

ANNUAL REPORT

2018

ACCREDITATION:
DELIVERING A SAFER WORLD



ACCREDITATION: Delivering a safer world

The theme of this year's Annual Report is the theme of World Accreditation Day 2018 and reflects the importance of accreditation in delivering a safer world.

Accreditation ensures a consistent and reliable approach and provides confidence that service providers are meeting the needs of the consumer and community.

Quotations that appear in the Annual Report are from members who have expressed their opinion about how accreditation supports their organisation's goals. The quotations represent their personal opinion.

Notice of Meeting

The 2018 Annual General Meeting of the National Association of Testing Authorities, Australia (NATA) will be held at the NATA Head Office, 7 Leeds Street, Sydney NSW 2138 on Wednesday 17 October 2018, commencing at 12:00 noon.

Members can attend at the NATA Sydney Office in person or via the webinar service.

The meeting will receive NATA's annual financial report, including the report of the Auditor.

For further information, please refer to the notice and agenda despatched to members.



Jennifer Evans
Chief Executive Officer
17 September 2018

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“Our organisation aims to provide the best product possible whilst causing “Zero harm”. Accreditation allows us and our customers to have peace of mind when it comes to safety and quality. This means we can all enjoy our product worry-free!”

Michaela Barton
Technical Officer
Treasury Wine Estate

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Chair's Overview

Geoff Hogg

2018 has been another successful year for NATA. In addition to the pleasing results outlined in the CEO's review, we have achieved the targets and delivered the outcomes in the triennial Strategic Plan 2016-2018 in Financial Year 2018.

The Strategic Plan is an important tool for the Board to set the medium and long term goals for NATA. The annual Business Plan and Budget, on the other hand, are the tools for management to deliver the annual objectives and targets within each year of the Strategic Plan cycle.

As explained in the CEO's Review, the Board and management have taken the opportunity to refresh the NATA Mission, Vision, and Values during the development of the Strategic Plan for 2019-2021.

The Board's role in the Strategic Planning process is two fold - to provide clarity on the purposes which underpin NATA's existence since 1947, and to ensure management has the resources, skills, and commitment to achieve the goals.

We have streamlined our Vision to highlight NATA's aspiration to play a supporting and yet essential role in Australia's technical infrastructure. We have also revised our Mission slightly to sharpen the focus on the dual purpose for NATA's existence: to provide accreditation and related activities that serve the national interest, and add value to members' businesses.

In the absence of the usual financial metrics of profit growth, revenue expansion, and market value increase adopted by for profit entities, one challenge shared by most not-for-profit organisations in setting strategic objectives is the apparent lack of quantifiable goals and measurable targets.

In other words, how do we know NATA has made a difference to the enhancement of the community's safety, advancement of national interest and adding value to our members business?

We have developed a combination of quantitative and qualitative measures and targets for our Strategic Plan 2019-2021. The quantitative measures and targets mainly cover our service delivery, growth, and finance and security. The qualitative aspects are based on measured judgement and feedback from members and stakeholders that NATA has made a difference for the better.

In order to convey to our members and stakeholders the impact of NATA's contribution, we commissioned University of Technology Sydney (UTS) last year to research and report on the contribution of NATA accreditation to the Australian economy.

The Report 'Economic Value of NATA Accreditation in Australia' was released in July this year. It shows the economic value of NATA accreditation to be between \$315M and \$420M per annum. The mid-point of these estimates is \$368M per annum which is approximately \$1M per day.

The Report also includes the qualitative outcome from interviews with selected members. The eight case studies of our member organisation included in the Report reflect the commitments and high values placed by NATA members on NATA accreditation. This feedback, the ongoing support by the volunteers who contribute in their respective roles as Technical Assessors, committee members and Board members, and the dedication of the NATA staff provide the solid foundation of the accreditation community in Australia.



The Board and management have taken the opportunity to refresh the NATA Mission, Vision, and Values during the development of the Strategic Plan for 2019-2021

I mentioned in last year's Annual Report the challenges – harnessing technologies, improving our service delivery, development of staff and volunteers, and maintaining an agile and responsive governance structure - that NATA will have to address and manage in the short to medium term. These challenges remain and as outlined in the CEO's review, we have made good progress in strengthening NATA to meet them and capitalise on the opportunities. On behalf of the Board, I thank NATA staff for their contributions under the leadership of our CEO, Jennifer Evans.

The other highlight from 2018 is the continuing development of our corporate governance in the election of directors for the NATA Board.

In 2017, the NATA Constitution was amended by Special Resolution to allow the Board to nominate candidates for endorsement by members to fill up to three of the seven positions on the Board. This change is considered essential for the Board to maintain the appropriate mix of governance skill, strategic expertise, industry insights and diversity that are critical for the Board to continue to act in the best interest of all members.

I welcome Dr Sanmarie Schlebusch to the Board as members nominated and elected director, and Ms Agnes Tan as the Board nominated and members endorsed director.

Board members Dr Tony Landgren and Inspector David Neville have decided to step down upon expiry of their term at the conclusion of the 17 October 2018 Annual General Meeting. On behalf of the Board and Members, I thank Tony and David for their valuable contributions to the Board and NATA.

In closing, I would like to thank all of the Board members for their wise counsel and dedication, Members and stakeholders for their support, and staff and volunteers for their contributions and commitment to NATA's cause.

Geoff Hogg
NATA Chair



CEO'S Review

Jennifer Evans

2018 is a year of achievements, deliveries, and a high level of stakeholder engagement activities. The highlights include the completion of the 2016-2018 Strategic Plan, the development of the 2019-2021 Strategic Plan including the revision of NATA's Vision, Mission, and Values, stakeholder engagement, the implementation of AIMS Stage II, and a solid financial and operational result.

We achieved the key objectives in the 2016-2018 Strategic Plan by 30 June 2018 through the hard work of our staff with encouraging support from the Board.

In the preparation of the 2019-2021 Strategic Plan, the Board and management refreshed NATA's Vision, Mission, and Values.

Our Values define the common objectives of serving national interest and adding value to members' enterprises, our shared beliefs in service quality, technical excellence, integrity, impartiality, and NATA's way of doing things. Therefore, we have sharpened the focus on our Values to remind us of the dual goals of national interest and Members' value, and our heritage as a not-for-profit organisation supported by the volunteers and community.

The 2019-2021 Strategic Plan has assumed added significance because we aim to complete our organisation transformation project and realise the benefits from the substantial investment in this project by 30 June 2021.

A milestone in our stakeholder engagement in 2018 is the release of the University of Technology of Sydney (UTS) report 'The Economic Value of NATA Accreditation in Australia'. NATA commissioned UTS to undertake the research because the economic value of accreditation is a derived value in the economic value creation chain and NATA's contribution to the Australian economy is not always obvious to our members, stakeholders, and policy makers.

The estimated economic value of \$315M to \$420M per annum of NATA accreditation's contribution is a considerable sum and comparable to the estimated economic value of the UK accreditation body's contribution to the UK economy by London University in 2013. We are gratified by the Report's findings and are grateful to our volunteers and stakeholders for their enduring support.

The other highlights of the stakeholder engagement activities in 2018 were NATA's contribution to a number of Government and industry initiatives relating to non-conforming building products, and the rolling out of the revised ISO/IEC 17025:2017 Standard General requirements for the competence of testing and calibration laboratories. Since this represents a significant revision of the previous ISO/IEC 17025:2005, it is critical that all our members are adequately briefed and supported in their transition to the revised standard. The revised standard should be also of interest to stakeholders who are involved in the promotion and regulation of international trade.

In February 2018, we implemented Stage II of the Accreditation Information Management System (AIMS), the revision of our scopes of accreditation, as part of our major business transformation project. We are happy with the overall results and are grateful to our members who supported us and provided valuable feedback throughout the AIMS Stage II development and implementation.

The final stage of AIMS is under way. On completion, AIMS should provide a more efficient, flexible and responsive system for our staff and improve the functionalities that we can offer to members, Technical Assessors, and committee members. We are particularly excited about the development of a completely revamped web portal that will allow NATA to offer a substantially better experience in doing business with us via the internet. We are aiming for implementation of the final stage of AIMS in the second half of Financial Year 2020.



The estimated economic value of \$315M to \$420M per annum of NATA accreditation's contribution is a considerable sum

The other critical component of the business transformation project is the accelerated skill development of our staff, and the revision of our organisation strategy to ensure that we achieve our goal and remain a high performing organisation. Based on the encouraging result from the work force skill development program we conducted in conjunction with KPMG Management Consulting (KPMG) in 2018, the Board has approved the engagement of KPMG to assist in the development of the high performing organisation strategy and implementation in 2019.

As identified in the 2019-2021 Strategic Plan, the capacity and capability for NATA to meet the current and future requirements and needs of our Members and stakeholders, and remain relevant to their expectations are critical to NATA's future. The foundation for NATA's future security and success will be based on NATA's transformation to a high performing organisation with a workforce that is adept in harnessing technology to deliver quality service at a competitive cost, and stays agile in managing the rapid and inevitable changes.

The underlying financial results for 2018 are within our expectations and reflect the combined result of prudent cost control, the strong contribution of rental income from our property, and the business conditions in which NATA operates. The cost control and rental investment income allow NATA to moderate its annual fee increase and recoveries from members.

Due to the additional workload for our accreditation staff resulting from the major revision of our scopes of accreditation and the usual teething problems of system migration from our legacy computer systems to AIMS in 2018, we fell 1% below our 90% aggregate target for Charter of Service, finishing the year at 89%.

The deliveries and achievements summarised in this review have been made possible by the dedication of the NATA staff, the commitment and wise counsel of the Board, and the volunteers who generously donate their expertise and time to serve the common causes of NATA.

To all of you, I thank you and am looking forward to 2019 with confidence and optimism.

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

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 dynamic 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 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 and members of the Board 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 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

Strategic Direction 2019-2021



Our Vision

To support Australia's technical infrastructure, NATA accreditation underpins all activities that rely on testing, measurement, inspection and related services.



NATA's role and contribution are valued and recognised by the domestic stakeholders, members, and the international accreditation community

NATA Strategic Plan 2019-2021

This is the Strategic Plan (Plan) of NATA for the three financial years commencing 1 July 2018 (financial year 2019) to 30 June 2021 (financial year 2021). 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 the 20 June 2018.

Our Mission

To deliver best practice and cost effective accreditation and complementary services that serve members and the national interest.

Strategic Plan Summary

1) Stakeholder Engagement

- NATA will meet the requirements and expectations of its stakeholders by providing accreditation programs aligned with international best practice, and complementary activities.
- NATA will continue to demonstrate its value to stakeholders by raising awareness, education, and being responsive to emerging needs and opportunities.
- NATA will achieve this through collaboration and consultation with stakeholders and other interested parties.

2) Service Delivery

NATA will provide value adding services and innovative business solutions that meet the needs of our members and customers, and fulfil the expectations of the community. NATA will achieve this by maintaining and developing our highly trained staff, drawing on the expertise and deep knowledge of our volunteers, and harnessing the capability of our technology platform.

3) Leadership

NATA is committed to promoting accreditation and related services as public good for the community and quality assurance that adds value to the business of our members and customers. NATA's role and contribution are valued and recognised by domestic stakeholders, members, and the international accreditation community.

4) People

- Maintain and develop a workforce who are adaptable to technology and change, have the technical knowledge, customer service skills and motivation to deliver quality service to our members and customers.
- Ensure 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) Growth

Pursue sustainable growth to provide opportunities for optimising NATA's contributions, fostering creative thinking, and improving core activities for future viability.

6) Finance and Security

- Maintain and enhance a sound financial structure and adequate reserve to secure NATA's future.
- Pursue optimal utilisation of investment assets to ensure optimal risk adjusted returns from investment assets.
- Maintain and enhance a prudent risk management framework to manage risks that may interfere with our financial security and future viability.

Performance 2017-18



“Accreditation gives our customers the confidence that the work we do and the processes we use ensure the highest quality.”

Stephen Arrow
Laboratory Manager
CATS Calibration

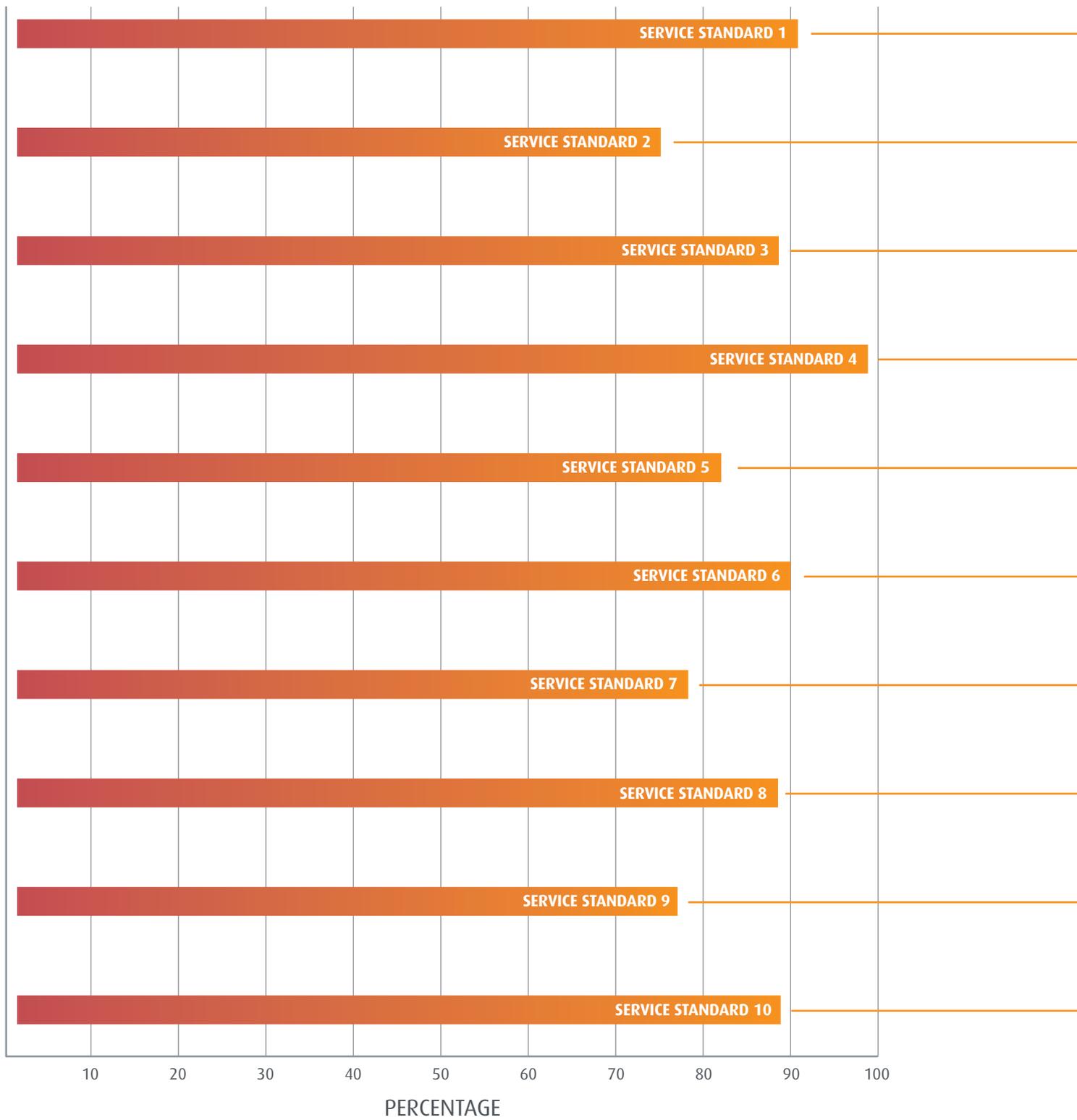
Charter of Service Outcomes

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 verbal 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 two weeks of the visit;
- Conduct a desk-top variation within four 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



91%

SERVICE STANDARD 1 - Conduct an Advisory Visit within specified timeframe.

Total processes: 89

75%

SERVICE STANDARD 2 - Formal Report provided to customer within specified timeframe after on-site Advisory Visit.

Total processes: 89

88%

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

Total processes: 165

99%

SERVICE STANDARD 4 - Initial report or verbal briefing provided at conclusion of on-site visit.

Total processes: 2454

82%

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

Total processes: 2561

90%

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

Total processes: 408

78%

SERVICE STANDARD 7 - Conduct variations (including signatory interviews) within specified timeframe from written request of application and appropriate supporting documentation.

Total processes: 186

88%

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: 3129

77%

SERVICE STANDARD 9 - Confirm granting of accreditation of an applicant facility within specified timeframe after confirmation of appropriate remedial action.

Total processes: 102

89%

SERVICE STANDARD 10 - Confirm member's accreditation status within specified timeframe after confirmation of appropriate remedial action.

Total processes: 1898

**NATA'S PERFORMANCE IN THE
2017-18 YEAR ACHIEVED AN
OVERALL SUCCESS RATE OF...**

89%



Technical, Operational & Quality Matters

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“For those designing, building, using in the community, accreditation means better information and better understanding of materials. Better understanding leads to best practice and best practice is always the safer outcome.”

Andrew Attwood
Business Manager
Lab SA

ACCREDITATION SERVICES

Operations And Technical

The 2017-2018 financial year has been another busy one for NATA and its staff, involving not only the day-to-day conduct of accreditation activities but also the continuation of key projects we have been working on for the last few years.

One of the objectives of these projects was to move towards the delivery of accreditation services aligned with industry sectors. This objective has been achieved and saw a review of NATA's Accreditation Advisory Committees, Scopes of Accreditation and the documentation relating to the criteria for accreditation.

The redefined Scopes of Accreditation and the criteria documentation were published in late January 2018 to coincide with NATA's updated website. The website now includes a refined search function allowing the reformatted Scopes of Accreditation to be more easily searched.

NATA website

The NATA website was updated in two stages. The first stage, in the last quarter of 2017, included the review of all published pages resulting in the revision and consolidation of information. New sections have been created including:

- About Us (previously 'About NATA');
- Media and Events (previously 'News');
 - includes new 'Sector Updates' to replace the previous 'Field Updates'
- Accreditation Information
 - now also includes Technical Assessor information and guidance
- Contact Us (previously 'Contact NATA').

The second stage of the website update occurred in late January to accommodate the new format of the Scopes of Accreditation and the revised NATA accreditation publications.

Scopes of Accreditation

In late January 2018, the new format for the presentation of Scopes of Accreditation went live on the NATA website. The previous format of defining accredited activities by classes and subclasses for each field of testing and program of accreditation were reviewed, redefined as necessary and allocated to an 'Activity Type' and 'Service'.

The new Scope of Accreditation database will continue to be updated according to feedback received from our Members and as new activities become accredited.

NATA's accreditation publications

In late January 2018 NATA's accreditation publications were repackaged to align with the new Scope of Accreditation format (i.e. based on Activity type/Industry grouping). Apart from repackaging each of the previous field/program NATA Accreditation Criteria (NAC) packages, the document categories were also changed to better reflect the purpose of each publication.

Accordingly, the revised NAC packages now include the following document categories:

- General NATA Documents
 - covers general information
- General Accreditation Criteria
 - the previous Standard Application Documents and a number of the Policy Circulars and Technical Circulars
- General Accreditation Guidance
 - a number of the previous Technical Notes and Information Papers
- Specific Accreditation
 - the previous Field Application Documents
- Specific Accreditation Guidance
 - a number of the previous Technical Notes and Information Papers
- General Accreditation Forms
- Specific Accreditation Forms

The General Criteria, Guidance and Forms are applicable to all accredited and applicant facilities for a given accreditation program, while the Specific Criteria, Guidance and Forms are applicable to particular industries/activities.

The main reason for re-categorising the publications, apart from reducing the types of documents available, was to allow clear distinction between the mandatory requirements for accreditation versus non-mandatory guidance.

Accreditation Advisory Committees

NATA appoints technical committees, known as Accreditation Advisory Committees (AACs) to primarily provide advice on technical matters for specific accreditation activities.

Previously, the composition of the AACs was based on fields of testing or programs of accreditation.

To fit in with the new Scope of Accreditation structure, some AACs have been realigned or merged although the role of the AACs has not changed.

ISO/IEC 17025:2017

On 29 November 2017, ISO/IEC 17025 was republished following a three year revision process. The Standard was adopted in full as an Australian Standard in April 2018 and published as AS ISO/IEC 17025:2018.

The International Laboratory Accreditation Cooperation (ILAC), of which NATA is a member, has specified a three year transition period for signatory accreditation bodies to have all current accreditations converted to the new version from the ISO/IEC publication date.

NATA will commence assessing against the new edition of the standard from 1 August 2018 and convert existing accreditations at the time of the facility's next scheduled visit (reassessment or surveillance visit). All applicants will also be assessed against the latest edition from August 2018.

To assist Members and Technical Assessors, the following documents were published:

- a Gap Analysis between the two editions of the Standard was prepared, identifying the new and amended requirements detailed in ISO/IEC 17025:2017;
- General Accreditation Criteria: ISO/IEC 17025:2017 Transition Policy and Implementation Checklist, which describes the transition arrangements and identifies the specific changes accredited facilities need to adopt to satisfy the requirements of the new Standard;
- General Accreditation Criteria: ISO/IEC 17025 Standard Application Document was revised to align with the new clauses of ISO/IEC 17025:2017.

NATA delivered information sessions on the changes to the Standard and the transition arrangements to its Members and Technical Assessors in May 2018. These sessions were also delivered by webinar to allow as many participants as possible take part with very positive feedback received.

ISO/IEC 17011:2017

ISO/IEC 17011:2017 Conformity assessment - Requirements for accreditation bodies accrediting conformity assessment bodies was also revised in November 2017. This is the Standard NATA must comply with in order to maintain its signatory status with ILAC (and its regional body, APLAC - Asia Pacific Laboratory Accreditation Cooperation).

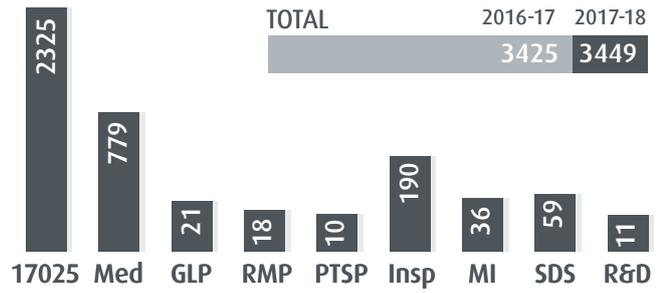
The revised standard will necessitate NATA updating some of its processes which will need to be accomplished prior to its next APLAC evaluation scheduled for February / March 2019.

Acknowledgements

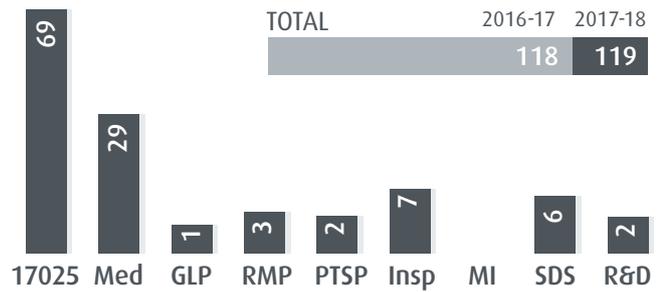
As noted in previous years, NATA continues to benefit from the valuable input of its volunteer technical committees and Technical Assessors. Our success in maintaining our ILAC and APLAC signatory status and thus international recognition is due in no small part to the contributions made by this technical community.

NATA therefore extends its thanks to its technical committee members and Assessors and their organisations for the ongoing support to NATA and Australia's national accreditation and measurement infrastructure.

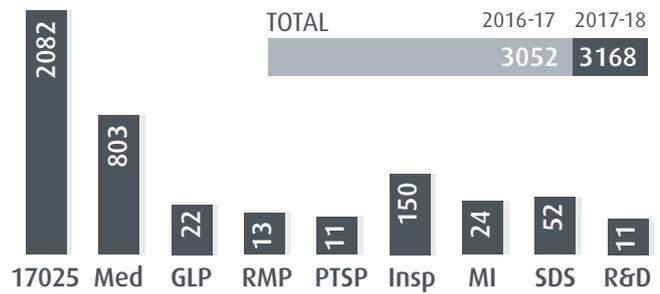
Number of Accredited Sites 2017-2018



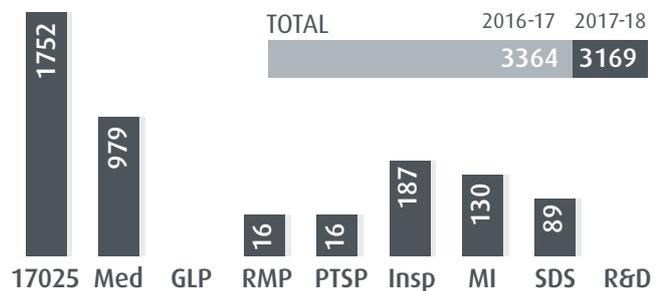
Number of Newly Accredited Sites 2017-2018



Number of Sites Visited 2017-2018



Number of Technical Assessors 2017-2018



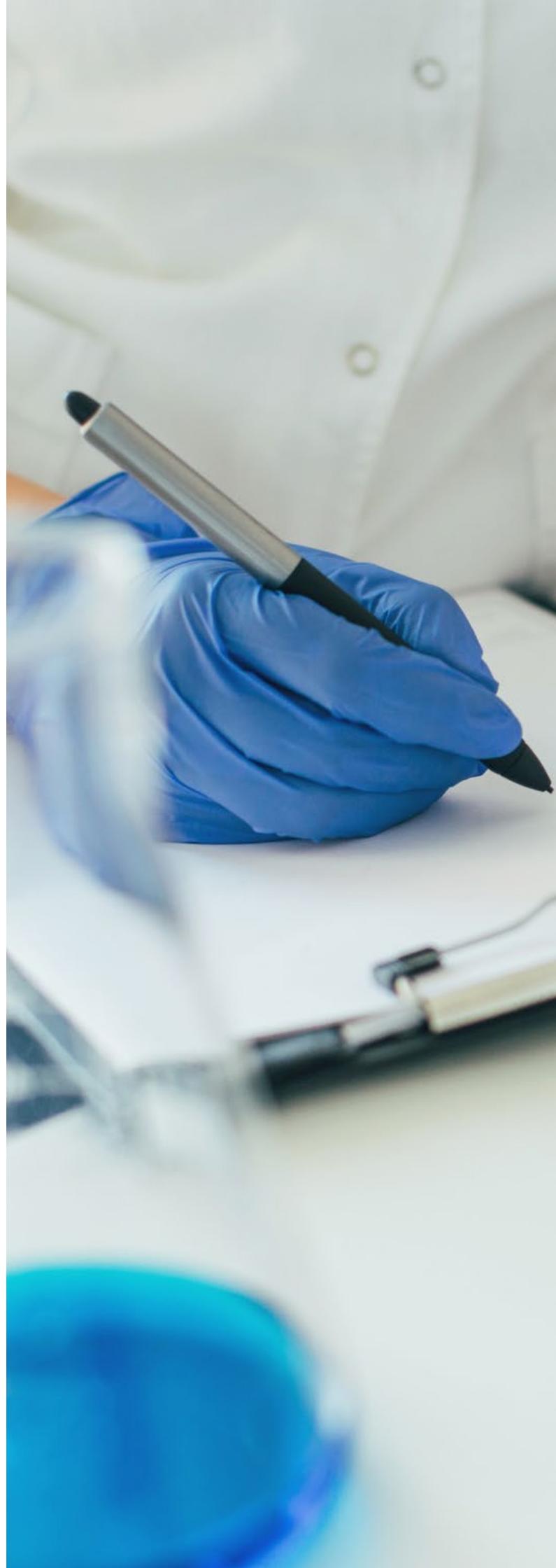
Research & Development

An analysis of NATA's current business and external influences as applicable to the Research and Development (R&D) Program and how these influences might drive our future engagement strategies, has guided stakeholder engagement over this past year.

Discussions have focused on moves to expand new technologies such as Massively Parallel Sequencing and bioinformatics beyond research applications to the clinical setting, funding changes that may destabilise the regulatory environment and discourage investment in research support organisations and most importantly, supporting the translation of research into industry to benefit our communities.

The latter has included discussions around the detail and transparency of research and processes used, the appropriate and complete capture of information, and the traceability of outcomes and conclusions to the data generated.

In this context, R&D accreditation is slowly but surely being acknowledged and valued as an effective mechanism for maximising the reliability and reproducibility of research outcomes, and for bringing about tangible benefits to government, industry and the wider community.







Sector & Program Reports 2017-18

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“Everyone deserves to have their safety prioritised, and accreditation bridges the gap between this expectation, and the everyday reality.”

Jessica Tunnage
Laboratory Manager
Northern Co-operative Meat Company Ltd
Casino NSW

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

Proficiency Testing Providers and Reference Material Producers Programmes

For the accredited Reference Material Producers (RMPs) the conversion of their accreditation from ISO Guide 34 to ISO 17034:2016 is progressing well with over 20% of the facilities converted as of May 2018. All facilities are expected to be converted to the new Standard by the November 2019 due date.

Both Reference Material Producers and Proficiency Testing Providers accreditation programmes are experiencing growth in accreditation with new facilities seeking accreditation in new disciplines such as forensic testing, mining and biological references. Additionally, existing facilities in either Proficiency Testing or Reference Materials are looking into seeking accreditation in both programmes.

The Proficiency Testing and Reference Materials Accreditation Advisory Committee (PRM AAC) held its meeting in August 2018.

Calibration

Committee members Dr Ilya Budovsky and Dr John Davy's terms on the Calibration AAC came to an end in March 2018. At their last AAC meeting, both the committee members and NATA staff took the opportunity to thank them for their contributions to NATA and the Calibration Industry during their time on the AAC. With the departure of Dr Budovsky, Mr Tony Bergen has been appointed as the new Chair.

With the retirement of Dr Budovsky and Dr Davy and on consideration of the needs of the AAC, the committee advised NATA of the need for additional committee members having technical expertise in the disciplines of:

- Chemical Metrology;
- High Voltage and High Current Electrical Metrology;
- Acoustics and Vibration.

In January 2018 a revision of the Calibration Application Document was released, with no major changes other than a retitle of all NATA accreditation criteria and guidance documents following NATA's technical restructure.

In February 2018, the Calibration AAC held their sixth meeting during which key topics for discussion included:

- the continued use of withdrawn Standards, in light of Standards Australia recent withdrawal of many of the calibration standards;
- assessment to the recently revised standard method for the calibration of torque tools ISO 6789;
- continuous revision of the new scope structure implemented by NATA;
- gap analysis between the 2005 and 2017 versions of ISO/IEC 17025;
- a significant revision of NATA General Accreditation Guidance: Liquid-in-glass thermometers - selection, use and calibration and clarification that this document is not a calibration procedure for Liquid in Glass (LIG) thermometers and serves only as guidance for these;
- a revision of NATA General Accreditation Guidance: Electronic Measuring Equipment as Reference Standards (previously Technical Note 7) to ensure the calibration of electronic measuring equipment such as Digital Multi Meters (DMMs) measures linearity across each range not only in Voltage but also across associated parameters Resistance and Current;
- a revision of the Specific Accreditation Guidance: Calibration Reference Equipment Table;
- a revision of the Specific Accreditation Criteria: Calibration ISO/IEC 17025 Appendix document according to ISO/IEC 17025:2017.

Stakeholder Relations

Recognising the activities of reference material production, proficiency testing provision and calibration are key services that support all areas of testing, measurement and trade, NATA continues to seek input from the testing fields and key users of these services such as those working in defence and civil aviation with an aim to ensure NATA's accreditation criteria meets their needs.

Additionally, as part of NATA's role in national technical infrastructure Australia's National Measurement Institute and Standards Australia's technical committees remain as key engagements for the sector.

Sector and Program Reports

Materials Assets and Products (MAP) Sector

Accreditation Advisory Committee (AAC)

The sector maintains Accreditation Advisory Committees in each of five key areas:

- Physical Performance Testing
- Electro-technology Testing
- Geotechnical and Civil Construction Materials Testing
- Integrity of Equipment and Structures (formerly NDT)
- Material Characterisation

During the year, meetings of the Geotechnical and Civil Construction Materials Testing (July 2017), Material Characterisation (March 2018) and Physical Performance Testing (April 2018) committees took place. A summary of the key outcomes of each AAC meeting is made available on the NATA website following each meeting.

Technical developments

The public Scopes of Accreditation for all facilities within the MAP sector were reissued in early 2018 in order to align with the new corporate format. Since the traditional 'fields' of accreditation delivery have been phased out, the accreditation criteria and guidance documents now map directly to the specific 'Activities' and 'Services' which are included within the Scope of Accreditation for any given facility.

Stakeholder engagement

Safety and compliance of products

NATA maintains close engagement with a large range of public and private sector organisations which have an interest in product safety. During the year, NATA participated in activities relating to this area with organisations as diverse as the Australian Building Codes Board, Standards Australia, Australian Industry Group, Australian Procurement in Construction Council, Greenhouse and Energy Minimum Standards regulator, Australian Competition and Consumer Commission, Australian Media and Communication Authority, Australasian Information Security Evaluation Program and the Australian Construction Industry Forum.

Asset safety and integrity

NATA maintains strong links with a large range of public and private sector organisations with an interest in the safety and integrity of major assets. During the year NATA continued its close working relationships with organisations including Queensland Department of Transport Main Roads, Roads and Maritime Services (NSW), VicRoads, Welding Technology Institute of Australia (WTIA), Australian Institute for Non-destructive Testing and the National Aerospace NDT Board of Australia.

Life Sciences Sector

Accreditation Advisory Committees (AAC)

The 18th meeting of the Animal Health AAC was held on 15 November 2017. Dr Robert Woodgate and Dr Glenn Browning have joined the Committee with expertise in parasitology and microbiology respectively.

The inaugural meeting of the Life Sciences AAC was held on 14 February 2018. The Committee is composed of members from the now discontinued Biological and Chemical Testing AACs.

The Life Sciences AAC (LS AAC) covers testing undertaken in the industry sectors of Agribusiness, Food and Beverage, Environmental and Healthcare, Pharmaceutical and Media Products. The LS AAC is still seeking expressions of interest in the area of air quality monitoring.

Both the Animal Health and Life Sciences AACs are seeking expressions of interest from experts in the area of Bioinformatics in response to increased demand for molecular testing, in particular massively parallel sequencing.

Stakeholder Relations

NATA attended a number of meetings related to the proposed revision of AS 4964 Method for the qualitative identification of asbestos in bulk samples.

NATA is chairing the organising committee for the 2nd International Conference on Food Analysis to be held in Melbourne on 20-22 November 2018. This conference brings together food analysts, researchers, academia, government and regulators to discuss current and emerging issues in food testing.

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 (MBS), or accreditation to ensure that correct results are used by medical practitioners in determining the diagnostic and treatment pathways of patients.

NATA's agreements with stakeholders such as the Memorandums of Understanding (MoUs) with State and Territory Health Departments allow these entities to be aware of potential adverse patient outcomes.

ISO 15189 - NATA/RCPA Human Pathology Activity (Medical Testing)

Accreditation Advisory Committee (AAC)

The 28th Medical Testing AAC (MT AAC) meeting was held in July 2018.

The following members were appointed by the NATA Board in 2017/8:

- Associate Professor W Sewell - Immunopathology
- Dr R Chan - RCPA Liaison officer - (term extended)
- Associate Professor G Koerbin - Chemical Pathology (term extended)
- Dr J Burn - Anatomical Pathology

Stakeholder engagement and technical updates

Review of pathology accreditation services

NATA has committed to reviewing the provision of the pathology accreditation processes to ensure the delivery is contemporary, reduces patient risk and provides most benefit to laboratories, stakeholders and the public.

The review will be a four step process to be conducted throughout 2018:

- Step 1 An internal 'think tank' involving Lead Assessors and NATA management to discuss possible alternative approaches to the provision of accreditation.
- Step 2 A small external focus group comprising Pathologists and Scientists to determine the positive and negative aspects of the current accreditation process. The focus group will also be requested to provide ideas on how accreditation services could be modified to provide a positive cost benefit return.

Step 3 Development of a revised model in consultation with key stakeholders.

Step 4 A national stakeholder forum to refine the model prior to rollout.

Risk Assessment

As part of its routine accreditation processes, NATA classifies the risk of a laboratory to patient safety based on a number of factors including:

- significance of each finding and their subsequent coding i.e. C, M or O;
- number and nature of the finding(s) for the laboratory as a whole (this also determines the coding);
- the impact of findings on patients' results and hence their safety;
- past assessment history and ability to rectify issues;
- the professional judgement of the assessment teams; and
- any follow up with advisory committees such as MTAAC and RCPA.

NATA will begin to apply risk assessment to assessment reports in the near future. At this stage an internal proof of concept activity is being conducted between NATA Lead Assessors. Should this be successful it will be formalised with stakeholders consulted.

Clinical Governance assessments

Standalone assessments of pathology networks clinical governance arrangements began in April 2018.

ISO/IEC 17025 Legal (including Forensic Science)

Accreditation Advisory Committee

The 25th Forensic Science AAC (FS AAC) was held in May.

The following members were appointed by the NATA Board in 2017/8:

- Mr C Pearman – Chair and ANZFEC nominee (term extended)
- Ms M Marty - Parentage Testing

Technical developments

Evaluative or Activity level reporting has been discussed at length in the past 12 months. This additional activity is gaining support within forensic science.

RANZCR/NATA Medical Imaging (MI) Accreditation Program

No AAC meeting was held in 2017.

The following members were appointed by the NATA Board in 2017/8:

- Ms Lynne Ingram - Representing Australian Society of Medical Imaging & Radiation Therapy (ASMIRT) (term extended)
- Dr B Elison - Representing Australasian Association of Nuclear Medicine Specialists (AANMS) (term extended)
- Ms Lyndal Macpherson - Representing Australasian Society for Ultrasound in Medicine (ASUM)
- Dr Allan Wycherley (Chair) retired from the MI AAC after 14 years. NATA would like to thank Allan for his invaluable support of the RANZCR/NATA program.

ASA/NATA Sleep Disorders Services (SDS) Accreditation Program

The 11th meeting of the SDS AAC was held in November 2017.

Associate Professor A Southcott and Dr D O'Driscoll were reappointed to the SDS AAC by the NATA Board in 2017/8.

This program continues to grow, reflecting the greater awareness within the community of the number of Australians affected by sleep disorders.

There has been some interest from private insurance companies in the provision of ASA/NATA accreditation for services in private hospitals.

Diagnostic Imaging Accreditation Scheme

The Diagnostic Imaging Accreditation Scheme (DIAS) has remained steady in 2017/18. NATA has continued to consolidate its strong relationship with the Commonwealth Department of Health who oversee the DIAS program.

Inspection Sector

Technical developments

The 2017 - 2018 financial year saw a period of training and consolidation for NATA's Inspection accreditation program. Operationally, the Inspection group have been significantly involved in the changes to Scopes of Accreditation and preparation for the Accreditation Information Management System (AIMS).

Accreditation Advisory Committee (AAC)

The Inspection AAC met in March 2018, with most time invested in reviewing the developments described above. Mr John Rose has been appointed as Chairman of the Inspection AAC.

Stakeholder engagement

NATA staff have participated in a number of industry meetings including Standards Australia committee meetings, the Ex Technical Association (ExTA), AICIP and the ANZEx Scheme, which is now operated by JAS-ANZ. Webinars relating to Inspection Accreditation and the roll-out of ISO/IEC 17025 and presentations to the Crane Industry Council of Australia were also conducted.

In addition, the Sector Manager, Inspection attended the meeting of the IANZ Inspection Body Professional Advisory Committee (IANZ's equivalent of NATA's AACs), participated in APLAC Lead evaluator training in Hong Kong and lead an APLAC Evaluation.

NATA continues to attract applications in a diverse range of inspection-related industries. Recent accreditations have included facilities inspecting:

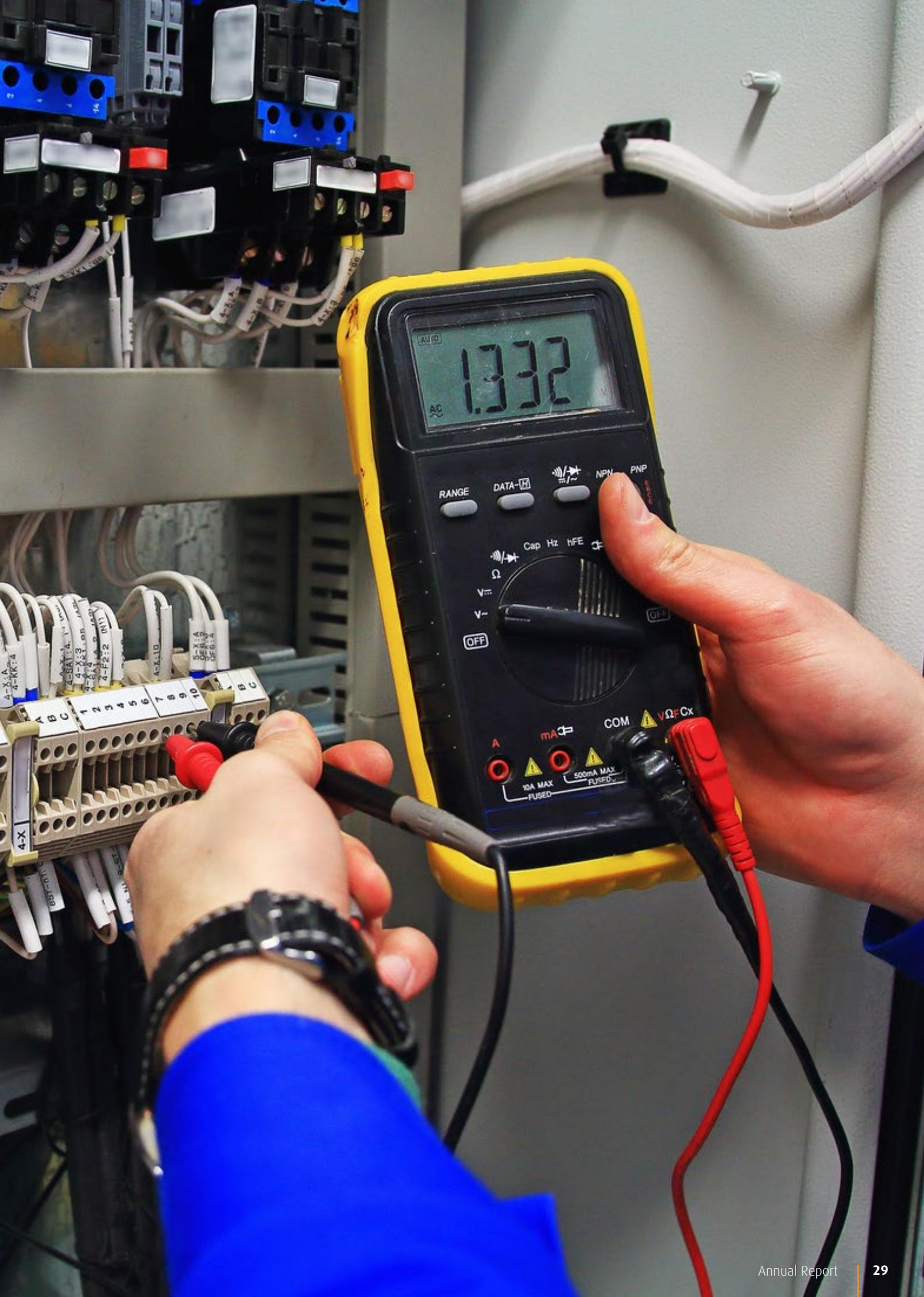
- Gas metering installations
- Lifting gear
- Electromagnetic fields from antennas
- Water and sewer pipes
- Workplaces for hazards associated with occupational hygiene.

There are organisations in the process of gaining accreditation for inspection of:

- Asbestos-contaminated structures
- Lifting equipment
- Water and sewer pipes
- Pressure equipment including gas pipelines.

NATA continues to receive enquiries in areas as diverse as inspection of:

- Indoor air quality
- Earthworks and
- Pedestrian surfaces.



Business Unit Reports 2017-18



“Accreditation enables our company to conduct work with high level clients who know we will provide a sustained quality of service that will be repeatedly assessed. Being part of an accredited body also gives access to resources, communications and contacts of similar nature.”

Paul Lavender
HSEQ and technical Development
Vertech Group Pty Ltd

Information Communications Technology (ICT)

During 2017-18, NATA implemented the first release of a new accreditation information management system (AIMS). This initial release provided improved client resource management (CRM) and reporting capabilities, support for NATA's new tabular scope structure, greater integration with other corporate ICT systems, and reduced ICT risks through improved security and the replacement of legacy technologies and systems.

The data interface between AIMS and our website was completed in December 2017. The website was updated to reflect changes across a broad range of technical fields providing a revised suite of publications and technical documents as well as support for the new standardised tabular scopes.

The implementation of the AIMS system now sees the completion of two of three subprojects, namely:

Subproject 1: a customer relationship management database, including client, personnel and complaint management

Subproject 2: a new database for Scopes of Accreditation

Subproject 3: accreditation cycle and job management functionalities

Subproject 3 is under development and is intended to be launched in late 2019.

Some of the key benefits of AIMS include:

- improved stability of the IT operating system;
- improved management and integrity of information maintained;
- improved expression of Scopes of Accreditation and the searchability of information contained within;
- improved operational efficiencies by automating key accreditation service delivery processes.

A new centralised reporting platform was also introduced to provide report integration across NATA's major corporate ICT systems, our electronic documents and records management system was upgraded, and NATA replaced most of its aging fleet of laptops with more secure, lightweight units.

Future Direction

The final stage of development for AIMS is due to be completed by the end of 2019 and will contain further support for the continuous improvements occurring within NATA's integrated accreditation service, improving operational efficiency and decision making through more timely access to standardised, integrated and comprehensive information.

In 2018-19:

NATA will commence the final stage of development for AIMS, providing the tools required for assessment and surveillance planning, job management, submission management, decision management, and reporting.

A new client web portal will be brought online and this will provide a more intuitive user interface, enabling easier access to client and assessment related information.

Other ICT projects being undertaken during 2018-19 include: Upgrade to our email servers, migration to Office 365, and an assessment for the relocation of NATA's servers and core communications infrastructure to an Australian based ISO 27001 certified, Uptime Institute (UTI) Tier III data centre.

Business

Unit Reports

International

Funding by the Department of Industry, Innovation and Science through the Support for Industry Service Organisations (SISO) program continues to allow NATA to be involved and represented at a high level in essential activities relating to the international accreditation community.

This included NATA staff participation in the revisions of ISO/IEC 17025 (General requirements for the competence of testing and calibration laboratories) and ISO/IEC 17011 (Conformity assessment - General requirements for accreditation bodies accrediting conformity assessment bodies). Both key Standards were published in late 2017 and transition to these is now underway.

NATA staff will also contribute to the forthcoming revision of ISO 15189 (Medical laboratories - Requirements for quality and competence) after a decision was made to revise it in May 2018. In regard to ISO/IEC 17020 (Conformity assessment - Requirements for the operation of various types of bodies performing inspection), a decision was made that it would not be revised at this time.

NATA staff continue to attend relevant International Laboratory Accreditation Cooperation (ILAC) and Asia Pacific Laboratory Accreditation Cooperation (APLAC) meetings. The Chief Executive (CEO) is the Chair of the ILAC Arrangement Management Committee which addresses matters relating to the ILAC Mutual Recognition Arrangement (ILAC MRA). The CEO, and NATA's General Manager Business Services, are also members of the Steering Committee responsible for the merger of APLAC and PAC known as the Asia Pacific Accreditation Cooperation (APAC). The merger is now complete and the registration process is underway.

NATA continues as Australia's Good Laboratory Practice (GLP) Compliance Monitoring Authority and represents Australia's interests in the OECD Panel on Good Laboratory Practice. Our GLP Program Advisor has also been nominated as the next Vice Chair of the OECD GLP Working Group on GLP in recognition of her contributions to the Working Group over the past 10 years.

NATA continues to advise the Department of Industry, Innovation and Science and the Department of Foreign Affairs and Trade at a technical level and in regard to Free Trade Agreements (as may be relevant). A crucial underpinning activity is the conduct of evaluations of counterpart accreditation bodies as part of mutual recognition arrangements. NATA staff participated in five such evaluations throughout this 12-month period.

NATA and our New Zealand counterparts (IANZ) also continued the technical exchange of many years in the sharing of accreditation experiences through our technical committees.

NATA further continues to assist enquirers about the application of the ILAC Mutual Recognition Arrangement (MRA). In addition to interest in providers of offshore asbestos testing services related to restrictions on imported asbestos-containing materials enforced through Australian Border Force, we have seen an increase in enquiries about testing of imported building materials.

Training Services Group

In the past financial year NATA's Training Services Group (TSG) delivered 99 training courses representing a total of 162 training days.

NATA core courses accounted for 43 of the 99 courses delivered for the period. These courses are:

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

TSG delivered 28 in-house courses (courses customised to meet the needs of the organisation). These in-house courses included Technical Assessor and ISO 15189 training for Medical Testing and Medical Imaging laboratories delivered in Singapore for the Singapore Accreditation Council.

TSG also delivered 12 Technical Assessor Development Program (TADP) courses (face-to-face format) while an additional TADP course was delivered online. In total, 133 Technical Assessors were trained.

The total number of participants trained over the financial year was 1158.

Three courses were delivered in regional Tasmania as part of our commitment to delivering our training services nationwide.



In the past financial year NATA's Training Services Group (TSG) delivered 99 training courses representing a total of 162 training days.

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 2017-18 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.

“

“Achieving and maintaining certification enables our clients and staff to have the confidence that the work we do is in alignment with the global and national standards relevant to our industry. Knowing that the data we generate contributes to the safety of our community and the communities of others, provides a strong sense of being a part of something much bigger than what is specific to just our organisation.”

Melissa Webster
Quality Manager
Peracto Pty Ltd



**ASSOC. PROF.
STUART ANDREWS**

Associate Professor Stuart Andrews began as a Technical Assessor in November 1981. This experience was invaluable in allowing him to link the challenges laboratories faced in implementing good microbiological practice in ISO/IEC17025 with the challenges undergraduate students faced in the final years of their practical studies in microbiology.

Being a Technical Assessor in Biological testing was a great resource for developing competence and problem-solving skills in the training of microbiology graduates over the 36 years of his involvement in tertiary teaching at University of South Australia.

Stuart was also a member and Chair of the Biological Testing Accreditation Advisory Board where he contributed to the development of technical guidance for laboratories interpreting the standard to their specific applications. This role led to Technical Assessors being trained to be most effective as external auditors when participating in NATA assessments and evolved into a training course (Quality Control in the Microbiological Laboratory) which Stuart developed and has presented since 1997.

In more recent years, Stuart has been teaching how to implement good microbiological practices in food, water and pharmaceutical testing within ISO/IEC17025 in Vietnam, Cambodia, Laos, Bangladesh and Papua New Guinea. This has involved hands on training in microbiological methods and establishing and monitoring quality control performance criteria. As a result, most of these laboratories have acquired accreditation to ISO/IEC17025 either by an international accreditation organisation or their own national accreditation body.

Although he has retired from teaching and training, he will continue to take part in assessments for NATA.



CLAIR MORITZ

From her first vacation placement at the Adelaide Red Cross blood bank in 1975, Claire Moritz knew she'd chosen the right undergraduate course.

In the 40 years since, Claire has worked mainly in haematology and immunohaematology laboratories in South Australia, including over two decades as a laboratory manager. During this period, she was actively involved in a number of amalgamations and significant reorganisation of pathology services.

Claire's roles have included close collaboration with staff whose combination of clinical and laboratory expertise gave her a better understanding both of how laboratory services affect patient wellbeing and the processes involved in progressing from research into diagnostic protocols.

From these insights, Claire became a passionate advocate of training her staff to emphasise the importance of protocols and being alert for unusual results and their potential significance for patients.

In her 20 years of NATA assessments, a real highlight for Claire has been to witness, at close hand, the dedication of pathology laboratory staff in small Australian regional centres, where patient safety is clearly paramount in spite of service changes and employment uncertainty.

Nominees particularly highlighted Claire's ability to quickly form an excellent rapport with laboratory staff and her extremely professional approach. Facilities have also mentioned how pleasant she is to deal with and how much they appreciate her feedback.

Since ceasing full time employment in 2015, Claire regards her involvement as a NATA Technical Assessor as an opportunity to continue contributing to quality improvements in medical testing.



NOEL PLATTS

Mr Noel Platts (or Mick as he prefers to be called) is a long serving and active Technical Assessor in Mechanical Testing, Non-destructive Testing (NDT) and Inspection.

Mick began as a Technical Assessor in 1977 and records show that he has participated in almost 200 assessment activities.

His career began at BHP (Newcastle) where he was involved in materials failure investigations and in-service inspections from 1957 to 1970. He was subsequently involved in boiler construction at ICAL where his welding and NDT experience was called upon.

In 1982, Mick established his own NDT Engineering inspection company (Platts Engineering) in Perth, conducting the inspection of the power station boilers during shutdown periods. Platts Engineering was the first inspection body to be accredited for in-service inspection of pressure equipment.

Mick has a very good sense of humour and puts the facility's staff at ease. He is very focused on safety issues and often warns that he may not continue with an assessment if the safety aspects have been neglected. His attention to detail, enthusiasm and constant desire to share knowledge with the new generation is evident when he pulls out copies of technical articles and photos to illustrate his points.

It can be particularly difficult to find locally based Assessors in the West and Mick has been extremely generous in undertaking work on NATA's behalf, even when called upon at short notice.

Mick shows no signs of slowing and maintains an active interest in technical matters as well as enjoying fishing, cooking and spending time with his grandchildren.

Directors' Report

National Association Of Testing Authorities, Australia & Controlled Entity

A.B.N 59 004 379 748

Financial Report – 30 June 2018

The parent entity, National Association of Testing Authorities, Australia (NATA) is registered 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 2018 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.



Dr Geoff G Hogg - Chair (since 2016)

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, Risk & Compliance Committee



Mr Matt B 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 Anthony J Landgren - Director

Year appointed: 2016

Qualifications and experience:

MBBS, LLB, FRCPA, FACLM, MRACMA

Chief Pathologist and Medical Director, Australian Clinical Labs

Special Responsibilities: Nil



Insp. David H Neville - Director

Year appointed: 2016

Qualifications and experience:

MSc, BAppSci

Quality Manager, Queensland Police Forensic Services Group

Special responsibilities: Nil



Dr Joseph J Patroni - Director

Year appointed: 2012

Qualifications and experience:

BSc (Hons), PhD

Manager, Industry Development Directorate, Department of Jobs, Tourism, Science and Innovation, Western Australia Government

Special Responsibilities: Member of Audit, Risk & Compliance Committee



Mr David R Turner - Director

Year appointed: 2004

Qualifications and experience:

BE, MEngSc, MBA, FIEAust

Technical Director, Simtars, Department of Natural Resources Mines and Energy, Queensland Government

Special responsibilities: Chair of Audit, Risk & Compliance Committee



Mr Christopher L Brownlow - Director

Year appointed: 2017

Qualifications and experience:

BBus

CEO, NSW, Australian Clinical Labs

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.

Signed in accordance with a resolution of the Board of Directors:



GG Hogg
Chair



MB Callanan
Vice Chair

Melbourne, 19 September 2018

Report Of The Audit, Risk and Compliance Committee

The Audit, Risk and Compliance 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 2018.

Membership

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

During the year ended 30 June 2018 and to the date of this report, the Committee comprised:

Chair: Mr David Turner.

Members: Dr Geoff Hogg (Chair of the Board), and Dr Joseph Patroni.

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 2018.

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, internal control framework, and receive and consider Management Exception Report;
- Improving the objectivity, accuracy, and reliability of externally published financial information;
- Assisting the NATA Board to 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 reviews the auditor's policy in upholding its professional ethics, integrity and managing conflicts of interest to ensure its objectivity and independence.

The Committee ensures that the external auditor has unrestricted access to NATA staff and Board, and receives adequate support from NATA in carrying out its duties.

The Committee considers the long term relationship with the auditor effective and remains satisfied with the performance of the auditor.



David Turner

Chair of the Audit, Risk and Compliance Committee

18 September 2018



+2.76%
+2.07%
+2.75%
+2.74%
+1.37%
+2.70%
+1.77%
+2.58%
+2.82%
+2.76%
+2.07%
+2.75%
+2.74%
+1.37%
+2.70%

159,200
325,000
224,300
3,100
6,676,300
4,542,400
161,900
100
198,600
159,200
325,000
224,300
3,100
6,676,300
4,542,400

Statement Of Financial Position

As At 30 June 2018

	Note	Consolidated Group		Parent Entity	
		2018	2017	2018	2017
		\$	\$	\$	\$
ASSETS					
Current assets					
Cash and cash equivalents	6	5,303,654	2,379,361	4,573,732	1,770,180
Trade and other receivables	7	2,185,643	2,946,033	1,853,148	2,519,956
Total current assets		7,489,297	5,325,394	6,426,880	4,290,136
Non-current assets					
Property, plant and equipment	8	24,884,686	25,319,241	24,783,911	25,228,033
Intangible assets	9	3,040,468	2,727,031	3,040,364	2,726,669
Total non-current assets		27,925,154	28,046,272	27,824,275	27,954,702
TOTAL ASSETS		35,414,451	33,371,666	34,251,155	32,244,838
LIABILITIES					
Current liabilities					
Trade and other payables	10	4,648,445	5,030,964	4,215,308	4,505,073
Borrowings	11	207,957	195,428	207,957	195,428
Provisions	12	1,893,000	1,844,000	1,796,000	1,737,000
Total current liabilities		6,749,402	7,070,392	6,219,265	6,437,501
Non-current liabilities					
Borrowings	11	164,671	372,628	164,671	372,628
Provisions	12	1,037,500	1,039,500	1,002,500	990,500
Total non-current liabilities		1,202,171	1,412,128	1,167,171	1,363,128
TOTAL LIABILITIES		7,951,573	8,482,520	7,386,436	7,800,629
NET ASSETS		27,462,878	24,889,146	26,864,719	24,444,209
FUNDS					
Accumulated funds		16,138,379	13,564,647	15,540,220	13,119,710
Reserves	13	11,324,499	11,324,499	11,324,499	11,324,499
TOTAL FUNDS		27,462,878	24,889,146	26,864,719	24,444,209

The accompanying notes form part of these financial statements

Statement Of Profit Or Loss And Other Comprehensive Income

For The Year Ended 30 June 2018

	Note	Consolidated Group		Parent Entity	
		2018	2017	2018	2017
		\$	\$	\$	\$
Revenue	4	32,368,985	29,740,460	30,722,653	28,121,179
Other income	4	11,139	3,195	11,177	-
		<u>32,380,124</u>	<u>29,743,655</u>	<u>30,733,830</u>	<u>28,121,179</u>
Expenses					
Accreditation		(4,160,369)	(3,517,097)	(3,697,248)	(3,066,083)
Administration expenses		(4,393,265)	(4,813,033)	(4,180,556)	(4,598,480)
Business development and planning		(15,191)	(67,233)	(14,033)	(66,167)
Consultancy and training		(306,322)	(364,851)	(306,322)	(364,851)
Depreciation and amortisation	5	(1,233,216)	(951,469)	(1,209,332)	(928,580)
Finance costs	5	(30,311)	(42,079)	(30,311)	(42,079)
Salaries and employee benefits		(19,667,718)	(18,752,136)	(18,875,518)	(17,957,236)
		<u>(29,806,392)</u>	<u>(28,507,898)</u>	<u>(28,313,320)</u>	<u>(27,023,476)</u>
Surplus before income tax		2,573,732	1,235,757	2,420,510	1,097,703
Income tax expense		-	-	-	-
Surplus for the year		2,573,732	1,235,757	2,420,510	1,097,703
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		<u>2,573,732</u>	<u>1,235,757</u>	<u>2,420,510</u>	<u>1,097,703</u>

The accompanying notes form part of these financial statements

Statement Of Changes In Funds

For The Year Ended 30 June 2018

	Consolidated Group			Parent Entity		
	Accumulated Funds	Asset Realisation Reserve	Total	Accumulated Funds	Asset Realisation Reserve	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	12,328,890	11,324,499	23,653,389	12,022,007	11,324,499	23,346,506
Comprehensive income						
Surplus for the year	1,235,757	-	1,235,757	1,097,703	-	1,097,703
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	<u>1,235,757</u>	<u>-</u>	<u>1,235,757</u>	<u>1,097,703</u>	<u>-</u>	<u>1,097,703</u>
Balance at 30 June 2017	<u>13,564,647</u>	<u>11,324,499</u>	<u>24,889,146</u>	<u>13,119,710</u>	<u>11,324,499</u>	<u>24,444,209</u>
Balance at 1 July 2017	13,564,647	11,324,499	24,889,146	13,119,710	11,324,499	24,444,209
Comprehensive income						
Surplus for the year	2,573,732	-	2,573,732	2,420,510	-	2,420,510
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	<u>2,573,732</u>	<u>-</u>	<u>2,573,732</u>	<u>2,420,510</u>	<u>-</u>	<u>2,420,510</u>
Balance at 30 June 2018	<u>16,138,379</u>	<u>11,324,499</u>	<u>27,462,878</u>	<u>15,540,220</u>	<u>11,324,499</u>	<u>26,864,719</u>

The accompanying notes form part of these financial statements

Statement Of Cash Flows

For The Year Ended 30 June 2018

	Note	Consolidated Group		Parent Entity	
		2018	2017	2018	2017
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from members, customers and government		35,445,855	33,396,390	33,660,537	31,648,765
Payments to suppliers and employees		(31,331,552)	(30,447,790)	(29,691,264)	(28,875,543)
Interest received		136,688	199,897	127,746	192,470
Interest paid		(30,311)	(42,079)	(30,311)	(42,079)
Net cash flows from operating activities		<u>4,220,680</u>	<u>3,106,418</u>	<u>4,066,708</u>	<u>2,923,613</u>
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		58,494	67,273	58,494	37,273
Purchase of property, plant and equipment		(539,976)	(686,435)	(506,745)	(637,085)
Purchase of intangible assets		(619,477)	(1,658,854)	(619,477)	(1,658,854)
Loans from controlled entities		-	-	-	(2,992)
Net cash flows from investing activities		<u>(1,100,959)</u>	<u>(2,278,016)</u>	<u>(1,067,728)</u>	<u>(2,261,658)</u>
Cash flows from financing activities					
Net proceeds from borrowings		(195,428)	(183,654)	(195,428)	(183,654)
Net cash flows from financing activities		<u>(195,428)</u>	<u>(183,654)</u>	<u>(195,428)</u>	<u>(183,654)</u>
Net increase in cash and cash equivalents		2,924,293	644,748	2,803,552	478,301
Cash and cash equivalents at the beginning of the financial year		<u>2,379,361</u>	<u>1,734,613</u>	<u>1,770,180</u>	<u>1,291,879</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>5,303,654</u></u>	<u><u>2,379,361</u></u>	<u><u>4,573,732</u></u>	<u><u>1,770,180</u></u>

The accompanying notes form part of these financial statements

Notes to the Financial Statements for the Year Ended 30 June 2018

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“Accreditation leverages and showcases continuous improvement across everything that leads to safety and reliability. It is no accident then that accreditation leads to a safer community.”

Pinakin Chaubal
Land Engineering Agency



Note 1 - Reporting entity

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

The financial statements were approved by the Board of Directors on 19 September 2018.

Note 2 - Basis of preparation

Statement of compliance

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

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

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

Basis of measurement

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

Comparatives

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

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

Critical accounting estimates and judgements

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

Key estimates

Impairment

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

Estimation of useful lives of assets

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

New and revised standards that are effective for these financial statements

A number of new and revised standards are effective for annual periods beginning on or after 1 July 2017, however none have significantly impacted the Association's financial statements.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2018 reporting period and have not been early adopted by the consolidated group. These include:

- AASB 9 Financial Instruments (effective for the year ending 30 June 2019)
- AASB 15 Revenue from Contracts with Customers (effective for the year ending 30 June 2020)
- AASB 16 Leases (effective for the year ending 30 June 2020)
- AASB 1058 Income of Not-for-profit Entities (effective for the year ending 30 June 2020)

The Directors' assessment of the impact of these new standards (to the extent applicable to the consolidated group) is that none are expected to significantly impact the consolidated group's financial statements in future reporting periods.

Notes To The Financial Statements

For The Year Ended 30 June 2018

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.

Payroll tax refunded

Payroll tax refunded as a consequence of successful applications for exemption lodged with various State bodies has been recognised upon receipt.

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 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 2018

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 five 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).

Note 3 - Significant accounting policies (continued)

Trade and other payables

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

Income received in advance

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

Employee benefits

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

Provisions

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

Fair value of assets and liabilities

The consolidated group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard. Fair value is the price the entity would receive to sell an asset or would have to pay to transfer a liability in an orderly (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 2018

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
NOTE 4 - REVENUE AND OTHER INCOME				
Revenue				
Service revenue	27,428,314	26,825,663	25,608,635	25,036,449
Government contract revenue	1,415,000	1,430,000	1,415,000	1,430,000
Foreign currency translations	23,244	2,492	23,244	2,492
Payroll tax refunded	1,999,692	-	1,999,692	-
Rent received	1,364,245	1,334,463	1,364,245	1,334,463
Other operating revenue - wholly owned entities	-	-	182,289	177,360
Other operating revenue	1,802	1,681	1,802	1,681
	<u>32,232,297</u>	<u>29,594,299</u>	<u>30,594,907</u>	<u>27,982,445</u>
Other revenue				
Interest income	136,688	146,161	127,746	138,734
	<u>136,688</u>	<u>146,161</u>	<u>127,746</u>	<u>138,734</u>
Total revenue				
	<u>32,368,985</u>	<u>29,740,460</u>	<u>30,722,653</u>	<u>28,121,179</u>
Other income				
Net gain on disposal of property, plant and equipment	11,139	3,195	11,177	-
Total other income	<u>11,139</u>	<u>3,195</u>	<u>11,177</u>	<u>-</u>
Total revenue and other income	<u>32,380,124</u>	<u>29,743,655</u>	<u>30,733,830</u>	<u>28,121,179</u>

Notes To The Financial Statements

For The Year Ended 30 June 2018

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
NOTE 5 - EXPENSES				
Depreciation				
Buildings	618,060	669,383	618,060	669,383
Plant and equipment	309,154	226,334	285,490	204,030
Total depreciation	<u>927,214</u>	<u>895,717</u>	<u>903,550</u>	<u>873,413</u>
Amortisation				
Software	306,002	55,752	305,782	55,167
Total amortisation	<u>306,002</u>	<u>55,752</u>	<u>305,782</u>	<u>55,167</u>
Total depreciation and amortisation	<u>1,233,216</u>	<u>951,469</u>	<u>1,209,332</u>	<u>928,580</u>
Bad and doubtful debts expense				
Bad debts	49,767	58	37,353	58
Provision for impairment	(7,622)	6,210	(7,622)	6,210
Total bad and doubtful debts	<u>42,145</u>	<u>6,268</u>	<u>29,731</u>	<u>6,268</u>
Interest and finance charges paid and payable	30,311	42,079	30,311	42,079
Loss on disposal of property, plant and equipment	-	59,780	-	59,780
Rental expenses relating to operating leases	201,294	157,620	201,294	157,620
NOTE 6 - CASH AND CASH EQUIVALENTS				
Cash at bank and on hand	1,177,156	2,079,361	997,234	1,770,180
Cash on deposit	4,126,498	300,000	3,576,498	-
Total cash and cash equivalents	<u>5,303,654</u>	<u>2,379,361</u>	<u>4,573,732</u>	<u>1,770,180</u>

Notes To The Financial Statements

For The Year Ended 30 June 2018

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
NOTE 7 - TRADE AND OTHER RECEIVABLES				
<u>Current</u>				
Trade receivables	926,342	1,669,031	614,338	1,249,693
Provision for impairment	(78,327)	(85,949)	(78,327)	(85,949)
	848,015	1,583,082	536,011	1,163,744
Other receivables	315,977	302,767	300,436	301,867
Work in progress	423,304	358,732	423,304	358,732
Prepayments	598,347	701,452	593,397	695,613
Total current trade and other receivables	<u>2,185,643</u>	<u>2,946,033</u>	<u>1,853,148</u>	<u>2,519,956</u>
Provision for impairment				
Opening net carrying value	85,949	79,739	85,949	79,739
Charge for the year	(7,622)	6,210	(7,622)	6,210
Closing net carrying value	<u>78,327</u>	<u>85,949</u>	<u>78,327</u>	<u>85,949</u>
NOTE 8 - PROPERTY, PLANT AND EQUIPMENT				
	Land	Buildings	Plant and equipment	Total
Consolidated Group	\$	\$	\$	\$
At 30 June 2017				
Cost	12,257,812	18,872,413	4,497,232	35,627,457
Accumulated depreciation	-	(6,416,596)	(3,891,620)	(10,308,216)
Net carrying amount	<u>12,257,812</u>	<u>12,455,817</u>	<u>605,612</u>	<u>25,319,241</u>
Movements in carrying amounts				
Opening net carrying amount	12,257,812	12,455,817	605,612	25,319,241
Additions	-	58,271	481,705	539,976
Disposals	-	-	(47,317)	(47,317)
Depreciation charge for the year	-	(618,060)	(309,154)	(927,214)
Closing net carrying amount	<u>12,257,812</u>	<u>11,896,028</u>	<u>730,846</u>	<u>24,884,686</u>
At 30 June 2018				
Cost	12,257,812	18,930,684	4,816,407	36,004,903
Accumulated depreciation	-	(7,034,656)	(4,085,561)	(11,120,217)
Net carrying amount	<u>12,257,812</u>	<u>11,896,028</u>	<u>730,846</u>	<u>24,884,686</u>

Notes To The Financial Statements

For The Year Ended 30 June 2018

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land	Buildings	Plant and equipment	Total
Parent Entity	\$	\$	\$	\$
At 30 June 2017				
Cost	12,257,812	18,872,413	4,268,643	35,398,868
Accumulated depreciation	-	(6,416,596)	(3,754,239)	(10,170,835)
Net carrying amount	<u>12,257,812</u>	<u>12,455,817</u>	<u>514,404</u>	<u>25,228,033</u>
Movements in carrying amounts				
Opening net carrying amount	12,257,812	12,455,817	514,404	25,228,033
Additions	-	58,271	448,474	506,745
Disposals	-	-	(47,317)	(47,317)
Depreciation charge for the year	-	(618,060)	(285,490)	(903,550)
Closing net carrying amount	<u>12,257,812</u>	<u>11,896,028</u>	<u>630,071</u>	<u>24,783,911</u>
At 30 June 2018				
Cost	12,257,812	18,930,684	4,588,469	35,776,965
Accumulated depreciation	-	(7,034,656)	(3,958,398)	(10,993,054)
Net carrying amount	<u>12,257,812</u>	<u>11,896,028</u>	<u>630,071</u>	<u>24,783,911</u>

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 of \$1,637,362. This increase in value of \$6,362,638 has not been recognised in the financial report other than by way of this note. This property is the subject of draft rezoning released by the New South Wales Department of Planning and Environment in September 2017. The current market value is well in excess of the \$8,000,000 valuation in June 2015.

An independent valuation of the freehold land and buildings in Brisbane was completed on 30 July 2018 by Ms. Michelle Burke, AAPI, of CBRE Valuations Pty Limited. This valuation was based on "market value - as is - assuming notional lease" free of all encumbrances and amounted to \$3,150,000, compared with a carrying value of \$1,748,476. This increase in value of \$1,401,524 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 Melbourne was completed on 3 July 2018 by Mr. Ben Koops, AAPI, of Savills Valuations Pty Limited. This valuation was based on "market value - as is - fully leased" free of all encumbrances and amounted to \$26,500,000, compared with a carrying value of \$20,768,002. This increase in value of \$5,731,998 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.

Notes To The Financial Statements

For The Year Ended 30 June 2018

NOTE 9 - INTANGIBLE ASSETS			
	Software	Work in Progress	Total
Consolidated Group	\$	\$	\$
At 30 June 2017			
Cost	841,055	2,283,284	3,124,339
Accumulated amortisation	(397,308)	-	(397,308)
Net carrying amount	<u>443,747</u>	<u>2,283,284</u>	<u>2,727,031</u>
Movements in carrying amounts			
Opening net carrying amount	443,747	2,283,284	2,727,031
Additions	179,708	439,769	619,477
Disposals	(38)	-	(38)
Reclassifications	2,723,053	(2,723,053)	-
Amortisation charge for the year	(306,002)	-	(306,002)
Closing net carrying amount	<u>3,040,468</u>	<u>-</u>	<u>3,040,468</u>
At 30 June 2018			
Cost	3,742,505	-	3,742,505
Accumulated amortisation	(702,037)	-	(702,037)
Net carrying amount	<u>3,040,468</u>	<u>-</u>	<u>3,040,468</u>
Parent Entity			
At 30 June 2017			
Cost	813,235	2,283,284	3,096,519
Accumulated amortisation	(369,850)	-	(369,850)
Net carrying amount	<u>443,385</u>	<u>2,283,284</u>	<u>2,726,669</u>
Movements in carrying amounts			
Opening net carrying amount	443,385	2,283,284	2,726,669
Additions	179,708	439,769	619,477
Reclassification	2,723,053	(2,723,053)	-
Amortisation charge for the year	(305,782)	-	(305,782)
Closing net carrying amount	<u>3,040,364</u>	<u>-</u>	<u>3,040,364</u>
At 30 June 2018			
Cost	3,715,995	-	3,715,995
Accumulated amortisation	(675,631)	-	(675,631)
Net carrying amount	<u>3,040,364</u>	<u>-</u>	<u>3,040,364</u>

Notes To The Financial Statements

For The Year Ended 30 June 2018

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
NOTE 10 - TRADE AND OTHER PAYABLES				
<u>Current</u>				
Trade payables	562,556	531,568	530,349	481,380
Liabilities to employees	1,581,461	1,650,069	1,510,341	1,574,444
Subscriptions in advance	1,427,463	1,704,426	1,427,463	1,704,426
Other income in advance	520,320	532,325	228,724	162,024
Other payables	556,645	612,576	518,431	582,799
Total current trade and other payables	4,648,445	5,030,964	4,215,308	4,505,073
NOTE 11 - BORROWINGS				
<u>Current</u>				
Bank loan - equipment	207,957	195,428	207,957	195,428
Total current borrowings	207,957	195,428	207,957	195,428
<u>Non-current</u>				
Bank loan - equipment	164,671	372,628	164,671	372,628
Total non-current borrowings	164,671	372,628	164,671	372,628
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	1,893,000	1,844,000	1,796,000	1,737,000
Total current provisions	1,893,000	1,844,000	1,796,000	1,737,000
<u>Non-current</u>				
Employee entitlements - long service leave	1,017,000	997,000	982,000	948,000
Restoration (make good)	20,500	42,500	20,500	42,500
Total non-current provisions	1,037,500	1,039,500	1,002,500	990,500
Movement in provisions				
<u>Restoration (make good provision)</u>				
Opening net carrying amount	42,500	42,500	42,500	42,500
Provision utilised during the year	(22,000)	-	(22,000)	-
Closing net carrying amount	20,500	42,500	20,500	42,500
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 2018

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
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	-	10,750	-	10,750
	-	10,750	-	10,750
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:	1,779,299	1,748,105	1,621,483	1,595,245
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	128,370	124,631	128,370	124,631
Later than one year but not later than five years	257,059	385,429	257,059	385,429
	385,429	510,060	385,429	510,060
The operating lease commitments relate to a non-cancellable property lease with a remaining term of three years from year-end, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments to be increased by 3% per annum. An option exists to renew the lease at the end of its term.				

Notes To The Financial Statements

For The Year Ended 30 June 2018

NOTE 17 - EVENTS OCCURRING AFTER THE REPORTING PERIOD

During the year the company applied for exemption from the payment of payroll tax in New South Wales. A favourable decision was received from the New South Wales Office of State Revenue on 16 August 2018 advising that exemption has been granted from 1 July 2012. The refund will be recognised upon receipt, net of costs, in the 2019 financial year.

No other material events have occurred after the reporting period. The financial report was authorised for issue on 19 September 2018 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 2018 the number of members was 3,362 (2017: 3,448).

NOTE 19 - CONTROLLED ENTITIES

Controlled Entities Consolidated	Country of Incorporation	Percentage Owned (%)	
		2018	2017
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

Transactions between the parent entity and its controlled entities during the year consisted of:	Parent Entity	
	2018	2017
	\$	\$
Loans repaid to the parent entity	-	2,992
Net decrease (increase) in loans to controlled entities	-	2,992
Other expenses recharged by the parent entity	182,289	177,360

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 2018, 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 (including Australian Accounting Interpretations) and the Australian Charities and Not-for-profits Commission Regulation 2013; and
 - b give a true and fair view of the financial position as at 30 June 2018 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.



GG Hogg
Chair



MB Callanan
Vice Chair

Melbourne, 19 September 2018

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

Opinion

We have audited 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) which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in funds and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

In our opinion, 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) is in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:

- a) giving a true and fair view of the company's financial position as at 30 June 2018 and of its financial performance for the year then ended, and
- b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Report section of our report. We are independent of the company in accordance with the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Australian Charities and Not-for-profits Commission Act 2012, which has been given to the Directors of the company, would be in the same terms if given to the Directors as at the time of this auditor's report.

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

Directors' Responsibility for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012 and for such internal control as the Directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at The Auditing and Assurance Standards Board and the website address is <http://www.auasb.gov.au/Home.aspx>

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Stewart Brown
Chartered Accountants



R.J. McGree
Partner

Sydney, 19 September 2018

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.

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.

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.

Glossary Of Terms

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.

withdrawn facility

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

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