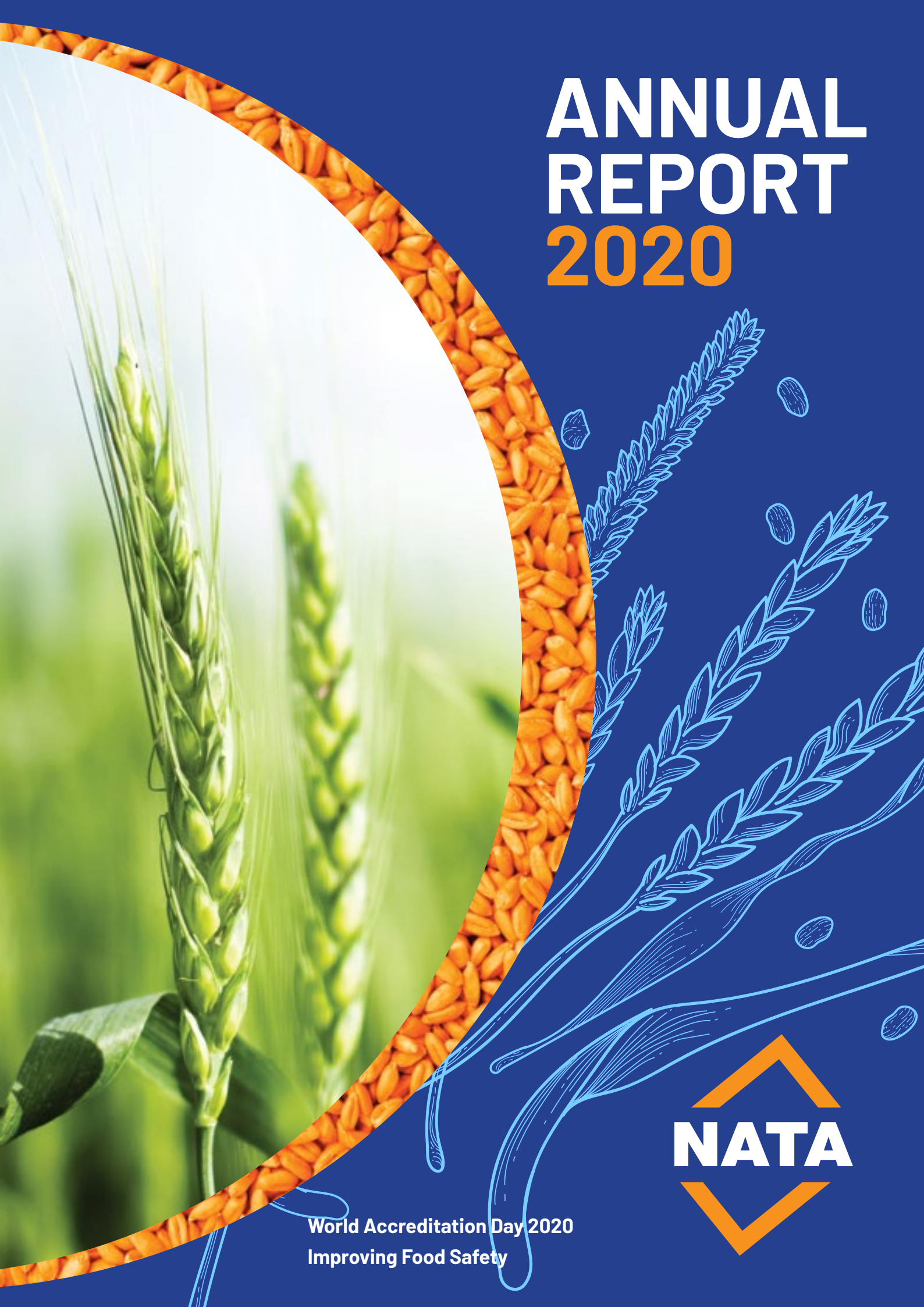


# ANNUAL REPORT 2020



World Accreditation Day 2020  
Improving Food Safety







## **NOTICE OF NATA ANNUAL GENERAL MEETING (AGM)**

We are pleased to announce the National Association of Testing Authorities' 2020 AGM.

The meeting will be held online via Zoom on Wednesday 14th October 2020 at 12.00pm (AEST).







### OUR PURPOSE

An integral part of Australia's technical landscape, NATA provides the national benchmark in accreditation and supporting services.

We operate to meet the needs of our many members and stakeholders and to secure domestic and international recognition and confidence providing assurance for the products and services of our members.

#### As noted by a member:

*"Becoming NATA accredited shall never be deemed as a right, but as a privilege and recognition of deserving excellence in testing, superior reporting and keeping abreast of becoming an industry leader."*

### OUR VISION

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



# ANNUAL REPORT SUBMISSION

We have great pleasure in submitting NATA's Annual Report for the year ending June 30, 2020.

NATA has achieved much across its operations despite a challenging year in regard to natural disasters and COVID-19.

This report provides a summary of NATA's activities over the year and highlights performance against planned objectives.

Our report theme is improving food safety through accreditation and this aligns with World Accreditation Day 2020. These accreditation activities are essential and provide food quality and safety certainty to consumers, suppliers, purchasers, regulators and specifiers.

We acknowledge the work of NATA in this area as well as the activities and contributions of its employees, volunteers and other stakeholders.

Concluding our report are audited financial statements for the year.

NATA's achievements over the past year have been substantial and we look forward to a busy and productive 2020-2021.

We hope you find the report relevant, informative and a valuable insight into NATA operations.





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A blurred photograph of a modern office lobby with large glass windows and doors. Several people in business attire are walking through the space, their figures softened by motion blur. The lighting is bright, creating strong shadows on the polished floor. The overall color palette is dominated by blues and greys, with a touch of yellow from a person's jacket in the center.

# FOREWORD BY CHAIR & CEO



## **We have pleasure in presenting the NATA 2020 Annual Report to our staff, volunteers, members and key stakeholders.**

This has been, without question, a tumultuous year. From natural disasters to COVID-19, it has presented unique challenges we, and indeed the rest of Australia and the world, have had to manage.

### **ADAPTING TO CHANGE**

COVID-19 has caused an unprecedented disruption to our business and because of this, we have placed a high priority on working with our members to fulfil their accreditation needs.

Indeed, we have been able to pivot to a remote assessment model that has achieved a level of security and confidence for members and ensured our business continuity. This could not have been achieved without the collective effort of all our dedicated staff and we are particularly proud of the commitment and resilience they have shown. We also acknowledge the cooperation and support from our Technical Assessors, Advisory Committees and our members.

### **INNOVATION**

Innovation has been a staple of operations this past year. Restricted travel and contact protocols have required rapid adaptation and the development of remote assessment activities. This innovation and adaptation has shown what can be achieved in a very short time.

Now in place, there is potential to make greater use of remote and online assessments once the pandemic eases. Our team is currently working on how this can be integrated into our approach in the future.

The high demand for Personal Protective Equipment (PPE) resulted in NATA accrediting CSIRO for the testing of surgical masks and accrediting the National Measurement Institute, Australia (NMI) for testing hand sanitiser. Both accreditations were granted in an unprecedented time frame and without compromising our technical rigour.

We have also risen to the challenge and developed an Emergency Laboratory Monitoring Service specifically for laboratories that are not NATA accredited but are testing PPE during the pandemic. This is a great example of NATA leveraging its expertise and responding to an urgent need in the national interest and it provides a good foundation should similar challenges arise in the future.

Our Human Pathology area continues to be actively engaged with our clients and stakeholders to develop a new model for accreditation (Reengineering Program). This model will have a stronger governance and risk-based focus aligning our accreditation process to the contemporary pathology environment and adding value to members' businesses. We have also been actively working to promote the value of NATA accreditation with key decision

makers and influencers in preparation for the proposed move of Human Pathology and Medical Imaging from the Department of Health to the Australian Commission for Safety and Quality in Healthcare.

### **STAKEHOLDER RELATIONS**

Our colleagues in the Stakeholder Relations team have been busy supporting a number of initiatives including government priorities such as the Free Trade Agreements with the EU and the UK.

Despite being grounded over the past year, our international activity continues. A significant development has been the global recognition of NATA's accredited reference material producers through the ILAC Mutual Recognition Arrangement.

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***"This has been, without question, a tumultuous year. From natural disasters to COVID-19, it has presented unique challenges we, and indeed the rest of Australia and the world have had to manage."***



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***“We acknowledge the cooperation and support from our Technical Assessors, Advisory Committees and our members.”***

Our members’ needs have also been a central focus over the past year. We have engaged with all our members on a one-to-one basis to better understand how they have been impacted by the pandemic and how NATA can provide support. We also communicated with members and Technical Assessors to understand how NATA can improve its engagement and communication.

In addition, we made the decision to freeze member fees for FY 2020–2021 and to extend payment terms for those who need it.

### **EDUCATION**

We conducted a number of webinars during the year for members and Technical Assessors across a wide range of areas including human pathology, civil and construction materials testing and inspection. These were particularly well received and following positive survey results on NATA’s future communication channels, we will be offering more webinar options in 2020-2021.

Internally, we continued to make educational progress across all areas of the organisation. As part of our High-Performance Work Force Project and the transformation of NATA into a more client-focussed and agile organisation; we partnered with the Australian Graduate School of Management (AGSM), University of New South Wales (UNSW).

These partnerships saw the launch of our first Leadership Development Program - *Drive and Activate* – to over 120 staff. The positive feedback received has resulted in greater awareness for the need for collaboration and strong leadership across all levels of the business.

The Business Services Group which comprises the support and administration teams, has now initiated a quarterly ‘Connect and Learn’ seminar to ensure all levels of NATA have the opportunity to develop their skills and interact with their peers.

### **KEY PEOPLE CHANGES**

We have experienced a number of changes to key staff over the past 12 months. In April, our General Manager, Business Services, Eric Lo retired after 11 years of dedicated service. Eric was instrumental in keeping NATA on a stable and healthy financial footing and was a key contributor to the development of NATA’s operating strategy including maintaining and developing links to the NATA international community. On behalf of the team at NATA, we thank Eric for his many years of dedicated service.

Also heading into a retirement is our long-serving Operations Manager, Kirsty Outhred who started as Scientific Officer with NATA in 2001. Kirsty became Operations Manager in 2012 and has been a driving force of the

Accreditation Information Management System (AIMS) project over the past five years. We thank Kirsty for her commitment to NATA and wish her all the best for the future.

We also wish to acknowledge the contribution of Dr. Joseph Patroni who will be stepping down from his Board position this year. Dr. Patroni commenced on the Board in 2012 and has contributed to a number of Board projects during his years of service including the sale of our subsidiary NCSI and the ongoing development of the Board Portal. He is also a member of the Board’s Audit, Risk and Compliance Committee. We wish Joseph all the best in his future endeavours.

### **ACCREDITATION INFORMATION MANAGEMENT SYSTEM (AIMS)**

We are pleased to report the next stage of the AIMS project was delivered in August 2020 providing a more automated, efficient and streamlined approach to managing and tracking our accreditation jobs.

The next phase currently underway is the testing of an offline capability to record assessment findings and outcomes on tablets while on site. The Member Portal Project is also close to completion and is expected to be ready by the end of the calendar year.

### **IN SUMMARY**

Despite the challenges over the past year, our revenue has remained stable. This is due, in part, to benefiting from Phase 2 of our payroll tax exemption status, as well as being able to access the JobKeeper subsidy due to a downturn in our revenue from training services and a reduction in chargeable accreditation activities.





It is also pleasing to report that our Charter of Service (CoS) results show an improvement in the 2nd half of the year, exceeding our target of 90% with a score of 94% against 88% in the first 6 months.

In closing, we want to thank the entire NATA team for their commitment and dedication to fulfilling the purpose of our organisation throughout what has been an unprecedented and challenging year. We also want to thank our members for their on-going support which has enabled us to continue to provide accreditation services that meet their needs and those of all stakeholders.

Our collaboration with national and international stakeholders and working with our members to create confidence and certainty in their services, shows the trusted position that NATA holds across both the national and international landscape.

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***“Our innovation and adaptation has shown what can be achieved in a very short time.”***



Dr. Geoff Hogg  
Chair



Jennifer Evans  
CEO



# ABOUT US

As Australia's most trusted accreditation organisation, we are delighted to be recognised by the Australian Government as the pre-eminent national authority in laboratory accreditation.

- Achieving public interest goals and meeting stakeholder expectations
- Providing quality services and meeting member needs at a competitive price
- Constantly adapting practices, systems and technology to better serve our stakeholders
- Ensuring our staff are skilled, motivated and always committed to high performance outcomes
- Ensuring our volunteer Technical Assessors and members of the Technical Committees always remain an integral part of NATA and a value to the community.

Engaged and proactive, we partner with leaders in Australia's technical and business communities. We help the community on a day-to-day basis by identifying and managing risk in their organisations and adding genuine value to their business operations.

Our work helps businesses create trust and certainty in the segments in which they operate and gives the public the confidence and assurance they need to use their products and services.

All of this happens as a result of our internationally recognised accreditation and supporting services. Across laboratories, inspection bodies, calibration and the provision of certified reference materials, we work together with businesses to create confidence and certainty.

We support Australian industry and the community by:

- Supporting members with valued and recognised accreditation to promote growth in their businesses
- Facilitating broader understanding about the value NATA brings

## OPERATIONAL VALUE

Our member outcomes highlight that NATA's professional accreditation plays an essential and indeed, decisive role in driving productivity at an industry level.

It also provides *confidence* in the delivery of data and test results and contributes to operating efficiency and certainty in both the public and private sectors.

We see our services adding genuine value and competitiveness to the Australian market and, as important, to the welfare of all Australians.

## ECONOMIC VALUE

A recent and comprehensive study by the University of Technology Sydney identified the monetary value NATA activities bring to the Australian economy.

As a not for profit, member owned organisation, we believe it is important the government, members and the community see the economic value of what we do.



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***“Engaged and proactive, we partner with leaders in Australia’s technical and business community.”***

While there is general recognition that NATA does add value to the economy, we are pleased to note the report highlighted a monetary value of over \$420m million per annum.

While a significant contribution to the Australian economy, we are equally pleased with the less recognised value and attributes this brings to our members and the community.

As noted by Emeritus Professor Roy Green in his preface to the report:

*“What is clear is that accreditation in this context provides both direct and indirect benefits to consumers of intermediate and final goods and services, and hence to the economy and society more widely.”*

#### **NATA VALUES**

Supporting our operational and economic contributions, we also seek to add intangible value to our members and other stakeholders.

These values are part of everyday operations.

NATA values are:

**Diligence:** We deliver our services proficiently, with integrity and impartiality

**Responsibility:** We are reliable and accountable for our services

**Innovation:** We develop our practices to ensure the on-going relevance of our business to members, clients and stakeholders

**Value:** We deliver services recognised for their importance to the national interest and add value to our members’ and clients’ businesses

**Expertise:** We deliver our services with a high level of expert knowledge.



# ACCREDITATION AND SERVICES OVERVIEW

NATA provides accreditation and support services that enhance the public good by providing assurance that its members are technically competent and the results they produce are reliable.

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We are always committed to maintaining our position as Australia's national accreditation authority by delivering real, tangible value.

Overall, we:

- Work toward becoming more responsive, innovative and customer focused
- Work toward becoming more agile in a changing market and a dynamic economic environment
- Work toward being innovative in creating new business approaches to help our customers capitalise on their technical competence
- Work toward influencing and promoting government policy in relation to technical competence assessment, both within Australia and internationally
- Understand the importance of building on our long history through continuous quality improvement such as providing high quality staff training.

## WHAT IS NATA ACCREDITATION?

NATA accreditation is the way we recognise, determine and formally promote the ability of facilities to perform specific types of conformity assessment. These can include testing, measurement, calibration and inspection and facilities are evaluated against relevant national and international standards.

## Our accreditation processes involve:

- Ongoing on-site and remote assessment of facilities
- Professional teams that include Lead Assessors (NATA staff members) and Technical Assessors (peers) with contemporary knowledge and understanding of the tests, measurements, inspections and other activities that will best support the accreditation process
- Evaluating management systems and technical processes
- A clear focus on demonstrated and practical competence

- A cooperative, constructive approach with the organisation undergoing assessment
- A strong foundation for ongoing quality improvement.

NATA offers accreditation services across a wide range of industries and within those industries, specific accreditation across a number of programs.

These include:

- Inspection Bodies
- Laboratories
- Medical Imaging Practices
- Human Pathology Laboratories
- Proficiency Testing Scheme Providers
- Research & Development
- Reference Material Producers
- Sleep Disorders Services.



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***“We are always committed to maintaining our position as Australia’s national accreditation authority by delivering real, tangible value.”***





# NATA'S CONTRIBUTION

There are many ways NATA contributes both directly and indirectly to Australian business and the community.

For members, our work helps mitigate internal risk, increases community confidence in the products and services they offer and ultimately, facilitates trade.

## CONTRIBUTION TO INDUSTRY

The Australian Government uses NATA accredited facilities wherever possible and encourages state and territory governments and other relevant organisations to do the same.

This confidence highlights the value our services bring to industry and the community. Indeed, NATA is single minded in its approach to providing high quality, innovative and flexible accreditation and testing services for all its members.

Creating this recognition and acknowledgment also gives our members' businesses a competitive edge and their consumers the confidence to use their products and services.

Our accreditation services cover an incredibly diverse range of industries including pathology, diagnostic imaging, environmental analysis, food, water, pharmaceuticals, concrete, asbestos, toxicology, electrical equipment, IT, biotechnology and many more.

Our work within these varied industries provides a high level of security and safety for all Australians.

## CONTRIBUTION TO COMMUNITY

Every day, Australians rely on testing, measurement, inspection and related activities. From food, electrical appliances and even toys for children, NATA accreditation provides the assurance these products and services can be used with confidence.

As part of our mandate, we are always seeking to accredit more competent and suitable industry organisations. This growth of accredited organisations increases the products and services that can be confidently used in the community.

## CONTRIBUTION TO EDUCATION

NATA has always placed a high value on education for its employees, volunteers, members and the public. Education ultimately benefits all stakeholders from members enhancing organisational productivity and competitiveness, to consumer certainty when purchasing products or using services.

For the 2019-2020 year we are particularly proud to acknowledge that while COVID-19 had a significant impact on our training and education programs, we rapidly adapted to online training for our courses offered externally to our members and for our internal training purposes.

Under challenging circumstances, our training has provided key education that will contribute to NATA's ability to keep providing high quality technical knowledge and services to our members and ultimately the community.

## YOUNG SCIENTIST OF THE YEAR AWARD

A notable example of NATA's contribution to education is our annual *Young Scientist of the Year Award*. Running since 2007, this initiative has provided awards and prizes to over 400 Australian primary school children across all states and school sectors.

World Accreditation Day in 2020 highlighted the importance of food safety, so for this year the NATA challenge was:

### ***Why is food testing important and how does it protect the safety of Australians?***

We have received entries from schools nationally and anticipate over 200 projects to be submitted. NATA gives winning schools and students funds for investing in further educational resources.

The competition is open to primary school students in three age groups:

- 7 & 8 years
- 9 & 10 years
- 11 & 12 years.

The key educational objectives of the competition are:

- To promote to children the benefits and value of science
- To encourage students to apply their creativity to scientific solutions
- To demonstrate the importance of good presentation skills in science.

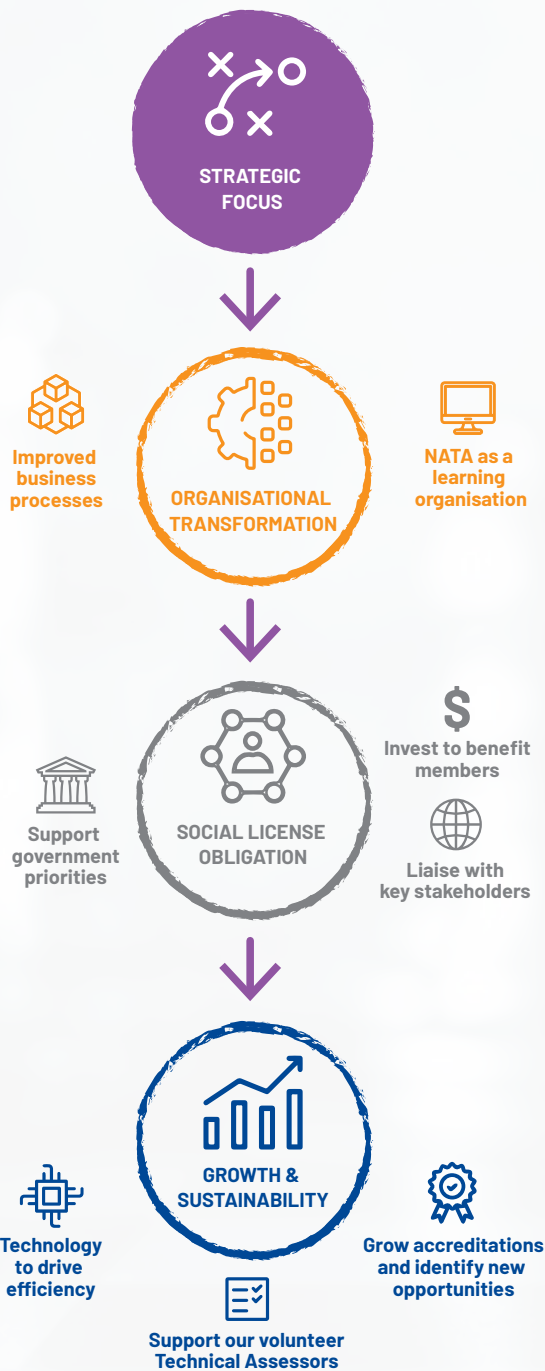






# STRATEGIC FOCUS 2020-2021

*Our strategic focus is designed to deliver best practice and cost-effective accreditation and complementary services that best serve our members, stakeholders and the national interest.*





## ORGANISATIONAL TRANSFORMATION

We will continue to be nimble, agile and member focused so we can meet changing technological and competitive challenges as well as market demand.

### 1. NATA AS A LEARNING ORGANISATION:

- Leverage and share our collective skill and knowledge to improve how we operate by attending technical meetings, forums and industry-related events
- Partner with the Australian Graduate School of Management, University of New South Wales to develop targeted capability in leadership and management.

**2. HEIGHTEN AWARENESS AND BUILD PROFILE:** Improve communication with members and stakeholder through enhancements to our website, better use of social media and a targeted marketing strategy to build our profile and reputation as a leading accreditation provider.

**3. IMPROVED BUSINESS PROCESS & NATA AS A LEARNING ORGANISATION:** Transform interactions with members through the implementation of our Accreditation Information Management System and on-line portal.

Focus on building capability, leveraging and using knowledge to better engage with members to understand their needs and values.

## SOCIAL LICENSE OBLIGATION

We will continue to meet the expectations and requirements of our stakeholders. This often involves effort that is not highly visible but yields strong results. This includes:

**1. INVEST TO BENEFIT MEMBERS:** Engage in activities and programs that benefit stakeholders and members but may not return a profit.

**2. LIAISE WITH KEY STAKEHOLDERS:** Actively participate in and lead national and international committees.

**3. SUPPORT GOVERNMENT PRIORITIES:** Support the objectives and priorities of the Australian, state and territory governments.

NATA is widely considered a key influencer and has earned a sound reputation with industry, government and our international partners as being collaborative, collegiate and a leader in accreditation services.

## GROWTH & SUSTAINABILITY

We will continue to develop new capabilities and increased capacity to match the needs of our members and stakeholders. This has become more evident and relevant in a changing marketplace.

**1. TECHNOLOGY:** Use technology to better serve our members, streamline business processes and increase efficiency.

**2. TECHNICAL ASSESSORS:** Improve strategies and processes for the recruitment, development, retention and recognition of our volunteer expert Technical Assessors.

**3. GROWING ACCREDITATIONS:** Identify new opportunities for accreditation and develop strategies to enhance the value of NATA accreditation to our members, their clients and the Australian community.

Genuine growth builds sustainability and enables NATA to add real value and increase our contribution to our members and the community.





# INTERNATIONAL

## JENNIFER EVANS

NATA, CHIEF EXECUTIVE OFFICER

### INTRODUCTION

NATA's international activities have two dimensions - participation by NATA in international forums and the provision of support to the Australian Government on matters relating to accreditation and conformity assessment. It is vital that Australia has a strong voice in the international arena so that Australian interests are well represented particularly in the development of international standards and the establishment of arrangements such as Free Trade Agreements.

NATA is grateful for the financial support it receives from the Support for Industry Service Organisations program which enables representation at a high level in these essential activities.

NATA also acknowledges the support and collegiality from the officers in the DISER.

### HIGHLIGHTS

Despite COVID-19 limitations, NATA achieved sound progress on existing and new projects as well as positioning itself for projects and initiatives heading into 2021.

These included:

- Ms Louise Calder, our Good Laboratory Compliance (GLP)

Program Manager appointed as Chair of the OECD GLP Working Group

- Participation in committees and working groups for the review and revision of ISO Standards used as criteria for accreditation activities
- Providing advice to the DISER, Department of Foreign Affairs and Trade (DFAT) and other government departments in support of government initiatives and priorities including Free Trade Agreements
- Our CEO making presentations to the Thematic Sessions of the World Trade Organisation's 'Technical Barriers to Trade Thematic Sessions' on Australia's national quality infrastructure and how it supports the Australian Government
- Attendance at the International Laboratory Accreditation Cooperation (ILAC) and Asia Pacific Accreditation Cooperation meetings (APAC)
- Leading evaluations of overseas accreditation bodies for signatory status in the APAC and ILAC Mutual Recognition Arrangements.

### TOWARD 2021

- Continued involvement in the review and revision of ISO Standards used as criteria for accreditation activities including ISO 15189 *Medical laboratories – Requirements for Quality and Competence* and ISO/IEC 17043 *Conformity Assessment - General Requirements for Proficiency Testing*
- Continued liaison with government departments including DISER and DFAT to support the Australian Government's international obligations and initiatives
- On-going discussions relating to the review and revision of the Sectoral Annexes of the Australia/EU Mutual Recognition Agreement and for the establishment of the Free Trade Agreements with the EU and the UK
- Continuing representation at both ILAC and APAC including participation by the Chief Executive Officer on the Executive Committees of both organisations.



# STAKEHOLDER RELATIONS

**SUSAN HARRY**

**GENERAL MANAGER,  
STAKEHOLDER RELATIONS**

## INTRODUCTION

Stakeholder engagement is a significant strategic objective for NATA to ensure that accreditation continues to deliver what is required by our members and remains relevant to both the national interest and to the benefit of the Australian public.

NATA's external stakeholders are a broad range of groups with an interest in accreditation. These include Commonwealth, state and territory government agencies, corporate organisations, professional bodies, industry associations and, of course, the general public.

## STRATEGY

Our engagement strategy allows us to connect with stakeholders in a planned and coordinated manner enabling NATA to:

- Build sound relationships that facilitate effective communication

- Work with individuals or groups of stakeholders to determine their expectations of accreditation and to move forward with a commitment to reaching agreed goals
- Determine whether accredited facilities are gaining benefit from accreditation
- Confirm that the customers of accredited facilities and their stakeholders see merit in the use of NATA-accredited services
- Ensure awareness of developing issues, policy changes and industry developments that could potentially impact on the type and range of accreditation activities needed to meet the national interest and provide public benefit.

## HIGHLIGHTS

- We continue to meet with representatives of both the road

construction industry and state road agencies to address issues and concerns and to pursue avenues to provide additional value to the accreditation process

- Re-negotiation of an enhanced Memoranda of Understanding that supports the construction industry laboratories and road agencies including the Queensland Department of Transport and Main Roads, Transport for New South Wales, and the Victorian Department of Transport
- Significant effort continues to be invested in establishing, maintaining and extending relationships with key strategic professional and industry bodies including the Royal College of Pathologists of Australasia, Australasian Sleep Association and the Australian Industry Group to name a few.

## KEY STAKEHOLDERS INCLUDE:







# COMPLIANCE AND GOVERNANCE

**TONY VANDENBERG**

**GENERAL MANAGER, COMPLIANCE AND GOVERNANCE**

## INTRODUCTION

NATA's Compliance and Governance group drives continuous improvement through the application of effective management systems to the delivery of our accreditation and related services. Compliance with the international standard ISO/IEC 17011 *Conformity Assessment - Requirements for accreditation bodies - accrediting conformity assessment bodies* ensures our ongoing Mutual Recognition Arrangements with ILAC and APAC which underpin NATA's standing in Australia's technical infrastructure and the global recognition of our accredited facilities.

The group also works to ensure the Association is governed and operated in accordance with NATA's Constitution, for important public and national interest purposes and that it complies with all relevant legislation and meets its obligations under any agreements entered into.

## HIGHLIGHTS

- The review and revision of complaints handling policy to more closely follow the guidelines detailed in AS/NZS ISO 10002-2014 *Customer satisfaction - guidelines for complaints handling in organisations* - to increase transparency and understanding of the complaint handling process
- Ongoing work to recognise the importance of cyber security with the goal to be compliant with the requirements of ISO 27001 *Information Technology-Security techniques - Information security management systems requirements*
- New survey for customers in the Diagnostic Imaging Accreditation Scheme (DIAS)
- On-going engagement with Members' Representatives in October 2019 and May 2020. Members' Representatives are nominated Authorised Representatives from each state/territory.

## TOWARD 2021

- The Quality Department continues to host a variety of surveys which focus on the provision of assessment activities. Surveys continue to be an invaluable measurement tool in evaluating the quality of our operational service delivery and identifying opportunities for improvement
- On-going support of NATA's Information Communications Technology area through compliance monitoring against ISO 27001 requirements and facilitating compliance with management system aspects of the Standard.

# SPECIAL ACKNOWLEDGEMENT TO OUR DEPARTING CHAIR

## DR. GEOFF HOGG



Our Chairman of the Board has announced he is stepping down after 12 years of dedicated service and commitment to NATA.

During his tenure, Geoff has been a tremendous asset to NATA and provided enthusiasm and great insights into ensuring the successful governance of NATA operations. Indeed, during his time on the Board and as Chair, Geoff oversaw significant changes in the way we work and engage with our members.

Prior to being elected to the Board in 2008, Geoff was a Victorian Members' Representative on the NATA Council. NATA staff who knew Geoff at the time recognised him as a staunch supporter of accreditation, not just as a process to fulfil regulatory requirements, but as a means of demonstrating competence to his own stakeholders, a significant tool for risk mitigation and a mechanism for continuous improvement.

Geoff always had high expectations of accreditation and has actively engaged with NATA, often challenging the status quo to ensure accreditation would deliver on these expectations effectively and efficiently.

In addition to his role on the Board, Geoff served as Chair of the Audit, Risk and Compliance Committee. During this time, he contributed significantly to the development of the Committee in terms of process and breadth of responsibility.

Geoff was elected as Chair of the Board in 2016 and his focus on governance has since resulted in the evolution of NATA's rules and increased rigour in a number of processes.

Geoff has also overseen a transformational change in how NATA does business. As we near the completion of the Accreditation Management Information System (AIMS) project, we acknowledge the collective support by the NATA Board and the commitment of Geoff as Chair.

Overall, Geoff's organisation, leadership and encouragement have paved the way for an ambitious workplace transformation that will ensure NATA remains a role-model in accreditation services not only in Australia but also to our international peers.

Current and future NATA staff, accredited facilities and our wider stakeholder group will all benefit from Geoff's time and input with the organisation.



# COVID-19 OVERVIEW AND UPDATE

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The safety, health and wellbeing of our staff, members, clients, suppliers, contractors and the community will always be our highest priority – particularly in the current pandemic.

NATA management is constantly monitoring pandemic developments and seeking up-to-date Australian Government advice as well as feedback from staff, members and clients on how to ensure a safe work environment.

## GENERAL SAFEGUARDS

NATA has implemented a range of COVID-19 safeguards that meet Australian Government and State Health Authority guidelines including:

- **Office premises:** The provision of deep cleaning practices to disinfect common touch points in our office premises
- **Social distancing:** Strictly observing social distancing requirements
- **Staff travel:** Domestic and international air travel is in strict accordance with Australian Government COVID-19 directives
- **Visitor access:** We have requested that visitors reconsider their need to come to our offices and seek online communication options as an alternative

## • Communication with Authorised Representatives:

We will continue to communicate with all stakeholders on COVID-19 developments and note NATA is striving to deliver all its services in a manner consistent with the latest advice and guidance

- **NATA website:** With the changing nature of the virus, we encourage all stakeholders to review our website for updated COVID-19 information as it relates to various areas of our operations.

## COVID-19 ASSESSMENTS

In response to the COVID-19 pandemic and the evolving effects on our staff and clients, an alternative in-office approach to assessment activities has been developed for Conformity Assessment Bodies (CABs) that continue to operate during this period and for which an on-site activity cannot be conducted.

The scope of the in-office assessment is the same whether it replaces a reassessment or surveillance visit. The new activity involves a review of requested documentation and records and the outcome of the review allows us to establish a level of reassurance that the accreditation criteria continues to be satisfied.

Overall, the in-office and remote activities have allowed NATA to manage any assessment backlog caused by COVID-19 and when restrictions are raised, on-site assessments will resume.

A new Emergency Laboratory Monitoring Service (ELMS) has also been established for use in emergency situations where the health, safety and/or economic wellbeing of Australians may be compromised by a lack of relevant NATA accredited conformity assessment activities.

As we work through the COVID-19 challenges, we extend our appreciation to all our staff and stakeholders as they continue to work and give their time during the pandemic.

This support has been key to enabling NATA to continue to offer its services and is particularly appreciated at this time when all our lives are disrupted both professionally and personally.







# OPERATIONS

**JOHN STYZINSKI**

**GENERAL MANAGER, OPERATIONS AND TECHNICAL**

## SERVICE STANDARDS

As part of our Charter of Service (CoS), NATA has established a set of 10 Service Standards that help guide and drive efficiency and timely outcomes for our members. Benchmarked against a target percentage each year, they set the expectations for our members as part of their accreditation process.

## CHARTER OF SERVICE RESULTS 2019 - 2020

There was a review of the CoS targets during the 2019-2020 financial year as a result of changes to NATA processes and most notably, in response to needing to comply with ISO/IEC 17011:2017 to maintain our ILAC signatory status.

This compliance with the new standard meant additional process steps (checks and balances) needed to be introduced.

We achieved a sound result - 88% overall versus the 90% target - for the majority of our Service Standards.

For the second half of 2019-20, despite changes in a number of processes and the COVID-19 disruptions, the tireless efforts of staff and our improved reporting brought the result to 94%. A fantastic effort.

With the new changes now adopted, we are confident our CoS targets will continue to be met and acknowledge the efforts of all NATA staff involved in the delivery of our accreditation services.

## COS RESULTS FULL YEAR 2019-2020

Service Standards	Activity	Timeframe (Weeks)	July 2019 - June 2020	January 2020 - June 2020
1	Conduct of advisory visit on receipt of request	4	90%	87%
2	Provision of formal report on advisory visit	2	72%	87%
3	Conduct of initial assessment on receipt of all supporting information	8	87%	86%
5	Provision of formal report on assessment	2	86%	93%
6 & 7	Conduct of in-office or on-site assessment for requests to extensions to scope	4	89%	90%
8	Review and report on submissions received following on-site assessment	4	88%	96%
9	Confirm the granting of accreditation for applicants	4	75%	89%
10	Confirm a member's accreditation status following assessment	3	93%	96%
			<b>88%</b>	<b>94%</b>





# ACCREDITATION SERVICES



## DANIELLE DICKER

TECHNICAL MANAGER



## NIRVANA CILINGIRYAN

OPERATIONS MANAGER

### COVID-19

In response to the pandemic, NATA ceased conducting on-site assessments and implemented an alternative in-office assessment activity. This process allowed us to establish a level of reassurance that accreditation criteria could continue to be satisfied.

Staff have adapted well to the alternative assessment approach and through their experiences and feedback from staff, Technical Assessors and Facilities, the approach is evolving.

### EMERGENCY LABORATORY MONITORING SERVICE (ELMS)

The industry response to Personal Protective Equipment (PPE) has been to increase manufacturing capability. Recent analysis, however, has shown that the conformity assessment infrastructure is limited, in particular, laboratories able to test the range and type of PPE essential for dealing with the pandemic.

A review was conducted by NATA on how it could service the national interest by introducing additional/supplementary activities in response to the pandemic.

The result was the introduction of the Emergency Laboratory Monitoring Service (ELMS). This was developed for use in emergency situations where the health, safety and/or economic wellbeing of Australians may be compromised by a lack of relevant NATA accredited conformity assessment activities.

### ISO/IEC 17025:2017 TRANSITION UPDATE

In June 2020, ILAC announced a seven-month extension to its policy for Accreditation Bodies (ABs) to transition laboratories to ISO/IEC 17025:2017. The

transition deadline for ISO/IEC 17025:2017 adopted as part of the ILAC Resolution GA 20.15 (November 2016) has now been extended from 30 November 2020 to 1 June 2021.

This extension was granted to ensure all ABs and accredited laboratories are able to achieve the remaining transitions in a robust manner under the restrictions imposed as a result of COVID-19.

As of 30 June 2020, statistics for conversion of existing accreditations (2258 sites) to the 2017 version of the Standard are as follows:

- 82.2% of sites converted
- 14.8% of sites assessed and in the progress of conversion
- 4.0% of sites yet to be assessed.

We are proud to report that we are well on track in achieving conversions of all 17025 sites by the original deadline of November 2020.

### ACCREDITATION INFORMATION MANAGEMENT SYSTEM (AIMS)

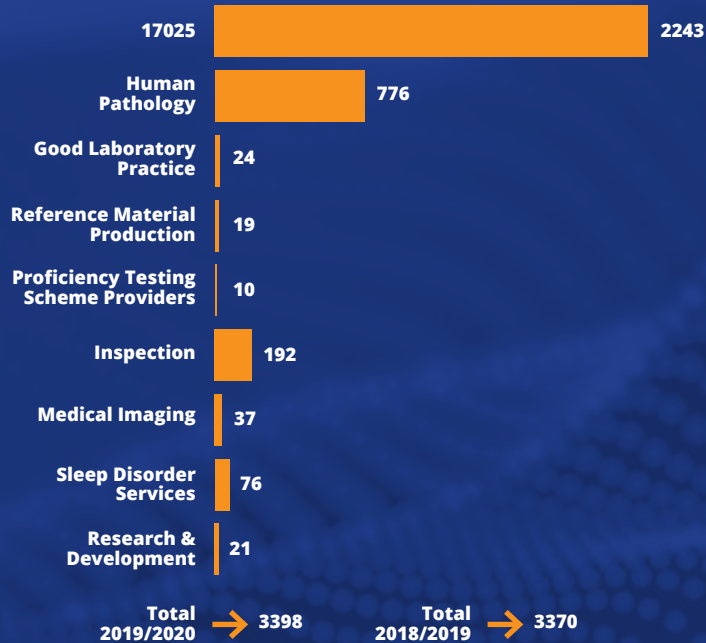
NATA has spent significant time and effort on the AIMS project. We are pleased to note subprojects 1 and 2 are now completed.

Subproject 3 which is nearing completion, manages accreditation cycles and individual jobs. Training for all NATA staff occurred in August 2020. This will result in improved operational efficiencies by the automation of some of the job-related processes and improved transparency of job progress with job stages better defined.

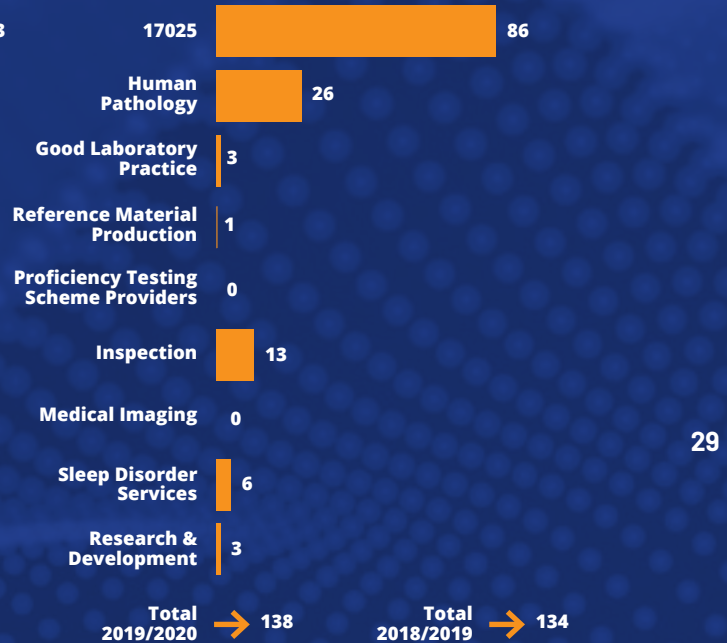
# ACCREDITATION RESULTS

## YEAR ON YEAR COMPARISON

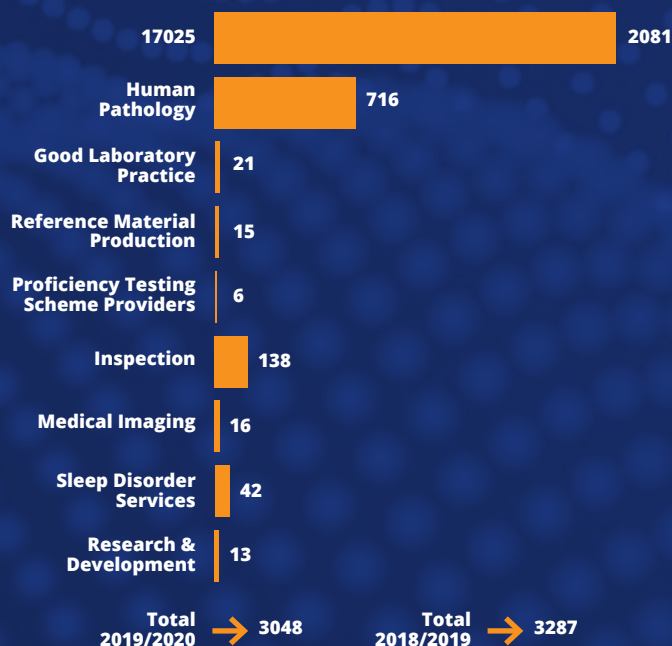
### NUMBER OF ACCREDITED SITES AT 30 JUNE 2020



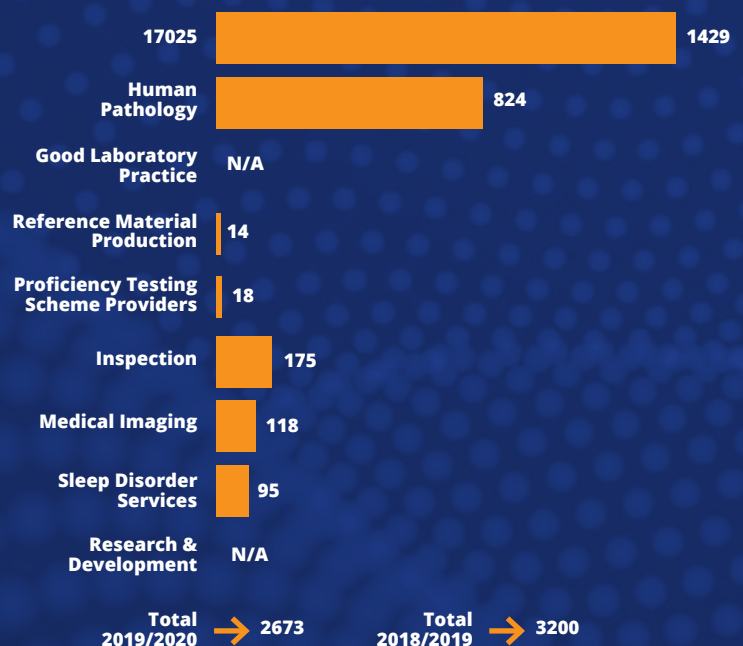
### NUMBER OF NEWLY ACCREDITED SITES IN JULY 2019 - JUNE 2020



### NUMBER OF SITES VISITED IN JULY 2019 - JUNE 2020



### NUMBER OF TECHNICAL ASSESSORS AT 30 JUNE 2020





# SECTOR UPDATES

NATA's accreditation services are delivered across a wide range of industries.

These industries range from geotechnical, agribusiness, pharmacy and clinical services, to beverage producers, animal health and the environment to name a few.

The effort and outcomes of our accreditation services provide Australians with confidence, certainty and assurance in the products and services they use.

NATA manages its services according to the following areas:

- Calibration
- Inspection
- Legal and Clinical Services
- Life Sciences
- Materials, Assets and Products
- Research and Development

## OUR SECTOR MANAGERS

Overseeing the various industry areas, our Sector Managers are responsible for:

- Being leading ambassadors of accreditation and technical knowledge to governing bodies
- Establishing and maintaining the accreditation criteria and guidance applicable to their sector
- Acting as secretary to one or more technical committees that provide advice to NATA
- Managing Technical Assessor's resources applicable to their sector

- Managing NATA's relationships with external stakeholders to determine their accreditation needs
- Providing advice and support on technical matters to NATA staff who deliver accreditation activities.

## CALIBRATION

### INTRODUCTION

The Calibration Sector provides support for the delivery of our accreditation services for three types of conformity assessment activities: Calibration against ISO/IEC 17025; Proficiency Testing Providers (PTP) against ISO/IEC 17043; and Reference Material Production (RMP) against ISO 17034.

We currently have accredited 323 calibration laboratories (sites), 12 proficiency testing providers and 19 reference material producers.

### HIGHLIGHTS

Some notable highlights include:

- The International Laboratory Accreditation Cooperation (ILAC) Mutual Recognition Agreement (MRA) has been extended to include RMP which means these accredited members are now globally recognised
- The expansion of accreditation into new industries and activities that support forensic science, mining, environmental testing and civil construction
- The accreditation of calibration of dynamic pressure transducers used in Worksafe testing (blast monitoring)

---

***"A busy year for the Calibration Sector with attendance and engagement at the Metrology Society conference earlier in the year. In addition, the ILAC MRA for RMP is a great boost to the accreditation and use of reference materials as will be the upcoming revision of ISO/IEC 17043 for the accreditation of proficiency testing providers."***

***Paul McMullen, Sector Manager, Calibration***



- An invitation from the Asia Pacific Metrology Program (APMP) to present a workshop on the rollout of the new accreditation standards ISO 17034 and ISO/IEC 17025
- Sector Manager Paul McMullen appointed to represent Standards Australia for the revision of ISO/IEC 17034 at ISO Committee on Conformance and Assessment
- Represented the Asia Pacific Accreditation Cooperation (APAC) at the APMP-APAC Proficiency Testing Programs Working Group meeting.

**TOWARD 2021**

- Implementation of accreditation criteria and scope structure to support the accreditation of proficiency testing services supporting asbestos testing

- Accreditation of proficiency testing services and reference material production to support surface friction testing and inspection
- Support for Australia’s response to the COVID-19 pandemic -accreditation of proficiency testing services to support SARS-CoV-2 testing and accreditation of reference materials producers for SARS-CoV-2 certified reference material
- Development of assessment processes to support the accreditation of mobile calibration laboratories.

**INSPECTION**

**INTRODUCTION**

Our Inspection Accreditation Services are delivered across multiple industries and underpin

the reliability of inspection activities from lifting gear through to abattoirs to name a few. These activities provide confidence to importers, exporters and ultimately, the Australian community.

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***“A busy first half with multiple key conferences across Europe and Asia. COVID-19 saw these come to a halt in March. We were, however, very pleased with how the team managed the change and continued to achieve excellent results for the sector.”***

***Julian Wilson, Sector Manager, Inspection***



## HIGHLIGHTS

Despite a challenging second half to the year due to the COVID-19 pandemic, the sector had a productive year.

Key activities included:

- Attendance at NATA's Asbestos Forum in Melbourne
- Review of the accreditation criteria following the update to the International Laboratory Accreditation Cooperation (ILAC) Policy (P15) *Application of ISO/IEC 17020:2012 for the Accreditation of Inspection Bodies*
- Engagement with the National Building Specification, NATSPEC, to support identification of NATA-accredited capabilities for a range of imported building products.

## TOWARD 2021

- Ongoing involvement in the Australian Institute for the Certification of Inspection Personnel Standards Committee including security fences, mining,

***"We have been very pleased with our sector progress on accreditation and testing in response to COVID-19. Given the on-going impact of the pandemic, these developments are essential for the safety of the Australian public."***

***Neil Shepherd, Sector Manager, Life Sciences***

electrical, pressure equipment and explosion-protected equipment industry.

## LIFE SCIENCES

### INTRODUCTION

Life Sciences works with industries from agribusiness, animal health, food and beverage, to the environment, pharmaceutical and media products. The sector also oversees NATA's OECD Good Laboratory Practice (GLP) Recognition Program.

As a sector, we understand the complexity of supply chains in today's global economy and undertake critical stakeholder engagement to

ensure the accreditation criteria contributes to reliable testing. This ultimately supports the movement of raw materials and finished products nationally and internationally.

2020 has been a busy year with many challenges along with many opportunities.

### HIGHLIGHTS

Refinement of our accreditation processes and criteria for asbestos testing has been ongoing. To this effect, NATA arranged and hosted an Asbestos Regulators' Forum early in 2020 to bring state and Commonwealth bodies together to better understand their regulatory needs and how these can be supported by NATA accreditation.





With regard to COVID-19, we have been able to accredit key testing activities.

These include:

- Face mask testing for Bacterial Filtration Efficiency
- Hand sanitiser testing for alcohol content
- SARS-CoV-2 surface swabs.

NATA has also been an active member of the COVID-19 Government Laboratories group.

Good Laboratory Practice (GLP) highlights include:

- The General Recognition Criteria document was revised
- Representation at the 34th meeting of the Working Group on GLP - OECD in Sendai, Japan
- Louise Calder was designated as Chair of the OECD Working Group on GLP at the 34th Meeting of the Working Group
- Meetings with GLP regulators were held in July 2019.

**TOWARD 2021**

- Holding the 2020 Animal Health Accreditation Advisory Committee meeting in October 2020
- Participating in the Association of Official Agricultural Chemists (AOAC) Cannabis Analytical Science Program for cannabinoids, contaminants, residues and PT
- Participating in the CODEX Committee on Methods of Analysis and Sampling Physical Working Group and the Endorsement Discussion Group for methods of analysis
- Attending AOAC 2020 annual exposition and convention
- Attending International Association for Food Production 2020 Conference

**MATERIAL ASSETS AND PRODUCTS (MAP)**

**INTRODUCTION**

The MAP sector oversees the accreditation of five key areas.

1. Physical performance testing
2. Electro-technology testing
3. Geotechnical and civil construction materials testing
4. Testing the integrity of equipment and structures
5. Material characterisation.

We maintain close links and active engagement with a large range of public and private sector organisations that have an active interest in product safety and the safety of major assets. These include - The Australian Industry Group, Energy Safe Victoria, Queensland Department of Transport & Main Roads, Roads and Maritime Services (NSW) and VicRoads to name a few.

***“MAP secured advances across all five areas and continues to develop its support and engagement with key industry bodies.”***

***Di Hobday, Sector Manager, MAP***





### HIGHLIGHTS

A busy and productive year for our sector that saw some notable achievements.

Key activities included:

- CSIRO being the first laboratory to achieve accreditation for testing of PPE in the last 10 years
- Participating in Standards Australia committees and seeing the replacement of Australian Standards with the adoption of ISO Standards for non-destructive testing
- Three Accreditation Advisory Committee meetings held, including Materials Characterisation, Physical Performance Testing and Electrotechnology Testing.

### TOWARD 2021

- To continue to support the WaterMark Scheme through the WM Tech Advisory Committee

- To continue to support the non-destructive testing industry through membership of the Australian Institute for Non-Destructive Testing certification board
- To continue our close engagement with state road authorities.

## LEGAL AND CLINICAL SERVICES

### INTRODUCTION

Legal and Clinical Services supports the delivery of accreditation services in the areas of Human Pathology, Forensic Science, Medical Imaging and Sleep Disorders. The sector also oversees the management of NATA's participation in the Commonwealth Diagnostic Imaging Accreditation Scheme (DIAS).

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***“The dedication and adaptability of our Lead and Technical Assessors in fast-tracking accreditation of laboratories for SARS-CoV-2 testing and in embracing remote assessments, has continued to provide confidence to our decision makers in healthcare and forensic science of the reliability of critical testing infrastructure.”***

**Andrew Griffin, Sector Manager,  
Legal and Clinical Services**

## HIGHLIGHTS

- Initiated a review of NATA's DIAS program
- The Human Pathology (HP) Reengineering Project has gathered pace over 2020 with stakeholder engagements offered for members and professional organisations. Underpinning the project is refocussing our assessments on governance and a risk-based approach to add more value to businesses
- HP conducted a round of stakeholder forums via Zoom. The topics included the socialisation of the HP Reengineering Project, clinical governance and risk management
- Presenting at the annual Sleep Downunder Conference at the end of 2019
- Attending various Specialist Advisory Group meetings during 2019 which were well received in the forensic science community
- Rapidly responding to the requests from pathology laboratories to extend their accreditation to include SARS-CoV-2 testing. NATA's response was significant in ensuring that testing is performed appropriately and reliably in response to the pandemic.

## TOWARD 2021

- Launch of NATA's reengineered HP accreditation program
- Development of an accreditation program for Biobanking against ISO 20387:2018 *Biotechnology - Biobanking - General requirements for biobanking*
- Growth of our sleep accreditation program

# OUR RESEARCH AND DEVELOPMENT (R&D)

## INTRODUCTION

Our Research and Development program is focused on offering accreditation to laboratories primarily providing activities in the biotechnology and life sciences areas. The program delivers confidence in the outcomes of testing activities which support R&D.

As part of its stakeholder engagement strategy, NATA continues its involvement with AusBiotech.

## HIGHLIGHTS

- Attendance at the AusBiotech National Conference together with participation in various forums has provided the opportunity to liaise with stakeholders and potential organisations who may seek accreditation

***"We continue to extend and promote our accreditation services across existing and new industries and look forward to refreshing these services in 2021."***

**Jenny Pyke,  
Program Advisor, R&D**

- Commencement of a review of the R&D program including engaging with accredited laboratories to ensure that our accreditation services satisfy the needs of stakeholders.

## TOWARD 2021

- Completion of the review and relaunch of our refreshed accreditation services in the R&D space.





# SPECIAL ACKNOWLEDGEMENT TO OUR VOLUNTEERS

Our volunteers provide services to NATA and the community that are often unheralded. Professional, dedicated and committed, the work they do provides certainty, safety and confidence to products and services used by Australians every day.

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NATA relies on the knowledge, experience and professional inputs of its more than 3000 volunteer Technical Assessors, Accreditation Advisory Committee representatives and Board members. Given the challenges faced in 2019-2020, their contributions were even more important to NATA accreditation operations. Indeed,

our success in maintaining our signatory status in the ILAC and APAC Mutual Recognition arrangements and the high standing with which NATA is held by our international peers is due in no small part to the contributions made by this technical community.

We extend our thanks once again for the ongoing support

they provide to NATA and Australia's national accreditation and measurement infrastructure.

While difficult to single out specific individuals, we would like to acknowledge the following volunteers for the remarkable contributions they have and continue to make to NATA and the Australian community.

# Thank You



### ROBIN SHERLOCK

Currently the Principal Science Officer with Safe Food Production in Queensland, Robin joined the Technical Assessor team in 2006 with extensive expertise in allergenic proteins.

She has a long association with NATA beginning in microbiology with Sullivan and Nicolaidis Pathology before moving to ELISA Systems as a Technical Representative.

Robin has been instrumental in establishing Australia's capacity to test food products for allergenic proteins and gluten. She sits on the Life Sciences Accreditation Advisory Committee and has recently assisted with the publication of NATA's SAC testing for food allergen proteins and gluten.

Robin's understanding of the complexities of allergen testing has helped NATA accredit a network of testing facilities and she is active in technical forums including the Allergen Testing Special Interest Group and the Allergen Bureau Food Allergens Management Symposium.

Robin was also instrumental in the establishment of the Allergen Bureau and the world first Voluntary Incidental Trace Allergen Labelling (VITAL) program.

VITAL is now a standardised risk assessment process for the food industry and assists food companies perform a science-based review of the allergen status of a finished product.

NATA recognises Robin's significant and continuing contribution to allergen analysis in Australia and internationally.



### BRUCE CHISHOLM

Completing a Diploma in Applied Chemistry in 1966, Bruce commenced his career with the PMG research laboratories (pre Telstra). In 1979 he completed a M.Sc. in Polymer Science and Technology in the U.K., and went

on to hold many senior technical and management positions in Telstra.

Coming to NATA as Technical Assessor in 1973 and now in Physical Performance Testing, Bruce has performed a remarkable 89 assessments across Australia and is, without question, one of the country's leading experts in the testing of rubber, plastics and textile materials and products.

Currently the inaugural Chairman of the Physical Performance Testing Accreditation Advisory Committee, Bruce is extremely generous with the time and expertise he gives to NATA.

During his time with us, Bruce has been active in NATA and Standards Australia technical committees and is an excellent ambassador for NATA in his industry interactions. This has also given him substantial practical expertise in the industrial application of mechanical and chemical testing methods and experience at all levels of technical management.

Since leaving Telstra in 2000 Bruce has, among other related activities, been operating his own materials science and technology consultancy and continues to be connected with NATA.



### GRAHAME CATTO

Beginning his career in 1967 with NSW Department of Main Roads, Grahame went on to work with the highly regarded Golder Associates as well as Wollongong City Council, the Roads and Traffic Authority and Network Geotechnics. Many

of these in senior geotechnical and laboratory management positions.

Grahame commenced with NATA as an assessor in 1994 and his broad industrial expertise was of immense value across the testing of concrete, soils, aggregates, asphalt, bitumen, pavements and other surfaces.

A widely respected NATA Technical Assessor, Grahame's specialty is in the field of Geotechnical and Construction Materials Testing.

Since retiring in 2010, Grahame's assessment activities have been wide and indeed numerous. Readily undertaking assessments at short notice and with a willingness to travel, Grahame has been of exceptional value to the NATA organisation.

Reliable and constructive in his assessments, Grahame remains a strong supporter of NATA and is highly regarded by other Lead Assessors.





### DR SAMAN BUDDAHASA

After emigrating from Sri Lanka in 1975, Saman secured degrees from Monash University, Melbourne University and RMIT. This culminated in a PhD from Victoria University in 2000.

Saman's first involvement with NATA was in 1985 as a Technical Officer at the Australian Governance Analytical Laboratory in the area of pesticides, organic and environmental residues.

He currently holds the position of Officer in Charge at the National Measurement Institute (NMI). NMI is Australia's peak measurement body responsible for biological, chemical, legal and physical measurement.

One of NMI's key roles is the provision of strategically important measurements including food, health, environmental and energy and is often at the forefront of testing capacity in Australia.

The recent pandemic has given Saman the opportunity to expand Australia's testing capacity with NMI gaining accreditation for Personal Protective Equipment (PPE) mask testing and testing of hand sanitizer for ethanol and methanol content.

Overall, NATA recognises Saman's commitment to Australia's technical infrastructure and contribution to the success of NATA's assessment activities.



### PROFESSOR TECK YEE KHONG

Teck Yee attended the Victoria Institution in Kuala Lumpur before completing his secondary education at Pocklington School and medical studies in Britain. It was here he qualified from the University of Sheffield Medical School.

Initially training in pathology at the Royal Free Hospital in London, he undertook research at St George's Hospital Medical School and completed this training at John Radcliffe Hospital in Oxford, UK.

Teck Yee was President of the Royal College of Pathologists of Australasia (2011-2013) and formerly a member of the National Pathology Accreditation Advisory Council (2005-2011), chairing several committees drafting NPAAC requirements.

He is currently a Senior Consultant Pathologist at the Women's and Children's Hospital, North Adelaide and a Clinical Professor in the Department of Women's and Children's Health at the University of Adelaide.

Teck Yee has been a NATA Technical Assessor since 2005, performing many assessments in public and private anatomical pathology departments and forensic mortuaries.

He remains a strong supporter of the NATA/RCPA program and his contribution to pathology and the accreditation process has been immense.

Overall, Teck Yee is highly respected in the sector and his calm and thoughtful demeanour has proven invaluable in mediating some challenging accreditation issues and dealing with key stakeholders.

# OUR PEOPLE

NATA has always attracted people with a natural affinity for the work we do and the results we seek to achieve for our members, stakeholders and the broader community.



## BUSINESS SERVICES GROUP (BSG)

**MELINDA SIMS**  
GENERAL MANAGER, BSG

### INTRODUCTION

BSG is responsible for the human resources, finance, communications, marketing, education services and administrative functions of NATA.

A comprehensive component of NATA services, BSG provides the essential structure for NATA operations.

### OUR COMMITMENT TO EQUAL OPPORTUNITY

As part of our commitment, we seek equality in employment – both gender and pay related.

Indeed, NATA has met and exceeded its Workplace Gender & Equality Agency (WGEA) requirements in this regard.

	Female	Male	Total
Total staff	119	59	178
Executive	3	3	6
Managers	18	11	29
New hires	13	7	20
Internal promotions	6	2	8

As part of our commitment to staff to provide opportunities in areas other than technical expertise, we offer internal development across the organisation and have partnered with the Australian Graduate School of Management, University of New South Wales to deliver our flagship leadership programs.



### HIGHLIGHTS

- Introduction of our inaugural rewards program “XCD” for staff to access retail discounts and benefits
- Launch of our Leadership and Development Programs - Drive and Activate
- Redesign and enhancement of our recruitment and performance review processes
- Hiring of a specialist Human Resources (HR) team
- Providing Excel training to over 100 staff

### TOWARD 2021

- Increased automation of our HR function through implementation of an integrated Human Resources Information System
- Continued focus on our internal training and development across all levels of NATA
- Internal review and refresh of all our Policies and Procedures that impact our staff
- Focus on the wellbeing of staff as we navigate the impact of COVID-19
- Providing coaching and mentoring to our leaders to effectively manage and develop their teams.





# ENGAGEMENT AND EDUCATION

**SUSAN ALLEYN**

**MANAGER, ENGAGEMENT AND EDUCATION**

## INTRODUCTION

We offer a wide range of courses relevant to the international standards that underpin our accreditation services and offer valuable support to our members. Our suite of training courses are designed to enhance the operational efficiency and quality of technical facilities.

Our courses ensure all those that participate are provided with real life examples gained through many years of NATA experience and they encourage interaction with other attendees for both networking and problem-solving opportunities.

## HIGHLIGHTS

- Pivoting to an online delivery mode to accommodate COVID-19 restrictions
- For the year, we completed 92 public training courses run across 10 unique titles - an 8% increase over the previous year
- Staff training continued virtually with over 150 Technical Assessors and Lead Assessors trained in IT Security and Assessment procedures
- 18 in-house courses were delivered to over 280 participants
- Satisfaction rates for training courses was noted (overall) as very high.

## TOWARD 2021

- Demonstrating our commitment to providing a positive client experience, we have invested in extending our current system to incorporate a new learning portal that enables online access to all program materials, trainer support and pre-course work
- Focussing on innovation and development of our course portfolio to meet ever-changing members' needs
- Enhancing the NATA brand and reputation through innovation in our marketing and online presence to better support and serve our members.

**WE OFFER BOTH PUBLIC AND IN-HOUSE COURSES AND FOR 2019-2020, SOME OF THE COMPANIES ENGAGED IN OUR TRAINING INCLUDED:**





# INFORMATION COMMUNICATIONS TECHNOLOGY (ICT)

**ROB PASSAM**  
GENERAL MANAGER, ICT

## INTRODUCTION

ICT services manage and develop NATA's network infrastructure, services, operational policies, projects and assets. Our goal is to continuously improve and enhance NATA's ICT environment through critical system management and improving operational efficiency and the delivery of integrated accreditation services to our clients.

## HIGHLIGHTS

- With the imperative to adopt video conferencing in light of COVID-19, we were able to roll out Microsoft Teams in a timely manner to support staff when working from home
- Committee (Board and Accreditation Advisory Committees) Portal released
- Implementation of a Zoom service for conducting remote assessments and support business activities
- All core information systems being relocated to a Tier III data centre, providing a more secure and highly available environment
- Implementation of a security awareness training programme for all staff
- All primary WAN links upgraded to provide greater capacity for NATA's digital information platform.



## TOWARD 2021

New release of the Accreditation Management System (AIMS) which will:

- Provide a suite of tools to improve the efficiency of our surveillance and resource planning activities
- Reduce the administrative effort associated with the preparation of accreditation jobs
- Implement job task management to increase job tracking and provide real-time monitoring of NATA's service standards.

The release of the Client Portal – a web-based platform that provides:

- NATA clients with an ability to track a job's progress
- A collaboration workspace to share documents between NATA and our clients during the submission process

- Provide Technical Assessors with timely access to relevant job documents.

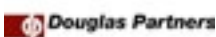
***“The launch and on-going development of these key projects and initiatives will continue to improve the resilience of NATA’s ICT environment and enhance our upgrade of critical business systems and technologies to improve operational efficiency and the timely delivery of accreditation services to our clients.”***

***Rob Passam, General Manager, ICT***



# OUR MEMBERS

By having NATA provide professional assessment, accreditation and training services, our members become part of a select group of organisations that enjoy the benefits of being professionally accredited and recognised at a national and indeed, international level. This not only helps leverage trade but gives certainty and confidence to those that use their products and services. **Some of our members are recognised below.**



# OUR MEMBERS





# DIRECTORS' REPORT

National Association of Testing Authorities, Australia and Controlled Entity

ABN 59 004 379 748

## FINANCIAL REPORT – 30 JUNE 2020

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 2020 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, GAICD.  
Director, ITS Public Health R & D Pty Ltd

**Special responsibilities:** Member of Audit, Risk & Compliance Committee



**MR DAVID R TURNER** - Vice Chair (since October 2019)

**Year appointed:** 2004

**Qualifications and experience:**

BE, MEngSc, MBA, FIEAust, FAOQ, RPEQ, CPEng, MAICD.  
Technical Director, Simtars, Resources Safety & Health Queensland

**Special responsibilities:** Chair of Audit, Risk and Compliance Committee



**MR MATT B CALLANAN** - Vice Chair (from 2011 until October 2019)

**Year appointed:** 1998 | **Year ceased:** 2019

**Qualifications and experience:**

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



**MR CHRISTOPHER L BROWNLOW** - Director

**Year appointed:** 2017 | **Year ceased:** 2019

**Qualifications and experience:**

BBus, MAICD  
CEO, NSW, Australian Clinical Labs



**DR JOSEPH J PATRONI** - Director

**Year appointed:** 2012

**Qualifications and experience:**

BSc (Hons), PhD, MAICD.

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

**Special responsibilities:** Member of Audit, Risk and Compliance Committee



**DR SANMARIE SCHLEBUSCH** - Director

**Year appointed:** 2018

**Qualifications and experience:**

MBChB, AMC Cert., FRCPA, MASM, GradCertBus., AFCHSM, GAICD

Staff specialist Microbiology/Clinical Microbiologist for Forensic and Scientific Services, Health Support Queensland

Medical microbiologist at Pathology Queensland

Board Member for Women's Health Queensland Inc (until February 2020)



**MRS AGNES TAN** - Director

**Year appointed:** 2018

**Qualifications and experience:**

B. Tech (Food)(Hons), M. Hlth Admin, FAIFST, AAICD

Approved Analyst for Microbiological Analysis of Food, Victorian Food Act

Chair of Standards Australia Committees on Food Microbiology and Legionella Methodology



**MS TRACEY FARRAR** - Director

**Year appointed:** 2019

**Qualifications and experience:**

Diploma of Risk Management and Business Continuity, Bachelor of Applied Science (Medical Laboratory Science)

Director of Operations, ACT Health/ACT Pathology(current)

Quality, Safety and Risk Manager, Capital Pathology (previous)

Public Pathology Australia – Council Member

ACT Public Service Health – Committee Member

Professional Directorate Consultative Committee – Member for the ACT Health Clinical Review Committee



**DR LAWRENCE BOTT** - Director

**Year appointed:** 2019

**Qualifications and experience:**

MBBS (Hons), FRCPA, GAICD

Vice President, RCPA

Chief Medical Officer, Sonic Healthcare, Australian Pathology (current)

Chief Executive Officer, Southern.IML Pathology (current)

Member, Sonic Pathology Executive Committee

Chairman, Southern.IML Registered Training Organisation

Pathology, Information, Terminology and Units Standardisation Steering Committee - Member



# 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-term 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-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.

## LONG-TERM OBJECTIVES

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..

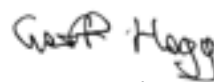
To achieve these objectives the parent company has adopted the following strategies:

- **Leadership** - the parent entity is committed to promoting accreditation as a public good to help improvement in public safety, productivity and

technical infrastructure in Australia. Internationally, the parent entity 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.
- **Service Delivery** - 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.
- **Growth** - the parent company pursues and maintains sustainable growth to provide opportunities for optimising its contributions, fostering creativity, and improving core activities for future viability.
- **Finance and Security** - the parent company aims to optimise returns from its investment assets, develops and maintains a sound financial structure with adequate reserve to ensure its financial security. The parent company maintains and enhances a prudent risk management framework to manage risks that may have material adverse impact on its financial security and future viability.

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



GG Hogg - Chair  
Melbourne, 16 September 2020



D. R. Turner - Vice Chair

# 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 and last reviewed June 2020.

## 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 2020 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, Stewart Brown Chartered Accountants, are invited by the Committee to attend meetings. When appropriate, the Committee may invite other staff to attend to address specific issues. 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 2020.

## 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 including cyber security of NATA and its subsidiary, Proficiency Testing Australia (PTA). The Committee does not have executive power, supervisory functions or decision making authority in relation to the operations of PTA.

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 comply with all legislative and other obligations; and
- Monitor and review the performance of the external auditor.

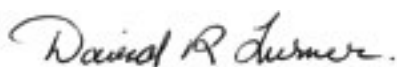
The Committee's focus is on the accuracy, completeness and validity of statutory financial reports and the monitoring of financial, compliance, reputational and operational risk. The Committee has unrestricted access to all staff through the normal governance protocol, and can request external advice 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  
15th September 2020

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	Consolidated Group		Parent Entity	
		2020 \$	2019 \$	2020 \$	2019 \$
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	14,975,278	9,398,540	13,540,156	8,221,393
Trade and other receivables	7	2,771,428	2,377,912	2,399,939	1,922,390
<b>Total current assets</b>		<u>17,746,706</u>	<u>11,776,452</u>	<u>15,940,095</u>	<u>10,143,783</u>
<b>Non-current assets</b>					
Property, plant and equipment	8	23,790,388	24,399,734	23,683,674	24,301,997
Right-of-use assets	9	561,099	-	561,099	-
Intangible assets	10	3,278,924	3,189,506	3,278,714	3,189,506
<b>Total non-current assets</b>		<u>27,630,411</u>	<u>27,589,240</u>	<u>27,523,487</u>	<u>27,491,503</u>
<b>TOTAL ASSETS</b>		<u>45,377,117</u>	<u>39,365,692</u>	<u>43,463,582</u>	<u>37,635,286</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	11	7,015,005	4,669,160	6,727,151	4,129,639
Provisions	12	2,342,000	2,152,000	2,224,000	2,042,000
Lease liabilities	13	150,003	-	150,003	-
<b>Total current liabilities</b>		<u>9,507,008</u>	<u>6,821,160</u>	<u>9,101,154</u>	<u>6,171,639</u>
<b>Non-current liabilities</b>					
Provisions	12	839,500	943,500	796,500	906,500
Lease liabilities	13	425,571	-	425,571	-
<i>Total non-current liabilities</i>		<u>1,265,071</u>	<u>943,500</u>	<u>1,222,071</u>	<u>906,500</u>
<b>TOTAL LIABILITIES</b>		<u>10,772,079</u>	<u>7,764,660</u>	<u>10,323,225</u>	<u>7,078,139</u>
<b>NET ASSETS</b>		<u><b>34,605,038</b></u>	<u><b>31,601,032</b></u>	<u><b>33,140,357</b></u>	<u><b>30,557,147</b></u>
<b>FUNDS</b>					
Accumulated funds		23,280,539	20,276,533	21,815,858	19,232,648
Reserves	14	11,324,499	11,324,499	11,324,499	11,324,499
<b>TOTAL FUNDS</b>		<u><b>34,605,038</b></u>	<u><b>31,601,032</b></u>	<u><b>33,140,357</b></u>	<u><b>30,557,147</b></u>



## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated Group		Parent Entity	
		2020 \$	2019 \$	2020 \$	2019 \$
<b>Revenue</b>	4	33,136,196	34,806,428	31,147,357	32,723,132
<b>Other income</b>	4	15,020	773	16,260	4,477
		<u>33,151,216</u>	<u>34,807,201</u>	<u>31,163,617</u>	<u>32,727,609</u>
<b>Expenses</b>					
Accreditation and certification		(2,866,526)	(4,031,099)	(2,483,418)	(3,600,477)
Administration expenses		(4,269,105)	(5,051,541)	(3,976,775)	(4,714,871)
Business development and planning		(17,718)	(42,677)	(17,046)	(41,759)
Consultancy and training		(581,783)	(218,204)	(581,783)	(218,204)
Depreciation and amortisation	5	(2,002,020)	(1,697,425)	(1,976,966)	(1,667,208)
Finance costs	5	(29,367)	(2,251)	(29,367)	(2,251)
Salaries and employee benefits		(20,380,691)	(19,625,850)	(19,515,052)	(18,790,411)
		<u>(30,147,210)</u>	<u>(30,669,047)</u>	<u>(28,580,407)</u>	<u>(29,035,181)</u>
<b>Surplus before income tax</b>		3,004,006	4,138,154	2,583,210	3,692,428
Income tax expense		-	-	-	-
<b>Surplus for the year</b>		3,004,006	4,138,154	2,583,210	3,692,428
<b>Other comprehensive income for the year</b>		-	-	-	-
<b>Total comprehensive income for the year</b>		<u><b>3,004,006</b></u>	<u><b>4,138,154</b></u>	<u><b>2,583,210</b></u>	<u><b>3,692,428</b></u>

## STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 30 JUNE 2020

	Consolidated Group			Parent Entity		
	Accumulated Funds	Asset Realisation Reserve	Total	Accumulated Funds	Asset Realisation Reserve	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	16,138,379	11,324,499	27,462,878	15,540,220	11,324,499	26,864,719
<b>Comprehensive income</b>						
Surplus for the year	4,138,154	-	4,138,154	3,692,428	-	3,692,428
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<u>4,138,154</u>	<u>-</u>	<u>4,138,154</u>	<u>3,692,428</u>	<u>-</u>	<u>3,692,428</u>
<b>Balance at 30 June 2019</b>	<b>20,276,533</b>	<b>11,324,499</b>	<b>31,601,032</b>	<b>19,232,648</b>	<b>11,324,499</b>	<b>30,557,147</b>
<b>Balance at 1 July 2019</b>	20,276,533	11,324,499	31,601,032	19,232,648	11,324,499	30,557,147
<b>Comprehensive income</b>						
Surplus for the year	3,004,006	-	3,004,006	2,583,210	-	2,583,210
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<u>3,004,006</u>	<u>-</u>	<u>3,004,006</u>	<u>2,583,210</u>	<u>-</u>	<u>2,583,210</u>
<b>Balance at 30 June 2020</b>	<b>23,280,539</b>	<b>11,324,499</b>	<b>34,605,038</b>	<b>21,815,858</b>	<b>11,324,499</b>	<b>33,140,357</b>

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated Group		Parent Entity	
		2020	2019	2020	2019
		\$	\$	\$	\$
<b>Cash flows from operating activities</b>					
Receipts from members, customers and government		35,739,762	37,547,240	33,812,320	35,376,617
Payments to suppliers and employees		(30,346,136)	(31,995,618)	(28,678,200)	(30,287,179)
Interest received		265,076	278,881	231,126	263,061
Interest paid - other		-	(2,251)	-	(2,251)
Interest paid - leases		(29,367)	-	(29,367)	-
<i>Net cash flows from operating activities</i>		<u>5,629,335</u>	<u>5,828,252</u>	<u>5,335,879</u>	<u>5,350,248</u>
<b>Cash flows from investing activities</b>					
Proceeds from sale of property, plant and equipment		60,818	37,272	35,818	12,727
Proceeds from security deposit		1,400,000	-	1,400,000	-
Purchase of property, plant and equipment		(375,935)	(494,323)	(315,743)	(438,999)
Purchase of intangible assets		(996,700)	(903,687)	(996,411)	(903,687)
<i>Net cash flows from investing activities</i>		<u>88,183</u>	<u>(1,360,738)</u>	<u>123,664</u>	<u>(1,329,959)</u>
<b>Cash flows from financing activities</b>					
Net repayment of borrowings		-	(372,628)	-	(372,628)
Repayment of lease liabilities		(140,780)	-	(140,780)	-
<i>Net cash flows from financing activities</i>		<u>(140,780)</u>	<u>(372,628)</u>	<u>(140,780)</u>	<u>(372,628)</u>
Net increase in cash and cash equivalents		5,576,738	4,094,886	5,318,763	3,647,661
Cash and cash equivalents at the beginning of the financial year		9,398,540	5,303,654	8,221,393	4,573,732
Cash and cash equivalents at the end of the financial year	6	<u><b>14,975,278</b></u>	<u><b>9,398,540</b></u>	<u><b>13,540,156</b></u>	<u><b>8,221,393</b></u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 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 16 September 2020.

### 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.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### **Note 2 - Basis of preparation (continued)**

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 Directors assess 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**

##### *AASB 16 Leases*

AASB 16 removes the current operating and finance

lease distinction for lessees and requires entities to recognise all material leases on the *Statement of Financial Position*. AASB 16 requires the recognition of a right-of-use asset and a corresponding lease liability at the commencement of all leases, except for short-term leases and leases of low value assets. The consolidated group have elected to apply the modified retrospective method of adoption. At the date of initial application, 1 July 2019, the consolidated group elected to measure the right-of-use asset as an amount equal to the lease liability, adjusted by the amount of any prior accrued lease payments relating to that lease recognised in the *Statement of Financial Position* immediately before the date of initial application.

The adoption of AASB 16 has resulted in:

- The recognition of right-of-use assets of \$716,354
- The recognition of lease liabilities of \$716,354

The difference between the operating lease commitments as at 30 June 2019 and the lease liabilities as at 1 July 2019 is due to the lease liabilities being discounted by the incremental borrowing rate, the effect of timing differences on entering into the lease agreements and the effect of short-term leases being excluded from the calculation of lease liabilities as at 1 July 2019.

#### **New standards and interpretations not yet adopted**

There are no other new accounting standards and interpretations expected to have any significant impact on the consolidated group's financial report that are issued and not yet applicable.

### **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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### **Note 3 - Significant accounting policies (continued)**

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's 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.

##### *COVID-19 subsidy revenue*

Government subsidies received due to COVID-19, including JobKeeper payments and temporary cash flow boost payments, have been recognised as income on an accruals basis in the financial year to which the payment relates.

##### *Interest revenue*

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

##### *Rental income*

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

##### **Cash and cash equivalents**

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

##### **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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### Note 3 - Significant accounting policies (continued)

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

##### Right-of-use assets

At inception, a right-of-use assets and a lease liability is recognised. Right-of-use assets are included in the statement of financial position within a classification relevant to the underlying asset.

Right-of-use assets are initially measured at cost, comprising of the following:

- the amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs incurred
- An estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred either at the commencement date or as a consequence of having used the underlying asset during a particular period

Subsequently, right-of-use assets are measured using a cost model. The right-of-use asset is depreciated to the earlier of the useful life of the asset or the lease term using the straight-line method and is recognised in the statement of profit or loss and other comprehensive income in "Depreciation and amortisation".

The consolidated group tests for impairment where there is an indication that a right-of-use asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of a right of use asset is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in surplus or deficit, except where the decrease reverses a previously recognised revaluation increase for the same asset.

The resulting decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

##### Leases

The consolidated group leases business premises on an arm's length basis from a third-party lessor. A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

At inception of a contract, it is assessed to determine whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the terms and



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### Note 3 - Significant accounting policies (continued)

conditions of a contract are changed, it is reassessed to once again determine if the contract is still, or now contains, a lease.

The term of a lease is determined as the non-cancellable period of the lease, together with the periods covered by an option to extend the lease where there is reasonable certainty that the option will be exercised, and periods covered by an option to terminate the lease if there is reasonable certainty that the option will not be exercised.

The assessment of the reasonable certainty of the exercising of options to extend the lease, or not exercising of options to terminate the lease, is reassessed upon the occurrence of either a significant event or a significant change in circumstances that is within the consolidated group's control and it affects the reasonable certainty assumptions. The assessment of the lease term is revised if there is a change in the non-cancellable lease period.

The consolidated group does not recognise leases that have a lease term of 12 months or less or are of low value as a right-of-use asset or lease liability. The lease payments associated with these leases are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

#### Lease liability

At the commencement date of the lease, the lease liability is initially recognised for the present value of non-cancellable lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated group's incremental borrowing rate.

The tenor of a lease includes any renewal period where the lessee is reasonably certain that they will exercise the option to renew. The consolidated group has reviewed all its leases and included any extensions where the consolidated group assessed it is reasonably certain the lease agreement will be renewed.

The lease payment used in the calculation of the lease liabilities should include variable payments when they relate to an index or rate. Where leases contain variable lease, payments based on an index or rate at a future point in time, the consolidated group has used the incremental uplift contained in the lease or the respective Reserve Bank forward-looking CPI target for CPI-related increases.

In the absence of any floor or cap clauses in the lease agreements, the consolidated group measures the rent for the year under market review at an amount equal to the rent of the year preceding the market review increased by a fixed rate.

The lease liability is initially measured at the present value of the lease payments that are not yet paid at the commencement date. Lease payments are discounted using the relevant consolidated group's incremental borrowing rate. The incremental borrowing rate used for this calculation is dictated by the tenor of the lease and the location of the asset. The incremental borrowing rate is the rate the consolidated group would be charged on borrowings, provided by our banking partners. The weighted average incremental borrowing rate is 4.5%. The following lease payments being fixed payments, less any lease incentives receivable are included where they are not paid at the commencement date.

Subsequently, the lease liability is measured by:

- increasing the carrying amount to reflect interest on the lease liability
- reducing the carrying amount to reflect the lease payments made
- remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments

The unwind of the financial charge on the lease liabilities is recognised in the statement of profit or loss and other comprehensive income in "Finance costs" based on the consolidated group's incremental borrowing rate.

#### 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. Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component.

##### Classification and subsequent measurement

###### Financial assets

Financial assets other than those designated and effective as hedging instruments are classified upon initial recognition into the following categories:

- amortised cost
- equity instruments at fair value through other comprehensive income (FVOCI)
- fair value through profit or loss (FVPL)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### **Note 3 - Significant accounting policies (continued)**

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance income or finance costs, except for impairment of trade receivables which are disclosed with other expenses.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset
- the business model for managing the financial asset

#### *Financial assets at amortised cost*

Financial assets are measured at amortised cost if the asset meets the following conditions (and are not designated as FVPL):

- the financial asset is managed solely to collect contractual cash flows
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates

#### *Equity instruments at fair value through other comprehensive income*

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at fair value through other comprehensive income. Subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss unless the dividend clearly represents return of capital. By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

#### *Financial assets at fair value through profit or loss*

Financial assets that are held within a different business model other than to "hold and collect" or "hold to collect and sell" are categorised at fair value through profit or loss. The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

#### *Impairment of financial assets*

The impairment requirements as applicable under AASB 9 use more forward-looking information to recognise expected credit losses. Expected credit

losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due, and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Directors considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk
- financial instruments that have deteriorated significantly in credit quality since initial recognition and the credit risk is not low
- financial assets that have objective evidence of impairment at reporting date

The loss allowance for the first category is measured as "12-month expected credit loss" and for the second category is measured as "lifetime expected credit losses".

#### **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).

#### **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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### **Note 3 - Significant accounting policies (continued)**

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 2020

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Note 4 - Revenue and other income</b>				
<b>Revenue</b>				
Service revenue	28,194,105	28,618,187	26,181,201	26,611,353
Government contract revenue	1,420,000	1,415,000	1,420,000	1,415,000
Foreign currency translations	18,578	43,344	18,578	43,344
Payroll tax refund	253,402	3,046,440	253,402	2,797,120
Rent received	1,146,618	1,404,523	1,146,618	1,404,523
COVID-19 subsidy revenue	1,838,417	-	1,703,917	-
Other operating revenue - wholly owned entities	-	-	192,515	188,678
Other operating revenue	-	53	-	53
	<u>32,871,120</u>	<u>34,527,547</u>	<u>30,916,231</u>	<u>32,460,071</u>
<b>Other revenue</b>				
Interest income	265,076	278,881	231,126	263,061
	<u>265,076</u>	<u>278,881</u>	<u>231,126</u>	<u>263,061</u>
<i>Total revenue</i>	<u>33,136,196</u>	<u>34,806,428</u>	<u>31,147,357</u>	<u>32,723,132</u>
<b>Other income</b>				
Net gain on disposal of property, plant and equipment	15,020	773	16,260	4,477
<i>Total other income</i>	<u>15,020</u>	<u>773</u>	<u>16,260</u>	<u>4,477</u>
<i>Total revenue and other income</i>	<u><b>33,151,216</b></u>	<u><b>34,807,201</b></u>	<u><b>31,163,617</b></u>	<u><b>32,727,609</b></u>
<b>Note 5 - Expenses</b>				
Depreciation				
Buildings	613,659	614,181	613,659	614,181
Plant and equipment	431,117	328,595	406,142	298,482
Right-of-use assets	155,255	-	155,255	-
<i>Total depreciation</i>	<u>1,200,031</u>	<u>942,776</u>	<u>1,175,056</u>	<u>912,663</u>
Amortisation				
Software	801,989	754,649	801,910	754,545
<i>Total amortisation</i>	<u>801,989</u>	<u>754,649</u>	<u>801,910</u>	<u>754,545</u>
<i>Total depreciation and amortisation</i>	<u>2,002,020</u>	<u>1,697,425</u>	<u>1,976,966</u>	<u>1,667,208</u>
Bad and doubtful debts expense				
Bad debts	18,354	27,230	1,500	22,186
Provision for impairment	62,000	(37,327)	62,000	(37,327)
<i>Total bad and doubtful debts</i>	<u>80,354</u>	<u>(10,097)</u>	<u>63,500</u>	<u>(15,141)</u>
Interest and finance charges - other	-	2,251	-	2,251
Interest and finance charges - lease liability	29,367	-	29,367	-
Rental expenses relating to operating leases	-	189,406	-	189,406

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Note 6 - Cash and cash equivalents</b>				
Cash at bank and on hand	1,775,278	835,578	1,540,156	608,431
Cash on deposit	13,200,000	8,562,962	12,000,000	7,612,962
<i>Total cash and cash equivalents</i>	<b>14,975,278</b>	<b>9,398,540</b>	<b>13,540,156</b>	<b>8,221,393</b>

### Note 7 - Trade and other receivables

<u>Current</u>				
Trade receivables	1,273,642	1,171,123	972,372	726,541
Provision for impairment	(103,000)	(41,000)	(103,000)	(41,000)
	<u>1,170,642</u>	<u>1,130,123</u>	<u>869,372</u>	<u>685,541</u>
Other receivables	880,610	229,673	822,241	218,733
Work in progress	177,751	386,888	177,751	386,888
Prepayments	542,425	631,228	530,575	631,228
<i>Total current trade and other receivables</i>	<b>2,771,428</b>	<b>2,377,912</b>	<b>2,399,939</b>	<b>1,922,390</b>

### Provision for impairment

Opening net carrying value	41,000	78,327	41,000	78,327
Charge for the year	62,000	(37,327)	62,000	(37,327)
Closing net carrying value	<b>103,000</b>	<b>41,000</b>	<b>103,000</b>	<b>41,000</b>

### Note 8 - Property, plant and equipment

	Land	Buildings	Plant and Equipment	Total
	\$	\$	\$	\$
<b>Consolidated Group</b>				
<b>At 30 June 2019</b>				
Cost	12,257,812	18,962,934	4,989,896	36,210,642
Accumulated depreciation	-	(7,669,337)	(4,141,571)	(11,810,908)
<i>Net carrying amount</i>	<b>12,257,812</b>	<b>11,293,597</b>	<b>848,325</b>	<b>24,399,734</b>
<b>Movements in carrying amounts</b>				
Opening net carrying amount	12,257,812	11,293,597	848,325	24,399,734
Additions	-	145,399	230,536	375,935
Disposals	-	-	(45,798)	(45,798)
Reclassification	-	-	105,293	105,293
Depreciation charge for the year	-	(613,659)	(431,117)	(1,044,776)
Closing net carrying amount	<b>12,257,812</b>	<b>10,825,337</b>	<b>707,239</b>	<b>23,790,388</b>
<b>At 30 June 2020</b>				
Cost	12,257,812	19,108,333	5,188,480	36,554,625
Accumulated depreciation	-	(8,282,996)	(4,481,241)	(12,764,237)
<i>Net carrying amount</i>	<b>12,257,812</b>	<b>10,825,337</b>	<b>707,239</b>	<b>23,790,388</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### Note 8 - Property, plant and equipment (continued)

	Land	Buildings	Plant and Equipment	Total
	\$	\$	\$	\$
<b>Parent Entity</b>				
<b>At 30 June 2019</b>				
Cost	12,257,812	18,962,934	4,752,256	35,973,002
Accumulated depreciation	-	(7,669,337)	(4,001,668)	(11,671,005)
<i>Net carrying amount</i>	<b>12,257,812</b>	<b>11,293,597</b>	<b>750,588</b>	<b>24,301,997</b>
<b>Movements in carrying amounts</b>				
Opening net carrying amount	12,257,812	11,293,597	750,588	24,301,997
Additions	-	145,399	170,344	315,743
Disposals	-	-	(19,558)	(19,558)
Reclassification	-	-	105,293	105,293
Depreciation charge for the year	-	(613,659)	(406,142)	(1,019,801)
Closing net carrying amount	<b>12,257,812</b>	<b>10,825,337</b>	<b>600,525</b>	<b>23,683,674</b>
<b>At 30 June 2020</b>				
Cost	12,257,812	19,108,333	4,926,961	36,293,106
Accumulated depreciation	-	(8,282,996)	(4,326,436)	(12,609,432)
<i>Net carrying amount</i>	<b>12,257,812</b>	<b>10,825,337</b>	<b>600,525</b>	<b>23,683,674</b>

### 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 \$1,617,527. This increase in value of \$6,382,473 has not been recognised in the financial report other than by way of this note. During the 2020 financial year the consolidated group entered into a Put and Call Option Deed to sell this property for a price well in excess of the \$8,000,000 valuation in June 2015. It is unlikely either party will exercise their option rights for several years therefore the consolidated group will continue to occupy these premises for the foreseeable future.

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 \$1,617,618. This increase in value of \$1,532,382 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 \$19,848,004. This increase in value of \$6,651,996 has not been recognised in the financial report other than by way of this note.

These valuations were obtained in accordance with the long-standing policy to review the fair value of land and buildings every three years. However, with regards to the Sydney property, the Directors believed it was not necessary to incur the costs of obtaining a new valuation because they had obtained other sufficient evidence that its value exceeded the last valuation of \$8,000,000 as referred to above.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Note 9 - Right-of-use assets</b>				
Leased assets - at cost	716,354	-	716,354	-
Accumulated depreciation	(155,255)	-	(155,255)	-
<i>Total right-of-use assets</i>	<b>561,099</b>	-	<b>561,099</b>	-
<b>Movements in carrying amounts</b>				
Balance at the beginning of the year (adoption of AASB 16)	716,354	-	716,354	-
Depreciation charge for the year	(155,255)	-	(155,255)	-
Closing net carrying amount	<b>561,099</b>	-	<b>561,099</b>	-
<b>Note 10 - Intangible assets</b>				
	Software	Work in progress	Total	
	\$	\$	\$	
<b>Consolidated Group</b>				
<b>At 30 June 2019</b>				
Cost	4,264,323	381,869	4,646,192	
Accumulated amortisation	(1,456,686)	-	(1,456,686)	
<i>Net carrying amount</i>	<b>2,807,637</b>	<b>381,869</b>	<b>3,189,506</b>	
<b>Movements in carrying amounts</b>				
Opening net carrying amount	2,807,637	381,869	3,189,506	
Additions	30,803	965,897	996,700	
Reclassification	-	(105,293)	(105,293)	
Amortisation charge for the year	(801,989)	-	(801,989)	
Closing net carrying amount	<b>2,036,451</b>	<b>1,242,473</b>	<b>3,278,924</b>	
<b>At 30 June 2020</b>				
Cost	4,295,126	1,242,473	5,537,599	
Accumulated amortisation	(2,258,675)	-	(2,258,675)	
<i>Net carrying amount</i>	<b>2,036,451</b>	<b>1,242,473</b>	<b>3,278,924</b>	
<b>Parent Entity</b>				
<b>At 30 June 2019</b>				
Cost	4,237,813	381,869	4,619,682	
Accumulated amortisation	(1,430,176)	-	(1,430,176)	
<i>Net carrying amount</i>	<b>2,807,637</b>	<b>381,869</b>	<b>3,189,506</b>	
<b>Movements in carrying amounts</b>				
Opening net carrying amount	2,807,637	381,869	3,189,506	
Additions	30,514	965,897	996,411	
Reclassification	-	(105,293)	(105,293)	
Amortisation charge for the year	(801,910)	-	(801,910)	
Closing net carrying amount	<b>2,036,241</b>	<b>1,242,473</b>	<b>3,278,714</b>	
<b>At 30 June 2020</b>				
Cost	4,268,327	1,242,473	5,510,800	
Accumulated amortisation	(2,232,086)	-	(2,232,086)	
<i>Net carrying amount</i>	<b>2,036,241</b>	<b>1,242,473</b>	<b>3,278,714</b>	

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Note 11 - Trade and other payables</b>				
<u>Current</u>				
Trade payables	142,380	527,389	112,969	486,885
Liabilities to employees	2,097,270	1,646,022	2,006,553	1,570,627
Subscriptions in advance	79,438	1,466,013	2,368,906	1,466,013
Other income in advance	2,484,368	616,925	79,438	248,713
Security deposit	1,400,000	-	1,400,000	-
Other payables	811,549	412,811	759,285	357,401
<i>Total current trade and other payables</i>	<b>7,015,005</b>	<b>4,669,160</b>	<b>6,727,151</b>	<b>4,129,639</b>

### Note 12 - Provisions

<u>Current</u>				
Employee entitlements - long service leave	2,342,000	2,152,000	2,224,000	2,042,000
<i>Total current provisions</i>	<b>2,342,000</b>	<b>2,152,000</b>	<b>2,224,000</b>	<b>2,042,000</b>
<u>Non-current</u>				
Employee entitlements - long service leave	819,000	923,000	776,000	886,000
Restoration (make good)	20,500	20,500	20,500	20,500
<i>Total non-current provisions</i>	<b>839,500</b>	<b>943,500</b>	<b>796,500</b>	<b>906,500</b>

### Movement in provisions

<u>Restoration (make good provision)</u>				
Opening net carrying amount	20,500	20,500	20,500	20,500
Provision utilised during the year	-	-	-	-
Closing net carrying amount	<b>20,500</b>	<b>20,500</b>	<b>20,500</b>	<b>20,500</b>

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.

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Note 13 - Lease liabilities</b>				
<u>Current</u>				
Lease liabilities	150,003	-	150,003	-
<i>Total current lease liabilities</i>	<b>150,003</b>	-	<b>150,003</b>	-
<u>Non-current</u>				
Lease liabilities	-	-	425,571	-
<i>Total non-current lease liabilities</i>	<b>425,571</b>	-	<b>425,571</b>	-
<b>Movements in carrying amounts</b>				
Balance at the beginning of the year ( <i>adoption of AASB 16</i> )	716,354	-	716,354	-
Repayments	(170,147)	-	(170,147)	-
Interest	29,367	-	29,367	-
Closing net carrying amount	<b>575,574</b>	-	<b>575,574</b>	-

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Note 14 - Reserves</b>				
Asset realisation reserve	11,324,499	11,324,499	11,324,499	11,324,499
<b>Total reserves</b>	<b>11,324,499</b>	<b>11,324,499</b>	<b>11,324,499</b>	<b>11,324,499</b>

### Nature and purpose of reserves

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

### Note 15 - Key management personnel compensation

The aggregate amount of compensation paid to key personnel during the year was:

	<b>1,916,701</b>	<b>1,820,746</b>	<b>1,752,290</b>	<b>1,652,335</b>
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### 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	-	132,221	-	132,221
Later than one year but not later than five years	-	124,838	-	124,838
	-	<b>257,059</b>	-	<b>257,059</b>

#### Capital commitments

IT capital commitments	<b>519,548</b>	<b>945,343</b>	<b>519,548</b>	<b>945,343</b>
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Due to the adoption of **AASB 16** effective from 1 July 2019, operating lease commitments are no longer separately disclosed and are recorded as right-of-use assets and lease liabilities in the statement of financial position.

### Note 17 - Events occurring after the reporting period

During and subsequent to the end of the financial year there have been considerable economic impacts in Australia and globally arising from the outbreak of the COVID-19 virus, and Government actions to reduce the spread of the virus.

At the date of signing the financial statements the Directors are unable to determine what financial effects the outbreak of the virus could have on the consolidated group in the coming financial period.

The Directors acknowledge their responsibility to continuously monitor the situation and evaluate this impact including its ability to pay its debts as and when they become due and payable.

No other material events have occurred after the reporting period. The financial report was authorised for issue on 16 September 2020 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 2020 the number of members was 3,383 (2019: 3,360).



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### Note 19 - Controlled entities

Controlled Entities Consolidated	Country of Incorporation	Percentage Owned (%)	
		2020	2019
<i>Parent Entity</i>			
National Association of Testing Authorities, Australia	Australia	n/a	n/a
<i>Controlled Entities</i>			
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	
	2020	2019
	\$	\$
Other expenses recharged by the parent entity	<b>192,515</b>	<b>188,678</b>

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

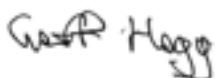
## || DIRECTORS' DECLARATION

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 2020, 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 2020 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 and the consolidated group will be able to pay its debts as and when they become due and payable.

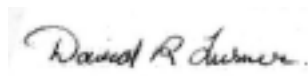
This declaration is made in accordance with a resolution of the Board of Directors.

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GG Hogg - Chair

Melbourne, 16 September 2020



DR Turner - Vice Chair

# 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 2020, 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 and the consolidated group's financial position as at 30 June 2020 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 and the consolidated group 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 and consolidated group 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 and consolidated group'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 and consolidated group's financial reporting process.

## **Auditor's Responsibilities 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.

**StewartBrown**  
Chartered Accountants

**R.J. McGree**  
Partner

16 September 2020 | Sydney



# National Association of Testing Authorities, Australia

**nata.com.au**

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