



AGRI-FOOD
INDUSTRY SKILLS
COUNCIL

AGRI-FOOD INDUSTRY SKILLS COUNCIL LTD

Annual Report 2004-05

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Agri-Food Industry Skills Council Ltd
Annual Report 2004-05

Incorporated in the Australian Capital Territory as a company limited by guarantee

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Agri-Food Industry Skills Council Ltd
Annual Report 2004-05

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Agri-Food Industry Skills Council

The council was established in May 2004 as the peak body for agri-food industry skills and workforce development in Australia. The council represents the agri-food industry through its 14-member private sector board and five industry standing committees, representing the broad industry sectors listed below:

- Food processing
 - beverages (including wine)
 - pharmaceuticals
- Rural and related industries
 - rural production (agriculture)
 - amenity horticulture
 - conservation and land management
 - animal care and management
- Meat
 - abattoirs
 - smallgoods
 - meat processing
 - meat retailing
- Seafood
 - aquaculture
 - fishing operations
 - seafood processing
 - fishing compliance
 - fishing charter operations
- Racing
 - thoroughbred
 - harness
 - greyhound

The council's strategic intent is to improve the business performance of the agrifood industry through the development and implementation of innovative skill and workforce solutions. It operates in close partnership with these sectors to sustain and simplify high-quality, nationally recognised training products and services. The council seeks to ensure that training providers deliver outcomes that serve industry needs.

The council operates as a registered private company but reports to the Federal Government for funding and operational performance through the Department of Education, Science and Training.

Report from the Chair

It is with great pleasure that I present the first annual report for the Agri-Food Industry Skills Council. In its first full year of operations the council has successfully brought together the functions of the former peak training organisations of five industry sectors, previously operating as separate Industry Training Advisory Boards. The council has firmly established its cohesive company board of 14 directors operating within best-practice governance guidelines.

The board and Chief Executive Officer, Arthur Blewitt, have established sound leadership and engagement status on skills and workforce development with industry, governments and registered training organisations (RTOs). This has been achieved through national consultation, discussion with industry peak bodies and presentations and the direct involvement of more than 200 representatives of standing and steering committees, which advise the council. This has facilitated the growth of influential networks, the demonstration of expertise and innovation in vocational education and training (VET) and a clearer understanding industry needs.

The board has achieved significant progress and success with the implementation of its Business Plan and innovative foundation-building initiatives. During the reporting period the board considered its strategic directions and priorities for the future. With good progress in VET-related improvement initiatives by the council in its first year, and taking account of the Skills Report findings and industry input, the board now seeks to give more emphasis to working with industry to identify and address initiatives to directly address people and skills shortages in the shorter term.

This could include assisting and promoting workforce planning in enterprises, looking at incentives to attract and retain workers, including industry image and lifestyle issues, doing further research on immigration options and examining the need to create and design challenging jobs and career pathways.

I would like to take this opportunity to express my appreciation of the contributions of all directors during this inaugural year, and of the strong leadership demonstrated by the Chief Executive Officer and his staff for their contributions. Their hard work delivered the results highlighted in this report and made the inaugural year of operation a success.



John Baker
Chairman

Report from the Chief Executive Officer

The council achieved significant progress in a number of foundation-building initiatives in its first year of operations. This success will impact positively on business performance and Government VET objectives. The council met all the performance and reporting requirements of the Interim Business Plan and the funding agreement between the Australian National Training Authority and the council. A number of the council's major initiatives are outlined below.

Industry Skills Report

The completion of a contemporary national skills assessment and Industry Skills Report for the agri-food industry provided a critical baseline for the council, industry and governments on the scope and nature of skills and workforce deficiencies and their impact on economic growth.

The report demonstrated the critical shortage of people and skills across our industry sectors in rural, regional and coastal Australia. It identified the set of influences that need to be addressed in an integrated way by industry, governments and communities to overcome these challenges in the short and longer term. The report was well regarded by state training authorities and industry and the findings are reflected in the board's strategies and priorities.

The skills report was valuable in establishing the case for the extension of trades' skills visas to non-trade qualifications. The council had a direct role in negotiating this change in consultation with industry peaks and the Department of Immigration and Multicultural and Indigenous Affairs. This initiative is well regarded by industry, which has identified major requirements in rural, agricultural, meat and horticultural sectors.

Integrated Framework

One of the council's priorities was to develop an Integrated Framework to guide the rationalisation of nine agri-food training packages and qualifications. The model that was developed addresses the issues of converging industry sectors through:

- Elimination of duplication
- Enhancing training and career pathways
- Developing skill sets and passports
- Economies of scale
- Rationalising units of competency and qualifications so they emphasise common content within and across industries
- Improving pathways between industries
- Giving consistent product and quality across agri-food qualifications
- Recognition of prior learning, seen by industry as important in the retention and development of workers as well as for attracting new entrants to the industry - particularly mature-age workers.
- The possibility of a single training package across agrifood.

The Integrated Framework model enables the council to address the embedding of employability skills, rationalising units and qualifications and the continuous improvement of training packages in all reviews.

The framework now overarches all the council's training package review processes and is having a major impact on improving design and simplification. This approach has been supported by industry, DEST and peak RTOs. Further consultations with state training authorities and other stakeholders are under way.

Training package reviews and employability skills

In addition to applying the Integrated Framework, the council has streamlined its training-package review process to reduce costs and give a focus on key issues. Steering committees, including senior representatives from industry, enterprises, state and territory bodies and RTOs, helped to ensure that this focus was maintained and that support and implementation remain integral to the review process. This allows the council to embed employability skills in its training packages during the review process. Industry and RTOs recognise these processes as optimising efficiency and delivering an industry-driven product.

RTO reference group Capability building

RTOs and peak TAFEs in particular have indicated support for the council's directions, its approach to rationalising training packages and the emphasis on support and implementation. Industry skills report consultations identified differences in standards between TAFEs and this was a concern expressed strongly by industry. The council established an RTO reference group comprising industry and TAFE representatives to identify the characteristics that contribute to a TAFE's performance and capacity to deliver industry-relevant courses. An outcome of this would be to identify an exemplar TAFE model to guide and encourage TAFEs to strengthen their capability and maintain high standards to meet industry needs. Industry sees this as a priority.

A complementary component of this initiative was a series of capability building projects to assist in assessing current resources, support material requirements, best-practice models and professional development activities based around a capability centre of excellence initiative. This was aimed at assisting the council and RTOs to better understand the need - and the approach - to improving provider capability and performance and to consider an ongoing initiative to drive this process.

We recognise that skills and workforce development represent only one element of a total solution. In recognition of this, the Agri-Food Industry Skills Council will seek to drive tangible and sustainable improvements for the agri-food industry.

Arthur Blewitt
Chief Executive Officer

Report from Directors

The directors of Agri-Food Industry Skills Council Limited present their report on the company for the financial year ended 30th June 2005. The names of the directors in office at any time during or since the end of the financial year and details of their qualifications are as follows:

Name of director	Occupation	Qualifications	Appointment (A)/ Resignation (R) dates
John Baker	Managing Director	BSc	18/6/2004 (A)
Gordon Buxton			14/6/2005 (A) 15/7/2005 (R)
Wayne Cornish	Farmer, Grazier/ Horticulturalist		13/7/2004 (A)
Jennifer Dowell	Federal Secretary Food & Confectionery Division Australian Manufacturing Workers Union		13/7/2004 (A)
Katherine Evans	Union Secretary	Grad Dip Health Science (Rehabilitation Counselling)	18/2/2005 (A)
David Greentree			13/7/2004 (A) 6/12/2004 (R)
Peter Griffin			13/7/2004 (A)
Terence Hannan			13/7/2004 (A) 13/12/2004 (R)
Donald Hayes			13/7/2004 (A)
Sylvia Healy	HR Manager - Learning & Development	B App Sci, Grad Dip Ed, Grad Cert Management	21/9/2005 (A)
John Hughes	General Manager, Operational Improvement		13/7/2004 (A)
Ralph Leutton	Program Manager	BSc MSc MAICD	13/7/2004 (A)
Robert Pennington	Professional Fisherman	B Eng, Dip T, Master Class V Certificate	13/7/2004 (A)
John Roach	Managing Director	Business Agriculture Certificate	18/6/2004 (A)
Douglas Stevens	National Industrial Officer Production Engineering	Indentured Machine Toolmaker Technical Certificate Aust Public Service	13/7/2004 (A)
Roderick Thirkell- Johnston AM	Farmer, Grazier	BScAg FAIST	13/7/2004 (A)
Sheila Thompson	Nurseryman, Horticulturist	BSc Hort	18/2/2005 (A)
Fiona Woodard			18/6/2004 (A) 23/3/2005 (R)

The directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

Arthur Blewitt - his qualifications are BA FAICD FAIM. Mr Blewitt was appointed as Company Secretary on 17/8/2004. He is the company's Chief Executive Officer.

Principal activities and review of operations

The principal activities of the Agri-Food Industry Skills Council Limited during the financial year were:

For the following industries: food, beverage and pharmaceutical manufacturing, meat processing, racing, rural and related industries and seafood:

- (a) Advance education and training and to identify generic and emerging skills to support the employability of individuals and provide for local community development and to give strategic advice to government on these issues;
- (b) Support the development, implementation and continuous improvement of high quality, nationally recognised training products and services, including enhancing innovation, rationalising materials where there are cross-industry synergies, and improving efficiency;
- (c) Assist the industry enterprises and their workforces to integrate skills development with business goals;
- (d) Support accurate industry intelligence on future directions, including provision of strategic advice on industry skills and training needs to the National Industry Skills Forum;
- (e) Work with the Industry to set the future direction for education and training within the Industry in order to meet both current and future needs; and
- (f) Research, collect, plan, coordinate and provide input to national research and develop strategies relating to education and training within the Industry;

There were no significant changes in the nature of these activities during the financial year.

Operating results

The net surplus after providing for income tax was \$187,583 (2004: nil).

Dividends paid or proposed

The constitution prohibits the payment of dividends to members of the company.

Significant changes in the state of affairs

There were no significant changes in the company's state of affairs during the financial year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Future developments and results

The directors believe that there are no likely developments that will significantly adversely affect the company in the coming year.

Indemnifying officers or auditor

The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings;

with the exception of the following matters.

During the financial year the company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. In accordance with normal commercial practices, under the terms of the insurance contract, the nature of the liabilities insured against and the amount of premiums paid are confidential.

Meetings of Directors

During the financial year, nine (9) meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number of meetings eligible to attend	Number of meetings attended
John Baker	9	8
Gordon Buxton	-	-
Wayne Cornish	8	6
Jennifer Dowell	8	3
Katherine Evans	2	2
David Greentree	5	4
Peter Griffin	8	8
Terence Hannan	5	2
Donald Hayes	8	6
John Hughes	8	7
Ralph Leutton	8	6
Robert Pennington	8	6
John Roach	9	8
Douglas Stevens	8	5
Roderick Thirkell-Johnston AM	8	7
Sheila Thompson	2	2
Fiona Woodard	7	3

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30th June 2005 has been received and can be found in the financial report.

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



John Baker
Director



Wayne Cornish
Director

Dated: 10th November 2005 Canberra

Independent Audit Report

To the members of the Agri-Food Industry Skills Council Limited

Scope

We have audited the financial report of the Agri-Food Industry Skills Council Limited for the financial year ended 30th June 2005 as set out on pages 7 to 19. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

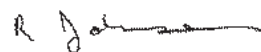
Audit opinion

In our opinion, the financial report of the Agri-Food Industry Skills Council Limited is in accordance with:

- a) the Corporations Act 2001 including:
 - i) giving a true and fair view of the company's financial position as at 30th June 2005 and of its performance for the year ended on that date; and
 - ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia.

Dated: 10th November 2005
Canberra

HARDWICKE'S
Chartered Accountants



Robert Johnson, F.C.A.
Partner

Auditor's Independence Declaration

Under Section 307C of the Corporations Act 2001 to the directors of Agri-Food Industry Skills Council Limited

I declare that to the best of my knowledge and belief that during the year ended 30th June 2005 there have been:

- a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

HARDWICKE'S
Chartered Accountants



Robert Johnson, F.C.A.
Partner

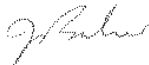
Dated: 10th November 2005
Canberra

Directors' declaration

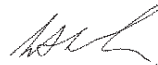
The Directors of the company declare that:

- a) the financial statements and notes as set out on pages 9 to 19, are in accordance with the Corporations Act 2001:
 - i) comply with Accounting Standards and the Corporations Regulations 2001; and
 - ii) give a true and fair view of the financial position as at 30th June 2005 and of the performance for the year ended on that date of the company;
- b) in the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



John Baker
Director



Wayne Cornish
Director

Dated: 10th November 2005
Canberra

Statement of financial performance

For the year ended 30th June 2005

	Note	2005 \$	2004 \$
Revenue from ordinary activities	4	1,649,805	-
Employee benefits expenses		(201,173)	-
Depreciation expense		(19,211)	-
Other expenses from ordinary activities		(1,241,838)	-
		<hr/>	<hr/>
Surplus from ordinary activities before income tax expense		187,583	-
Income tax expense relating to ordinary activities	3	Nil	-
		<hr/>	<hr/>
Net surplus		187,583	-
		<hr/>	<hr/>
Total changes in equity other than those resulting from transactions with owners as owners		187,583	-
		<hr/>	<hr/>

Statement of financial position

As at 30th June 2005

	Note	2005 \$	2004 \$
CURRENT ASSETS			
Cash assets	6	905,295	-
Receivables	7	673,860	-
Other	9	20,572	-
Total Current Assets		<u>1,599,727</u>	<u>-</u>
	-		
NON-CURRENT ASSETS			
Property, plant and equipment	8	135,499	-
Total Non-Current Assets		<u>135,499</u>	<u>-</u>
	-		
TOTAL ASSETS		<u>1,735,226</u>	<u>-</u>
CURRENT LIABILITIES			
Payables	10	1,534,278	-
Provisions	11	13,365	-
Total Current Liabilities		<u>1,547,643</u>	<u>-</u>
TOTAL LIABILITIES		<u>1,547,643</u>	<u>-</u>
NET LIABILITIES		<u>187,583</u>	<u>-</u>
MEMBERS' FUNDS			
Retained surplus	12	187,583	-
Total Members' funds		<u>187,583</u>	<u>-</u>

Statement of cash flows

For the year ended 30th June 2005

	Note	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating activities		2,600,988	-
Payments to suppliers and employees		(1,567,164)	-
Interest received		26,181	-
Net cash provided by operating activities	13(b)	<u>1,060,005</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(154,710)	-
Payment for investments		(50,000)	-
Net cash used in investing activities		<u>(204,710)</u>	<u>-</u>
Net increase in cash held		855,295	-
Cash at the beginning of the financial year		-	-
Cash at the end of the financial year	13(a)	<u><u>855,295</u></u>	<u><u>-</u></u>

Notes to the financial statements

For the year ended 30th June 2005

Note 1: Statement of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the Agri-Food Industry Skills Council Limited as an individual entity. The Agri-Food Industry Skills Council Limited is an unlisted public company limited by guarantee incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a) Cash

For the purposes of the statement of cash flows, cash includes cash on hand, cash at bank and at call deposits with banks or financial institutions, net of bank overdrafts.

b) Property, plant and equipment

Property, plant and equipment are carried at cost less any accumulated depreciation. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

The depreciable amount of all fixed assets are depreciated on a diminishing value basis over their useful lives to the company commencing from the time the asset is held ready for use. The depreciation rate used for plant and equipment is 33.3 per cent.

c) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Contributions are made by the company to employee superannuation funds and are charged as expenses when incurred.

Statement of significant accounting policies - cont.

d) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Revenue from the provision of services is recognised when the service has been provided to the customers.

All revenue is stated net of goods and services tax (GST).

e) 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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown as inclusive of GST.

f) Comparatives

The company was incorporated on 18 June 2004, accordingly the figures for the 2005 financial year are from the date of incorporation to 30 June 2005.

g) Impact of adoption of Australian equivalents to International Financial Reporting Standards

The company is preparing and managing the transition to Australian Equivalents to International Financial Reporting Standards (AIFRS) effective for the financial years commencing from 1 January 2005. The adoption of AIFRS will be reflected in the company's financial statements for the year ending 30 June 2006. On first time adoption of AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. The majority of the AIFRS transitional adjustments will be made retrospectively against retained surplus at 1 July 2004.

The company's management, along with its auditors, have assessed the significance of the expected changes and are preparing for their implementation. The impact of the alternative treatments and elections under AASB 1: First time adoption of Australian Equivalents to International Financial Reporting Standards has been considered where applicable.

The directors are of the opinion that the key material differences in the company's accounting policies on conversion to AIFRS and the financial effect of these differences where known are as follows. Users of the financial statements should, however, note that the amounts disclosed could change if there are any amendments by standard-setters to the current AIFRS or interpretation of the AIFRS requirements changes.

Statement of significant accounting policies - cont.

Impairment of assets

Under AASB 136: Impairment of assets, the recoverable amount of an asset is determined as the higher of fair value less costs to sell and value in use. In determining value in use, projected future cash flows are discounted using a risk adjusted pre-tax discount rate and impairment is assessed for the individual asset or at the 'cash generating unit' level. A 'cash generating unit' is determined as the smallest group of assets that generates cash flows, which are largely independent of the cash inflows from other assets or groups of assets. The current policy is to determine the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the asset's use and subsequent disposal. It is likely that this change in accounting policy will lead to impairments being recognised more often.

The company's office furniture and equipment is valued at cost less depreciation. As the company is a 'not for profit' organisation, these items can be valued at depreciated replacement cost. The company's assessment is that the majority of the items in the accounts with a written down value have only been purchased in the current financial year therefore the value approximates depreciated replacement cost.

The company has reassessed its impairment testing policy and tested all assets for impairment as at 1 July 2005. The impact of the change is estimated to be Nil with a no adjustment required to retained earnings at 30 June 2005.

Note 2: Members' guarantee

The company is incorporated under the Corporations Act 2001 as a company limited by guarantee. At 30th June 2005, there were 14 members guaranteeing to contribute up to \$50 each in the event of the company being wound up.

Note 3: Income tax

The company is considered to be exempt from income tax under sections 50-40 and 50-45 of the Income Tax Assessment Act 1997.

	2005	2004
	\$	\$
Note 4: Revenue		
Operating activities		
Grant income	1,572,690	-
Project income	50,000	-
Interest income	26,181	-
Sundry income	934	-
Total revenue	<u>1,649,805</u>	<u>-</u>
Note 5: Surplus from ordinary activities		
Surplus from ordinary activities before income tax has been determined after:		
Charging as expenses:		
Depreciation of property, plant and equipment	19,211	-
Rental expense relating to operating leases	43,391	-
Note 6: Cash assets		
Cash on hand	200	-
Cash at bank	855,095	-
Cash on deposit	50,000	-
	<u>905,295</u>	<u>-</u>
Note 7: Receivables		
Current		
Trade debtors	<u>673,860</u>	<u>-</u>
Note 8: Property, plant and equipment		
Office furniture & equipment - at cost	154,710	-
Accumulated depreciation	<u>(19,211)</u>	<u>-</u>
	<u>135,499</u>	<u>-</u>
Movement in Carrying Amounts		
Movements in carrying amounts for each class of property, plant and equipment between the beginning and end of the current financial year were as follows:		
Office furniture & equipment		
Balance at the beginning of the financial year	-	
Additions	154,710	
Depreciation expense	<u>(19,211)</u>	
Carrying amount at the end of the year	<u>135,499</u>	<u>-</u>

	2005	2004
	\$	\$
Note 9: Other assets		
Current		
Prepayments	<u>20,572</u>	<u>-</u>
Note 10: Payables		
Current		
Trade creditors	167,457	-
Accruals	13,316	-
Grants in advance	<u>1,353,505</u>	<u>-</u>
	<u>1,534,278</u>	<u>-</u>
Note 11: Provisions		
Current		
Provision for employee benefits	<u>13,365</u>	<u>-</u>
Number of employees at year end	<u>3</u>	<u>-</u>
Note 12: Retained surplus		
Retained surplus at the beginning of the financial year	-	-
Net surplus	<u>187,583</u>	<u>-</u>
Retained surplus at the end of the financial year	<u>187,583</u>	<u>-</u>
Note 13: Cash flow information		
a) Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash on hand	200	-
Cash at bank	<u>855,095</u>	<u>-</u>
	<u>855,295</u>	<u>-</u>
b) Reconciliation of cash flows from operations with surplus from ordinary activities after income tax		
Surplus from ordinary activities after income tax	187,583	-
Non-cash flows in surplus from ordinary activities Depreciation	19,211	-
Changes in assets and liabilities		
- (Increase)/decrease in trade debtors	(673,860)	-
- (Increase)/decrease in prepayments	(20,572)	-
- Increase/(decrease) in provision for employee benefits	13,365	-
- Increase/(decrease) in trade creditors	167,457	-
- Increase/(decrease) in accruals	13,316	-
- Increase/(decrease) in grants in advance	<u>1,353,505</u>	<u>-</u>
- Net cash flows provided by operating activities	<u>1,060,005</u>	<u>-</u>
The company has no credit standby or financing facilities in place.		

	2005	2004
	\$	\$
Note 14: Auditor's remuneration		
Remuneration of the auditor for:		
auditing the financial report	5,400	-
other services	5,342	-
	<u>10,742</u>	<u>-</u>

Note 15: Related party disclosures

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

a) Director-related entities

Consultancy fees paid to Optimum Training Solutions Pty Ltd in which John Baker has a beneficial interest

<u>4,860</u>	<u>-</u>
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Note 16: Company information

The registered office of the company is:

Level 1, John McEwen House
7 National Circuit
Barton ACT 2600

Note 17: Leasing commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements.

Payable:		-
not later than 1 year	61,451	-
later than 1 year but not later than 5 years	78,629	-
	<u>140,080</u>	<u>-</u>

The property lease is a non-cancellable lease with a three (3) year term with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by CPI in September 2005 and 2006. An option exists to renew the lease at the end of the three (3) year term for an additional two (2) years.

Note 18: Segment information

The company operates in the ACT and in the education and training industry within Australia.

Note 19: Financial instruments

a) Interest rate risk

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

2005	Weighted average effective	Floating interest Rate \$	Fixed interest rate maturing			Non- interest bearing \$	Total \$
			Within one year \$	1 to 5 years \$	Over 5 years \$		
Financial assets							
Cash	5.0	855,095	50,000	-	-	200	905,295
Receivables	-	-	-	-	-	673,860	673,860
Total financial assets		855,095	50,000	-	-	674,060	1,579,155
Financial liabilities							
Payables	-	-	-	-	-	1,534,278	1,534,278
Total financial liabilities		-	-	-	-	1,534,278	1,534,278

b) Credit risk

Credit risk on the company's financial assets is the loss that would be recognised if the other parties failed to perform their contractual obligations. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount as disclosed in the statement of financial position and notes to the financial statements.

Except for the following concentration of credit risk, the company has no significant concentration of credit risk arising in respect of receivables. \$673,860 of receivables due to the company is owed by a single debtor.

c) Net fair values

The carrying amount of the Agri-Food Industry Skills Council Limited receivables, account payables and bank accounts approximate their fair value. Receivables and payables are recognised at the amounts due and owed respectively.