerging industries, wherever innovation has led to new areas of highly skilled complex technical processes. These latter areas can pose substantial risks unless effective quality management processes are in place and are periodically subjected to independent review.

Consequently, we must have in place accreditation programs and related services that meet industry's current and expected needs and support customer growth. These will include:

STRATEGIC DIRECTIONS 2013 - 2015 (CONTINUED)

- *increased accreditation services to existing customers;*
- *developing new programs for existing and potential customers; and*
- *engaging business technical specifiers in development of accreditation programs.*

We must ensure that NATA has the capability and capacity to achieve our public interest goals, and to meet our existing and future stakeholders' requirements. This means:

- *further investment in staff skills, systems, technology and processes;*
- *consulting with stakeholders to gauge their changing needs; and*
- *developing and implementing an effective industry intelligence database.*

4. Professional leadership

NATA is committed to promoting accreditation as a public good and to be at the forefront of developments in accreditation, both in Australia and internationally. The benefits of accreditation for public good are not confined to the benefits for consumers in Australia but also contribute to Australia's international trade and interests.

NATA is already the national authority and peak body for laboratory accreditation in Australia. We advise government and business on ways in which formal compliance and accreditation systems can be established to mitigate against risk and achieve public policy outcomes. We have extensive experience in assisting overseas countries wishing to set up and to develop a national accreditation service.

As the peak body for laboratory accreditation in Australia, NATA has a responsibility to ensure that Australia's views on accreditation are represented in the international arena. This is an ongoing function on a variety of international fronts. NATA is a signatory to the International Laboratory Accreditation Cooperation (ILAC) and the Asia Pacific Laboratory Accreditation Cooperation (APLAC).

Mutual Recognition Arrangements (MRAs) which are the global framework and structure that apply for international recognition of test and inspection reports and other scientific and technical data.

Continued effectiveness in raising awareness and related 'public good' activities requires that NATA maintains its high public profile and leadership role in Australia and internationally.

Strategically it is critical that:

- *NATA's role and influence in the international accreditation community is recognised as contributing to Australia's international trade and interest; and*
- *NATA's role as the national authority on accreditation and its contribution to public interest are understood and supported by the community.*

We aim to:

- *maintain and enhance our profile and influence;*
- *continue our support of trade via the mutual recognition arrangement;*
- *maintain and enhance our domestic profile in conformance infrastructure; and*
- *support and contribute to public interest initiatives.*

5. Staff

NATA employs highly specialised staff across a wide range of disciplines many of whom undertake and administer the ongoing technical assessment (accreditation) of applicant and accredited organisations. In total we employ around 200 people, based in offices in Sydney, Adelaide, Melbourne, Brisbane and Perth.

To be of value to our customers, NATA must remain competent, impartial, fair, responsive and efficient. To do this NATA has developed a culture that attracts, develops, and retains high performing staff who believe in accreditation as a public good and who care about the customer as well as the broader community that relies on the customer's technical competence. Our staff are energetic, committed, highly skilled and have consistently demonstrated a 'can-do' attitude and a commitment to excellence.

We must ensure continuation and where possible enhancement of the culture of excellence.

- *We will maintain and improve our staff recruitment, development and retention strategy.*

Our corporate culture and shared values will be conducive to high performance and achievement by staff.

- *We will recognise staff contribution, celebrate success, and reward achievement.*

6. Finance

As a not-for-profit company limited by guarantee, NATA does not have access to shareholders for additional capital and therefore must develop and maintain a low risk financial structure and risk based investment framework to provide financial security and stability. Our finance and investment strategy is framed to support our core activities in accreditation and related services to our stakeholders.

We must secure and maintain a sound financial foundation for NATA's future by:

- *delivering an annual operating surplus to provide a stable funding source;*
- *managing investment to achieve our financial returns target; and*
- *achieving a prudent ratio in our net asset backing and liquidity targets.*

Key requirements in any organisation are to ensure that risks are identified, reduced, addressed, and monitored and that there is continuous compliance with all regulatory and legislative requirements.

The NATA Board is assisted in this area by advice from its Audit and Risk Committee whose roles include:

- enhancement of the risk management strategy and internal control framework;
- improving the objectivity, accuracy, and reliability of externally published financial information; and
- assisting the NATA Board in compliance with all legislative and other obligations.

We will ensure a prudent financial structure consistent with NATA's status and stakeholders' expectations by:

- *maintaining robust internal controls and having a risk management policy and procedures that ensure compliance with relevant regulatory and legislative requirements.*

PERFORMANCE
2013 - 14

"Accreditation is the key to confidence in our energy providers. Only through independent external accreditation can we be assured that the infrastructure supporting product quality and on-going reliability has been professionally assessed against relevant industry standards. It is the stamp of achievement, confirming best practices have been met or exceeded. An accredited energy provider is a professional energy provider."

Tim Woodcock
Senior Forensic Recording Analyst
Electronic Recording Section
Queensland Police Service

NATA's role is to:

- Provide, in the national interest, accreditation and supporting services which meet the needs of stakeholders and facilitate the domestic and international recognition and acceptance of our members' products and services;
- Be the national authority for the accreditation of testing and calibration laboratories and reference materials producers, a peak authority for the accreditation of inspection bodies and proficiency scheme providers, and the national authority responsible for monitoring compliance with the OECD Principles of Good Laboratory Practice; and
- Promote and contribute to the science and practice of accreditation, testing and inspection, both nationally and internationally.

In providing its services, NATA aims to:

- Treat our members and other stakeholders honestly, fairly and professionally;
- Provide timely access to qualified staff;
- Give timely and accurate advice and information;
- Avoid any potential conflicts of interest of our staff, voluntary Technical Assessors, technical committee members, and others involved in our services;
- Maintain confidentiality (within the provisions of NATA Rules) of any document, information or process entrusted to us;
- Conduct our accreditation and recognition services in compliance with international codes of best practice;
- Provide a range of effective training programs to support our members and Technical Assessors in activities relevant to NATA's role;
- Help our members promote the values and significance of accreditation; and
- Provide a forum for members of NATA to explore issues of interest or special needs.

Charter of Service Outcomes

The Charter of Service describes NATA's aims in servicing the needs of its clients in a timely and effective manner.

In our Accreditation Activities we aim to:

- Conduct an advisory visit within four weeks of receipt of a request for such a visit;
- Provide a formal report of our findings from an on-site advisory visit within two weeks of the visit. (For Medical Testing laboratories Medicare Australia requires NATA to provide a special report within one week);
- Conduct an assessment of an applicant's facility within eight weeks of receipt of an application form and appropriate supporting documentation;
- Provide an initial report, or oral briefing, of our findings at the conclusion of each on-site assessment, re-assessment or variation (including signatory interview) visit;
- Provide a final report of our findings for each on-site assessment, reassessment, or variation (including signatory interview) visit within four weeks of the visit;
- Conduct a desk-top variation within two weeks of receipt of a written request and appropriate supporting documentation;
- Conduct a variation (including signatory interview) visit within four weeks of receipt of a written request and appropriate supporting documentation;
- Review and report on submissions received from applicants following assessments and members following re-assessments or variation (including signatory interview) visits within four weeks of receipt of the information;
- Confirm the granting of accreditation of an applicant facility within four weeks of confirmation of appropriate remedial action; and
- Confirm a member's accreditation status within two weeks of confirmation of remedial action. When requested, for special commercial or other needs of a member, best endeavours will be made to confirm the accreditation status as soon as possible.

SERVICE STANDARD 1
Conduct an advisory visit within specified time frame.

93%

Number of Projects 119
Total Processes 119

SERVICE STANDARD 2
Formal report provided to customer within specified time frame after on-site advisory visit.

87%

Number of Projects 119
Total Processes 119

SERVICE STANDARD 3
Assessment conducted within specified time frame from receipt of application and appropriate supporting documentation.

86%

Number of Projects 223
Total Processes 223

SERVICE STANDARD 4
Initial report or oral briefing provided at conclusion of on-line visit.

99%

Number of Projects 2,244
Total Processes 2,253

SERVICE STANDARD 5
Final report provided for on-site assessment(s), reassessment(s), variations (including signatory interviews) within specified timeframe.

86%

Number of Projects 2,273
Total Processes 2,281

SERVICE STANDARD 6
Desk-top variation conducted within specified time frame from written request of application and appropriate supporting documentation.

93%

Number of Projects 526
Total Processes 526

SERVICE STANDARD 7

Conduct variations (including signatory interviews) within specified time frame from written request of application and appropriate supporting documentation.

76%

Number of Projects 267
Total Processes 267

SERVICE STANDARD 8

Review and report of submissions following on-site assessment(s), reassessment(s) and variations (including signatory interviews) within specified time frame.

91%

Number of Projects 2,019
Total Processes 3,591

SERVICE STANDARD 9

Confirm granting of accreditation of an applicant facility within specified time frame after confirmation of appropriate remedial action.

73%

Number of Projects 167
Total Processes 167

SERVICE STANDARD 10

Confirm member's accreditation status within specified time frame after confirmation of appropriate remedial action.

93%

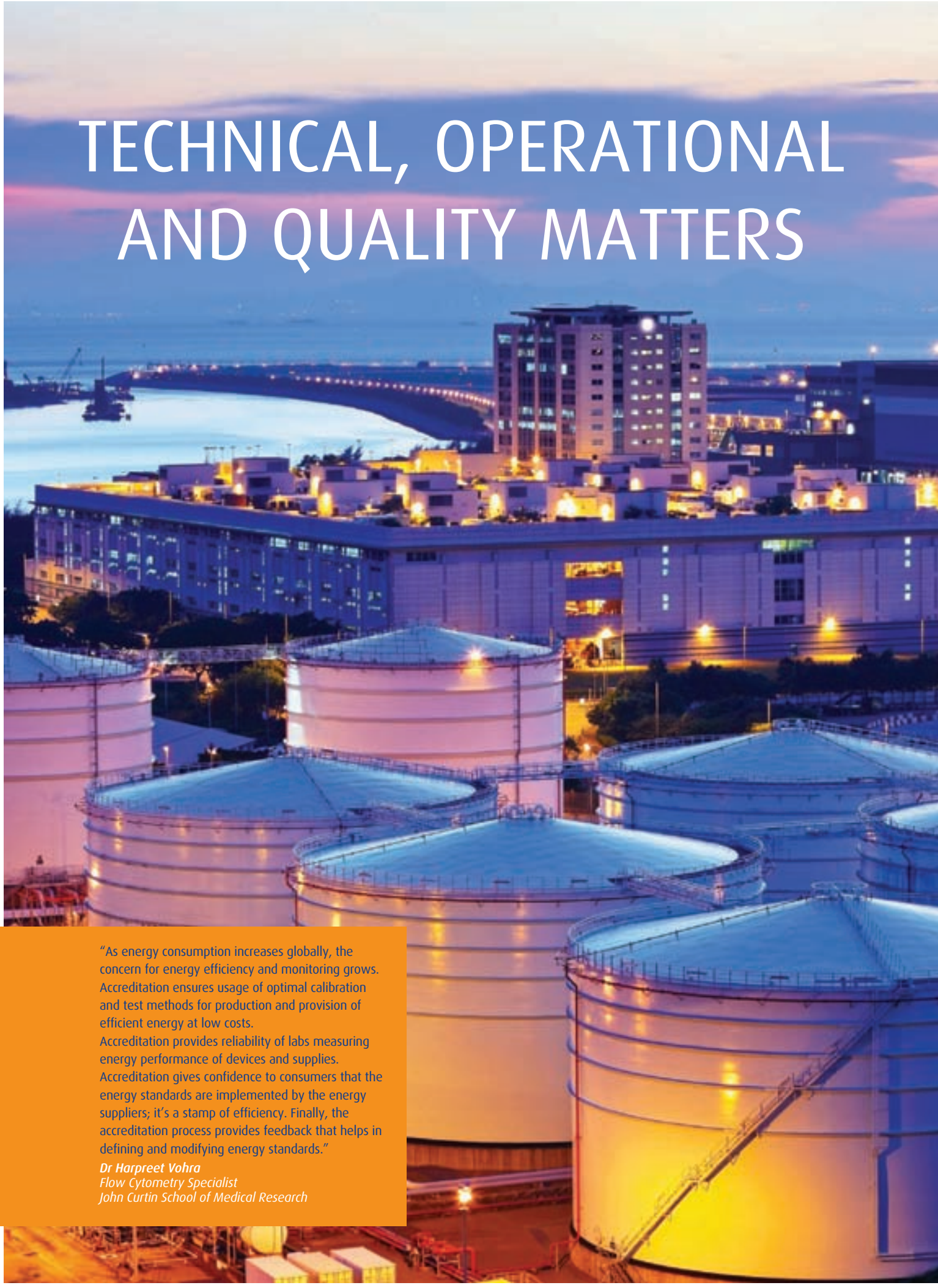
Number of Projects 2,147
Total Processes 2,152

NATA's performance in the 2013-14 year achieved an overall success rate of... 92%

...against a target of no less than as set by the Board of Directors. 90%

OVERALL
92%

TECHNICAL, OPERATIONAL AND QUALITY MATTERS



"As energy consumption increases globally, the concern for energy efficiency and monitoring grows. Accreditation ensures usage of optimal calibration and test methods for production and provision of efficient energy at low costs.
Accreditation provides reliability of labs measuring energy performance of devices and supplies. Accreditation gives confidence to consumers that the energy standards are implemented by the energy suppliers; it's a stamp of efficiency. Finally, the accreditation process provides feedback that helps in defining and modifying energy standards."

Dr Harpreet Vohra
Flow Cytometry Specialist
John Curtin School of Medical Research

ACCREDITATION SERVICES

As can be seen from the bar graphs on the following pages, NATA continues to grow at a moderate rate, both in the number of accredited sites and the number of accredited units. The biggest growth can be attributed to the existing Mechanical Testing / Non-Destructive Testing fields, the Inspection program and our new Sleep Disorder Services program.

OPERATIONS AND TECHNICAL

One of the most significant events starting off the 2013-14 year has been a further reduction in our Charter of Service (CoS) timeframes in response to members' feedback. The changes to the CoS are indicated below:

Service Standard	From 1 July 2013	From 1 July 2012	Prior to 1 July 2012
conduct of initial assessment	8 weeks	12 weeks	15 weeks
conduct variation visit	4 weeks	6 weeks	10 weeks
issue confirmed assessment report	2 weeks	4 weeks	6 weeks

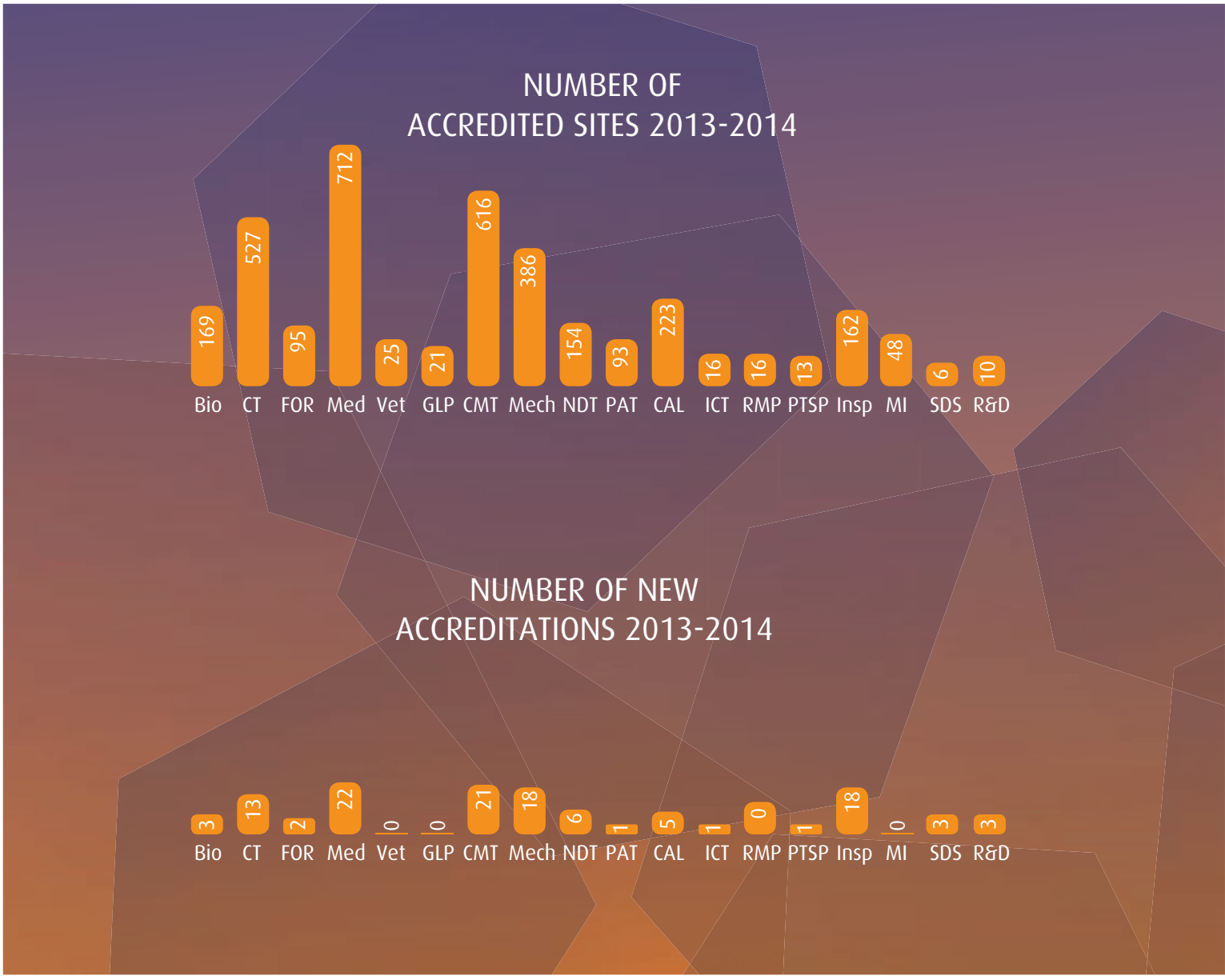
A new process for the review of reports was introduced in October 2013 in order to facilitate NATA meeting the two week timeframe for the issue of confirmed reports on assessment activities. Ways to expedite the report review process whilst still maintaining sufficient technical focus were considered. As a result of this review the administrative review of reports (and other job requirements) was separated from the technical report review process. Additionally all individuals who undertake technical reviews of reports have participated in a newly developed and focused training course on report reviewing.

Another improvement initiative in this financial year was the establishment of an internal working group to consider any necessary refinements to existing processes, tools and training needs to allow NATA staff to better fulfil their client management responsibilities. The working group has presented an initial summary of the key findings and will now work on further articulating and addressing these prior to any review of client management procedures and/or needs.

As reported previously, NATA has developed a new tabular format for presentation of Scopes of Accreditation. In March 2014 the process was started of progressively collecting the necessary information to populate a tabular scope for each of our members. It is anticipated that these will be complete and ready to make publically available at the time of the implementation of the new Accreditation Information Management System (AIMS).

The new scope format will provide a more consistent and detailed presentation of information. Additionally, the new format will enhance search capabilities.

The 18th meeting of the Chairs of Accreditation Advisory Committees (CAAC) was held in Sydney on 31 October 2013. The topic of 'The accreditation of a service in multiple fields/programs' was discussed. The aim was for the AAC Chairs to consider the key issues NATA is facing in delivering its accreditation services consistently when, for example, the same activities may be accredited by different fields, or when members hold accreditation across more than one field and/or program. Arising from the discussions, an internal working group (consisting of Sector Managers, Deputy Sector Managers and Program Advisors) has been established to identify the overlaps in assessment activities, expression of the Scope of Accreditation, assessment approaches, accreditation criteria and ultimately the technical inputs required (to support NATA's activities).



In April 2014, NATA received approval from the Australian Commission on Safety and Quality in Healthcare (ACSQHC) to provide assessments to the National Safety and Quality Health Service (NSQHS) Standards under the Australian Health Services Safety and Quality Accreditation (AHSSQA) Scheme. From July 2014, NATA offered accreditation to the NSQHS Standards to pathology laboratories and their associated collection services, medical and diagnostic imaging services, and sleep disorders services. This activity is voluntary and offered to complement the services' existing NATA accreditation.

NATA is a signatory to the International Laboratory Accreditation Cooperation (ILAC) and Asia Pacific Laboratory Accreditation Cooperation (APLAC) mutual recognition arrangements (MRAs). Our signatory status is subject to rigorous evaluation every four years by APLAC (the recognised ILAC regional cooperation body in the Asia Pacific region) and includes international peers in a process very similar to a reassessment. 2014 has seen preparations commence in earnest for our MRA evaluation scheduled for March 2015. The evaluation will cover all of NATA's ISO/IEC 17025 based fields, Inspection (ISO/IEC 17020), Reference Materials Producers (ISO Guide 34) and for the first time Medical Testing (ISO 15189) and Proficiency Testing Scheme Providers (ISO/IEC 17043).

NATA has commenced assessing inspection services against ISO/IEC 17020:2012 from 1 July 2013. An ILAC resolution specifies that all signatories to the MRA will need to have converted all of their accredited inspection bodies to the 2012 version of the standard by March 2015.

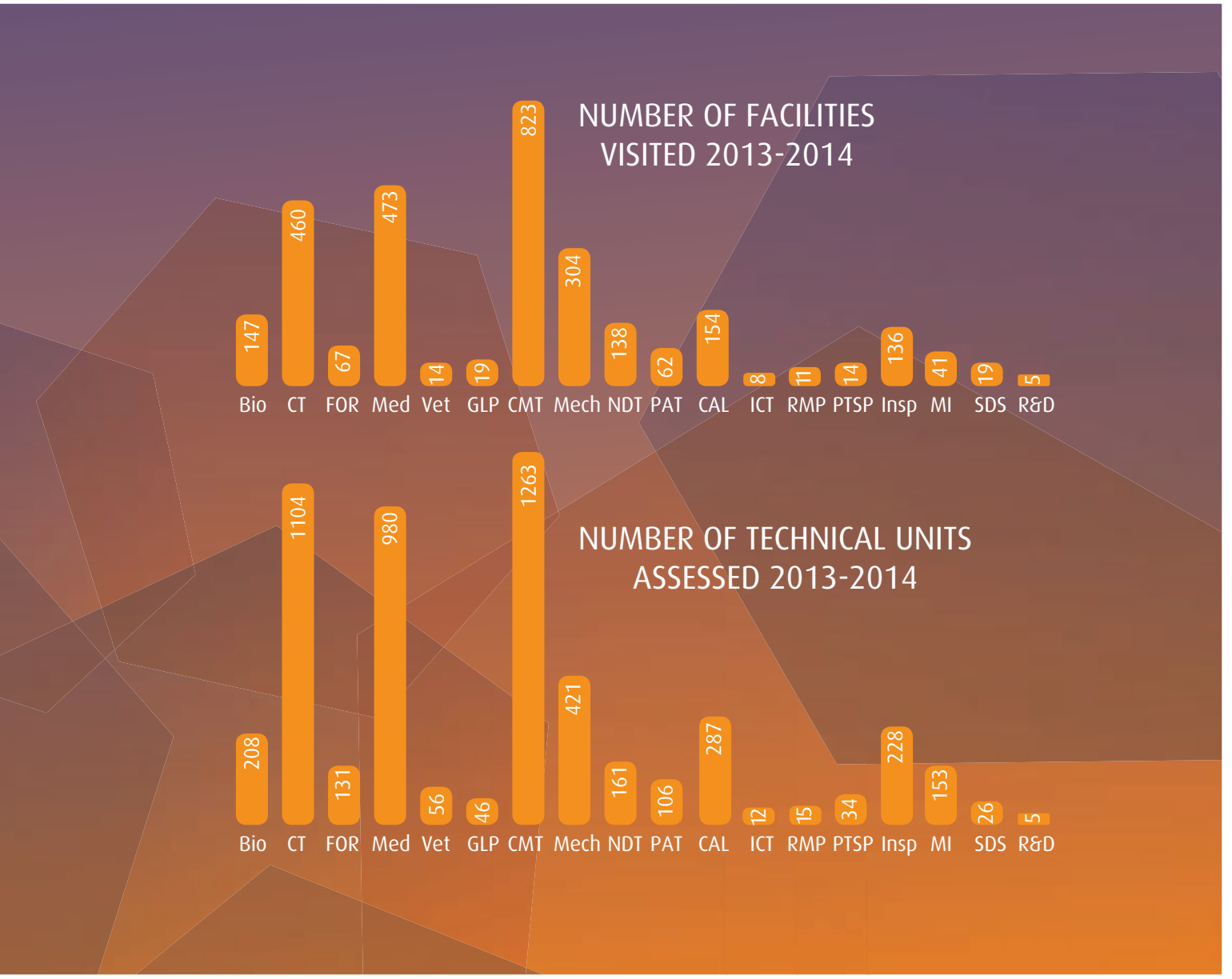
NATA has also commenced assessing medical testing laboratories against ISO 15189:2012 from 1 July 2013. An ILAC resolution specifies that all signatories to the MRA will need to have converted all of their accredited medical testing laboratories to the 2012 version of the standard by March 2016. Even though NATA is not a signatory for medical testing, it will comply with this resolution as a result of its application to APLAC to extend its MRA status to include ISO 15189.

From 1 July 2013, NATA also introduced a four year assessment cycle for its medical testing program. The cycle includes on-site assessment occurring once every two years, alternating between reassessments and surveillance visits. In the years where no activities are conducted, an "on-line" surveillance activity has been introduced since 1 July 2014. The new four year cycle complies with NATA's MRA obligations.

As noted in previous years, NATA continues to benefit from the valuable input of its technical committees and volunteer Technical Assessor resource. Our success in maintaining our signatory status and thus international recognition is due, in no small part, to the contributions made by this technical community. NATA therefore extends its thanks to its technical committee members and assessors, and their organisations for the ongoing support to NATA and Australia's national accreditation and conformance infrastructure.

Training Coordinators

NATA has developed a new role of Training Coordinator. This role coordinates (including



plan, monitor and participate as required) training activities for Accreditation staff, including new staff, staff returning from extended leave and cross trainees. The role is a shared role with the Client Coordinator/Senior Client Coordinator role. Training Coordinators continue to participate in the day to day activities of a client coordinator to better enable them to deliver the required training.

LEARNING & DEVELOPMENT (L&D)

Technical staff

In the period 2013 / 2014 the technical staff training has been conducted under the guidance of the NATA Staff Training and Development plan that was published in 2014. This plan provides guidance on the training requirements at each level of a staff member's technical development. So in this financial year internal training of the technical staff took on a more routine nature.

Courses such as: Nonconformance Writing and Reporting workshop, Report Reviewer workshop, Coaching workshop and Calibration and Measurement Traceability presentations were run regularly to ensure that all staff receive the same training

The Coaching workshop was a new course aimed at the training of our staff who work with the on-site development of trainees. 83 nominated Coaches attended. The course was developed and run by Diane Hobday and Matthew Watton, who are NATA operational staff. This workshop will also be run regularly.

The Calibration and Measurement Traceability information session is a new information session presented by Paul McMullen, Calibration Sector Manager. All operational staff are expected to attend one of these information sessions.

The Role of the Lead Assessor workshop was run three times in this period and 14 trainee Client Coordinators attended.

A number of videos and recorded presentations were placed on the NATA intranet on topics associated with the operational staff activities including information on In-house IVD regulation, B2B portal and the new Privacy laws.

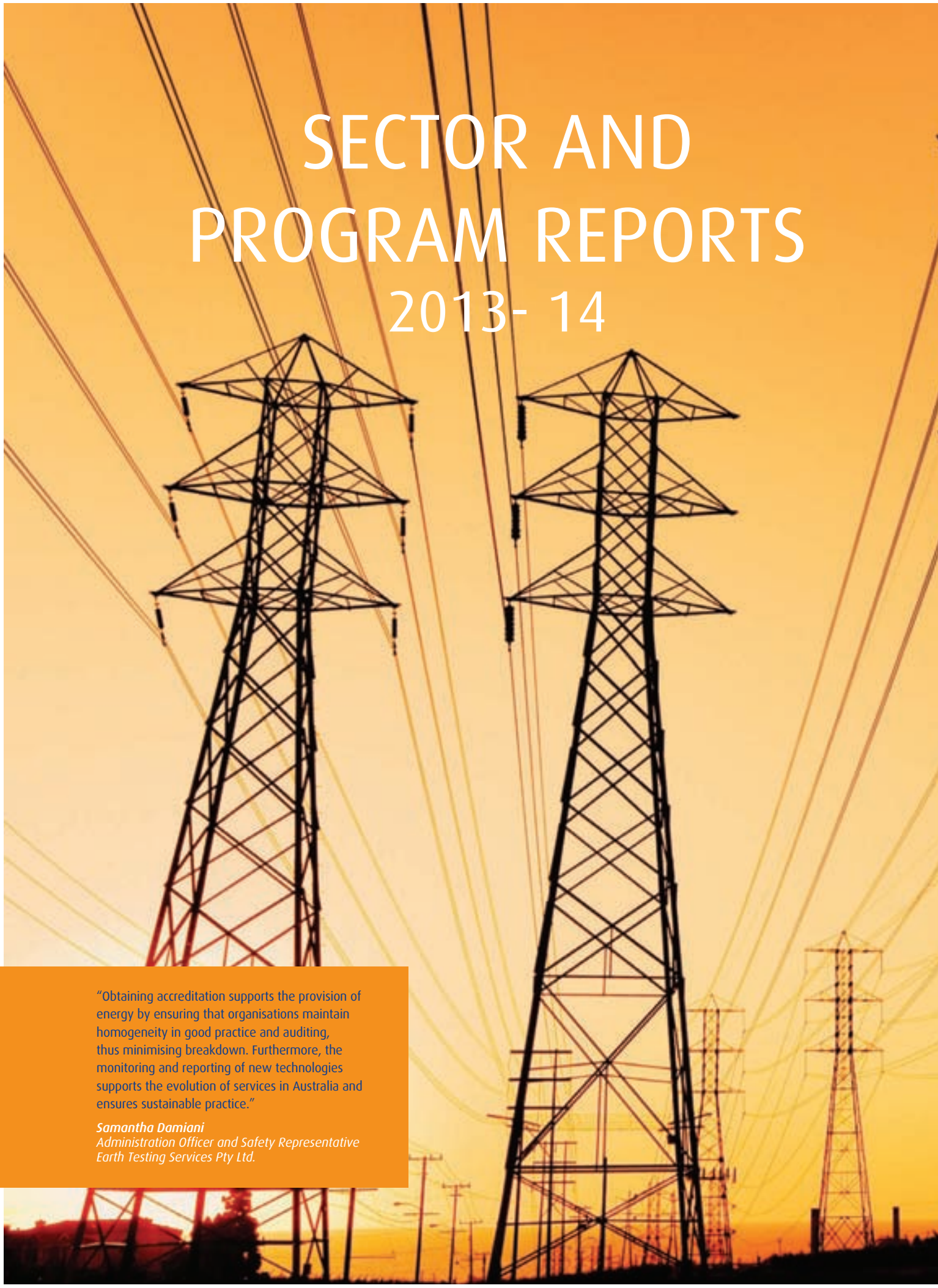
Technical Assessors

Technical Assessors continue to be trained in face to face and on-line courses. In this period 18 face to face Assessor Development Programs (ADP) were run, attended by 192 Technical Assessors. 12 Technical Assessors completed the on-line ADP course. As at May 2014 there were 195 untrained Technical Assessors from a total pool of 3430. There are currently 121 Technical Assessors based overseas and 21 of them are yet to be trained.

The face to face ADP has been reviewed and updated. The on-line ADP is currently going through the same process.

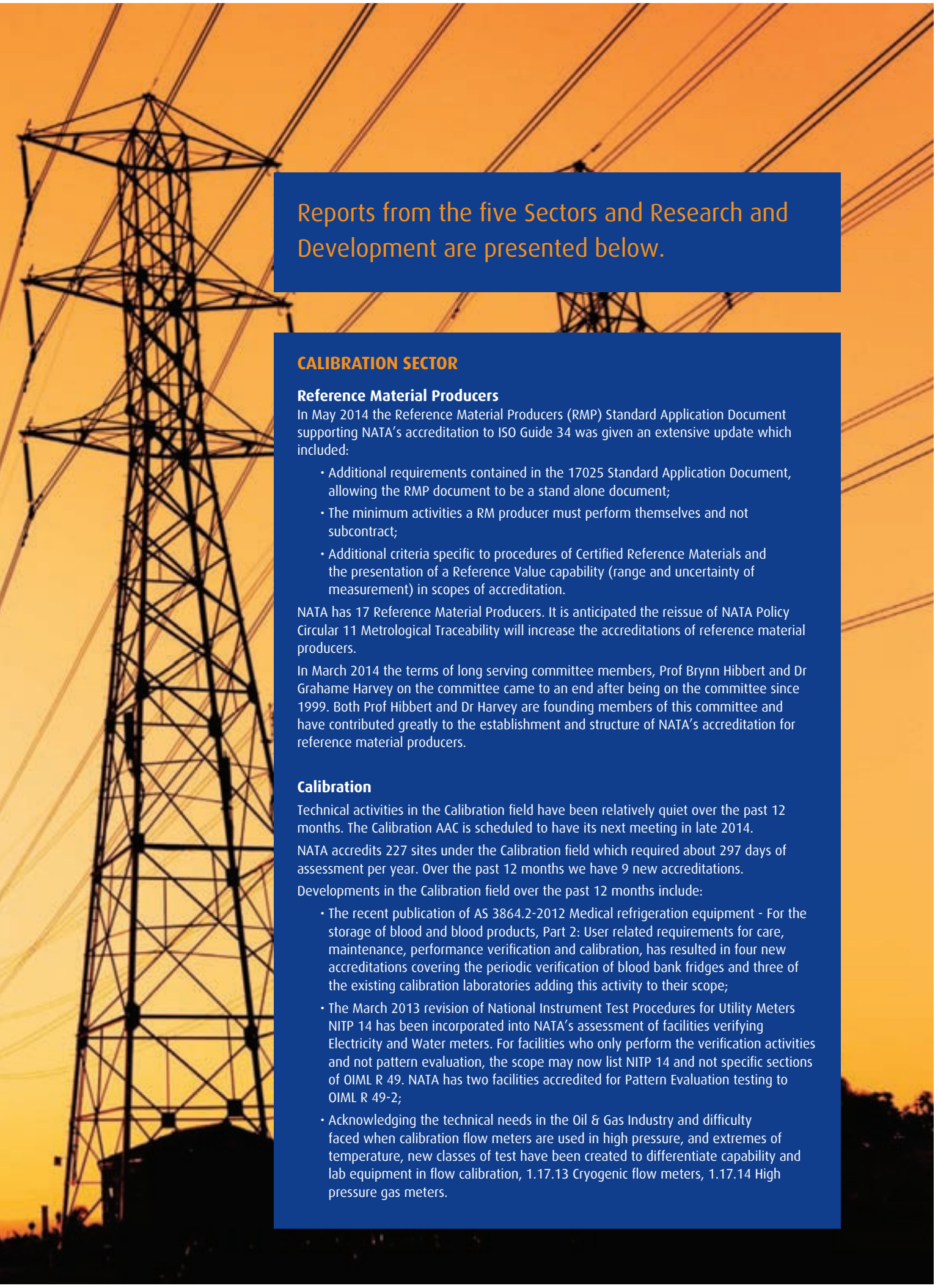
The Construction Materials Testing section is developing a webinar to be presented in the first quarter of the 2014/2015 period. The use of webinars, or podcasts is being considered for the on-line training of Technical Assessors.

SECTOR AND PROGRAM REPORTS 2013- 14



"Obtaining accreditation supports the provision of energy by ensuring that organisations maintain homogeneity in good practice and auditing, thus minimising breakdown. Furthermore, the monitoring and reporting of new technologies supports the evolution of services in Australia and ensures sustainable practice."

Samantha Damiani
Administration Officer and Safety Representative
Earth Testing Services Pty Ltd.



Reports from the five Sectors and Research and Development are presented below.

CALIBRATION SECTOR

Reference Material Producers

In May 2014 the Reference Material Producers (RMP) Standard Application Document supporting NATA's accreditation to ISO Guide 34 was given an extensive update which included:

- Additional requirements contained in the 17025 Standard Application Document, allowing the RMP document to be a stand alone document;
- The minimum activities a RM producer must perform themselves and not subcontract;
- Additional criteria specific to procedures of Certified Reference Materials and the presentation of a Reference Value capability (range and uncertainty of measurement) in scopes of accreditation.

NATA has 17 Reference Material Producers. It is anticipated the reissue of NATA Policy Circular 11 Metrological Traceability will increase the accreditations of reference material producers.

In March 2014 the terms of long serving committee members, Prof Brynn Hibbert and Dr Grahame Harvey on the committee came to an end after being on the committee since 1999. Both Prof Hibbert and Dr Harvey are founding members of this committee and have contributed greatly to the establishment and structure of NATA's accreditation for reference material producers.

Calibration

Technical activities in the Calibration field have been relatively quiet over the past 12 months. The Calibration AAC is scheduled to have its next meeting in late 2014.

NATA accredits 227 sites under the Calibration field which required about 297 days of assessment per year. Over the past 12 months we have 9 new accreditations.

Developments in the Calibration field over the past 12 months include:

- The recent publication of AS 3864.2-2012 Medical refrigeration equipment - For the storage of blood and blood products, Part 2: User related requirements for care, maintenance, performance verification and calibration, has resulted in four new accreditations covering the periodic verification of blood bank fridges and three of the existing calibration laboratories adding this activity to their scope;
- The March 2013 revision of National Instrument Test Procedures for Utility Meters NITP 14 has been incorporated into NATA's assessment of facilities verifying Electricity and Water meters. For facilities who only perform the verification activities and not pattern evaluation, the scope may now list NITP 14 and not specific sections of OIML R 49. NATA has two facilities accredited for Pattern Evaluation testing to OIML R 49-2;
- Acknowledging the technical needs in the Oil & Gas Industry and difficulty faced when calibration flow meters are used in high pressure, and extremes of temperature, new classes of test have been created to differentiate capability and lab equipment in flow calibration, 1.17.13 Cryogenic flow meters, 1.17.14 High pressure gas meters.

SECTOR AND PROGRAM REPORTS
(CONTINUED)

Proficiency Testing Scheme Providers

In March of this year NATA reassigned the technical management of its ISO/IEC 17043 accreditations to the Calibration Sector in recognition that the services provided by the proficiency testing facilities support all areas of test, inspection and calibration to which NATA accredits.

At NATA's upcoming APLAC evaluation in March 2015, NATA has applied to APLAC to include the PTSP accreditation under the MRA. As such much technical development work is currently underway in the PTSP program including:

- Formal recognition of the technical experts in ISO/IEC 17043
- Publication of a procedure covering Scopes of Accreditation for PT service providers
- Revision of the NATA's Standard Application Document supporting the accreditation to ISO/IEC 17043

NATA has acknowledged that where evidence of metrological traceability is difficult to demonstrate, Proficiency Testing (PT) is one path to assure the quality of the testing. However, PT is not a substitute for metrological traceability nor should participation in PT be assessed as an alternative to demonstrating metrological traceability.

Information and Communications Technology Testing

Between November 2013 and March 2014 the terms of long serving committee members, Stephen Wilson, Nick Ellsmore and Committee Chair Kelvin Ross came to an end. After being on the committee from the first meeting Dr Ross felt it was time to invite new members to the committee to generate new areas of interest for the field to expand into. Both Dr Ross and Mr Wilson are founding members of the committee, being fundamental in the development of the field from the beginning and attending the first AAC meeting in 2003. Mr Ellsmore was a committee member for one term.

The ICTT AAC will hold its next meeting in Q3 2014. Key issues to be discussed include:

- Remote testing away from the main office or at customers premises
- Adoption of new ISO/IEC publications for software evaluation
- Internet gaming systems and expressing the evaluation of these system in scopes of accreditation.

The field of Performance and Approvals testing (primarily consumer appliance testing and electrical testing) has been relocated to the Infrastructure Sector at NATA.

NATA workshops on Metrological Traceability and Calibration

During the year, nine workshops on calibration of equipment and metrological traceability were held for all NATA client coordinators. The aim of these workshops is to ensure consistency in approach for all fields and programs within NATA. Topics presented include:

- Calibration: What is it?
- A process of comparison: Metrological Traceability
- What to look for in a Calibration Report
- In-house calibrations
- NATA Policy on measurement traceability
- ILAC Policy on measurement traceability

Technical Note 13 User checks and maintenance of laboratory balances:

NATA's technical note covering user checks and maintenance of laboratory balances has received a major update in response to correspondence from our members expressing concerns with the method for conducting the monthly single point check. The March 2014 revision includes:

- Check masses must now be calibrated.
- Inclusion of all uncertainties (check mass and calibrator's reference measurement) in the monthly check methodology.
- An alternative to the monthly check method provided which includes daily or before use checks.
- Method to calculate minimum mass.
- Verification checks to be conducted when a balance is relocated.

Now that Technical Note 13 has been updated, NATA's criteria for the calibration of weighing devices in the Calibration Application Document will be reviewed.

Policy Circular 11: Policy on Metrological Traceability

With the implementation date of January 2014 for ILAC P10, NATA's own policy on Metrology Traceability has undergone a major revision.

NATA will be adopting all of the requirements and options stated in ILAC

P10. The general consensus within NATA being that the principles in P10 do not change our own requirements. The new publication provides more guidance and boundaries on what is deemed acceptable as evidence of metrology traceability. ILAC P10 also makes public what evidence of traceability accreditation bodies are expected to review during the assessments of our testing facilities, for example when:

- a facility has deemed a piece of test equipment is not 'critical' and does not require calibration;
- using non accredited calibration service providers; and
- using a reference material or 'calibrator' which is not supported by an endorsed report or from a supplier who is not listed for that substance on the BIPM KCDB or JCTLM database.

Internal training of NATA staff as to the impact of these examples was provided during the Calibration workshops.

Stakeholder Engagement

Over the past 12 months, strategic stakeholder engagements have been conducted with the following organisations related to the activities covered by the sector:

- Institute of Instrumentation Control and Automation invited NATA to participate on an industry round table regarding their proposal to implement a training course and registration scheme covering heat treatment processing in the aircraft industry to ASM 2750 (two meetings);
- Metrology Society of Australasia (conference);
- CASA regarding the revision of Advisory Circular 21-35. Requirements for measurement traceability and ILAC MRA infrastructure are better understood in the aviation industry;
- Australian Acoustical Society technical meetings and general meeting;
- Raytheon, the holders of the Defence Calibration contract requested a meeting with NATA to formally notify NATA of their intent to become accredited and clarify the requirements and process of accreditation;
- Department of Justice Victoria regarding their policy on the verification of speed detection devices. The Calibration Field has a number of accreditations covering the on site verification of speed detection installations (speed cameras);
- ARPANSA regarding the calibration of ionising radiation imagine equipment at clinics (to be conducted by ANSTO);
- APLAC Calibration technical committee participation;
- ILAC Calibration technical committee participation;
- The Department of Defence, Defence Signals Directorate general meetings for the Australasian Information Security Evaluation Program which requires NATA accreditation for the software evaluators; and
- The National eHealth Transition Authorities Compliance Conformance and Accreditation Governance Group Meetings (eight meetings) in support of the national development of an ehealth software testing and approvals scheme.

CLINICAL SERVICES SECTOR

NATA/ASA (Australian Sleep Association) Sleep Disorders Services Accreditation Program

The NATA/ASA Sleep Disorders Services program now has six accredited facilities, with a number of other services at varying stages in the process.

The number of enquiries from services that are looking at gaining accreditation under the program continues to grow. Some of these services have been accredited under the ASA accreditation model, others are new to accreditation. NATA is developing some guidance materials to assist with the education of sleep facilities in understanding these new requirements.

The Sleep Disorders Service AAC was formally established in December 2012. All members of the Steering Committee were appointed on the AAC. Meetings of the SDS AAC continue to be held on a three to six monthly basis. The majority of issues discussed relate to the interpretation of the Standard, and in particular, their application in a multi-site service.

RANZCR/NATA Medical Imaging Accreditation Program

The impact of the Mandatory Diagnostic Imaging Accreditation Scheme on the RANZCR/NATA program continues to be the major issue affecting the MI program.

The number of accredited facilities has declined over the last year, with costs and changes in ownership being the influencing factors.

NATA medical imaging program staff are actively recruiting radiologists, radiographers, sonographers and NMTs to consider becoming assessors for the program.

Two new members have recently been appointed to the MI AAC, Dr Matt Brookes and Ms Lynne Ingram.

Diagnostic Imaging Accreditation Scheme

The Diagnostic Imaging Accreditation Scheme (DIAS) is mandatory accreditation that links the payment of Medicare benefits for imaging services to a facility's compliance with the DIAS Practice Accreditation Standards. NATA is one of three approved accreditors.

The maintenance phase of DIAS practices

SECTOR AND PROGRAM REPORTS
(CONTINUED)

commenced in July 2013. This sees practices being re-accredited for compliance against the full Standards for the first time. The coming year is expected to see a review of the Standards by the Department of Health, which will likely result in major changes to our existing support material, audit tools and client contact schedules.

INFRASTRUCTURE SECTOR

Accreditation Advisory Committees

Each of the four AACs represented within the Infrastructure sector met during the year with the summary of outcomes for each of these meetings subsequently made available on the NATA website.

During the year, James Young and Anthony Sweetland were each appointed to the Construction Materials Testing (CMT) AAC and Geoff Williams was appointed to the Non-destructive Testing (NDT) AAC. The retirement from these committees of Peter Armstrong (CMT), Mark Owttrim (CMT), Allan Palmer (NDT) and Pranay Wadyalkar (NDT) is acknowledged, with thanks extended for the great work they performed during their respective terms of appointment.

Technical developments

The initiative to identify more accurately the assessment effort required to service individual accreditations has led to some rationalisation of existing classes within the fields of CMT and Mechanical Testing, as well as the creation of several new test class categories more reflective of discrete competency areas.

Following a period of public comment, an updated ISO/IEC 17025 Application Document for NDT was published that introduced an updated framework for considering Level 3 technical control within NDT facilities.

STAKEHOLDER ENGAGEMENT

Mechanical Testing / Performance and Approvals Testing

Non-conforming building products continue to be an area of significant concern within the Australian community.

During this year NATA participated in a wide range of committees dealing directly or indirectly with this matter. NATA's activities included involvement with the Australian Procurement and Construction Council (APCC), APCC's Australian Technical Infrastructure Committee (ATIC), the Australian Building Codes Board (ABCB) and the Australian Industry Group (AIG), among others. NATA conducted meetings during the year with the national laboratory accreditation body in China in order to facilitate a better understanding of the issues involved. NATA also attended the 2013 Physical Testing Professional Advisory Committee meeting organised by our New Zealand counterpart, International Accreditation New Zealand (IANZ) and we hosted an IANZ representative at the most recent NATA Mechanical testing AAC meeting.

Construction Materials

NATA has signed a Memorandum of Understanding with Queensland Department of Transport and Main Roads (TMR) which pertains to NATA accredited laboratories which are also registered under the Department's Supplier Registration Scheme. Under this arrangement, two joint TMR/NATA assessment visits have been undertaken in the past year. NATA also accepted invitations this year to address laboratory fora organised by Roads and Maritime Services (NSW) and VicRoads (VIC) and NATA organised another such forum as part of the 2013 Meeting of Members and Assessors in Victoria.

Non-Destructive Testing

NATA maintains a strong relationship with the Australian Institute for Non-destructive Testing (AINDT) and our engagement during the past year has included membership of the AINDT Certification Board and the 2014 Strategic Planning panel. NATA also addressed the NDT forum at the 2014 Australian Oil and Gas conference, which was organised in conjunction with the AINDT.

INSPECTION SECTOR

Technical developments

The 2013 – 2014 financial year saw the implementation of ISO/IEC 17020:2012. AS/NZS ISO/IEC 17020:2013, a full text adoption of the ISO/IEC document, was published in May 2013. Assessment against the new Standard commenced in July 2013, and this should enable all accredited facilities to be assessed against the new standard during a scheduled visit.

Stakeholder Engagement

NATA staff have participated in a number of industry meetings including: the AICIP Board; a number of Standards Australia committee meetings such as ME-001 for pressure equipment, EL-023 for electrical systems in underground mining applications, ME-067 for the approval of electrical equipment for hazardous areas and the local implementation; and the WTIA's ANBCC and Q&C Board; and the ARRB Bitumen sprayers meetings.

LIFE SCIENCES SECTOR

The Life Sciences sector covers facilities in the competency areas of Biological Testing, Chemical Testing, Forensic Science Testing, Medical Testing, Veterinary Testing and the OECD Principles of Good Laboratory Practice.

Biological Testing

The 30th meeting of the Biological Testing Accreditation Advisory Committee was held in July 2013. The 31st meeting was held in August 2014.

Dr Kerry Emslie (molecular testing), Ms Kim Fitzpatrick, Ms Julie Maczuga and Ms Glenice Ault (microbiology), Ms Robin Sherlock (allergens), Dr Alison Seyb (plant pathology) and Dr James Smith (aquatic biology) were welcomed to their first meeting.

The committee discussed the increase in the application of molecular techniques for routine testing including next generation sequencing. This is a common theme across a number of life sciences disciplines.

Technical Developments

The Biological Testing Application Document and classes of test are undergoing a major review.

Stakeholder engagement

Stakeholder engagement activities included meetings with the Department of Agriculture under the Deed of Agreement and meetings with the Departments of Health Victoria and South Australia and Western Australia and the NSW Ministry of Health.

Chemical Testing

The 36th meeting of the Chemical Testing Accreditation Advisory Committee was held in July 2013. This was the last meeting chaired by Dr Vyt Garnys who retired from the Committee in March 2014. This was also the last meeting for Dr Clarrie Ng who also retired from the Committee in March 2014. Mr Fran Fleer was appointed to the position of Chair.

The need for three new committee members were identified and following a call for expression of interest Mr Simon Mills (general chemistry), Dr Lindsey Mackay (chemical metrology) and Dr Trevor Lorman (food chemistry) were appointed.

General discussion was held on the understanding of measurement traceability as required by ILAC Policy P10 and uncertainty in calibration as required by ILAC Policy P14. It is noted that the process to align the ISO/IEC 17025 Standard Application Document and NATA Policy Circular 11 with ILAC P10 is in progress.

Technical Developments

The assessment process for asbestos testing has been revised following extensive stakeholder engagement. Approval by NATA of individual counters and identifiers has been discontinued unless this is required by regulation as is the case in Victoria. NATA now recognises the facilities approval of counters and identifiers.

The Chemical Testing Application Document, supporting Annexes and the classes of test are undergoing a major review.

Following a change to NATA's Rules the Technical Groups supporting the Chemical Testing AAC are to be discontinued. Expression of interest are currently being sought to provide technical expertise to support the activities of the committee.

Stakeholder Engagement

A number of engagements have been undertaken with stakeholders in the asbestos testing area to explain the rationale behind the changes to the assessment process. Engagements were also undertaken with Department of Agriculture under the MoU for imported food meetings with the Departments of Health Victoria and South Australia and Western Australia and the NSW Ministry of Health. NATA hosted a meeting in February 2014 of facilities recognised by the Department of Agriculture Imported Foods Programs to discuss proposed changes to the survey requirements for imported foods.

Forensic Science

Accreditation Advisory Committee

The 21st meeting of the Forensic Science AAC was held 28 May 2014.

Detective Senior Sargent Rick Sinclair was welcomed as a new member to the Committee. Det Snr Sgt Sinclair represents the technical discipline of fingerprints.

During the course of 2014-2015, four member terms will expire and expressions of interest will be sought to cover the disciplines of Biology, Illicit Drugs, Toxicology and Parentage Testing. Additionally a representative from SMANZFL (Senior Managers of Australia and New Zealand Forensic Laboratories) will be sought to provide input into overarching issues facing forensic laboratories as a whole.

The committee discussed the increased international focus on Forensic Standards and the progression of the Australian Standard 5483 'Minimizing the risk of DNA contamination in

products used to collect and analyze biological material for forensic purposes' to an ISO Standard. Discussions were also held around the implementation of AS 5388 across forensic facilities in Australia.

The emergence of Rapid DNA instruments within Forensic Science was discussed and how best to accommodate these within the accreditation criteria for DNA separation. Changes to the Forensic Application Document will be made to accommodate the advances in technology.

Technical Developments

A major review of the Forensic Sciences Application Document and classes of test has been undertaken with the FSAAC over the past year. This process is still ongoing with stakeholder consultation underway to result in an updated AD relevant to the forensic facilities.

NATA began offering accreditation to the Australian Standards 5388 Forensic analysis parts 1-4 series of documents in July 2013 to complement our current Forensic Science program. This is an ongoing activity.

Stakeholder Engagement

NATA is sponsoring the ANZFSS (Australian and New Zealand Forensic Science Society) conference being held in Adelaide in September 2014. This conference is expected to attract approximately 1000 delegates and is a good opportunity for NATA to maintain current knowledge in the advances of the field and to engage with staff across the forensic facilities.

NATA is also continuing with a national engagement strategy to understand the issues facing forensic facilities to ensure that the accreditation program offered remains relevant and adds value to the process.

Medical Testing

Accreditation Advisory Committee

In May 2014, the 24th meeting of the Medical Testing AAC (MTAAC) was held. MTAAC was advised that this was to be the last meeting Chaired by Dr Michael Harrison. Dr Harrison's tenure expires in March 2015 and he has indicated his intention to retire from MTAAC. NATA and MTAAC wish to thank Dr Harrison for his enormous contribution to MTAAC and accreditation over his 15 years of membership on MTAAC.

RCPA have indicated Prof Yee Tec Khong has been nominated to replace Dr Harrison as Chair of MTAAC following Dr Harrison's retirement. This is subject to NATA Board approval.

A/Prof Lindeman has been renominated by RCPA to continue as the Haematology RCPA representative. This is subject to NATA Board approval.

Technical Developments

Facilities are being assessed to ISO 15189:2012 from 1 July 2013. There have been no major issues with the implementation of the new version of ISO 15189.

The new four year Medical Testing surveillance model began on 1 July 2013. There has been an integrated approach to the implementation with Reassessments and Surveillance visits conducted in quarterly blocks. The new type of online activity will begin from 1 July 2014.

NATA entered into a contract with NSW Health Pathology to provide accreditation to up to 180 peripheral Emergency Departments across NSW regional hospitals. The first week of assessments has been performed which was well received by NSW Health Pathology.

Stakeholder Engagement

Extensive engagement with Medical Testing stakeholders and Members has occurred during the past twelve months.

Life Sciences hosted a Quality Managers forum in Sydney in June over two days. Day 1 covered Medical Testing, whilst Day 2 had a more general Life Sciences focus. A number of high profile speakers from Government, the professional bodies and accredited facilities contributed.

Engagements with the Commonwealth Department of Human Services (Medicare), Commonwealth Department of Health, the Therapeutic Goods Administration, NSW Ministry of Health, NT Department of Health, QLD Department of Health, SA Department of Health and the Royal College of Pathologists of Australasia (RCPA) have also occurred with respect to the revision and renewal of existing agreements and also important public health related issues.

Veterinary Testing

Accreditation Advisory Committee (AAC)

The 14th meeting of Veterinary Testing AAC (VTAAC) was held on 19 September 2013. The committee welcomed Dr Sue Jaensch

from IDEXX Laboratories as a new member to the Committee. Dr Jaensch represents the technical discipline of Clinical Pathology.

The committee undertook a review of the Veterinary Testing Application Document (AD) during the meeting. Only minor amendments were required.

The Veterinary testing field continues to work through expectations for verification activities and also the validation requirements for Next Generation Sequencing which is increasing in popularity within the Industry. NATA will work closely within Life Sciences to ensure consistency in application and expectations for validation and verification.

Technical Developments

A new Annex to the AD has been issued titled 'Disease Outbreak Investigations within Australian based Veterinary Testing Facilities'. This was produced to meet the needs of the Veterinary community in responding to specific outbreak situations where a full validation of testing may not be able to be met during the course of the outbreak. The Department of Agriculture requested the AAC to determine if NATA could accommodate such testing activities. The Annex includes criteria to ensure activities undertaken and reported during an outbreak are within the defined competencies of the facility and in response to a specific event for a defined period of time.

Stakeholder Engagement

NATA continues as a member of the Subcommittee on Animal Health Laboratory Standards (SCAHLS) who meet six monthly to discuss laboratory testing methodologies, validation requirements, national surveillance activities and resourcing, amongst other matters. The outcomes of this committee feed into the Animal Health Committee (AHC) which comprises State and Commonwealth Chief Veterinary Officers.

RESEARCH & DEVELOPMENT

The Research and Development (R&D) Program continues to grow. This year three facilities were granted accreditation:

- The Australian Museum Wildlife Genetics and Microscopy Unit does wide-ranging scientific research into Australia's biodiversity with research work grouped into several broad areas: Phylogenics, Population genetics and biodiversity, Wildlife forensics and Work with low template DNA from museum specimens;

- Biota Pharmaceuticals Drug Screening Laboratory which conducts human pharmaceutical research and development into the discovery and development of anti-infective agents using samples obtained from preclinical research and clinical studies; and

- The University of Queensland Centre for Clinical Diagnostics' Centre for Clinical Research which conducts research into oncology and reproductive medicine and the development and optimisation of in vitro diagnostic medical devices to support diagnosis and treatment, using biological samples obtained from preclinical and clinical research studies.

The Scopes of Accreditation for these facilities are testament to the breadth of the Research and Development Program.

Additionally, the R&D accreditation of another facility, CIPDD TetraQ, was expanded to include research projects conducted in accordance with the OECD Principles of Good Laboratory Practice but where the OECD Council Decision on the Mutual Acceptance of Data is not applicable.

A further two facilities are undergoing accreditation and there are over 30 active enquiries covering a wide spectrum of research activities.

Stakeholder engagement, networking and participation in conferences and seminars throughout the year, have contributed to raising awareness of the R&D Program and its role in serving national and public interest by ensuring that research facilities are able to provide consistently reliable and reproducible data to government, industry and the wider community.

BUSINESS UNIT REPORTS 2013- 14

"The provision of energy doesn't come without risk. To reduce that risk, accreditation provides a level of assurance that companies providing services to the energy industry are performing their services correctly, as expected. This in turn supports the uninterrupted supply and meets our world's continual growing demand for energy."

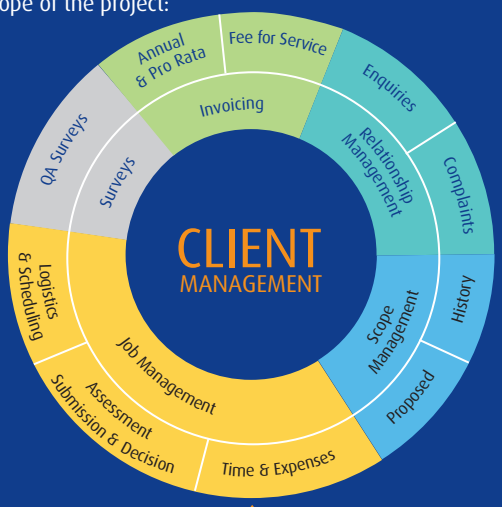
Mark Daniel
Regional Quality Manager
Applus RTD – Asia Pacific

INFORMATION COMMUNICATIONS TECHNOLOGY

Our top priority was the completion of the first stage of the "AIMS" project. This project will see a number of legacy ICT systems replaced over the next two and half years with a single integrated solution capable of supporting the information management needs of NATA's Accreditation activities.

The goals of the project aim to enhance operational efficiency; improve customer service; reduce manual procedures; support a standardised structure and taxonomy for Scopes of Accreditation; and improve NATA's overall information analysis and reporting capabilities.

The Diagram illustrates the scope of the project:



INTEGRATION INTERFACE

CORPORATE SYSTEMS

Finance System | eDRMS | NATA Website | On-line Audit tool | Network Directory Services | eMail | Office Tools

ICT's other major milestones for the year included the upgrade of the website's content management system, the upgrade of our network directory services, and completion of the rollout of video conferencing service to our Perth and Adelaide offices.

INTERNATIONAL

NATA continues to be involved and represented in the activities of the international accreditation community. This is made possible by the ongoing support for such activities through funding by the Department of Industry through the Support for Industry Service Organisations (SISO) program.

This representation is undertaken at senior NATA staff level. They predominantly attend relevant International Laboratory Accreditation Cooperation (ILAC) and Asia Pacific laboratory Accreditation Cooperation (APLAC) meetings. The General Manager continues to hold the Chair of the International Accreditation Committee through which international accreditation policies are prepared. NATA staff are also members of the ILAC Executive.

NATA also continues to provide the ILAC and APLAC Secretariats. These are provided through negotiated deeds of agreement and are fully funded by ILAC and APLAC members.

SISO funding also enables NATA staff to participate in relevant international standards meetings. The past year saw attendance at the international technical committee dealing with medical laboratory standards (ISO/TC 212). Current activities include the revision of the point-of-care testing standard which is of relevance to Australia.

In the next 12 months, revisions of ISO/IEC 17025 (General requirements for the competence of testing and calibration laboratories) and ISO/IEC 17011 (Conformity assessment-General requirements for accreditation bodies accrediting conformity assessment bodies) are also expected to begin. Both of these standards are significant to the accreditation community as a whole and NATA will seek to join relevant working groups. Arrangements will also be made to consult with our stakeholders as relevant.

NATA is also undertaking a major activity at the international level with our Chinese counterpart, CNAS (China National Accreditation Service). The project is considering quality issues around imported building products and includes the review of relevant standards and consultation with relevant industry bodies. This activity is also being assisted through SISO funding. At this stage, we are identifying certain possible avenues to improve access to relevant information to support Australian users of test reports from foreign laboratories.

BUSINESS UNIT REPORTS
(CONTINUED)

TRAINING SERVICES GROUP

In the past financial year NATA Training Services Group (TSG) delivered a total of 201 training days. The total number of courses, both internal and external, delivered by TSG was 118 and the number of training delivery days totalled 201.

NATA core courses accounted for 61 or just over half the courses delivered:

- Understanding NATA's ISO/IEC 17025 Requirements
- Understanding ISO 15189 – Accreditation Requirements for Medical Laboratories
- Internal Audits
- Quality Management in the Laboratory
- Laboratory Assessor/Lead Assessor

13 in-house courses were delivered (customised courses for specific organisations).

The total number of participants trained over the twelve months was 1,182.

TSG delivered 18 Assessor Development Program courses (face to face format). 192 Technical Assessors were trained and an additional 12 completed the online ADP course.

TSG delivered its first webinar: Understanding ISO/IEC 17020 - the Standard for Inspection Bodies - Updates to the 17020 standard was delivered to more than 50 participants. Both received very positive feedback. Additional webinars are scheduled for the coming year as TSG grows its flexible delivery capacity.

TSG has embarked on a project to refresh and renew the content design and production of its core training courses. TSG delivered additional training in Indonesia for the Department of Agriculture. Three courses were delivered to Indonesian public officials focusing on auditing skills.

COMMUNICATIONS

A comprehensive review of NATA News was conducted, resulting in the publication being scheduled for six issues in 2014-15.

Media monitoring was carried out throughout the year. Several positive instances of coverage were recorded with no negative coverage noted. Media monitoring detected at least two instances of inappropriate use of NATA identification, enabling corrective action to be taken.

World Accreditation Day (WAD) kits including a copy of the media release, a copy of the ILAC DVD and a topical article were sent to key media outlets and to NATA state offices to celebrate WAD 2014.

A WAD competition was held for all Authorised Representatives and Technical Assessors in which they were invited to give their thoughts on how accreditation delivers confidence in the provision of energy.

Ongoing contact with schools was maintained as part of the Young Scientists of the Year competition.

STAKEHOLDER ENGAGEMENT

Engaging with stakeholders is the means by which NATA can ensure that accreditation delivers what is relevant to both the national interest and the benefit of the Australian public. Relevance assures the sustainability of NATA accreditation and growth into new activities that will deliver benefits to the nation.

Strategic Planning

Stakeholder engagement is a significant strategic objective for NATA. It is recognised that stakeholder engagement is critical for both sustainability of NATA's existing programs and as an avenue for growth. The stakeholder engagement strategy allows NATA to engage with its members, key Commonwealth and State Government Departments and Agencies, corporate organisations, private industry specifiers and Industry Associations in a prioritised and coordinated manner.

To ensure that NATA's engagements with stakeholders are effective and provide a mechanism to build sound relationships, keep abreast of issues in a timely fashion and to deliver relevant accreditation services, the information generated from stakeholder engagement activities is reviewed and analysed to assess current trends and risks. Outcomes of this analysis then inform the technical operations of NATA so that the system is responsive to changing and emerging needs.

Industry Engagement

NATA has an ongoing program to build relationships with identified private sector specifiers and industry associations. Whilst the focus of the engagement strategy continues to prioritise engagement with major infrastructure facilities in the resources sector, it also prioritises engagement in the areas of: environmental, construction and building products, road construction, electrical safety and health care.

The conduct of stakeholder fora continues to provide an effective means of engaging with a wide range of stakeholders on a specific topic.

These events draw together regulators, NATA facilities and industry representatives, as end-users of accredited facilities, to consider issues of common interest. The fora provide the opportunity for NATA's ongoing dialogue with stakeholders and to meet NATA's obligation under the MOU with the Commonwealth.

Within the Construction and Building sector NATA is participating in a number of initiatives. The development of a program for a construction and building products forum continues to progress, in collaboration with the Australian Procurement and Construction Council.

Associated with this project, a NATA team is working with foreign accreditation bodies to consider ways of strengthening MRA arrangements, in an attempt to address some of the concerns surrounding the quality of products imported into Australia.

NATA continues to meet with both industry and state road authority representatives, to address issues and concerns that exist within that sector. This has involved looking for ways to address any accreditation related issues and at the same time add greater value to the industry.

NATA Member Engagement

There continues to be ongoing engagement with a wide cross section of NATA members, with a particular focus on: road construction, health care, food, veterinary science and environmental protection. A program of Members Meetings in most States and Territories continues, providing an opportunity for members and assessors to talk to NATA staff outside the assessment setting.

This level of engagement, outside the scheduled accreditation cycle, allows NATA to continue to be better positioned to maintain existing relationships and to build new relationships. This approach ensures the ongoing relevance of its accreditation programs and allows expansion into new areas that are genuinely in the national interest and have the potential to deliver public benefit.

Professional Bodies

Significant effort is invested in establishing, maintaining and extending relationships with a number of key strategic professional and industry bodies. Such bodies include: The Royal College of Pathologists Australasia (RCPA), World Anti Doping Authority(WADA), Australian Association of Nuclear Medicine Specialists (AANMS), Australian Industry Group, RACI, ACCI, Engineers Australia, APPEA, Australian Consumer Federation, to name a few.

Government Relations

The three focus areas of government relations since the last annual report have been:

- monitoring and analysis of federal policy and budgetary decisions and the likely impact on NATA's activities;
- associated background work to reinforce NATA's relationships with Commonwealth Government stakeholders; and
- progressing the development/renewal of a number of formal agreements with a range of agencies.

In the past twelve months, the following agreements have been negotiated/renewed.

Commonwealth Department of Agriculture – The Deed of Agreement covering food imports and exports has been amended and a new Schedule added covering export meat inspection.

JAS-ANZ – A revised MOU was signed in June 2014.

NSW Health Pathology – The MOU covering public pathology was renewed in May 2014.

Queensland Department of Transport and Main Roads – An MOU was signed in 2013, but recent work has progressed on a set of joint guidelines for activities conducted in support of the CMT Supplier Registration Scheme.

Sydney Water – A new MOU was signed in May 2014.

Tasmanian Government – The revised MOU was signed in January 2014.

TECHNICAL ASSESSORS HONOURED

"Accreditation provides an efficient means of ensuring the reliability of energy supply and ensures that suppliers innovate to meet standards in efficient and cost-effective ways."

Mark Mifsud FIEAust CPEng
Senior Consulting Engineer
Nova Systems

NATA relies on the knowledge and experience of its 3,000 volunteer Technical Assessors to provide its services to members and the community.

During the 2013-14 year many of these highly-skilled individuals achieved recognition in their fields. The three featured here represent the exceptional calibre of all the dedicated Technical Assessors giving their support to NATA.

PROFESSOR JOHN GIBSON AM

Professor John Gibson MB BS PhD(Syd) FRACP FRCPA from Sydney NSW, became a Member (AM) in the General Division of the Order of Australia for significant service to medicine in the field of haematology, to medical education, and through accreditation and clinical governance advisory roles in the Queen's Birthday 2014 Honours List.

He is the Director, Institute of Haematology, Royal Prince Alfred Hospital, Sydney, NSW and Professor in Medicine at the University of Sydney and has been a NATA Technical Assessor since 1995.

After graduating in medicine at the University of Sydney, Dr Gibson worked at Sydney Hospital before commencing advanced training in haematology at Royal Prince Alfred Hospital. He gained fellowships of both the Royal Australasian College of Physicians as well as the Royal College of Pathologists of Australasia and subsequently a Ph.D. from the University of Sydney.

Since 1986, he has been a senior member of the Institute of Haematology at RPAH. In 1995 he also spent some time as a visiting scientist at the Fred Hutchinson Cancer Research Centre in Seattle USA.

At RPAH/Sydney Local Health District he is the head of Blood and Marrow Transplantation, co-director of Cell and Molecular Therapies and chair of the Blood Transfusion and Patient Blood Management Committees. His research interests include blood and marrow transplantation, myeloma, apheresis and the clinical use of intravenous immunoglobulin. He has authored or co-authored over 220 peer-review publications and book chapters.

DR RICHARD LUMB PSM

Dr Richard Lumb, from Kingston Park SA, was awarded the Public Service Medal (PSM) for outstanding public service in laboratory mycobacteriology, particularly the diagnosis of tuberculosis (TB), in the Queen's Birthday 2014 Honours List.

He is the Principal Medical Scientist, Mycobacterium Reference Laboratory, Infectious Diseases Laboratories, Institute of Medical and Veterinary Science, Adelaide. He served as a NATA Technical Assessor from 1999 to 2013.

Dr Lumb has worked as a scientist at SA Pathology for over 36 years. His outstanding efforts have seen the Mycobacterium Reference Laboratory (MRL) become the premier tuberculosis (TB) laboratory in Australia, providing exceptional service to South Australians and extending this service to third world countries.

He has established himself as the pre-eminent tuberculosis laboratory scientist in Australia and as an internationally-renowned laboratory consultant for the World Health Organization.

Recognising the burden of TB in Australia's neighbouring countries in the 1990s, Dr Lumb extended his laboratory activities internationally, resulting in the MRL at SA Pathology being recognised as the designated international reference laboratory for Indonesia, the Solomon Islands and Vietnam where TB remains rife.

Understanding the importance of educational materials in low-income countries, Dr Lumb also worked collaboratively with colleagues at SA Pathology to develop an international reputation for preparation of educational materials to assist TB laboratory workers around the world.

PROFESSOR PETER CHARLES BLUMBERGS AO

Professor Peter Charles Blumbergs from North Adelaide SA became an Officer (AO) in the General Division of the Order of Australia in the Queen's Birthday 2014 Honours List for distinguished service to medicine in neuropathology as an academic, researcher and author, through landmark contributions to the understanding of traumatic brain injury.

Professor Blumbergs became a NATA Technical Assessor in 1991. Thanks to his distinguished medical research scientists have a better understanding of traumatic brain injury, as well as neurological diseases.

Born in Latvia, Prof Blumbergs migrated to Australia with his parents and settled near Adelaide. He grew up in Westbourne Park and Hawthorn and attended Unley High School.

As a medical student he was always interested in pathology but began as a specialist physician before moving into pathology, which he believes has seen "great gains through modern molecular techniques".

In 2007, Prof Blumbergs took part in world-first Sudden Infant Death Syndrome research that identified a protein marker for potentially deadly breathing difficulties.

A clinical professor of pathology at the University of Adelaide since 1999, Prof Blumbergs won a Distinguished Fellow Award from the Royal College of Pathologists of Australia in 2011.
He has twice served as president of the Australian and New Zealand Society for Neuropathology, in 1992-93 and 2003-04.

MEMBERSHIP OF THE NATA COUNCIL

"Accreditation helps ensure that energy is delivered safely and reliably."

Michael Karkkainen
Laboratory Manager
Southern Cross Plant Science, Southern Cross University

At 30 June 2014 the members of the NATA Council were as follows:

The Commonwealth

Mr Paul Trotman	Department of Industry
Mr Chris Hawker	Department of Defence
Ms Elizabeth Ward	Department of Foreign Affairs and Trade
Vacant	Department of the Environment
Ms Fifine Cahill	Department of Health
Ms Karina Budd	Department of Agriculture

The States and Territories

Vacant	
Ms Nancy La Monaca	Queensland Department of Agriculture
Mr Chris Pearman	Forensic Science SA
Mr Damien Norman	Department of Primary Industries, TAS
Mr Bruce Shelley	Department of Primary Industries, VIC
Dr Joseph Patroni	WA Department of Commerce
Mr Simon Rockliff	ACT Government Health Protection Service
Dr Lorna Melville	NT Department of Resources

Stakeholder organisations

Australian Chamber of Commerce & Industry

Dr Paul Priscott	AMS Laboratories Pty Ltd
Mr Troy Williams	Australian Dental Industry Association
Mr David Gray	Australian Chamber of Commerce and Industry

Australian Council of Trade Unions

Mr Michael Borowick	Australian Council of Trade Unions

Australian Institute of Physics

Dr Cathy Foley	CSIRO
Mr Mark Burgess	CSIRO

The Consumers' Federation of Australia

Ms Gail Greatorex	Consultant

Joint Accreditation System of Australia and New Zealand

Dr James Galloway	JAS-ANZ

Standards Australia International Limited

Dr Alan Morrison	Standards Australia International Limited

The National Measurement Institute

Dr Peter Fisk	National Measurement Institute

Engineers Australia

Vacant

The Royal Australian Chemical Institute

Dr Pieter Scheelings	(FRACI)

The Royal College of Pathologists of Australasia

Dr Raymond Chan	Royal Prince Alfred Hospital

The Royal Australian and New Zealand College of Radiologists

Vacant

NATA Member Representatives

NSW Members

Dr Bevan Hokin	Sydney Adventist Hospital
Mr Jake Andrew	Coffey Information

Queensland Members

Mr Chris Lo	Soil and Water Laboratories
Mr David Neville	Queensland Police Service

South Australian Members

Mr Graham Smith	Abstec Calibrations
Mr David Pezzaniti	University of South Australia

Tasmanian Members

Mr Robert Panitzki	Australasian Furnishing Research & Development Institute Ltd
Vacant	

Victorian Members

Dr Roderick Chappel	National Serology Reference Laboratory
Vacant	

Western Australian Members

Ms Milana Ranieri	St John of God Pathology
Vacant	

Australian Capital Territory Members

Vacant

Northern Territory Members

Mr Michael Lynch	Royal Darwin Hospital

Co-opted by the Council

Mr Alastair Ross	ANZPAA
Mr Matthew Callanan	Littoral Zone Pty Ltd
Mr David Turner	Department of Natural Resources and Mines
Dr Geoff Hogg	Director, ITS Public Health R & D Pty Ltd

NATIONAL ASSOCIATION OF TESTING AUTHORITIES, AUSTRALIA AND CONTROLLED ENTITY

A.B.N 59 004 379 748

FINANCIAL REPORT – 30 JUNE 2014

The parent entity, National Association of Testing Authorities, Australia (NATA) is incorporated as a company limited by guarantee and not having a share capital under the provisions of the Corporations Act 2001 and the Australian Charities and Not-for-profits Commission Act 2012.

The Directors present the financial report on the parent entity and its controlled entity, Proficiency Testing Australia (PTA), which are together referred to in this report as the consolidated group, for the year ended 30 June 2014 and report as follows:

DIRECTORS

The names of and other information on the Directors in office during or since the end of the year are as follows. The Directors were in office for this entire period unless otherwise stated.

DIRECTORS' REPORT

Mr AM Ross AM

Chair

Year appointed: 2003

Qualifications and experience:

BAppSci, MAppSci (Research), FAIMS, Grad Dip Bus Admin

Director, National Institute of Forensic Science

Special responsibilities:

Member of Audit and Risk Committee

Mr MB Callanan

Vice Chair

Year appointed: 1998

Qualifications and experience:

City & Guilds Advanced Fdry Practice, AINDT Level 3, MB INST NDT

Director, Littoral Zone Pty Ltd

Special responsibilities:

Nil

Dr GG Hogg

Director

Year appointed: 2008

Qualifications and experience:

BVSc, MVS, BMedSci, BMBS, FRACP, FRCPA, JD, GDLP

Director, ITS Public Health R & D Pty Ltd

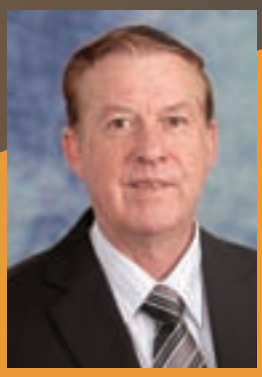
Special responsibilities:

Member of Audit and Risk Committee

Member of ILAC Laboratory Committee

Mr DR Turner

Director



Year appointed: 2004

Qualifications and experience:

BE, MEngSc, MBA, FIEAust

Director, Engineering, Testing and Certification Centre/Simtars, Department of Natural Resources and Mines, Queensland Government

Special responsibilities: Chair of Audit and Risk Committee

Mr P Trotman

Director

Year appointed: 2014 (Appointed 30 June 2014)

Qualifications and experience:

BA, Master of Public Policy

Acting Head of Division – Portfolio Strategic Policy, Department of Industry, Australian Government

Special responsibilities: Nil

Dr JJ Patroni

Director

Year appointed: 2012

Qualifications and experience:

BSc (Hons), PhD

Manager, Industry, and Innovation Division, Department of Commerce, Western Australia Government

Special Responsibilities: Nil

Mr DA Gray

Director

Year appointed: 2014 (Appointed 10 February 2014)

Qualifications and experience:

Principal, DG Market Solutions

Special Responsibilities: Nil

Mr K Pettifer

Director

Year appointed: 2013 (appointed 5 December 2013 and resigned 3 April 2014)

Qualifications and experience: B.Econ (Honours) Head of Division – Business Competitiveness and Trade, Department of Industry, Australian Government

Special responsibilities: Nil

Ms DL Anton

Director

Year appointed: 2013 (resigned 5 November 2013)

Qualifications and experience: BSc (Hons), Masters of Management Head of Division, Enterprise Connect, Department of Industry, Australian Government

Special responsibilities: Nil

DIRECTORS' REPORT
(CONTINUED)

PRINCIPAL ACTIVITIES

The principal activity of the consolidated group during the financial year was the organisation of a national accreditation service to meet the needs of government, industry, commerce and the community by the accreditation of testing laboratories and related services, throughout the Commonwealth of Australia and elsewhere. These activities include alignment with the parent entity's short and long term objectives as detailed below by providing independent assurance of technical competence through a proven network of best practice industry experts for customers who require confidence in the delivery of their products and services.

SHORT AND LONG TERM OBJECTIVES

The short term objectives of the parent entity are to promote and provide accreditation and related services which underpin the quality of a range of products and services in business, industry and government, both in Australia and internationally. The consolidated group's work increases community confidence and trust in a facility's services, mitigates risk, improves tendering success and facilitates trade.

The long term objectives of the parent entity are:

a. To promote and contribute to the quality of testing, inspection and related services in Australia.

b. To promote national testing, inspection, calibration and related services to meet the needs of science, industry, trade, commerce, government and matters related to national interest.

c. To promote the science and practice of testing, inspection, calibration and related services for the benefit of Australia and for the benefit of trade and commerce.

d. To provide appropriate accreditation services to facilitate acceptance of Australian products and services within Australia and internationally.

e. To provide international recognition of accredited laboratories' and accredited service facilities' reports and certificates through Mutual Recognition Arrangements with appropriate bodies located in other countries.

To achieve these objectives the parent entity has adopted the following strategies:

- Stakeholder Engagement - the parent entity considers the contribution from its stakeholders as its major strength and engages stakeholders in relevant issues so that we can move forward with joint commitment to reaching agreed goals.
- Business Model and Innovation - the parent entity continues to review its business model to ensure the best fit within NATA's and our clients' needs and that it provides quality services at competitive prices.
- Growth - the parent entity is committed to sustainable growth to provide opportunities for innovation and foster creative thinking. The parent entity will grow the number of technical units it assesses for technical competence, training, and related services that meet industry's current and expected needs.
- Professional leadership - the parent entity is committed to promoting accreditation as public good and has a network of contacts and partnerships that help it to be aware and influence the latest policy, political and technological developments in each sector at both national and international levels.
- Staff - the parent entity employs staff with specialized skills across a range of disciplines and has developed a corporate culture that attracts, develops and retains high performing staff who believe accreditation is a public good and who care about the customer as well as the broader community.
- Finance - the parent entity is committed to securing and maintaining a sound financial foundation to ensure sustainability.

Performance is measured through a set of key performance objectives (KPO's) that are reported to the Board on a regular basis.

MEETINGS OF DIRECTORS

The number of meetings each Director was eligible to attend and actually attended during the financial year is summarised as follows:

	Number Eligible To Attend	Number Attended
AM Ross	5	5
MB Callanan	5	5
DL Anton*	1	1
DA Gray**	2	2
GG Hogg***	5	4
JJ Patroni	5	5
K Pettifer****	3	3
DR Turner	5	5
P Trotman	1	1

* *Resigned during the year*

** *Appointed during the year*

*** *Leave granted from meeting*

**** *Appointed 5 December 2013, resigned 3 April 2014*

LIMITATION OF MEMBERS' LIABILITY

The parent entity is incorporated under the Corporations Act 2001 as a company limited by guarantee. If the parent entity is wound up, its constitution states that each member is required to contribute a maximum of $20 each towards meeting any outstanding obligations of the parent entity. At 30 June 2014 the number of members was 3,320 and their collective liability was $66,400.

INDEPENDENCE DECLARATION

The auditor's independence declaration as required under s307C of the Corporations Act 2001 for the year ended 30 June 2014 has been received and can be found on the following page, which forms part of the Directors' Report.

Signed in accordance with a resolution of the directors:

AM ROSS

Director

MB CALLANAN

Director

Sydney, 23 September 2014

Auditor's Independence Declaration Under S 307C of the Corporations Act 2001 to the Directors of National Association of Testing Authorities, Australia

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there has been:

(a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

StewartBrown
Chartered Accountants

S.J. Hutcheon
Partner

23 September 2014

Level 2, Tower 1
495 Victoria Avenue
Chatswood NSW 2067
Australia

Liability limited by a scheme approved under Professional Standards Legislation

REPORT OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee (the Committee) is established by the Board to assist the Board in the risk management and compliance with legislative and regulatory requirements of the NATA Group. The terms of reference are reviewed periodically.

Membership

The membership of the Committee is made up of three Board members. The Chair of the Committee is a Committee member who is not the Chair of the Board.

During the year ended 30 June 2014 and to the date of this report, the Committee comprised:

Chair: Mr David Turner.

Members: Mr Alastair Ross (Chair of the Board) and Dr Geoff Hogg.

Meetings

The Chief Executive Officer, the General Manager, Business Services and Chief Finance Officer, and external auditor, StewartBrown, Chartered Accountants, are invited by the Committee to attend its meetings. When appropriate, the Committee may invite other staff to attend its meeting to address specific issue. The Committee may also discuss and consider relevant issues with the external auditor in the absence of management or other parties.

The Committee met four times during the year ended 30 June 2014.

Main activities of the Committee

The Committee serves as an advisory body to the Board in managing the compliance risks, financial risks, and operational risks of NATA and its subsidiary, Proficiency Testing Australia (Consolidated Entity). The Committee does not have executive power, supervisory functions or decision making authority in relation to the operations of the Consolidated Entity.

The role of the Committee lies in its review and oversight capacity and includes:

- Enhancement of the risk management strategy and internal control framework;
- Improving the objectivity, accuracy, and reliability of externally published financial information;
- Assisting the NATA Board comply with all legislative and other obligations; and
- Monitor and review the performance of external auditor.

The Committee's focus is on the accuracy, completeness and validity of statutory financial reports and the monitoring of financial, compliance, and operational risk. The Committee has unrestricted access to all staff through the normal governance protocol, and can request external advice on specific matters.

External Auditor

The Committee monitors the performance of external auditor and ensures that there is adequate support and unrestricted access to staff for external auditor in carrying out its duties.

The Committee also reviews the auditor's policy in upholding its professional ethics, integrity and managing conflicts of interest to ensure its objectivity and independence.

StewartBrown, Chartered Accountants, has been the auditor of the Consolidated Entity for many years. The Committee considers the relationship with the auditor effective and remains satisfied with the performance of the auditor. Therefore, the Committee has recommended to the Board that the auditor be re-appointed.

David Turner
Chair of the Audit and Risk Committee
23 September 2014.

STATEMENT OF FINANCIAL POSTION
AS AT 30 JUNE 2014

		Consolidated Group		Parent Entity	
		2014	2013	2014	2013
	Note	$	$	$	$
ASSETS					
Current assets					
Cash and cash equivalents	5	18,487,537	19,729,044	18,061,986	19,526,483
Trade and other receivables	6	2,225,903	3,978,500	1,975,963	3,668,884
Financial assets	7	4,074,215	-	4,074,215	-
Total current assets		24,787,655	23,707,544	24,112,164	23,195,367
Non-current assets					
Property, plant and equipment	8	5,221,686	5,865,226	5,144,707	5,794,945
Intangible assets	9	555,502	51,074	555,502	51,063
Total non-current assets		5,777,188	5,916,300	5,700,209	5,846,008
TOTAL ASSETS		30,564,843	29,623,844	29,812,373	29,041,375
LIABILITIES					
Current liabilities					
Trade and other payables	10	5,150,418	4,901,176	4,685,162	4,476,853
Provisions	11	1,225,000	1,125,000	1,137,000	1,056,000
Total current liabilities		6,375,418	6,026,176	5,822,162	5,532,853
Non-current liabilities					
Provisions	11	1,240,850	1,036,850	1,194,850	981,850
Total non-current liabilities		1,240,850	1,036,850	1,194,850	981,850
TOTAL LIABILITIES		7,616,268	7,063,026	7,017,012	6,514,703
NET ASSETS		**22,948,575**	**22,560,818**	**22,795,361**	**22,526,672**
EQUITY					
Retained earnings		11,624,076	11,236,319	11,470,862	11,202,173
Reserves	12	11,324,499	11,324,499	11,324,499	11,324,499
TOTAL EQUITY		**22,948,575**	**22,560,818**	**22,795,361**	**22,526,672**

The accompanying notes form part of these financial statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

		Consolidated Group		Parent Entity	
		2014	2013	2014	2013
Continuing operations	Note	$	$	$	$
Revenue	2	27,627,444	27,880,060	26,053,051	31,105,419
Other income	2	2,492	11,336,347	2,492	7,696,492
		27,629,936	39,216,407	26,055,543	38,801,911
Expenses					
Accreditation and certification		(3,144,537)	(3,182,260)	(2,615,263)	(2,784,303)
Administration expenses		(5,337,149)	(4,590,063)	(5,174,599)	(5,421,768)
Business development and planning		(128,779)	(116,136)	(122,483)	(105,509)
Consultancy and training		(237,470)	(376,524)	(237,470)	(376,524)
Depreciation and amortisation	3	(932,623)	(1,046,444)	(916,858)	(1,027,716)
Finance costs		(17,461,621)	(16,344,162)	(16,720,181)	(15,605,987)
Salaries and employee benefits		(27,242,179)	(25,655,589)	(25,786,854)	(25,321,807)
Profit before income tax		387,757	13,560,818	268,689	13,480,104
Income tax expense	4	-	(288,171)	-	-
Profit for the year from continuing operations		387,757	13,272,647	268,689	13,480,104
Discontinued operations					
Profit for the year from discontinued operations	13	-	531,762	-	-
Profit for the year		387,757	13,804,409	268,689	13,480,104
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		387,757	13,804,409	268,689	13,480,104

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated Group			Parent Entity		
	Retained Earnings	Asset Realisation Reserve	Total	Retained Earnings	Asset Realisation Reserve	Total
	$	$	$	$	$	$
Balance at 1 July 2012	8,756,409	-	8,756,409	7,119,508	1,927,060	9,046,568
Comprehensive income						
Profit for the year	13,804,409	-	13,804,409	13,480,104	-	13,480,104
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	13,804,409	-	13,804,409	13,480,104	-	13,480,104
Transfers to / from reserves	(11,324,499)	11,324,499	-	(9,397,439)	9,397,439	-
Balance at 30 June 2013	11,236,319	11,324,499	22,560,818	11,202,173	11,324,499	22,526,672
Balance at 1 July 2013	11,236,319	11,324,499	22,560,818	11,202,173	11,324,499	22,526,672
Comprehensive income						
Profit for the year	387,757	-	387,757	268,689	-	268,689
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	387,757	-	387,757	268,689	-	268,689
Transfers to / from reserves	-	-	-	-	-	-
Balance at 30 June 2014	11,624,076	11,324,499	22,948,575	11,470,862	11,324,499	22,795,361

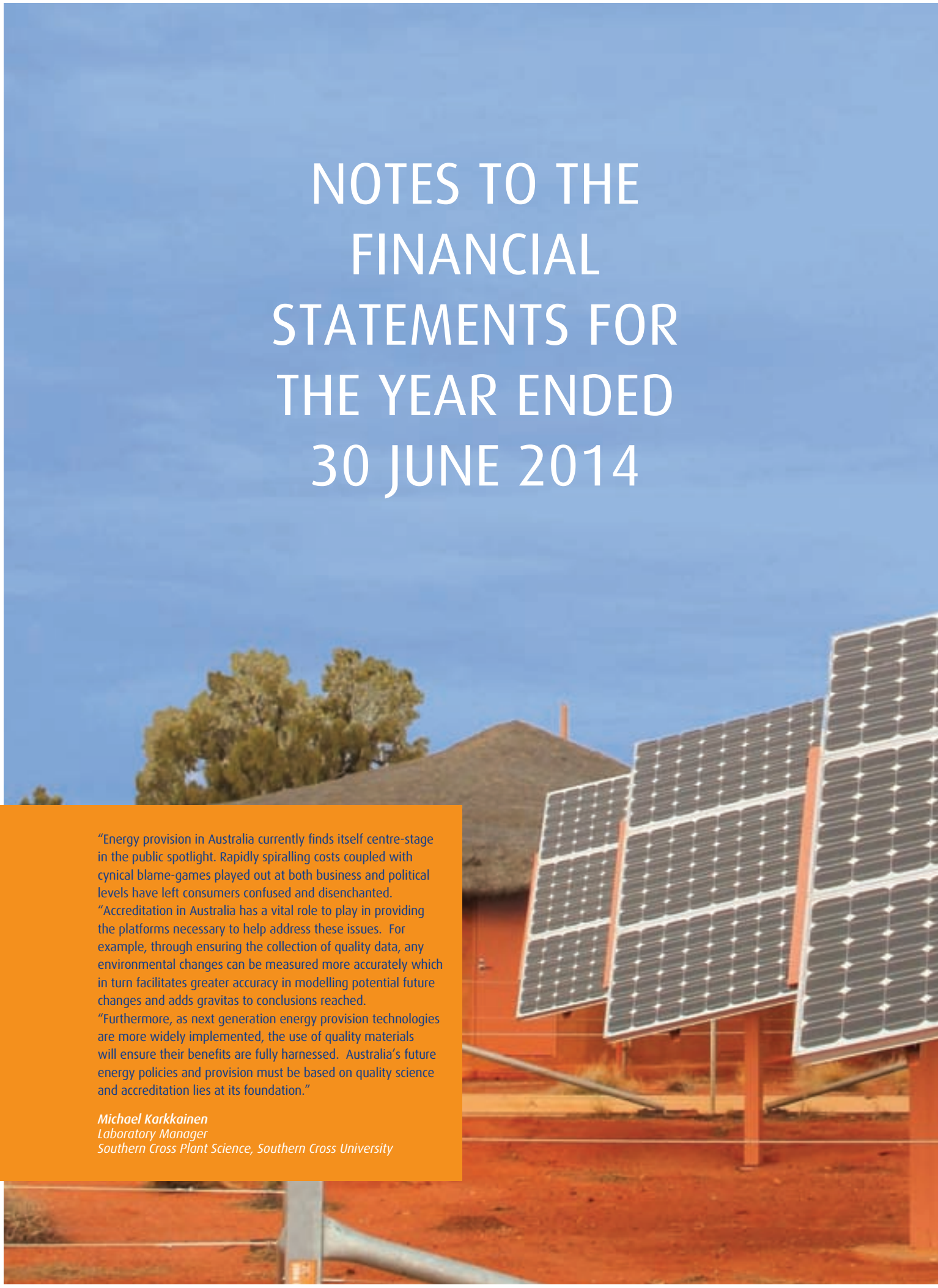
The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

		Consolidated Group		Parent Entity	
		2014	2013	2014	2013
	Note	$	$	$	$
Cash flows from operating activities					
Receipts from members, customers and government		31,598,994	48,564,468	29,821,360	25,948,760
Payments to suppliers and employees		(28,876,053)	(44,853,015)	(27,342,036)	(24,100,707)
Dividends received - other		-	185	-	-
Dividends received - controlled entities		-	-	-	3,606,374
Interest received - other		833,663	365,251	831,859	357,840
Interest received - controlled entities		-	-	-	290,305
Income tax refunded (paid)		-	(326,919)	-	-
Net cash flows from operating activities		3,556,604	3,749,970	3,311,183	6,102,572
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		79,620	529,384	53,248	49,636
Purchase of property, plant and equipment		(333,984)	(344,317)	(285,160)	(324,371)
Purchase of intangible assets		(543,747)	(3,650)	(543,747)	(3,650)
Proceeds from sale of intangible assets		-	1,205,385	-	-
Purchase of available-for-sale financial assets		(4,000,000)	-	(4,000,000)	-
Proceeds from sale of available-for-sale financial assets		-	5,937	-	-
Proceeds from disposal of subsidiary entity		-	11,491,424	-	9,244,644
Loans to controlled entities		-	-	(172,403)	-
Repayments by controlled entities		-	-	172,382	2,268,660
Net cash flows from investing activities		(4,798,111)	12,884,163	(4,775,680)	11,234,919
Net increase (decrease) in cash and cash equivalents		(1,241,507)	16,634,133	(1,464,497)	17,337,491
Cash and cash equivalents at the beginning of the financial year		19,729,044	3,094,911	19,526,483	2,188,992
Cash and cash equivalents at the end of the financial year	5	18,487,537	19,729,044	18,061,986	19,526,483

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014



"Energy provision in Australia currently finds itself centre-stage in the public spotlight. Rapidly spiralling costs coupled with cynical blame-games played out at both business and political levels have left consumers confused and disenchanted.
"Accreditation in Australia has a vital role to play in providing the platforms necessary to help address these issues. For example, through ensuring the collection of quality data, any environmental changes can be measured more accurately which in turn facilitates greater accuracy in modelling potential future changes and adds gravitas to conclusions reached.
"Furthermore, as next generation energy provision technologies are more widely implemented, the use of quality materials will ensure their benefits are fully harnessed. Australia's future energy policies and provision must be based on quality science and accreditation lies at its foundation."

Michael Karkkainen
Laboratory Manager
Southern Cross Plant Science, Southern Cross University

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Note 1 - Statement of accounting policies

Reporting entity

The financial report includes the consolidated financial statements and notes of the National Association of Testing Authorities, Australia and its controlled entity (consolidated group), and the separate financial statements and notes of National Association of Testing Authorities, Australia as an individual parent entity (parent entity).

The financial statements were approved by the Board of Directors on 23 September 2014.

Basis of preparation

National Association of Testing Authorities, Australia and its controlled entity applies Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirement.*

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and the *Australian Charities and Not-for-profits Commission Act 2012*. The parent entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions.

Historical cost convention

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

New and revised standards that are effective for these financial statements

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2013. Information on these new standards is presented below.

AASB 13: Fair Value Measurement

AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of AASB 13 is broad and it applies for both financial and non-financial items for which other Australian Accounting Standards require or permit fair value measurements or disclosures about fair value measurements except in certain circumstances.

AASB 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application.

Amendments to AASB 119: Employee Benefits

In the current year, the consolidated group adopted AASB 119 Employee Benefits (2011), which revised the definition of short-term employee benefits to benefits that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service.

As a result of the change, the annual leave liability for certain of the consolidated group's employees is now considered to be another long-term employee benefit, when previously it was a short-term benefit. The consolidated group's obligation is determined as the amount of future benefit that employees have earned in return for their service in the current and prior periods, applying actuarial assumptions, discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

These amendments have had no significant impact on the consolidated group.

Significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Both the functional and presentation currency of the parent entity and consolidated group is Australian dollars.

Principles of Consolidation

The consolidated financial statements comprise the financial statements of the parent entity, being the National Association of Testing Authorities, Australia and its controlled entity and together are referred to in this report as the consolidated group. Control exists where the parent entity has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered. Despite this power to govern, it is the parent entity's policy to allow its controlled entities to act independently. A list of controlled entities is contained in note 19 to the financial statements.

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Where controlled entities have entered or left the consolidated group during the year, their operating results have been included from the date control was obtained or until the date control ceased. There are no outside interests in the equity or results of the controlled entities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

Note 1 - Statement of accounting policies (continued)

Comparatives

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

Where the consolidated group has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

Income tax

The parent entity and controlled entity (Proficiency Testing Australia) are endorsed as income tax exempt charitable entities under Division 50 of the *Income Tax Assessment Act 1997*.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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

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

Revenue recognition

Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes including goods and services tax (GST). Revenue is recognised for the major business activities as follows:

Accreditation revenue

Accreditation revenue not otherwise covered by the annual subscription is recognised when time is charged to a member accreditation engagement. Revenue is measured at the fair value of the consideration or contributions received or receivable, taking into account the amount of any write-ups or write-downs required to reflect the recoverable amount.

Government contracts

Government contract revenue is recognised in the statement of profit or loss and other comprehensive income when the consolidated group obtains control of the contract and it is probable that the economic benefits gained from the contract will flow to the consolidated group and the amount of the contract can be measured reliably.

If conditions are attached to the contract which must be satisfied before it is eligible to receive the contribution, the recognition of the contract as revenue will be deferred until those conditions are satisfied.

Subscription revenue

Subscription revenue from members is billed annually and is recognised as income in the financial year to which the subscription period relates.

Interest revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue and associated imputation credits

Dividends and imputation credits are recognised when the right to receive has been established.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of twelve months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Trade receivables

For all sources of recurrent income, trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment in relation to doubtful receivables is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of profit or loss and other comprehensive income.

Property, plant and equipment

Basis of measurement of carrying amount

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

It is the policy of the consolidated group to have an independent valuation at least every three years, however unless this revaluation results in an

Note 1 - Statement of accounting policies (continued)

impairment loss it is not recognised in the financial statements other than by way of note.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all property, plant and equipment including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements

The depreciation rates used for each class of depreciable assets are:

Buildings	4% - 20%
Furniture and equipment	10% - 40%
Motor vehicles	15% - 25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income.

Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership), which are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the consolidated group becomes a party to the contractual provisions to the instrument. For financial assets this is equivalent to the date that the consolidated group commits itself to either purchase or sell the asset.

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and (iv) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Non-derivative financial assets

The consolidated group classifies its non-derivative financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its non-derivative financial assets at initial recognition and re evaluates this designation at each reporting date.

Note 1 - Statement of accounting policies (continued)

Held-to-maturity investments

Held to maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturities that the consolidated group's management has the positive intention and ability to hold to maturity.

Available-for-sale financial assets

Available for sale financial assets, comprising principally marketable equity securities, are non derivatives that are either designated in this category or not classified in any of the other categories. They are included in non current assets unless management intends to dispose of the investment within 12 months after the end of the reporting period.

Impairment

At the end of each reporting period, the Directors assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Derecognition

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

Intangible assets

Software

Software has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the software over its estimated useful life of three years.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the consolidated group during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. The carrying amount of trade and other payables is deemed to reflect fair value

Income received in advance

Income, other than government contract income, that is received before the service to which the payment relates has been provided is recorded as a liability until such time as the service has been provided, at which time it is recognised in the statement of profit or loss and other comprehensive income.

Employee benefits

Provision is made for the consolidated group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Fair value of assets and liabilities

The consolidated group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard. Fair value is the price the entity would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and

Note 1 - Statement of accounting policies (continued)

willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Critical accounting estimates and judgements

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated group.

Key estimates

Impairment

The consolidated group assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the consolidated group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 continued

	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	$	$	$	$
Note 2 - Revenue and other income				
Revenue				
Service revenue	25,014,237	24,531,207	23,285,834	23,030,361
Government contract revenue	1,440,000	1,434,000	1,440,000	1,434,000
Foreign currency translations	77	-	77	-
Rent received - wholly owned controlled entities	-	-	-	312,929
Rent received	147,848	-	147,848	-
Royalties received - wholly owned controlled entities	-	-	-	176,749
Other operating revenue - wholly owned entities	-	-	155,814	365,108
Other operating revenue	104,529	9,743	104,529	9,743
	26,706,691	25,974,950	25,134,102	25,328,890
Other revenue				
Dividends received - wholly owned entities	-	-	-	3,606,374
Distributions from managed funds	87,090	-	87,090	-
Imputation credits	-	1,545,589	-	1,545,589
Interest income - third parties	833,663	359,521	831,859	357,840
Interest income - wholly owned controlled entities	-	-	-	266,726
	920,753	1,905,110	918,949	5,776,529
Total revenue	27,627,444	27,880,060	26,053,051	31,105,419
Other income				
Net gain on disposal of property, plant and equipment	2,492	11,848	2,492	11,848
Gain on sale of subsidiary entity	-	11,324,499	-	7,684,644
Total other income	2,492	11,336,347	2,492	7,696,492
Total revenue and other income	27,629,936	39,216,407	26,055,543	38,801,911
Note 3 - Expenses				
Depreciation				
Buildings	378,489	376,055	378,489	376,055
Plant and equipment	514,815	606,970	499,061	590,279
Total depreciation	893,304	983,025	877,550	966,334
Amortisation				
Software	39,319	63,419	39,308	61,382
Total amortisation	39,319	63,419	39,308	61,382
Total depreciation and amortisation	932,623	1,046,444	916,858	1,027,716
Bad and doubtful debts expense				
Bad debts	52,660	24,996	52,660	24,996

	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
Note 3 - Expenses continued	$	$	$	$
Provision for impairment	(33,418)	222,585	(33,418)	222,585
Total bad and doubtful debts	19,242	247,581	19,242	247,581
Foreign currency translation losses	-	4,024	-	4,024
Loss on disposal of property, plant and equipment	7,092	1,164	7,092	1,164
Fair value loss on financial assets	12,875	-	12,875	-
Rental expenses relating to operating leases	639,999	615,858	639,999	615,858
Note 4 - Income tax				
Income tax reconciliation				
The prima facie tax on profit before income tax is reconciled to the income tax as follows:-				
Prima facie tax payable on profit before income tax at 30%	116,327	4,227,774		
Add (less) tax effect of:-				
Non allowable items	-	5,629		
Non assessable items	-	(56)		
Income tax exemptions	(116,327)	(4,068,301)		
Unrecognised tax losses	-	123,125		
Income tax expense	-	288,171		
Note 5 - Cash and cash equivalents				
Cash at bank and on hand	487,537	529,044	361,986	326,483
Cash on deposit	18,000,000	19,200,000	17,700,000	19,200,000
Total cash and cash equivalents	18,487,537	19,729,044	18,061,986	19,526,483
Note 6 - Trade and other receivables				
Current				
Trade receivables	1,119,569	1,662,792	875,536	1,366,541
Provision for impairment	(68,883)	(292,585)	(68,883)	(292,585)
	1,050,686	1,370,207	806,653	1,073,956
Other receivables	79,882	1,665,916	78,774	1,664,129
Work in progress	556,527	401,685	556,527	401,685
Prepayments	538,808	540,692	533,988	529,114
Loans - wholly owned controlled entities	-	-	21	-
Total current trade and other receivables	2,225,903	3,978,500	1,975,963	3,668,884
Provision for impairment				
Balance at the beginning of the financial year	292,585	84,667	292,585	70,000
Charge for the year	(33,418)	222,585	(33,418)	222,585
Amount written off	(190,284)	(14,667)	(190,284)	-
Balance at the end of the financial year	68,883	292,585	68,883	292,585

	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	$	$	$	$
Note 7 - Financial assets				
Current				
Financial assets at fair value through profit or loss				
Managed funds	4,074,215	-	4,074,215	-
Total current financial assets	4,074,215	-	4,074,215	-
Movements in carrying amount				
Net carrying amount at 1 July 2013	-	-	-	-
Additions	4,087,090	-	4,087,090	-
Movements in fair value	(12,875)	-	(12,875)	-
Net carrying amount at 30 June 2014	4,074,215	-	4,074,215	-

Note 8 - Property, plant and equipment				
	Land	Buildings	Plant and equipment	Total
	$	$	$	$
Consolidated Group				
At 30 June 2013				
Cost	2,060,329	7,225,202	5,678,749	14,964,280
Accumulated depreciation	-	(4,626,025)	(4,473,029)	(9,099,054)
Net carrying amount	2,060,329	2,599,177	1,205,720	5,865,226
Movements in carrying amounts				
Net carrying amount at 1 July 2013	2,060,329	2,599,177	1,205,720	5,865,226
Additions	-	126,996	206,988	333,984
Disposals	-	-	(84,220)	(84,220)
Depreciation and amortisation charge	-	(378,489)	(514,815)	(893,304)
Net carrying amount at 30 June 2014	2,060,329	2,347,684	813,673	5,221,686
At 30 June 2014				
Cost	2,060,329	7,352,198	5,704,152	15,116,679
Accumulated depreciation	-	(5,004,514)	(4,890,479)	(9,894,993)
Net carrying amount	2,060,329	2,347,684	813,673	5,221,686
Parent Entity				
At 30 June 2013				
Cost	2,060,329	7,225,202	5,507,599	14,793,130
Accumulated depreciation	-	(4,626,025)	(4,372,160)	(8,998,185)
Net carrying amount	2,060,329	2,599,177	1,135,439	5,794,945

Note 8 - Property, plant and equipment continued	Land	Buildings	Plant and equipment	Total
	$	$	$	$
Movements in carrying amounts				
Net carrying amount at 1 July 2013	2,060,329	2,599,177	1,135,439	5,794,945
Additions	-	126,996	158,164	285,160
Disposals	-	-	(57,848)	(57,848)
Depreciation and amortisation charge	-	(378,489)	(499,061)	(877,550)
Net carrying amount at 30 June 2014	2,060,329	2,347,684	736,694	5,144,707
At 30 June 2014				
Cost	2,060,329	7,352,198	5,518,746	14,931,273
Accumulated depreciation	-	(5,004,514)	(4,782,052)	(9,786,566)
Net carrying amount	2,060,329	2,347,684	736,694	5,144,707

Valuation of land and buildings

An independent valuation of the freehold land and buildings in Sydney was completed on 1 June 2012 by Mr. John Kovacic, Ass Dip Val, AAPI of Macquarie Bell Pty Limited. The valuation was based on vacant possession free of all encumbrances and amounted to $6,400,000, compared with a carrying value of $2,390,933. This increase in value of $4,009,067 has not been recognised in the financial report other than by way of this note.

An independent valuation of the freehold land and buildings in Brisbane was completed on 5 June 2012 by Mr. Craig Guinane, AAPI, of CBRE Valuations Pty Limited. This valuation was based on «market value - as is - assumed fully leased» free of all encumbrances and amounted to $2,700,000, compared with a carrying value of $1,995,064. This increase in value of $704,936 has not been recognised in the financial report other than by way of this note.

These valuations were obtained in accordance with the policy to review the fair value of land and buildings every three years.

Security

The parent entity's bank overdraft facility of $250,000, which was fully unutilised at balance date, is secured by a registered first mortgage over its Sydney premises.

Note 9 - Intangible assets	Goodwill	Software	Total
Consolidated Group	$	$	$
At 30 June 2013			
Cost	319,303	-	319,303
Accumulated amortisation	(268,229)	-	(268,229)
Net carrying amount	51,074	-	51,074
Movements in carrying amounts			
Net carrying amount at 1 July 2013	51,074	-	51,074
Additions	-	543,747	543,747
Amortisation charge for the year	(39,319)	-	(39,319)
Net carrying amount at 30 June 2014	11,755	543,747	555,502

Note 9 - Intangible assets continued	Software	Work in Progress	Total
	$	$	$
Movements in carrying amounts			
Net carrying amount at 1 July 2013	51,074	-	51,074
Additions	-	543,747	543,747
Amortisation charge for the year	(39,319)	-	(39,319)
Net carrying amount at 30 June 2014	11,755	543,747	555,502
At 30 June 2014			
Cost	319,303	543,747	863,050
Accumulated amortisation	(307,548)	-	(307,548)
Net carrying amount	11,755	543,747	555,502
Parent Entity			
At 30 June 2013			
Cost	293,238	-	293,238
Accumulated amortisation	(242,175)	-	(242,175)
Net carrying amount	51,063	-	51,063
Movements in carrying amounts			
Net carrying amount at 1 July 2013	51,063	-	51,063
Additions	-	543,747	543,747
Amortisation charge for the year	(39,308)	-	(39,308)
Net carrying amount at 30 June 2014	11,755	543,747	555,502
At 30 June 2014			
Cost	293,238	543,747	836,985
Accumulated amortisation	(281,483)	-	(281,483)
Net carrying amount	11,755	543,747	555,502

	Consolidated Group		Parent Entity	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Note 10 - Trade and other payables				
Current				
Trade payables	588,881	1,097,359	539,025	1,052,258
Liabilities to employees	1,987,061	1,817,903	1,909,606	1,743,964
Subscriptions in advance	658,048	393,660	352,006	114,206
Other income in advance	1,370,718	1,014,821	1,370,718	1,014,821
Other payables	545,710	577,433	513,807	551,604
Total current trade and other payables	5,150,418	4,901,176	4,685,162	4,476,853

	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	$	$	$	$
Note 11 - Provisions				
Current				
Employee entitlements - long service leave	1,225,000	1,125,000	1,137,000	1,056,000
Total current provisions	1,225,000	1,125,000	1,137,000	1,056,000
Non-current				
Employee entitlements - long service leave	1,118,000	914,000	1,072,000	859,000
Restoration (make good)	122,850	122,850	122,850	122,850
Total non-current provisions	1,240,850	1,036,850	1,194,850	981,850
Movement in provisions				
Restoration (make good provision)				
Carrying amount at the beginning of the year	122,850	122,850	122,850	122,850
Provision utilised during the year	-	-	-	-
Carrying amount at the end of the year	122,850	122,850	122,850	122,850

The parent entity is required to restore certain of its leased office premises to their original condition at the end of the respective lease term. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of property, plant and equipment and are amortised over the shorter of the term of the lease or the useful life of the assets.

Note 12 - Reserves		
Asset realisation reserve	11,324,499	11,324,499	11,324,499	11,324,499
Total reserves	11,324,499	11,324,499	11,324,499	11,324,499

Nature and purpose of reserves

The asset realisation reserve records realised gains on sale of certain non-current assets.

Note 13 - Discontinued operations	Consolidated Group	
	2014	2013
Profit for the year from discontinued operations	$	$
Revenue	-	17,005,860
Other income	-	5,915
	-	17,011,775
Expenses	-	(16,480,013)
Profit before income tax	-	531,762
Income tax expense	-	(288,171)
Profit for the year from discontinued operations	-	243,591
Cash flows from discontinued operations		
Net cash flows from operating activities	-	1,767,521
Net cash flows from investing activities	-	(2,139,220)
Net cash flows	-	(371,699)

	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	$	$	$	$
Note 14 - Contingent liabilities				
Estimates of the maximum amounts of contingent liabilities that may become payable:				
Security deposit guarantee on property leases	404,126	404,126	404,126	404,126
	404,126	404,126	404,126	404,126

No material losses are anticipated in respect of the above contingent liabilities.

Note 15 - Key management personnel compensation				
The aggregate amount of compensation paid to key personnel during the year was:	1,614,145	1,883,769	1,475,337	1,420,209

Note 16 - Commitments				
Operating lease commitments				
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	674,133	703,291	674,133	703,291
Later than one year but not later than five years	120,744	730,251	120,744	730,251
	794,877	1,433,542	794,877	1,433,542

The operating lease commitments relate to various non-cancellable property leases with remaining terms of between approximately one and three years from year-end, with rent payable monthly in advance. Contingent rental provisions within the lease agreements require the minimum lease payments to be increased by either 3%, CPI or CPI plus 1% per annum. Options exist to renew certain of the leases at the end of their term.

Note 17 - Events occurring after the reporting period

No material events have occurred after the reporting period. The financial report was authorised for issue on 23 September 2014 by the Board of Directors.

Note 18 - Limitation of members' liability

The parent entity is incorporated under the Corporations Act 2001 as a company limited by guarantee. If the parent entity is wound up, its constitution states that each member is required to contribute a maximum of $20 each towards meeting any outstanding obligations of the parent entity. At 30 June 2014 the number of members was 3,320 (2013: 3,304).

Note 19 - Controlled entities

Controlled Entities Consolidated	Country of Incorporation	Percentage Owned (%)	
		2014	2013
Parent Entity			
National Association of Testing Authorities, Australia	Australia	n/a	n/a
Controlled Entities			
Proficiency Testing Australia	Australia	100%	100%

	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	$	$	$	$
Note 20 - Related party transactions				
Parent and controlled entities				
The consolidated group consists of the parent entity, National Association of Testing Authorities, Australia (NATA) and its wholly-owned controlled entity Proficiency Testing Australia.				
Key management personnel				
Aggregate compensation payments to key management personnel are included in note 15.				
There were no other transactions with key management personnel or their related entities with the consolidated group during the current or previous financial year other than membership subscription and accreditation services revenue.				
Transactions with related parties				
Transactions between the parent entity and its controlled entities during the year consisted of:-				

	Parent Entity	
	2014	2013
	$	$
Loans advanced by the parent entity	(172,403)	94,269
Loans repaid to the parent entity	172,382	2,268,660
Net decrease (increase) in loans to controlled entities	(21)	2,362,929
Payment of interest on the above loans	-	266,726
Payment of royalty fees to the parent entity	-	176,749
Payment of rent to the parent entity	-	312,929
Payment of dividend to the parent entity	-	3,606,374
Other expenses recharged by the parent entity	155,814	365,108

The above transactions were made on normal commercial terms and conditions and at market rates.

Loans from related parties

Aggregate amount receivable from entities in the consolidated group at reporting date:-

Other receivables unsecured (current) - controlled entities	21	-
	21	-

DIRECTORS' DECLARATION

The directors of the National Association of Testing Authorities, Australia declare that:

1. The financial statements, which comprises the statement of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes are in accordance with the *Corporations Act 2001* and the *Australian Charities and Not-for-profits Commission Act 2012* and:
   (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements; and

   (b) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the company and consolidated group.

2. In the opinion of the directors there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

AM Ross
Director

MB Callanan
Director

Sydney, 23 September 2014

Independent Auditor's Report to the Members of National Association of Testing Authorities, Australia

Report on the Financial Report

We have audited the accompanying financial report of National Association of Testing Authorities, Australia (the parent entity) and National Association of Testing Authorities, Australia and its controlled entity (the consolidated group) which comprises the statement of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' Declaration of the consolidated entity comprising the parent entity and the entity it controlled during the financial year.

Directors' Responsibility for the Financial Report

The Directors of the parent entity are responsible for the preparation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations), the *Corporations Act 2001* and the *Australian Charities and Not-for-profits Commission Act 2012* for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion the financial report of National Association of Testing Authorities, Australia (the parent entity) and National Association of Testing Authorities, Australia and its controlled entity (the consolidated group) is in accordance with the *Corporations Act 2001* and *Australian Charities and Not-for-profits Commission Act 2012*, including:

a) giving a true and fair view of the parent entity's and consolidated group's financial position as at 30 June 2014 and of their performance for the year ended on that date; and

b) complying with Australian Accounting Standards - Reduced Disclosure Requirements (including Australian Accounting Interpretations), the *Corporations Regulations 2001* and the *Australian Charities and Not-for-profits Commission Regulation 2013.*

StewartBrown

Chartered Accountants

S.J. Hutcheon

Partner

23 September 2014

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GLOSSARY OF TERMS

accreditation

The formal recognition given by NATA that a laboratory has met a certain standard of operation, with particular regard to the technical competence required for the testing undertaken.

Accreditation Advisory Committee (AAC)

A group of volunteer technical experts with expertise relating to a particular type of testing, measurement or inspection, appointed by the NATA Board to advise each field/program on matters relating to accreditation.

AIMS

NATA's Accreditation Information Management System.

APLAC

Asia Pacific Laboratory Accreditation Cooperation (www.aplac.org).

applicant facility

A laboratory or other facility that has applied to NATA for accreditation.

ARK

NATA's Assessor Resource Kit.

assessment

The on-site visit to each laboratory, attended by a selected team of Technical Assessors plus a representative from NATA. This team reviews the overall procedures and technical competence of the testing conducted by the laboratory.

Assessor (or Technical Assessor)

A volunteer professional selected to participate in an assessment because of his/her recognised relevant expertise and experience in a particular area of laboratory testing, measurement or inspection activity.

calibration

A process by which a device is checked or adjusted against a known reference device.

certification

The formal recognition of a management system that complies with a national, or international, standard. This is confirmed by the issue of a formal certificate and scope document by a properly accredited body.

corrective action

Action taken by the laboratory to correct a problem or deficiency.

Diagnostic Imaging Accreditation Scheme (DIAS)

The Diagnostic Imaging Accreditation Scheme (DIAS) is a mandatory accreditation that links payment of Medicare benefits for imaging services to a facility's compliance with the DIAS practice accreditation standards.

document review

A process conducted by NATA staff to compare each particular laboratory's documentation and procedures with the relevant accreditation requirements.

evaluation (international)

An audit/review undertaken by (an) international counterpart(s), usually to determine the compliance or competence of an organisation to participate in a bilateral or multi-lateral recognition agreement.

EDRMS

NATA's Electronic Document and Records Management System.

field/program

NATA's accreditation activities are grouped into fields or programs related to the type of testing or measurement being undertaken. The names of these fields and programs and the abbreviations used are:

Biological Testing (Bio)

Calibration (CAL)

Chemical Testing (CT)

Construction Materials Testing (CMT)

Forensic Science (FS)

Information and Communications Technology (ICTT)

Inspection (INSP)

Mechanical Testing (MT)

Medical Imaging (MI)

DoHA Diagnostic Imaging

Medical Testing (MT)

Non-Destructive Testing (NDT)

Performance and Approvals Testing (PAT)

Proficiency Testing Scheme Providers (PTSP)

Recognition - Good Laboratory Practice (GLP)

Reference Material Producers (RMP)

Research and Development (R&D)

Sleep Disorders Services

Veterinary Testing (VT)

GLOSSARY OF TERMS (CONTINUED)

Field Application Document (FAD)

A NATA document that helps a laboratory or other facility to apply the requirements of an international standard (such as ISO/IEC 17025) to their field or discipline. (Also known as the Supplementary Requirements for Accreditation).

GLP

GLP refers to the OECD Principles of Good Laboratory Practice, which were developed in the late 1970s to promote the development of quality test data associated with non-clinical studies. They also form the basis for the mutual acceptance of test data from such studies amongst OECD countries. Any facility claiming to be compliant with the Principles of Good Laboratory Practice of the Organization for Economic Cooperation and Development (OECD) under the Australian GLP compliance monitoring program must be recognised by NATA for that compliance.

ILAC

International Laboratory Accreditation Cooperation (www.ilac.org).

inspection accreditation

The formal recognition offered by NATA of the competence of an inspection body and its inspectors. ISO/IEC 17020 — *General criteria for the operation of various types of bodies performing inspection* is the internationally recognised inspection accreditation standard. It is this document that is used by NATA to accredit inspection bodies.

Integrated Accreditation

Integrated Accreditation is the separation of the management of accreditation (surveillance) activities (and related products) from the management of NATA's internal technical infrastructure (such as the technical input from Accreditation Advisory Committees (AAC) and/or other sources). It is intended to achieve better engagement with members and responsiveness to their needs, greater consistency in accreditation policies and procedures, and improvements to NATA's technical capacity.

international standards

ISO/IEC 17025 is the internationally recognized standard which provides the criteria used by NATA for laboratory accreditation. Other international standards provide the criteria for other programs such as accreditation of Inspection bodies, Medical Testing Facilities, Reference Materials Producers and Proficiency Testing Scheme Providers.

laboratory

A facility that is engaged in the evaluation, measurement or testing of a product or material so as to determine its characteristics.

measurement, standards and conformance infrastructure

In Australia, the measurement, standards and conformance infrastructure (or technical infrastructure) consists of the primary bodies responsible for the development, operation, maintenance and supervision of Australia's national physical and documentary standards.
It also embraces the certification and accreditation of organisations and individuals on whom we depend for the quality and accuracy of products and services involving measurement, analysis, testing and calibration.

measurement audit

For the calibration fields the proficiency testing activity used to assess laboratory performance is a Measurement Audit.

measurement uncertainty (MU)

Every measurement made has an error associated with it, and the parameter that defines the boundaries of the error of a measurement is termed the 'measurement uncertainty' or 'uncertainty of measurement'.

members

Laboratories and other facilities holding NATA accreditation. NATA is an association of its member facilities.

members portal

The NATA web portal which facilitates communications and exchange of documents with members

NAR(s)

The abbreviation for NATA's Accreditation Requirements (for each field/program).

NATA Board

NATA is guided and monitored by a Board drawn from its Council. The Board consists of members appointed by the Council who act as the Directors of the company. They supervise the management of the property, business and affairs of the Association. The Board may make Regulations which regulate the affairs of the Association and may amend and repeal Regulations.

GLOSSARY OF TERMS (CONTINUED)

NATA Council

The Council comprises elected Association members and representatives from industry, government and professional bodies. The Council acts as a representative body for all members of the Association and acts as a consultative body to assist in the activities of the Association and may be called upon for advice by the Board.

NMI

National Measurement Institute—responsible for establishing and maintaining Australia's units and standards of measurement and for coordinating Australia's national measurement system (www.measurement.gov.au). NMI is also used to mean the National Measurement Institutes of other countries.

overdue facilities

In its surveillance program for accredited facilities, NATA sets a specific period for future surveillance visits to each facility. If, for some reason, such a visit is delayed beyond the specified period the surveillance of that facility is termed as 'overdue'.

proficiency testing

A means of assessing the ability of laboratories to competently perform specific tests.

quality control procedures

All the activities undertaken by a facility to ensure that its sampling, handling, testing, measurement and reporting practices are in accord with its quality assurance system.

quality management system

In a laboratory, the (documented) system that details the practices and procedures used to ensure the production of quality test or calibration data.

reassessment

The assessments organised to accredited facilities, as part of NATA's ongoing surveillance program.

reference materials

A material or substance, one or more property values of which are sufficiently homogeneous and well established to be used for the calibration of an apparatus, the assessment of a measurement method, or for assigning values to materials.

scope of accreditation

NATA accreditation for any laboratory is described in terminology that details the particular types of testing covered by the accreditation. The collective description of the scope of a laboratory's accreditation is termed the 'scope of accreditation' (previously known as 'terms of accreditation').

sector

Fields and programs which have a similar industry or sector focus are grouped together into sectors with a Sector Manager having responsibility for their technical management.

strategic plan

The Strategic Plan describes NATA's priorities and intentions in three year periods.

supplementary requirements for accreditation

Each field/program for which NATA offers accreditation has produced one of these documents which helps a laboratory or other facility to apply the requirements of an international standard (such as ISO/IEC 17025) to their particular field or discipline.

surveillance program

The ongoing evaluation of all accredited facilities to ensure that the requirements for accreditation are being met.

suspended accreditation

An accreditation made temporarily invalid, either in full or for part of the scope of the accreditation.

Technical Assessor forums

Meetings organised by NATA for assessors from individual fields/programs to discuss developments in their field relating to accreditation.

technical committee

A general term for the committees of volunteers which assist NATA in undertaking its accreditation activities. Some examples are Accreditation Advisory Committees and Technical Groups.

technical units

A technical unit is a measure of the assessment effort required to service an accredited facility. It usually equates to the number of assessors required to cover the facility's scope of accreditation.

withdrawn facility

A facility whose accreditation has been voluntarily or involuntarily terminated, in full.

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