

ANNUAL
REPORT

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ACCREDITATION: A GLOBAL TOOL TO SUPPORT PUBLIC POLICY





ACCREDITATION: A global tool to support public policy

The theme of this year's Annual Report is the theme of World Accreditation Day 2016 and reflects the importance of accreditation in supporting public policy. Accreditation of the organisations that are performing their tasks ensures a consistent and reliable approach, and provides confidence that the service providers are meeting the needs of the consumer and the community.

Quotations that appear in this Annual Report are from entries in NATA's 2016 World Accreditation Day competition in which members expressed their opinion about how accreditation supports public policy. The quotations represent their personal opinion.

Notice of Meeting

The 2016 Annual General Meeting of the National Association of Testing Authorities, Australia ("NATA") will be held at NATA's Sydney Office, 7 Leeds Street, Rhodes NSW 2138 on Tuesday, 18 October 2016, commencing at 12:00 pm AEDT.

In addition, a Webinar service will be available for Members to participate in the meeting.



Jennifer Evans
Chief Executive Officer
14 September 2016

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“Regulators, national and local government – essentially any relevant party – can utilise accreditation as a valuable tool for meeting public policy objectives. It provides a strong benchmark for organisations to uphold, ensuring a balanced assessment can be completed across all public sectors. Furthermore, this tool can be employed globally, as an international synonym for quality, integrity, and conformity.”

Jessica Tunnage

Laboratory Manager

Northern Co-operative Meat Company



Chair's Overview

Alastair Ross AM

Welcome to the 2016 Annual Report for the National Association of Testing Authorities (NATA) Australia. As is tradition with these reports, the CEO's review will address the operations issue and results for the year and I will focus on the strategic direction and corporate governance issues.

We introduced our Strategic Plan (Plan) for 2016-2018 in last year's Annual Report and I am pleased to report that a solid start and good progress have been made on the Plan in 2016. I will return to this later in this report.

We welcomed two new Board members in 2016. Inspector David Neville and Dr Anthony Landgren joined the Board in October 2015 after having been elected in the inaugural election by members under the revised Constitution.

The operations and financial results for 2016 are very pleasing, particularly in view of the significant workload resulting from the commencement of Project AIMS.

Project AIMS is an organisation transforming business process re-engineering project with the objectives to improve service delivery, realise operational efficiency gains, maximise the benefits that current technology offers, and set the foundation for a secure future.

The project will be implemented in stages to minimise the exposure to serious disruptions to our operations and to mitigate implementation risks.

The first stage will be the replacement of the existing finance system with a system based on a modern technology platform. This will be followed by the replacement of the current accreditation back office system with the Accreditation Information Management System (AIMS).

A successful implementation of Project AIMS is critical to the future of NATA. The main benefit of Project AIMS is to equip NATA with a modern technology platform and a system that is scalable to take advantage of the rapid improvement in technology, adaptable to the changing environment and members' requirements, efficient to control our unit cost, and a significant improvement to members' and stakeholders' experience of doing business with NATA.

A significant component of the Project is the training of our staff to extract the benefits from the revised policy and procedures that will be underpinned by the new systems, and comprehensive communication with our staff, members, and stakeholders.

The second key project in our strategy is about our volunteers who serve as technical advisers, members of committees, and on the Board. Our volunteers are not only an integral part of the NATA's heritage but one of the most important components in NATA's business model. As a result of the changes in the economy, industry structure, and demographics, we need a comprehensive strategy and action plan to address the recruitment, development and retention of our community of volunteers, and the continuing support of their employers.

Projects of the size, scale and complexity that we embark on are inherently risky but offer potentially high reward. However, they require long term commitment and support of the Board, management and staff focus, and financial resources to ensure these Projects deliver the expected benefits.

As a not-for-profit organisation without recourse to shareholders for additional capital, it is essential that we build sufficient financial reserves to invest and transform the organisation to service our members, fulfil our commitments to the stakeholders, and secure our future.

We also need reserves to fund development of our accreditation program and provide a buffer to smooth out the impact of any unexpected financial downturn on the fees levied to our membership.

The key investment strategy to provide the financial stability and future resources is to reduce the volatility and exposure of our investments.

In 2013, we divested the investment in our subsidiary NCSI, which was a successful company but needed considerable capital injection to maintain its competitive advantage, and re-deployed the freed up capital in a less volatile investment asset class that offered reasonable income and medium term capital growth.

I am pleased to report that the commercial office in Camberwell, Melbourne purchased by NATA in July 2015 has been fully occupied since May 2016 and is providing a return that exceeds our original investment criteria.

As announced on the 1st August, I will be stepping down as Chair of NATA. I started my association with NATA almost 25 years ago and I have witnessed many significant changes to NATA and its environment in that time.

One of the most pleasing aspects throughout this period is that the NATA Board, management, staff and the community of volunteers, have never lost the focus on advancing accreditation in the best interests of the accreditation community and the general public. Apart from these, I will always treasure the friendship, professional respect, and the collegiality that I have enjoyed.

I wish NATA and the NATA community every success in the future.

Alastair Ross AM
NATA Chair



Chief Executive Officer's Overview

Jennifer Evans

In last year's report, I outlined the challenges and opportunities in the new Strategic Plan and the commencement of Project AIMS (Accreditation Management Information System). In this report, I would like to highlight the progress we made, share our achievements, explain the challenges in 2015-16, and the opportunities that we see in the short to medium term.

As noted in the Chair's overview, we achieved and delivered very pleasing operations and financial results along with the significant progress made on Project AIMS during the year.

We achieved the Charter of Services (CoS) target set by the Board. This is a good result given the additional workload from Project AIMS. It is also the third year in a row that we have achieved the enhanced CoS targets implemented in 2012-13. We anticipate further challenges in the next couple of years while we are working through the various stages of Project AIMS but we are confident that it will deliver significant benefits to NATA, our members and stakeholders when it is fully implemented.

The \$336,000 financial surplus is slightly ahead of the \$323,000 budget surplus. As a not-for-profit organisation, NATA's budget and actual surplus is just over 1% of the total revenue of \$28.6M.

It is reasonable to suggest that a 1% surplus may be too low to cope with any unexpected fluctuations in revenue and/or expenses and to build up a reasonable reserve for investment in our future. However, the size of the surplus needs to be balanced with its impact on the annual fees levied on members.

In setting the annual target, the Board gives careful consideration to these factors. We are fortunate that we have built up a reasonable amount of reserve over the years to fund major projects such as Project AIMS and the development of new accreditation programs that generally have a long break even period.

The purchase of the commercial office building in Camberwell in 2015 has not only provided a permanent home for our Melbourne operation but also proven to be a sound investment that should offer financial return and benefit to NATA and its members in years to come.

Project AIMS is the largest financial commitment for a business project and one of the most complex projects that NATA has ever undertaken. Having last year completed Stage I which covers customer relations management, enquiries and complaints handling, we have also made substantial progress on Stage II in 2015-16.

A number of the back office administration modules have been completed which are essential for the crucial tasks currently underway - the reformatting of Scopes of Accreditation (SoA) and the technical restructure of our fields and programs.

The major objective of the SoA module is to introduce a uniform format across all fields and programs and to improve the 'searchability' of the SoA by customers of our member facilities and stakeholders.

This initiative should provide greater clarity on the services offered by our members to the public and enhance their service delivery to customers.

The finance component of Project AIMS includes a new 'work in progress' (WIP) billing module and a new accounting and finance reporting system. The design and analysis stage of the finance component commenced in August and we aim to implement it in 2016-17.

The scale and complexity of Project AIMS require considerable effort and commitment from management and staff who continue to be accountable for the business as usual operations, achieving CoS and timeframes for assessments and other activities, and delivering the budget surplus.

It is undoubtedly a big challenge to us all but I am quietly confident that we have the skill, resources, commitment and support from everyone - from Board level to the frontline staff - to make Project AIMS a success.

An intangible yet important benefit from Project AIMS is the linkage and adaptability to the fast improving technology and communication infrastructure. Project AIMS should position NATA well in taking advantage of new technology such as the 'Internet of Things' that will affect the way our members run their business and NATA conducts the accreditation assessment process.

However, new technology can be expensive and risky, especially in its early phase of commercialisation. It is our belief that NATA can add most value to our members by delivering quality service at an affordable and competitive price.

In broad terms, application and commercialisation of technology matures and fulfils its potential when it becomes cost competitive in the set up and running costs with existing technologies, reliable, widely available, and reaches the critical mass of market acceptance.

Accreditation is essentially an attestation function of the facility's competence to carry out specific test(s), measurements, inspection and related task(s). Accreditation should follow good science and relevant technology but not lead them.

Therefore, NATA will take a measured and cautious approach in the adoption of technology in our accreditation assessment process and our support of our members.

I reported last year that NATA had its four yearly Asia Pacific Laboratory Accreditation Cooperation (APLAC) Mutual Recognition Arrangement (MRA) evaluation in March 2015 and that the outcome was successful.

I am pleased to report that in January this year, the APLAC MRA Council considered the NATA evaluation report and approved its recommendations to continue NATA's ILAC and APLAC MRA signatory coverage for testing, calibration, inspection and reference materials producers and to extend coverage to medical testing laboratories under ISO 15189 : 'Medical Laboratories - Particular requirements for quality and competence', and proficiency testing service providers for ISO/IEC 17043: 'Conformity assessment - General requirements for proficiency testing'.

In practice, this means test results produced by members within their Scope of Accreditation under the MRA will be eligible for recognition by other

economies whose accreditation body is also a signatory to the MRA. This in turn should provide trade benefits by facilitating freedom of movement of safe goods and reduction of technical trade barriers. MRAs are increasingly being utilised to underpin confidence in the exchange of scientific data/information for activities where testing and interpretation/analysis of results are performed in different economies.

NATA also continued to participate in the revision of two key international standards ISO/IEC 17025: 2005 'General requirements for the competence of testing and calibration laboratories' by ISO/CASCO Working Group 44 (WG 44), and ISO/IEC 17011 'Conformity assessment - General requirements for accreditation bodies accrediting conformity assessment bodies' by ISO/CASCO Working Group 42 (WG 42).

NATA has one General Manager on WG 44 and another one on WG 42 as representatives of Standards Australia. I am honoured to be one of the two nominees of ILAC on WG 42 and also on the drafting committee. The two Working Groups have worked extremely hard in 2015-16 and the publication of the revised Standards is expected in 2017. NATA's participation in the development of these international standards is crucial to ensure that they remain relevant to the breadth of facilities accredited by NATA.

NATA's participation in WGs 44 and 42 is greatly helped by the Commonwealth Government's funding through its Support for Industry Service Organisations (SISO) program and we acknowledge the important contribution of the SISO program to NATA's international activities.

Obviously, we would not have been able to deliver the services, achieve the results, and scale some of the obstacles in 2015-16 without the wise counsel and guidance of the Board, and the total commitment of management and staff of NATA. To them I express my appreciation and gratitude. I also want to extend my thanks to our Technical Assessors, members of our technical committees and to their employers, for their on-going commitment to NATA.

Lastly, on behalf of the Board and staff, I would like to pay tribute to our retiring Chair Mr Alastair Ross for his invaluable contributions to NATA through selfless dedication and tireless efforts for nearly a quarter of a century. His commitment, wisdom and good humour will be missed. I wish him and his wife Susan, a long and happy retirement.

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 volunteer Technical Assessors, members of the Technical Committee will remain an integral part of NATA with their contributions recognised and valued by NATA and the community.

Our services

NATA provides a range of services in addition to accreditation. These include training courses in laboratory management, auditing, microbiological and quality control and 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 rely to a great extent on the thousands of industry experts who generously give their time to participate in technical assessments and technical committees. To them we offer our thanks and appreciation.

International services

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 approximately 3,000 facilities in Australia and around 50 in other economies.

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, 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



Statement of Corporate Intent

NATA'S Role

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 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.

Strategic Direction 2016 - 2018



Our Vision

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; and
- enabling the acceptance internationally of the results of these activities thereby facilitating trade and the exchange of technical data.

Our staff have the technical knowledge, customer service skill and motivation to deliver quality service to our clients.

NATA Strategic Plan 2016-2018

This is the Strategic Plan (Plan) of NATA for the three financial years commencing 1 July 2015 (financial year 2016) to 30 June 2018 (financial year 2018). This Plan is reviewed and updated annually and covers the medium to long term goals and objectives of NATA.

The Plan was approved by the Board on 10 June, 2015.

Our Mission

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

Strategic Plan Summary

1) Leadership and Profile

NATA's role and contribution are recognised and valued with respect to:

- the improvement in public safety, productivity, and technical infrastructure in Australia; and
- the representation of Australia's interest in the international accreditation community and promotion of trade through reduction in technical barriers to trade.

2) Stakeholder Engagement

NATA will continue to provide accreditation programs and related activities that meet the needs of our stakeholders.

Our stakeholders will continue to support our goals and remain engaged in their commitment to NATA. We will achieve this through consultation and collaboration with our stakeholders on key issues in a transparent and efficient manner.

3) Operational Excellence

We will deliver a quality service at a reasonable cost using an innovative business model that meets clients' needs and will be responsive to their future requirements.

4) People

Our staff have the technical knowledge, customer service skills and motivation to deliver quality service to our clients.

Our volunteer Technical Assessors and committee members are recognised for their technical expertise and valued for their contributions to NATA and the community.

Our people, both staff and volunteers, have an appropriate mix of skill, experience and expertise, and are maintained by effective succession planning.

5) Innovation and Technology

We will maintain a contemporary technology infrastructure to support the interface with stakeholders, clients, volunteers, and the community.

We will deploy technology to support product innovation, transform business process, and enable improvements in service delivery.

NATA people will be equipped with appropriate technology and support to enhance their contribution to NATA's objectives.

6) Growth and Security

We will develop and maintain functional capability and operational capacity to meet the needs and growth of stakeholders and customers, and provide opportunity for our people

A prudent risk management framework will be maintained to manage risk.

We will maintain a sound financial structure and adequate reserve to secure NATA's future.

Performance 2015-16

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“The three pillars of public policy - transparency, accountability and credibility - are each firmly supported by accreditation. In the absence of accreditation, public policy would be informed by amateur endeavours and guesswork. No well-informed economy or society deserves that.”

Pinakin Chaubal

Engineering Manager Capability Development
Department of Defence, Australia

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 Standards



SERVICE STANDARD 1

Conduct an Advisory Visit within specified time frame.

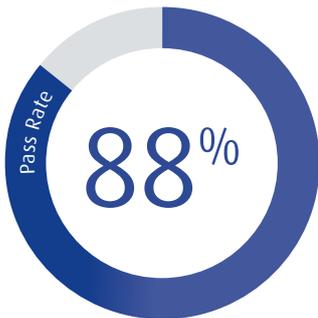
Total processes: 113



SERVICE STANDARD 2

Formal Report provided to customer within specified timeframe after on-site Advisory Visit.

Total processes: 113



SERVICE STANDARD 3

Assessment conducted within specified timeframe from receipt of application and appropriate supporting documentation.

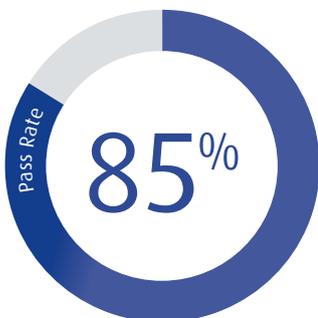
Total processes: 206



SERVICE STANDARD 4

Initial report or oral briefing provided at conclusion of on-site visit.

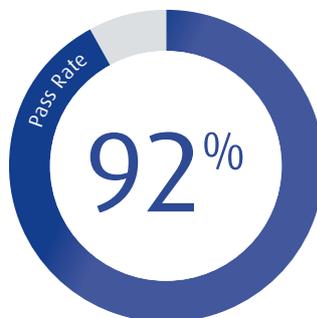
Total processes: 2740



SERVICE STANDARD 5

Final report provided for on-site assessment(s), reassessment(s) and variations (including signatory interviews) within specified timeframe, relative to Field of testing.

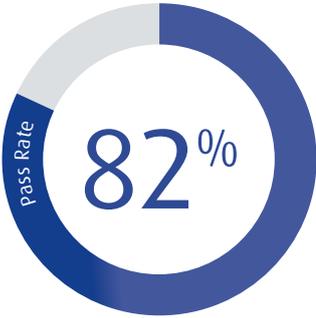
Total processes: 2968



SERVICE STANDARD 6

Desk-top variation conducted within specified timeframe from written request of application and appropriate supporting documentation.

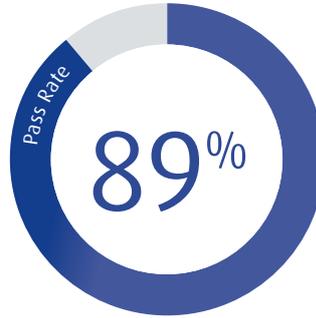
Total processes: 483



SERVICE STANDARD 7

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

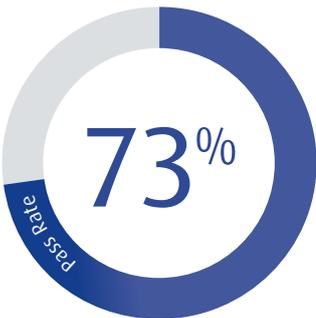
Total processes: 285



SERVICE STANDARD 8

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

Total processes: 4983



SERVICE STANDARD 9

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

Total processes: 174



SERVICE STANDARD 10

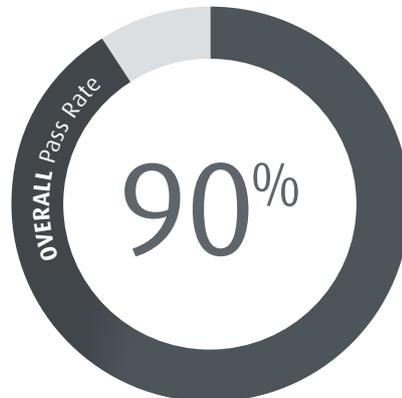
Confirm member's accreditation status within specified timeframe after confirmation of appropriate remedial action.

Total processes: 2724

NATA's performance in the 2015-16 year achieved an overall success rate of... **90%**



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



Technical, Operational and Quality Matters

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“Any public policy should be based on credible information. Credible information comes from measurement established to be impartial, accurate and presented with a statement of confidence in its value. That quality in measurement is the primary outcome from accreditation.”

Randall Anderson
Australian Pressure Pathology



As noted in previous years, NATA continues to benefit from the valuable input from members of its volunteer technical committees and Technical Assessors. Our success in maintaining the ILAC and APLAC signatory statuses 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 measurement infrastructure.

Chairs of the Accreditation Advisory Committees meeting

The Chairs of each of NATA's Accreditation Advisory Committees meet annually to review key NATA activities over the preceding year and to discuss common points of interest.

The 2015 meeting was held in Melbourne on 20 October. The Chairs were provided with an update on significant NATA initiatives, including the revision of the presentation of Scopes of Accreditation and their alignment with industry classifications. The Chairs also participated in a workshop to consider assessment processes for 'virtual environments and emerging IT infrastructures' in the rapidly changing technical world.

Technical restructure

NATA revised its structure at the end of 2011 to move away from separately managed programs and fields of accreditation. This was replaced by clustering related activities into five sectors, namely Calibration, Legal and Clinical Services, Infrastructure, Inspection and Life Sciences. At the time, these sectors were determined to be the best fit, however, it was also understood that the structure adopted would continually be reviewed based on needs.

Since the restructure, a number of key projects have been undertaken and include:

- the formalisation of our stakeholder engagement process including the establishment of a business intelligence process aimed at defined industry groupings; and
- the development of the tabular format for the presentation of Scopes of Accreditation of NATA members.

The outcome of these projects is the commencement of the realignment of the five sectors and the activities covered by each with industry groupings. NATA's committee structure and accreditation criteria are also being reviewed to align with the industry classifications. It is envisaged that the rollout of the revised structure and its management will be a staged process.

The revised sector structure with the aligned proposed industry classifications is as follows:

Sector	Current Program / Field	Industry Groupings
Calibration	Calibration Information and Communication Technology Testing (ICTT)* Proficiency Testing Scheme Providers (PTSP)* Reference Materials Producers (RMP)*	Calibration
Legal and Clinical Services	Forensic Services Medical Imaging (including Diagnostic Imaging Accreditation Scheme) Medical Testing Sleep Disorders Services	Legal Human Pathology Medical Imaging Sleep Disorders Services Non-clinical Human Testing
Infrastructure	Construction Materials Testing Mechanical Testing Non-destructive Testing Performance and Approval Testing	Materials Manufactured Goods Infrastructure & Asset Integrity
Inspection	Inspection*	Environment
Life Sciences	Biological Testing* Chemical Testing* Good Laboratory Practice (GLP)* Veterinary Testing	Agribusiness Food & Beverage Animal Health

* GLP, R&D, ICTT, PTSP, RMP and Inspection will align with all the industry groupings reflected above.

Revision of the format for presenting Scopes of Accreditation

NATA continues to develop a tabular format for presenting Scopes of Accreditation which will align with industry classifications as noted above. The revised format will provide a more consistent and detailed presentation of information whilst enabling potentially one scope to be created per member regardless of the number of programs or fields (industry groupings) for which accreditation is held. Additionally, the new format will enhance search capabilities on the NATA website once it goes live at the time of the implementation of the new Accreditation Information Management System (AIMS).

Asia Pacific Laboratory Accreditation Cooperation evaluation

NATA is a signatory to the International Laboratory Accreditation Cooperation (ILAC) and Asia Pacific Laboratory Accreditation Cooperation (APLAC) mutual recognition arrangements (MRAs). NATA's signatory status is evaluated 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 an assessment.

The APLAC four yearly evaluation of NATA was held on 22 - 27 March 2015 and the evaluation findings tabled at the APLAC MRA Council meeting in January 2016. At this meeting, NATA's signatory status was continued for Testing and Calibration (ISO/IEC 17025), Inspection (ISO/IEC 17020) and Reference Material Producers (ISO Guide 34) and extended to cover Medical Testing (ISO 15189) and Proficiency Testing Providers (ISO/IEC 17043).

Revision of ISO/IEC 17025

The revision of ISO/IEC 17025 continues with an intended release date for the new standard in the second half of 2017. Standards Australia, being our nation's ISO member body, is represented on the ISO/CASCO (Conformity Assessment Standards Committee) Working Group responsible for revising the standard by Mr John Styzinski, NATA's General Manager - Operations & Technical.

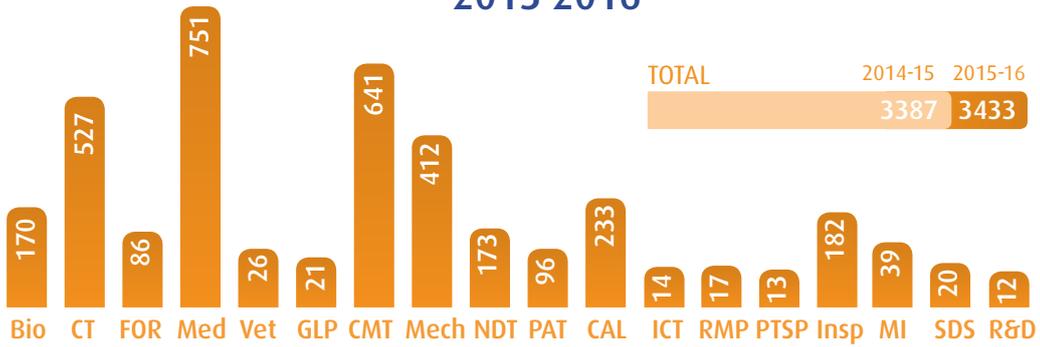
The revision of the standard is currently at the second Committee Draft (CD) stage. It is anticipated that a Draft International Standard (DIS) will become available following the Working Group's meeting in September 2016.

The DIS will be subject to a five month review period. NATA will seek input from its members on this draft and provide the reviewed comments to Standards Australia.

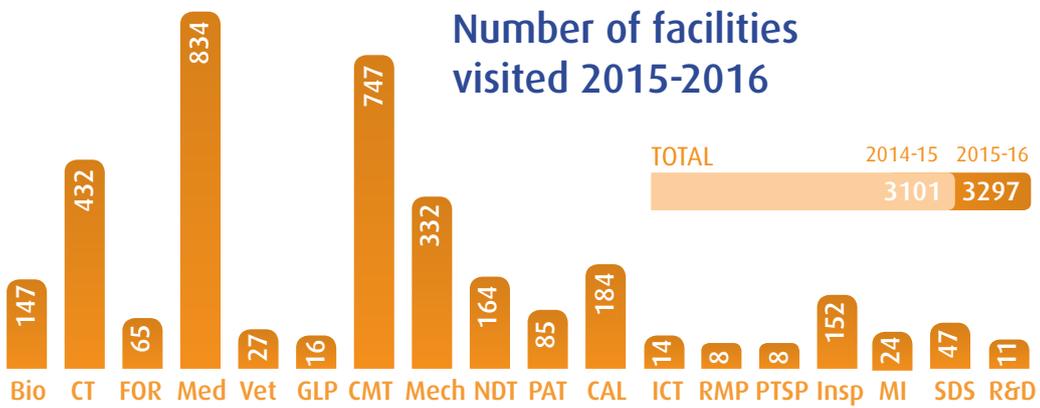
Technical Assessor Survey

A Technical Assessor survey was introduced in early 2016 with the aim of receiving feedback from Assessors following their involvement in an assessment. The survey seeks feedback on pre, on-site and post assessment activities (if applicable). The survey complements other feedback mechanisms, for example, post assessment survey of members, to gauge NATA's performance in delivering its accreditation services and to identify improvement opportunities.

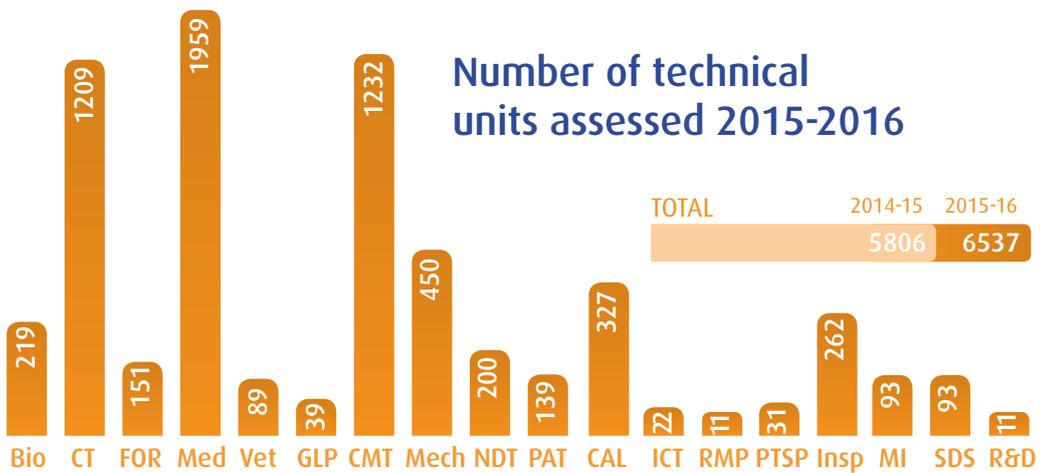
Number of accredited sites 2015-2016



Number of facilities visited 2015-2016



Number of technical units assessed 2015-2016



Learning & Development (L&D)

In the period 2015/2016 the following training sessions were conducted for Operations:

- Non-Conformance (NC) Writing and Reporting workshop;
- Report Reviewer workshop;
- Coaching workshop;
- Role of the Lead Assessor Workshop (ROLA); and
- Calibration and Measurement Traceability workshop.

As the Non-Conformance Writing and Reporting is a critical component in our service delivery skillset, we reinforce the learning from the workshop by distributing to Operation staff non-conformance scenarios and request them to prepare their response. The results are discussed at the team meetings and Accreditation Managers meeting. This is the second year for this initiative and the result has been good.

We also provided training on communication, presentation, and various business management skills that will contribute to improving the customer service skill of our staff. The main objective of the substantial investment in the training of our staff is to deliver accreditation service that meets the needs and expectations of our members and stakeholders.

Technical Assessors

Technical Assessors continue to be trained in face-to-face and online courses. In this period, 14 face-to-face Technical Assessor Development Programs (TADPs) were run, attended by 114 Technical Assessors.

As at June 2016, there were 111 (3.3%) untrained Technical Assessors from a total of 3359 (as compared to 3.8% of a total of 3437 Technical Assessors for the previous period). There are currently 109 Technical Assessors based overseas.

During this period the Training Services Group developed a webinar based TADP course which has been run twice. We will continue to run the webinar course focussing on Technical Assessors at remote sites and overseas.



Sector and Program Reports 2015-16

“Public policy is an accepted guideline for the government and communities to define regulations which are accepted by different cultures, societies and law makers. The policy makers rely on robust information and community participation.

Accreditation is a certification of quality performance of a product or an institution/system. This instils confidence in establishment of regulations for procedures and policies for the systems and products. The system of accreditation is very robust, reliable and tested.

Accreditation, hence, supports public policy by providing reliable tools to adopt a product or procedure. Accreditation itself is governed by international guidelines and hence it becomes a global tool to support public policy.”

Harpreet Vohra PhD

Flow Cytometry Specialist
Imaging and Cytometry Facility, John Curtin School of Medical Research
Australian National University, Canberra, Australia

Reports from the five sectors and the programs of Proficiency Testing Scheme Providers, Reference Material Producers and Research and Development are presented below.

Calibration Sector

Reference Material Producers (RMP)

After serving on the RMP Accreditation Advisory Committee (AAC) as a member since 2001 and as Chair since 2011 Dr Bruce Kennedy's term on the committee finished in March 2016. Dr Kennedy's contribution to the RMP industry and NATA is greatly appreciated. His direction and guidance as Chair will be missed. On Dr Kennedy's departure, Dr Damian Smeulders has been appointed as Chair of the committee.

Of particular note during the past 12 months is the International Standards Organisation's (ISO) revision of the Standards and Guidelines that support the production and use of reference materials. The guide which recommends terms and definitions used in connection with reference materials ISO Guide 30 has been reissued and includes a significant change in the definitions used.

ISO Guide 31, the guide that helps producers prepare documentation to accompany reference materials, was also reissued. Following this guide the use of the term 'certificate' is solely confined to Certified Reference Materials.

ISO Guide 34, the guide used by NATA as accreditation criteria for reference materials producers has been drafted to become one of the ISO/IEC 17000 series of standards, with ISO/IEC 17034 expected to be published later in 2016.

Finally, the guide that supports the general and statistical principles for certification of certified reference materials, ISO Guide 35, has also undergone a significant revision and is expected to be reissued later in 2016.

Proficiency Testing Scheme Providers (PTSP)

In addition to the changes to the ISO Guides and Standards listed in the RMP report above, the standard that supports statistical methods used in proficiency testing and to some extent reference material production, ISO 13528 Statistical methods for use in proficiency testing by inter-laboratory comparisons underwent a significant technical revision in 2015.

The Reference Material Producers and Proficiency Testing Scheme Providers AACs are scheduled to hold a second joint meeting later in 2016. The main topics for discussion at this meeting will be the possibility of formally merging the two AACs into one committee and to discuss the management of the changes to the ISO guides and standards, noted above, during assessments.

Sector and Program Reports

Calibration

The Calibration AAC held its fourth meeting in November 2015. Main topics for discussion included:

- The use of 'self calibrating' Resistive Voltage Dividers (RVDs) for calibrating Digital Voltmeters;
- Sourcing a reference measurement of acceleration due to gravity as used by pressure and force laboratories;
- High accuracy humidity measurements at varying ranges of temperature;
- Bilirubin meter calibration and the need for the calibrator's reference light source to be a close match to the light source of the user of the bilirubin meter;
- Solid State Lighting products (LEDs) and the requirement for the test laboratory to ensure their electrical power meter is calibrated against complex current waveforms; The need for a unique subclass of test for Capacitance Meters and 'Simulated Capacitance' in electrical calibrators;
- Guidance on the use of AS 2193 when classifying working standards (load cells) used in the calibration of force testing machines;
- Guidance on the use of multi turn coils for high current measurement and how to verify the measurement system;
- Practical issues when calibrating and verifying Blood Bank Refrigerators to the requirements of AS 3864.2 Medical Refrigeration Equipment - For the storage of blood and blood products; .
- The rounding rule for reporting the uncertainty of measurement. This has been revised in the Calibration Application Document, to follow the criteria set in ILAC policy.

Subsequent to the AAC meeting the Calibration Application Document has been revised with a number of the resolutions from the AAC being incorporated as guidance into this document. The major additions include:

- Review of requests tenders and contracts. Additional clarity provided to the criteria applied when the calibration laboratory's uncertainty may not be appropriate for the level of accuracy the device under test may achieve. This addresses a major issue with the calibration laboratories attempting to calibrate an instrument which is beyond their technical capability;
- Reporting the uncertainty of measurement with regards to rounding the reported uncertainty of measurement;

- Weighing device calibration with significant revision of the guidance and requirements applicable to the calibration of weighing devices;
- Working Force Standards - An interpretation to the methodology provided in AS 2193 when classifying a working force standard;
- Acceleration of Gravity with new guidance and requirements added based on the required accuracy of the accredited calibration and CMC;
- Time and Frequency Standards - Update of the guidance provided when using Global Navigation Satellite Systems as traceable standards;
- Thermocyclers - Guidance added to assist with the calibration or periodic verification of thermocyclers (PCR machines);
- Reels of thermocouple wire with revision of the criteria for the calibration of reels of thermocouple wire and a need to assess inhomogeneity in the reel;
- Humidity - Addition of specific criteria for stating the CMC of a humidity calibration capability.

Information and Communications Technology Testing

In September 2015 the ICTT AAC held their fifth meeting. Issues discussed during the meeting included:

- Guidance for facilities working remotely from the laboratory, at a customer's premises or using a remote environment via the internet.
- An update of the referenced Standard Methods (AS, ISO, IEC) publications acknowledging a significant amount of work recently undertaken by ISO in the development of software and process evaluation.
- Feedback from the eHealth Software Testing industry.
- The new Protection Profiles being developed for the Security Evaluation Program (AISEP).
- IT security – to date there has been no significant legal down-side for IT security failures. The Australian Privacy Principles from March 2014 may change this status quo.
- Large multinational vendors only have testing performed by their own approved testers, which does not support or acknowledge the ILAC MRA accreditation infrastructure.

Following the outcomes of the AAC meeting the ICTT Application Document has been revised to incorporate technical guidance when testing 'remotely' from the laboratory, plus recognition of the new ISO standards that support software and process testing and evaluation.

Stakeholder Engagement

As part of NATA's stakeholder engagement strategy, the following engagements undertaken during the past 12 months were of particular note:

- Calibration Workshops at the QLD and VIC members meetings to discuss the application of Policy Circular 11 and Policy Circular 12 as accreditation criteria.
- Attendance at the Metrology Society Conference October 2015 with two papers presented. One paper covered 'Sample Preparation', the other paper covered ILAC/APLAC MRA infrastructure and 'How to use accredited Calibration services', both locally and from international suppliers.
- The Environmental Laboratory Industry Group (ELIG) to discuss application of NATA criteria regarding equipment and reference materials
- Attendance at the National Evidential Breath Analyses conference in Melbourne.
- Solid State Lighting Workshop to discuss the development of local infrastructure for the competent testing of LED lighting products and the acceptance of test reports by other countries.
- Reference Material Workshop organised by RACI to discuss use of and sourcing of certified reference materials used in testing.
- The Australasian Information Security Evaluation Program's controllers meeting where the implementation of accreditation supports the acceptances of IT products to be used within secure installations.

Legal and Clinical Services Sector

Accreditation of facilities in the health sector has a direct relationship to public policy, whether in the form of accreditation linked to the provision of services under the Medicare Benefits Scheme, or accreditation to ensure that correct results are used by medical practitioners in determining the diagnostic and treatment pathways of patients.

NATA/RCPA Medical Testing Accreditation Program

Accreditation Advisory Committee

In May 2016, the 26th meeting of the Medical Testing AAC (MTAAC) was held.

The following members were reappointed to MTAAC in 2016:

- Dr G Coombs - ASM nominee
- Mr K Ericksen - AIMS nominee
- A/Prof D Roxby - ANZSBT nominee
- A/Prof K Harrison - FSA nominee

A/Prof R Lindeman (RCPA Haematology nominee) advised that he would not seek reappointment when his term expires in November 2016. NATA would like to thank A/Prof Lindeman for his time and expert advice during his 13 years on MTAAC.

Technical developments

NATA's signatory status to the ILAC and APLAC MRA's was extended to include the Medical Testing program (ISO 15189). This facilitates the international acceptance of test results and scientific data generated by NATA/RCPA accredited laboratories.

Deed of Agreement with DHS

The Deed of Agreement with the Department of Human Services (DHS) was re-signed in December 2015 which continues to recognise NATA accreditation as a pre-requisite for laboratories seeking approval as an Approved Pathology Laboratory.

Sector and Program Reports

Surveillance Activities

A number of different approaches to assessment activities have been explored over the last six months to look at organisations from a more holistic approach, acknowledging corporate management capability, rather than the current approach where sites may be assessed in isolation. Some of these approaches are described below.

The online surveillance activity has been revised to allow organisations with Corporate Accreditation (compliant with NATA Policy Circular 1) to undergo organisational wide online activities. This reflects the ability of laboratories to centrally manage their facilities.

NATA has also trialled an innovative approach to assess the supervision of regional sites. Traditionally the assessment of regional (Category B) site supervision has been performed in an 'inward' facing way i.e. asking each Category B laboratory to demonstrate by whom and how they are supervised. This new approach sought to assess supervision in an 'outward' facing way. Performed as a discrete activity the nominated supervisors at the main site were asked to demonstrate how they manage the regional sites.

NATA performed a proof of concept virtual assessment activity during the assessment of a regional point-of-care-testing (POCT) laboratory. The virtual assessment (using Skype) and subsequent on-site visit confirmed that virtual assessments for laboratories (with limited testing capability) can complement the traditional on-site visit. The limiting factor to date has been access to reliable internet linkage at some locations.

Stakeholder engagement

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

Engagements took place with the Commonwealth Department of Human Services (Medicare), Commonwealth Department of Health (NPAAC), the Therapeutic Goods Administration (TGA), State Health Departments including those of WA, SA, NT and QLD, and NSW Health Pathology. Meetings with 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.

The Memoranda of Understanding (MoUs) with WA and SA Health Departments have been re-signed. An MoU with TGA with respect to the In-House IVD Framework is close to finalisation.

Forensic Science Accreditation

Accreditation Advisory Committee

In May 2016, the 23rd meeting of the Forensic Science AAC (FSAAC) was held.

Ms Sharon Birchall (Document examination) retired from the FSAAC in February. NATA would like to thank Ms Birchall for her time and valued advice during her time on the FSAAC.

The FSAAC Chair also attended the MTAAC meeting as there is some clear crossover between the forensic and medical fields of testing.

Technical developments

The FSAAC is considering a request for accreditation of Forensic Anthropology and Forensic Odontology.

RANZCR/NATA Medical Imaging Accreditation Program

No changes to the Medical Imaging Accreditation Advisory Committee have occurred in the last year.

In January 2016, NATA began assessing facilities against version 10 of the RANZCR Standards of Practice for Diagnostic and Interventional Radiology. As these Standards were released in 2014, facilities have had time to consider the new requirements. Implementation of these requirements has not been identified as a major obstacle during the assessment process.

ASA/NATA Sleep Disorders Services Accreditation Program

In April 2016, the eighth meeting of the Sleep Disorders Services Accreditation Program (SDSAAC) was held.

Prof Nick Antic retired from the AAC at this meeting. Prof Antic was a previous Chair of the SDSAAC and instrumental in the development of the ASA/NATA SDS accreditation program. NATA would like to thank Prof Antic for his valued contributions and time on the AAC.

The Sleep program continues to grow, reflecting the greater awareness within the community of the number of Australians affected by Sleep Disorders. As the awareness of Sleep Disorders grows in the community, so does the need to demonstrate that sleep studies are performed at appropriate standards, in a safe environment and producing accurate and dependable data. This greater awareness has seen a steady increase in the number of sleep services seeking accreditation.

Diagnostic Imaging Accreditation Scheme

This year has seen the introduction of a new Standard under the Diagnostic Imaging Accreditation Scheme (DIAS). The changes to these standards have built on the existing framework, and introduced some new concepts, such as the review of, and improvement to, existing processes. Information sessions have been provided to DIAS facilities to assist these sites understand what is required under the new Standards.

Infrastructure Sector

Accreditation Advisory Committee (AAC) activity

The Construction Materials (CMT) AAC, Performance and Approvals Testing (PAT) AAC and the Non-destructive Testing (NDT) AAC each met during the year, with a summary of outcomes for each of these meetings subsequently made available on the NATA website.

During the year, Mr Steve Jenkins was elected Vice Chair of the PAT AAC. Professor John Davey was re-appointed to the Chair of the committee for a further three year term.

Mr Bruce Chisholm was elected Chair of the Mechanical Testing AAC following the retirement of Mr Stephen Harrison. Messrs Andrew Wheeler and Ashley Fletcher were appointed to the Mechanical Testing AAC and Messrs Bruce Thompson and Paul Titterton were re-appointed for a further three year term.

Messrs Allan Palmer and Steven Prince were appointed to the NDT AAC committee. The expiry of the term of appointment for Josh Morris and the resignation of Cameron Waters from the committee is acknowledged, with thanks extended for the work they performed during their respective terms of appointment.

Technical developments

A significant update to the ISO/IEC 17025 Application Document - Construction Materials Testing occurred during the year. There were also substantial changes to the CMT Classes of Test, to better reflect discrete areas of competence. Some rationalisation of test categories across the PAT and Mechanical Testing areas also occurred during the year.

Stakeholder engagement

Mechanical Testing / Performance and Approvals Testing

The area of nonconforming building products continues to be of interest to both regulators and industry stakeholders. During the year, NATA presented at a number of fora dealing with building product conformity, including the AIG Industry and Technical Infrastructure Forum, Australian Institute of Building Surveyors conference and the Australian Institute of Architects National Seminar Series.

NATA continues to be involved in a number of groups responsible for building product conformity, including the Construction Product Alliance initiative, which is sponsored by the Australian Industry Group (AIG), and technical involvement with the WaterMark scheme, which is operated by the Australian Building Codes Board.

Construction Materials

Following agreements with Queensland Department of Transport and Main Roads (QTMR) and Roads and Maritime Services (RMS) in New South Wales, a Memorandum of Understanding has now been entered into with VicRoads. All of these agreements are designed to facilitate the exchange of information between the respective organisations where the integrity of road infrastructure may be compromised. NATA presented at various construction materials fora during the year, including the 2015 RMS Laboratory Forum and the 2016 VicRoads Laboratory Forum.

Non-Destructive Testing

NATA maintains a close relationship with the Australian Institute for Non-destructive Testing (AINDT) and continues to be represented on the AINDT Certification Board. NATA delivered a Technical Evening for the NSW Branch of the AINDT during the year.

Inspection Sector

Technical developments

The 2015 – 2016 financial year saw the roll-out of the mandatory ILAC document P15 Application of ISO/IEC 17020:2012 for the Accreditation of Inspection Bodies for implementation by accredited inspection bodies. Following the implementation of ILAC P 15, consideration has been given to a full review of NATA's ISO/IEC 17020 Standard Application Document (SAD) in the coming year.

Accreditation Advisory Committee

The Inspection AAC met in November 2015, with most time invested in reviewing the technical developments associated with the implementation of ILAC P15.

Mr Bob Kimmins stepped down from Vice-Chairmanship of the Inspection AAC, a position he has held since 1998. Mr Les Dickenson has been appointed as his replacement.

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,

Sector and Program Reports

- ME-067 for the approval of electrical equipment for hazardous areas and the local implementation,
- ME18.04 for explosion-protected Diesel engine systems,
- BD021 for testing of windows,
- the WTIA's ANBCC and Q&C Board, and
- participation in a webinar supporting inspection of fall arrest equipment.

NATA continues to attract applications in a diverse range of inspection-related industries, with organisations progressing to accreditation for inspection of:

- Explosion-protected Diesel engine systems;
- Industrial coatings;
- Cargo for export;
- Asbestos-contaminated structures;
- Lifting equipment;
- Water and sewer pipes; and
- Pressure equipment including gas pipelines.

Life Sciences Sector

Biological Testing Accreditation Advisory Committee

Committee membership remains unchanged. The membership term for Mrs Agnes Tan, Chair of the Committee, providing expertise in microbiology was extended for a period of three years.

The 32nd meeting of the Committee considered the following issues:

- The capacity for virus testing of food following the Hepatitis A Virus (HAV) outbreak in early 2015;
- The rise of massively parallel sequencing and the need to ensure assessment criteria are applied to bioinformatics;
- An increase in request for testing of packaging for bacteria by manufacturers as part of their risk mitigation plans;
- Update on the ANQAP Proficiency Testing program for plant health testing;
- Allergens testing continues to develop. This poses both opportunities and risks to NATA as the testing is still developing and allergen extraction and masking in foods is still problematic;
- Mechanism needed to allow Technical Assessors to provide contemporaneous feedback on assessment activity.

Chemical Testing Accreditation Advisory Committee

Committee membership remains unchanged. The membership term for Mr Frank Fleer, Chair of the Committee, providing technical expertise for air testing was extended for a period of three years. The membership term for Mr Robert Golec, providing technical expertise in the area of occupational hygiene was also extended for a period of three years.

The 38th meeting of the Committee considered the following issues:

- NATA staff continue to field questions from facilities and Technical Assessors regarding NATA's policy for metrological traceability, Policy Circular 11. NATA is currently reviewing the wording of the document to assist with interpretation. NATA is continuing to engage with stakeholders to ensure they are aware of the requirements for establishing metrological traceability, equipment assurance and the sourcing of materials used as references;
- Demand for asbestos testing provides the biggest source for new accreditations;

Veterinary Testing Accreditation Advisory Committee

Several changes have occurred to committee membership. Dr Sam McCullough was appointed Chair of the committee and membership was extended for three years. Dr Roger Chong joined the committee with expertise in aquatic animal health and Ms Susan Jaensch joined the committee with expertise in private veterinary pathology.

The 16th meeting of the committee considered the following issues:

- The Committee discussed progress with a replacement for the Sub-committee on Animal Health Laboratory Standards (SCAHLs). There are a number of technical documents under the auspices of SCAHLs which are no longer being maintained and this may be problematic as time progresses;
- As technology improves, the availability of point-of-care testing for veterinary diagnostic purposes increases. This provides an opportunity for NATA to provide accreditation services. More guidance is required in the area of real time PCR and Massively Parallel Sequencing (MPS) to ensure consistency in results. Veterinary Testing experts participated in the MPS videoconference hosted by NATA on 3 December 2015; and
- Review of Annex A covering disease outbreak investigations to be undertaken.

Technical developments

NATA has developed a proposal to create a Life Sciences Accreditation Advisory Committee by merging the Biological and Chemical Testing Committees. This would allow NATA to bring the technical criteria related to the agribusiness, food and beverage and environment industry sectors under one committee. During the review of testing currently accredited in the Life Sciences sector opportunities were identified to move testing of materials and manufactured products to the Infrastructure sector, calibration activities to the Calibration sector and workplace drug testing to the Legal and Clinical Services sector. This is being undertaken as part of the realignment of accreditation activities with industry groupings.

Life Sciences staff have engaged with stakeholders including the following activities:

- Meetings with the Department of Agriculture and Water Resources (DAWR) under the Memorandum of Understanding (MoU) and Deed of Agreement;
- Hosting of the annual Imported Food Laboratory Consultation Workshop conducted by DAWR
- Review of the MoU with Western Australian Department of Health;
- Meetings with stakeholders to provide explanation and guidance related to NATA Policy Circulars 11 and 12;
- Membership of the organising committee for the 1st International Food Conference incorporating the 13th Government Analysts Conference, 6th Analytical Conference of the Asia-Pacific Food Analysis Network (APFAN), 25th Conference of Residue Chemists and the 2nd Australian Food Metrology Symposium.

OECD Principles of GLP

- There have been no changes in the criteria used for assessments in the GLP Program.
- Stakeholder engagement continues to be via the provision of information regarding non-compliant facilities and studies that have been received from overseas compliance monitoring authorities. Visits to relevant regulatory authorities to provide an update on the GLP Program and the OECD Principles of GLP were conducted in July and August 2016.
- One new facility was granted recognition. One facility voluntarily withdrew due to lack of studies and another was withdrawn as the work was transferred into an existing facility. There are two applications for the Program.

Research & Development

The steady growth in applications for accreditation in the Research and Development (R&D) Program continued in the past year.

A significant characteristic of these applications is that they adopt the principles and practices in ISO/IEC 17025, ISO 15189 (2012) and the requirements of the OECD Principles of Good Laboratory Practice interpreted for research settings, to establish compliance with the seven principles underpinning the R&D accreditation process.

We also note recent international reports commenting on the variable reliability and varying degree of reproducibility of research outcomes and the potential impact these outcomes could have on the health and wellbeing of communities. There are anecdotes to indicate acceptance of R&D accreditation as an effective means for ensuring that technically robust and traceable practices are in place without hindering the freedom or direction of the research.

Feedback from accredited R & D facilities indicates accreditation has assisted with collaborations nationally and globally and also the translation of research findings to practical applications within industry.

With the raised prominence of research and innovation as a key driver of productivity, NATA will continue the development and enhancement of the R&D Program to assist and support the research sector.

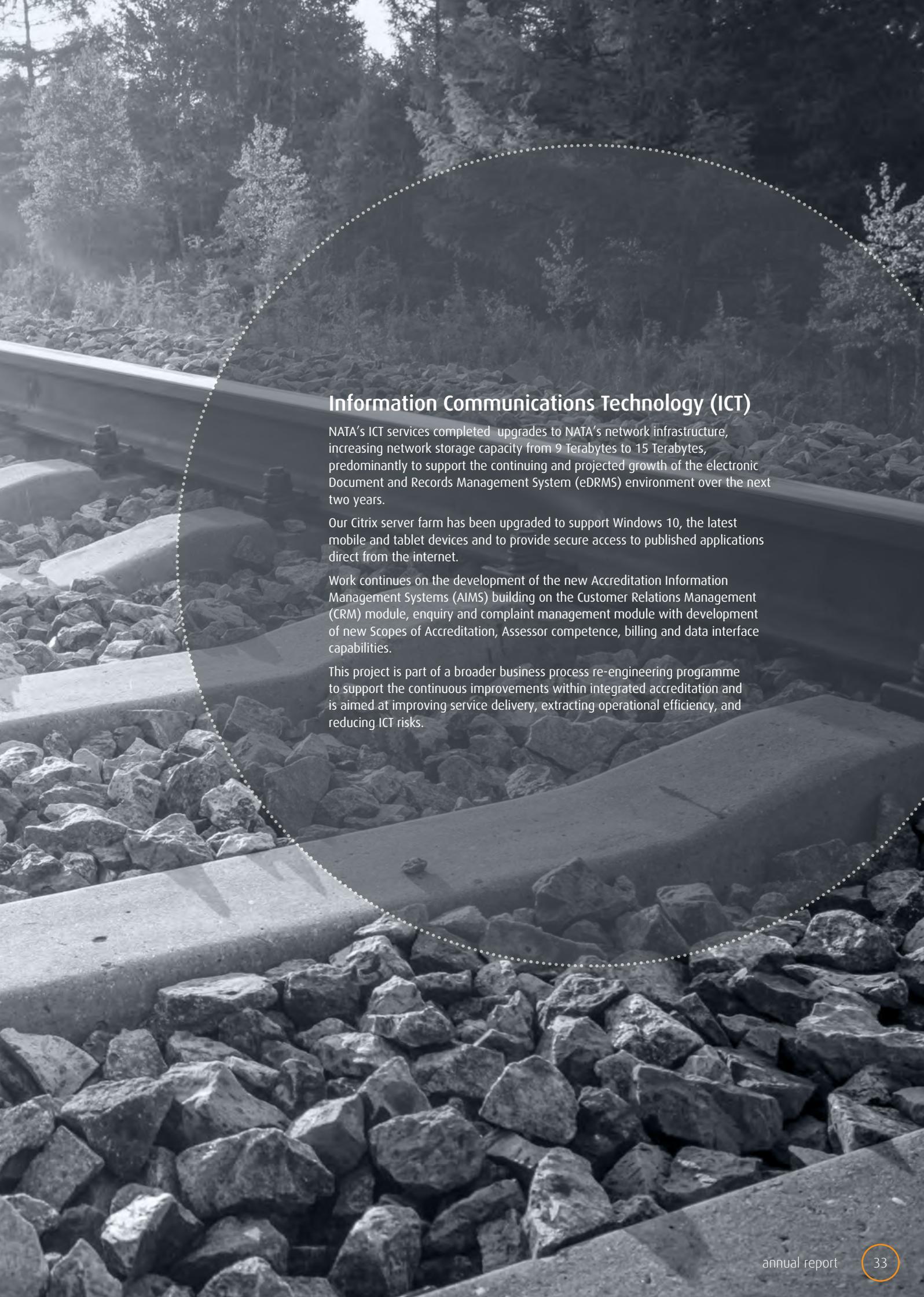
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“Accreditation supports public policy, by giving governments a standardised framework in which their representatives and the various industries in their economies can operate.”

Craig Hugo

Lab Manager/Geotechnical Engineer
Mining & Civil Geotest, Bibra Lake WA



Information Communications Technology (ICT)

NATA's ICT services completed upgrades to NATA's network infrastructure, increasing network storage capacity from 9 Terabytes to 15 Terabytes, predominantly to support the continuing and projected growth of the electronic Document and Records Management System (eDRMS) environment over the next two years.

Our Citrix server farm has been upgraded to support Windows 10, the latest mobile and tablet devices and to provide secure access to published applications direct from the internet.

Work continues on the development of the new Accreditation Information Management Systems (AIMS) building on the Customer Relations Management (CRM) module, enquiry and complaint management module with development of new Scopes of Accreditation, Assessor competence, billing and data interface capabilities.

This project is part of a broader business process re-engineering programme to support the continuous improvements within integrated accreditation and is aimed at improving service delivery, extracting operational efficiency, and reducing ICT risks.

Business Unit Reports

International

Funding by the Department of Industry, Innovation and Science through the Support for Industry Service Organisations (SISO) program has continued to allow NATA to engage in the essential activities within the international accreditation community.

This includes funding to enable NATA staff to participate extensively in the current revisions of two of the international standards crucial to accreditation - 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).

This year also saw increased activity, through the International Laboratory Accreditation Cooperation (ILAC), in the revision of ISO Guide 34 General requirements for the competence of reference material producers; and NATA continued to attend the international technical committee dealing with medical laboratory standards (ISO/TC 212).

NATA staff also attended relevant ILAC and Asia Pacific laboratory Accreditation Cooperation (APLAC) meetings. The General Manager International continued to hold the Chair of the International Accreditation Committee, through which international accreditation policies are prepared.

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

The negotiation of Free Trade Agreements has also seen increased contact between NATA and the Department of Industry, Innovation and Science and the Department of Foreign Affairs and Trade. One crucial underpinning activity that underpins the mutual recognition arrangements (MRA) is the peer evaluations of accreditation bodies that are signatory to the MRA. NATA staff participated in four of these peer evaluations throughout this 12-month period.

Australia and New Zealand continued the technical exchange of many years duration, by sharing accreditation experiences through our technical committees. This included involvement by invitation in the APEC Food Safety Cooperation Forum and the Partnership Training Institute Network.

NATA continues to receive and assist enquirers about the application of the ILAC Mutual Recognition Arrangement (MRA).

Training Services Group

In the past financial year, the total number of courses, both internal and external, delivered by NATA's Training Services Group (TSG) was 102.

NATA core courses accounted for 49 of the 102 courses delivered for the financial year:

- 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

TSG also delivered twenty two in-house courses (courses customised to meet the needs of the organisation). These in-house courses included one customised Technical Assessor Development Program (TADP) course delivered in Hong Kong and organised by the Hong Kong Accreditation Service.

TSG also delivered fourteen Technical Assessor Development Program courses (face-to-face format) while an additional two TADP courses were delivered online. In total, 121 Technical Assessors were trained.

The total number of participants trained over the financial year was 1190.

As part of our commitment to providing training services nationwide for our members, we delivered nine courses in regional NSW, Victoria, Northern Territory and Tasmania.

In response to members' requests and market demand, we have enhanced our product offerings by obtaining Exemplar Global Certification for the following courses:

- Internal Audits
- Laboratory Assessor/Lead Assessor
- Understanding NATA's ISO/IEC 17025 Requirements and
- Quality Management in the Laboratory.

Business Unit Reports

Stakeholder Relations

Engaging with stakeholders is the means by which NATA can ensure our accreditation service meets the needs of members, remains relevant to the national interest and delivers social benefit for the Australian public. Relevance should ensure the sustainability of NATA accreditation and growth into new activities that contribute to the nation's prosperity.

Strategic Plan

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

The stakeholder engagement strategy has been enhanced through the adoption of a Business Intelligence plan. The plan aims to improve knowledge management, advance NATA's business decision making and performance, and help with strategic, tactical, and operational decision making.

The information generated from stakeholder engagement activities is reviewed and analysed to identify current trends and evaluate exposure to risks. The outcomes of this analysis then become input to the technical operations of NATA so that the system is responsive to changing and emerging needs.

Industry and Government Engagement

The pre-requisite to continuing recognition and support from Commonwealth and State Government departments and agencies is their understanding of the pivotal role that NATA plays in the nation's technical infrastructure. Hence the focus of recent engagement activity has been to build and reinforce this understanding and at the same time identify any issues that might impede such understanding or undermine confidence in NATA's role in and contribution to technical infrastructure.

Additionally the current national focus on trade relationships and agreements means that the efficacy of the accreditation system and its ability to deliver confidence in trade related testing, measurement and inspections services is a key focus of specific government related engagements.

NATA has a close working relationship with the Commonwealth Department of Industry, Innovation and Science. This relationship is formalised through a Memorandum of Understanding (MoU) that provides NATA with recognition, not only nationally, but also internationally. This recognition extends to its representation in accreditation fora, such as ILAC and APLAC, participation in mutual recognition arrangements (MRA) and recognition in trade arrangements for which testing, calibration, measurement and inspection are important part of the regulatory framework for free movements of goods.

Biannual briefings are provided to staff of the Department of Foreign Affairs and Trade on a range of trade-related activities and negotiation of trade agreements.

Whilst engagement in the areas of environment, road construction, electrical safety, health care and major infrastructure facilities in the resources sector continues, there is a significant focus on both food safety and construction and building products.

Engagement with key industry bodies, organisations and government agencies continues to be central in determining how best NATA can support and assist in strengthening Australia's food safety systems. Food testing has an integral role to play in providing the necessary data to support food quality and safety, which in turn assists a predictable and safe international trade in food products.

NATA continues to work with industry and foreign accreditation bodies in addressing concerns with the quality of imported products, with a particular emphasis on construction and building products. NATA's involvement in the Australian Industry Group Construction Products Alliance Working Groups, Industry and Technical Infrastructure Forum and the Australian Procurement and Construction Council, all underpin this approach.

NATA has entered into Memoranda of Understanding (MoU) with the Queensland Department of Transport and Main Roads, New South Wales Department of Roads and Maritime Services (RMS), and VicRoads. The MoUs support the CMT laboratory accreditation program and add greater value to the industry.

Environmental testing for the presence of asbestos remains a significant issue for industry and regulators. In response to these issues NATA has issued Industry User Guides titled Working with NATA Accredited Environmental Facilities, and Working with NATA Accredited Asbestos Facilities.

Border Force has also been very active in discussions with NATA, with a specific emphasis on asbestos in imported products. Consequently, NATA has developed a specific Industry User Guide Working with NATA Accredited Asbestos Facilities for Import/Export. Whilst the guide has been specifically developed for use by Australian Border Force it has applicability for other trade related agencies. All of the Industry User Guides are available for download from the NATA website.

The conduct of stakeholder fora provides an effective means of engaging with a wide range of stakeholders on a specific topic. These events draw together regulators, NATA accredited facilities and industry representatives, as end-users of accredited facilities, to consider issues of common concern. The fora provide the opportunity to ensure NATA's ongoing relevance to all stakeholders and to meet NATA's obligation under the MoU with the Commonwealth.

NATA Member Engagement

There is an ongoing program of Members Meetings, Quality Fora, etc. for all States and Territories. The Victorian and Tasmanian meeting of Members and Assessors was conducted in April 2016. For the first time this meeting was delivered as a joint face-to-face and Webinar meeting. NATA intends to continue the use of Webinar technology to allow greater member participation and flexibility of delivery.

Professional Bodies

Significant effort continues to be invested in establishing, maintaining and extending relationships with a number of key strategic professional and industry bodies. Such bodies include: The Royal Australian and New Zealand College of Radiologists (RANZCR), Royal College Pathologists Australia (RCPA), Australian Association of Nuclear Medicine Specialists (AANMS), Australian Sleep Association (ASA), Australian Industry Group (AIG), Australian Consumer Federation, Australian Land and Groundwater Association (ALGA), Housing Industry Association (HIA), Australian Institute of Non Destructive Testing (AINDT), to name a few.

Commonwealth and National Agency Standing Forum

NATA has recently established a Commonwealth and National Agency Standing Forum (CNASF). The purpose of the forum is to assist NATA in: keeping agencies briefed on domestic and international developments in accreditation that may impact on policy and regulatory objectives; ensure that relevant NATA activities meet their needs; and facilitate an exchange of information on trends and emerging needs relating to NATA's activities.

It is envisaged that the forum members will meet annually but that subgroupings of agencies will be arranged to address common topics and issues whenever possible.

The first of these issue-driven meetings was held in November 2015 to clarify NATA's role in accrediting asbestos testing laboratories and inspection bodies.

A second issue-driven meeting was held in March 2016 to look at the use of accredited conformity assessment processes in complex supply chains.

In addition to these meetings, a program of engaging with a diverse range of individual Commonwealth Government agencies is continuing.

Technical Assessors Honoured

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 2015-16 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.

“

“Accreditation ensures a public service will be delivered at a standard which is appropriate. This in turn underpins the confidence of the public which then gives the government credibility allowing them to make policies which are robust and achievable.”

Greg Palmer

Laboratory Manager of SA Pathology



Peter Davis

Mr Peter Davis began work with Coffey & Hollingsworth (subsequently Coffey & Partners) as a geotechnical engineer in Brisbane in 1968. Much of his work initially involved geotechnical

investigation and construction materials testing in PNG, for the establishment of the Bougainville copper mine.

He moved to Mackay in 1976 to head Ullman & Nolan's geotechnical division and where he established and operated its geomechanical testing laboratory (triaxial, oedometer direct shear testing etc.). He moved back to Brisbane in 1982 and became a Company Principal with Ullman & Nolan, prior to their merger with Cardno Group.

Peter has been an active Technical Assessor for NATA since September 1989 and his extensive range of technical expertise means that he is highly sought after when arranging complex assessment visits. The extent of his expertise is not altogether surprising, given his 47 years of professional experience as a geotechnical engineer (recently retired).

NATA has further benefited from Peter's technical insights through his longstanding role as Chairman of NATA's Construction Materials Testing Accreditation Advisory Committee, a role which he relinquished in March 2016.

Active in establishing the Australian Geotechnical Testing Association, for which he remained until recently a Committee member, Peter is described as 'an absolute 'gem' and nominees expressed the hope that he would wish to remain involved as a Technical Assessor for years to come.

He describes himself as "mostly retired" but keeps busy with family, travel and working on keeping his 1972 Holden Torana XU-1 on the road.



Barry Neville

With a career spanning over four decades, Barry Neville brings a wealth of knowledge and experience to his role as Technical Assessor.

Barry spent 43 years as a Senior Technical Officer, Materials Testing and Force Calibration at the University of Queensland in their Civil Engineering Department. His manager at the time, already a Technical Assessor, nominated Barry and he joined as an Assessor in September 1989.

Since he has worked as a bench technician and knows how much of the equipment he sees is used through his own experiences, Barry's approach at assessments is both down-to-earth and practical. Those nominating Barry all mentioned his ability to connect with people and put them at ease.

Barry was an early member of the Metrology Society of Australasia and was on the organising committees for two of their Conferences.

Now a 'semi-retired' Consultant at Force Consulting, Barry is kept busy with word-of-mouth referrals - this allows him to remain involved in the industry but gives him time for other activities. This includes the vintage (pre-1930) car movement (he is a foundation member of two clubs), lawn bowls, involvement with the local district historical society, and occasionally dabbling in historical research and family ancestry.

Barry notes that: "It is often said that the assessment process can benefit both parties, and I can certainly vouch for that as over the years I have on occasion found a better way of performing various tests or calibrations than the way I had approached them". We look forward to Barry sharing his knowledge with NATA for many years to come.



James Doery

Dr James Doery has extensive academic and research knowledge and experience of the medical field and he brought this to his role as a NATA Technical Assessor in 1991.

Dr Doery is a Chemical Pathologist and is currently the Unit Head of Biochemistry of Monash Pathology at Monash Health and the Medical Administrator/Deputy Chairman of the Human Research & Ethics Committees. He is also active in training the next generation of Chemical pathologists. Now an Adjunct Senior Lecturer for the Department of Medicine at Monash, James has held teaching and lecturing roles at Melbourne University (where he graduated in 1971), RMIT and Monash University.

James has authored or co-authored over 200 published articles or papers and also acts a reviewer for the Journal of Clinical Endocrinology & Metabolism. He serves on the AACB/RCPA Paediatric Laboratory Harmonisation Committee, Monash University Pathology Board of Education and is a tutor in Evidence Based Clinical Practice for Year 3 MBBS students.

In addition to his professional activities, James undertakes a variety of diverse voluntary community activities ranging from the Chinese Association of Victoria, to the Melbourne String Ensemble and World Youth Day.

Despite his hectic schedule, James is always ready to take part in assessments including stepping in at the last minute. Of his activities as a Technical Assessor, James says: "I count it as a true privilege to have worked with such a delightful array of NATA staff, scientific and pathologist colleagues. It's also been fabulous to visit so many laboratories and locations around Australia including trips to Arnhem Land where I met some warm hearted Aussie aboriginals and Broken Hill where I met our famous artist Pro Hart. I look forward to continuing being part of the NATA 'family' for some time to come!"

Directors' Report

National Association Of Testing Authorities, Australia & Controlled Entity

A.B.N 59 004 379 748

Financial Report – 30 June 2016

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 *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 2016 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.



Mr AM Ross AM - Chair (since 2011)

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 (since 2011)

Year appointed: 1998

Qualifications and experience:

City & Guilds Advanced Fdry Practice, AINDT Technologist,
Member BINDT
Director, Littoral Zone Pty Ltd

Special responsibilities: Nil



Dr AJ Landgren - Director

Year appointed: 2016

Qualifications and experience:

MBBS, LLB, FRCPA, FACLM, MRACMA
Chief Pathologist, Australia Clinical Labs

Special Responsibilities: Nil



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



Insp. DH Neville - Director

Year appointed: 2016

Qualifications and experience:

MSc, BAppSci
Quality Manager, Queensland Police Forensic Services Group

Special responsibilities: Nil



Dr JJ Patroni - Director

Year appointed: 2012

Qualifications and experience:

BSc (Hons), PhD
Manager, Innovative Industry, Department of Commerce, Western
Australia Government

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



Mr P Trotman - Director (resigned during the year)

Year appointed: 2014

Qualifications and experience:

BA, Master of Public Policy
General Manager – Coal & Minerals Productivity, Department of
Industry & Science, Australian Government

Special responsibilities: Nil



Mr DA Gray - Director (resigned during the year)

Year appointed: 2014

Qualifications and experience:

Principal, DG Market Solutions

Special Responsibilities: Nil

Directors' Report

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:

- **Leadership and Profile** – the parent company is committed to promoting accreditation as a public good to help improvement in public safety, productivity and technical infrastructure in Australia. Internationally, the parent company represents Australia’s interest in the accreditation community and promotion of trade through reduction in technical trade barriers.
- **Stakeholder Engagement** - the parent company considers the contribution from its stakeholders its major strength and will consult and collaborate with stakeholders on key issues in a transparent and efficient manner. The parent company will continue to provide accreditation programmes and related activities that meet the needs of its stakeholders to retain their support and commitment.
- **Operational Excellence** - the parent company is committed to delivering quality service at a reasonable cost using an innovative business model that meets clients’ needs and is responsive to their future requirements.
- **People** - the parent company employs staff with technical knowledge, customer service skills and motivation to deliver quality service to our clients. The parent company recognises the volunteer Technical Assessors and committee members for their expertise and values their contributions to the parent company and the community. The parent company is committed to effective succession planning for both our staff and volunteers.
- **Innovation and Technology** - the parent company maintains a contemporary technology infrastructure to support the interface with stakeholders, clients, volunteers and the community. The parent company will deploy technology to support product innovation, transform business process and enable improvements in service delivery.
- **Growth and Security** - the parent company is committed to develop and maintain functional capability and operational capacity to meet the needs and growth of stakeholders and clients, and provide opportunities and challenges for its people. The parent company adopts a prudent risk management framework and maintains a sound financial structure with adequate reserves to secure its future.

Meetings of Directors

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

	Eligible	Attended
AM Ross	6	3
MB Callanan	6	6
DA Gray**	3	2
GG Hogg	6	6
JJ Patroni	6	5
P Trotman**	3	2
DR Turner	6	6
AJ Landgren*	3	3
DH Neville*	3	1

*Appointed during the year

**Resigned during the year

Signed in accordance with a resolution of the directors:



AM Ross
Chair



MB Callanan
Director

Melbourne, 7 September 2016

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 (Charter) are reviewed periodically. The Charter was last reviewed in June 2016.

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. The Committee members were re-appointed by the Board on 10 June 2015.

During the year ended 30 June 2016 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 2016.

Main activities of the Committee

The Committee serves as an advisory body to the Board in managing the compliance risks, financial risks, reputational 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, reputational 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 NATA support and unrestricted access to NATA staff and Board 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.



DR Turner

Chair of the Audit and Risk Committee

7 September 2016



	Sale	Buy	Grow
Gold	\$285.00	\$314.07	10.20%
Platinum	\$375.00	\$480.75	28.20%
Silver	\$625.00	\$663.75	6.20%
Copper	\$769.00	\$828.98	7.80%
Steel	\$424.00	\$552.90	30.40%
Beryllium	\$326.00	\$419.89	28.80%
Manganese	\$400.00	\$448.80	12.20%
Aluminum	\$588.00	\$726.77	23.60%
Chrome	\$351.00	\$442.26	26.00%
Nickel	\$517.00	\$578.01	11.80%
Bauxite	\$583.00	\$753.24	29.20%
Cotton	\$118.00	\$162.60	37.80%
Flax	\$191.00	\$191.38	0.20%
Textiles	\$208.00	\$264.58	27.20%
Wool	\$217.00	\$244.34	12.60%
Fur	\$199.00	\$216.11	8.60%
Sateen	\$172.00	\$173.03	0.60%
Silk	\$109.00	\$141.07	28.60%
Oil	\$789.00	\$955.75	21.60%
Gas	\$722.00	\$875.75	21.60%
Electric pow	\$602.00	\$746.40	24.00%



Statement Of Financial Postion

As At 30 June 2016

	Note	Consolidated Group		Parent Entity	
		2016	2015	2016	2015
		\$	\$	\$	\$
ASSETS					
Current assets					
Cash and cash equivalents	6	2,610,786	21,893,771	2,168,052	21,426,966
Trade and other receivables	7	3,691,060	4,102,444	3,296,566	3,820,284
Total current assets		6,301,846	25,996,215	5,464,618	25,247,250
Non-current assets					
Property, plant and equipment	8	25,652,381	4,687,550	25,561,414	4,615,424
Intangible assets	9	1,123,929	851,390	1,122,982	850,408
Total non-current assets		26,776,310	5,538,940	26,684,396	5,465,832
TOTAL ASSETS		33,078,156	31,535,155	32,149,014	30,713,082
LIABILITIES					
Current liabilities					
Trade and other payables	10	4,809,384	5,430,279	4,353,125	4,961,215
Borrowings	11	1,059,827	-	1,059,827	-
Provisions	12	1,838,000	1,382,000	1,715,000	1,273,000
Total current liabilities		7,707,211	6,812,279	7,127,952	6,234,215
Non-current liabilities					
Borrowings	11	568,056	-	568,056	-
Provisions	12	1,149,500	1,526,221	1,106,500	1,468,221
Total non-current liabilities		1,717,556	1,526,221	1,674,556	1,468,221
TOTAL LIABILITIES		9,424,767	8,338,500	8,802,508	7,702,436
NET ASSETS		23,653,389	23,196,655	23,346,506	23,010,646
FUNDS					
Accumulated funds		12,328,890	11,872,156	12,022,007	11,686,147
Reserves	13	11,324,499	11,324,499	11,324,499	11,324,499
TOTAL FUNDS		23,653,389	23,196,655	23,346,506	23,010,646

The accompanying notes form part of these financial statements

Statement Of Profit Or Loss And Other Comprehensive Income

For The Year Ended 30 June 2016

	Note	Consolidated Group		Parent Entity	
		2016	2015	2016	2015
		\$	\$	\$	\$
Revenue	4	30,212,793	28,979,209	28,623,253	27,449,540
Other income	4	10,840	14,139	5,560	14,139
		<u>30,223,633</u>	<u>28,993,348</u>	<u>28,628,813</u>	<u>27,463,679</u>
Expenses					
Accreditation and certification		(3,861,097)	(3,422,999)	(3,379,351)	(2,924,651)
Administration expenses		(5,349,951)	(5,389,489)	(5,191,825)	(5,210,604)
Business development and planning		(160,275)	(244,538)	(149,598)	(233,352)
Consultancy and training		(214,510)	(219,922)	(214,510)	(219,922)
Depreciation and amortisation	5	(917,095)	(832,304)	(899,001)	(815,743)
Finance costs	5	(18,371)	-	(18,371)	-
Salaries and employee benefits		(19,245,600)	(18,636,016)	(18,440,297)	(17,844,122)
		<u>(29,766,899)</u>	<u>(28,745,268)</u>	<u>(28,292,953)</u>	<u>(27,248,394)</u>
Surplus before income tax		456,734	248,080	335,860	215,285
Income tax expense		-	-	-	-
Surplus for the year		456,734	248,080	335,860	215,285
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		<u>456,734</u>	<u>248,080</u>	<u>335,860</u>	<u>215,285</u>

The accompanying notes form part of these financial statements

Statement Of Changes In Funds

For The Year Ended 30 June 2016

	Consolidated Group			Parent Entity		
	Accumulated Funds	Asset Realisation Reserve	Total	Accumulated Funds	Asset Realisation Reserve	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2014	11,624,076	11,324,499	22,948,575	11,470,862	11,324,499	22,795,361
Comprehensive income						
Surplus for the year	248,080	-	248,080	215,285	-	215,285
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	248,080	-	248,080	215,285	-	215,285
Balance at 30 June 2015	11,872,156	11,324,499	23,196,655	11,686,147	11,324,499	23,010,646
Balance at 1 July 2015	11,872,156	11,324,499	23,196,655	11,686,147	11,324,499	23,010,646
Comprehensive income						
Surplus for the year	456,734	-	456,734	335,860	-	335,860
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	456,734	-	456,734	335,860	-	335,860
Balance at 30 June 2016	12,328,890	11,324,499	23,653,389	12,022,007	11,324,499	23,346,506

The accompanying notes form part of these financial statements

Statement Of Cash Flows

For The Year Ended 30 June 2016

	Note	Consolidated Group		Parent Entity	
		2016	2015	2016	2015
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from members, customers and government		31,253,750	31,264,421	29,618,078	29,659,453
Payments to suppliers and employees		(32,084,130)	(30,013,586)	(30,452,323)	(28,458,720)
Interest received		51,849	720,727	45,173	714,343
Interest paid		(18,371)	-	(18,371)	-
Net cash flows from operating activities		(796,902)	1,971,562	(807,443)	1,915,076
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		52,956	92,728	23,863	68,182
Purchase of property, plant and equipment		(19,874,643)	(367,851)	(19,814,375)	(329,403)
Purchase of intangible assets		(292,279)	(310,155)	(291,834)	(308,846)
Proceeds from sale of available-for-sale financial assets		-	4,049,950	-	4,049,950
Deposit - property acquisition		-	(2,030,000)	-	(2,030,000)
Loans from controlled entities		-	-	2,992	-
Repayments by controlled entities		-	-	-	21
Net cash flows from investing activities		(20,113,966)	1,434,672	(20,079,354)	1,449,904
Cash flows from financing activities					
Net proceeds from borrowings		751,710	-	751,710	-
Net cash flows from financing activities		751,710	-	751,710	-
Net increase (decrease) in cash and cash equivalents		(20,159,158)	3,406,234	(20,135,087)	3,364,980
Cash and cash equivalents at the beginning of the financial year		21,893,771	18,487,537	21,426,966	18,061,986
Cash and cash equivalents at the end of the financial year	6	1,734,613	21,893,771	1,291,879	21,426,966

The accompanying notes form part of these financial statements

Notes to the Financial Statements for the Year Ended 30 June 2016



Notes To The Financial Statements

For The Year Ended 30 June 2016

Note 3 - 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 funds or results of the controlled entities.

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.

Rental income

Rental income is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned.

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.

Note 3 - Significant accounting policies (continued)

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 of land and buildings at least every three years, however unless this revaluation results in an 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	2.5% - 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.

Notes To The Financial Statements

For The Year Ended 30 June 2016

Note 3 - Significant accounting policies (continued)

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.

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.

Note 3 - Significant accounting policies (continued)

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 (i.e. unforced) transaction between independent, knowledgeable and 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 (i.e. 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 (i.e. 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.

Notes To The Financial Statements

For The Year Ended 30 June 2016

	Consolidated Group		Parent Entity	
	2016	2015	2016	2015
	\$	\$	\$	\$
NOTE 4 - REVENUE AND OTHER INCOME				
Revenue				
Service revenue	27,434,612	26,444,627	25,678,965	24,754,065
Government contract revenue	1,430,000	1,429,000	1,430,000	1,429,000
Foreign currency translations	89,724	284,360	89,724	284,360
Rent received	1,168,798	68,111	1,168,798	68,111
Other operating revenue - wholly owned entities	-	-	172,783	167,277
Other operating revenue	708	11,905	708	11,905
	<u>30,123,842</u>	<u>28,238,003</u>	<u>28,540,978</u>	<u>26,714,718</u>
Other revenue				
Distributions from managed funds	-	61,199	-	61,199
Interest income - third parties	88,951	680,007	82,275	673,623
	<u>88,951</u>	<u>741,206</u>	<u>82,275</u>	<u>734,822</u>
Total revenue				
	<u>30,212,793</u>	<u>28,979,209</u>	<u>28,623,253</u>	<u>27,449,540</u>
Other income				
Net gain on disposal of property, plant and equipment	10,840	14,139	5,560	14,139
Total other income	<u>10,840</u>	<u>14,139</u>	<u>5,560</u>	<u>14,139</u>
Total revenue and other income	<u><u>30,223,633</u></u>	<u><u>28,993,348</u></u>	<u><u>28,628,813</u></u>	<u><u>27,463,679</u></u>

Notes To The Financial Statements

For The Year Ended 30 June 2016

	Consolidated Group		Parent Entity	
	2016	2015	2016	2015
	\$	\$	\$	\$
NOTE 5 - EXPENSES				
Depreciation				
Buildings	636,676	394,052	636,676	394,052
Plant and equipment	260,679	423,985	243,065	407,751
Total depreciation	897,355	818,037	879,741	801,803
Amortisation				
Software	19,740	14,267	19,260	13,940
Total amortisation	19,740	14,267	19,260	13,940
Total depreciation and amortisation	917,095	832,304	899,001	815,743
Bad and doubtful debts expense				
Bad debts	9,676	28,612	9,676	28,612
Provision for impairment	(29,742)	40,598	(29,742)	40,598
Total bad and doubtful debts	(20,066)	69,210	(20,066)	69,210
Interest and finance charges paid and payable	18,371	-	18,371	-
Loss on disposal of property, plant and equipment	341	5,361	341	2,840
Fair value loss on financial assets	-	24,265	-	24,265
Rental expenses relating to operating leases	440,841	668,323	440,841	668,323
NOTE 6 - CASH AND CASH EQUIVALENTS				
Cash at bank and on hand	2,310,786	3,393,771	2,168,052	3,226,966
Cash on deposit	300,000	18,500,000	-	18,200,000
Total cash and cash equivalents	2,610,786	21,893,771	2,168,052	21,426,966
Reconciliation of cash				
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled as follows:-				
Cash and cash equivalents	2,610,786	21,893,771	2,168,052	21,426,966
Bank overdraft	(876,173)	-	(876,173)	-
	1,734,613	21,893,771	1,291,879	21,426,966

Notes To The Financial Statements

For The Year Ended 30 June 2016

	Consolidated Group		Parent Entity	
	2016	2015	2016	2015
	\$	\$	\$	\$
NOTE 7 - TRADE AND OTHER RECEIVABLES				
<u>Current</u>				
Trade receivables	1,430,391	1,150,838	1,041,647	875,829
Provision for impairment	(79,739)	(109,481)	(79,739)	(109,481)
	1,350,652	1,041,357	961,908	766,348
Other receivables	1,194,067	50,126	1,193,067	49,026
Deposit - property acquisition	-	2,030,000	-	2,030,000
Work in progress	366,506	457,834	366,506	457,834
Prepayments	779,835	523,127	775,085	517,076
Total current trade and other receivables	3,691,060	4,102,444	3,296,566	3,820,284
<u>Provision for impairment</u>				
Opening net carrying value	109,481	68,883	109,481	68,883
Charge for the year	(29,742)	40,598	(29,742)	40,598
Closing net carrying value	79,739	109,481	79,739	109,481

Notes To The Financial Statements

For The Year Ended 30 June 2016

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant and equipment	Total
Consolidated Group	\$	\$	\$	\$
At 30 June 2015				
Cost	2,060,329	7,466,877	5,536,508	15,063,714
Accumulated depreciation	-	(5,398,566)	(4,977,598)	(10,376,164)
Net carrying amount	<u>2,060,329</u>	<u>2,068,311</u>	<u>558,910</u>	<u>4,687,550</u>
Movements in carrying amounts				
Opening net carrying amount	2,060,329	2,068,311	558,910	4,687,550
Additions	10,197,483	11,301,428	405,732	21,904,643
Disposals	-	-	(42,457)	(42,457)
Depreciation and amortisation charge	-	(636,676)	(260,679)	(897,355)
Closing net carrying amount	<u>12,257,812</u>	<u>12,733,063</u>	<u>661,506</u>	<u>25,652,381</u>
At 30 June 2016				
Cost	12,257,812	18,655,584	5,819,441	36,732,837
Accumulated depreciation	-	(5,922,521)	(5,157,935)	(11,080,456)
Net carrying amount	<u>12,257,812</u>	<u>12,733,063</u>	<u>661,506</u>	<u>25,652,381</u>
Parent Entity				
At 30 June 2015				
Cost	2,060,329	7,466,877	5,347,697	14,874,903
Accumulated depreciation	-	(5,398,566)	(4,860,913)	(10,259,479)
Net carrying amount	<u>2,060,329</u>	<u>2,068,311</u>	<u>486,784</u>	<u>4,615,424</u>
Movements in carrying amounts				
Opening net carrying amount	2,060,329	2,068,311	486,784	4,615,424
Additions	10,197,483	11,301,428	345,465	21,844,376
Disposals	-	-	(18,645)	(18,645)
Depreciation and amortisation charge	-	(636,676)	(243,065)	(879,741)
Closing net carrying amount	<u>12,257,812</u>	<u>12,733,063</u>	<u>570,539</u>	<u>25,561,414</u>
At 30 June 2016				
Cost	12,257,812	18,655,584	5,604,528	36,517,924
Accumulated depreciation	-	(5,922,521)	(5,033,989)	(10,956,510)
Net carrying amount	<u>12,257,812</u>	<u>12,733,063</u>	<u>570,539</u>	<u>25,561,414</u>

Notes To The Financial Statements

For The Year Ended 30 June 2016

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Valuation of land and buildings

An independent valuation of the freehold land and buildings in Sydney was completed on 29 June 2015 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 \$8,000,000, compared with a carrying value \$1,933,412. This increase in value of \$6,066,588 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 30 June 2015 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 \$2,950,000, compared with a carrying value of \$1,881,859. This increase in value of \$1,068,141 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.

NOTE 9 - INTANGIBLE ASSETS

	Software	Work in Progress	Total
Consolidated Group	\$	\$	\$
At 30 June 2015			
Cost	342,373	830,833	1,173,206
Accumulated amortisation	(321,816)	-	(321,816)
Net carrying amount	20,557	830,833	851,390
Movements in carrying amounts			
Opening net carrying amount	20,557	830,833	851,390
Additions	62,993	229,286	292,279
Amortisation charge for the year	(19,740)	-	(19,740)
Closing net carrying amount	63,810	1,060,119	1,123,929
At 30 June 2016			
Cost	405,366	1,060,119	1,465,485
Accumulated amortisation	(341,556)	-	(341,556)
Net carrying amount	63,810	1,060,119	1,123,929
Parent Entity			
At 30 June 2015			
Cost	314,998	830,833	1,145,831
Accumulated amortisation	(295,423)	-	(295,423)
Net carrying amount	19,575	830,833	850,408
Movements in carrying amounts			
Opening net carrying amount	19,575	830,833	850,408
Additions	62,548	229,286	291,834
Amortisation charge for the year	(19,260)	-	(19,260)
Closing net carrying amount	62,863	1,060,119	1,122,982
At 30 June 2016			
Cost	377,546	1,060,119	1,437,665
Accumulated amortisation	(314,683)	-	(314,683)
Net carrying amount	62,863	1,060,119	1,122,982

Notes To The Financial Statements

For The Year Ended 30 June 2016

	Consolidated Group		Parent Entity	
	2016	2015	2016	2015
	\$	\$	\$	\$
NOTE 10 - TRADE AND OTHER PAYABLES				
<u>Current</u>				
Trade payables	933,806	634,175	887,832	570,656
Liabilities to employees	1,542,160	2,123,358	1,483,133	2,040,984
Subscriptions in advance	1,388,319	1,747,682	1,388,319	1,747,682
Other income in advance	471,126	504,878	150,708	214,910
Other payables	473,973	420,186	440,141	386,983
Loans - wholly owned controlled entities	-	-	2,992	-
Total current trade and other payables	4,809,384	5,430,279	4,353,125	4,961,215
NOTE 11 - BORROWINGS				
<u>Current</u>				
Bank overdraft	876,173	-	876,173	-
Bank loan - equipment	183,654	-	183,654	-
Total current borrowings	1,059,827	-	1,059,827	-
<u>Non-current</u>				
Bank loan - equipment	568,056	-	568,056	-
Total non-current borrowings	568,056	-	568,056	-
Security				
The parent entity's bank overdraft facility of \$2.6M is secured by a registered first mortgage over its Sydney premises. The parent entity's equipment loan is secured by the equipment to which it relates.				
NOTE 12 - PROVISIONS				
<u>Current</u>				
Employee entitlements - long service leave	1,838,000	1,382,000	1,715,000	1,273,000
Total current provisions	1,838,000	1,382,000	1,715,000	1,273,000
<u>Non-current</u>				
Employee entitlements - long service leave	1,107,000	1,371,000	1,064,000	1,313,000
Restoration (make good)	42,500	155,221	42,500	155,221
Total non-current provisions	1,149,500	1,526,221	1,106,500	1,468,221
Movement in provisions				
Restoration (make good provision)				
Opening net carrying amount	155,221	122,850	155,221	122,850
Additional provision recognised	-	32,371	-	32,371
Provision utilised during the year	(112,721)	-	(112,721)	-
Closing net carrying amount	42,500	155,221	42,500	155,221

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.

Notes To The Financial Statements

For The Year Ended 30 June 2016

	Consolidated Group		Parent Entity	
	2016	2015	2016	2015
	\$	\$	\$	\$
NOTE 13 - 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 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:	1,724,384	1,653,600	1,581,765	1,510,981
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	65,241	426,458	65,241	426,458
Later than one year but not later than five years	14,931	80,172	14,931	80,172
	80,172	506,630	80,172	506,630
The operating lease commitments relate to various non-cancellable property leases with remaining terms of less than one year 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 3% per annum. Options exist to renew certain of the leases at the end of their term.				

NOTE 17 - EVENTS OCCURRING AFTER THE REPORTING PERIOD

Refund of Stamp Duty: 2-6 Railway Parade, Camberwell, Victoria

Subsequent to balance date the company received a refund of Stamp Duty of \$1,165,000 relating to the acquisition of land and buildings at 2-6 Railway Parade, Camberwell, Victoria. At balance date this refund is included in other receivables (refer Note 7).

No other material events have occurred after the reporting period. The financial report was authorised for issue on 7 September 2016 by the Board of Directors.

NOTE 18 - LIMITATION OF MEMBERS' LIABILITY

The parent entity is registered under the Australian Charities and Not-for-Profits Commission Act 2012 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 2016 the number of members was 3,433 (2015: 3,387).

NOTE 19 - CONTROLLED ENTITIES

Controlled Entities Consolidated	Country of Incorporation	Percentage Owned (%)	
		2016	2015
Parent Entity			
National Association of Testing Authorities, Australia	Australia	n/a	n/a
Controlled Entities			
Proficiency Testing Australia	Australia	100%	100%

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

	Parent Entity	
	2016	2015
Transactions between the parent entity and its controlled entities during the year consisted of:	\$	\$
Loans advanced by the parent entity	(2,992)	-
Loans repaid to the parent entity	-	21
Net decrease (increase) in loans to controlled entities	(2,992)	(21)
Other expenses recharged by the parent entity	172,783	167,277

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

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 2016, and the statement of profit or loss and other comprehensive income, statement of changes in funds 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 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 2016 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
Chair



MB Callanan
Deputy Chair

Melbourne, 7 September 2016

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 2016, and the statement of profit or loss and other comprehensive income, statement of changes in funds 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) 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 *Australian Charities and Not-for-profits Commission Act 2012*.

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 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 2016 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) and the Australian Charities and Not-for-profits Commission Regulation 2013.



Stewart Brown
Chartered Accountants



R.J. McGree
Partner

Sydney, 7 September 2016

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)

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 of Directors. 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.

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.

Glossary Of Terms

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 Application Document (SAD)

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.

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.



National Association of Testing Authorities, Australia

ABN 59 004 379 748

NSW (Head Office) and ACT

P.O. Box 7507
Silverwater NSW 2128

7 Leeds St
Rhodes NSW 2138

Tel: (02) 9736 8222
Fax: (02) 9743 5311

Victoria and Tasmania

2-6 Railway Parade
Camberwell VIC 3124

Tel: (03) 9274 8200
Fax: (03) 9882 8249

Queensland

Box 1122
Archerfield BC QLD 4108

628 Ipswich Road
Annerley QLD 4108

Tel: (07) 3721 7300
Fax: (07) 3848 3660

Western Australia

Suite 7
Business Centre
Technology Park
2A Brodie Hall Drive
Bentley WA 6102

Tel: (08) 9486 2800
Fax: (08) 9486 2828

South Australia and Northern Territory

Unit 1, 13 King William Road
Unley SA 5061

Tel: (08) 8179 3400
Fax: (08) 8271 7601

www.nata.com.au
1800 621 666 (free call)

NATA: National Association of Testing Authorities, Australia

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Free call 1800 621 666