



AGRI-FOOD
INDUSTRY SKILLS
COUNCIL

ANNUAL REPORT

2007 - 08

ISC INDUSTRY
SKILLS
COUNCILS

Creating Australia's Future

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Agri-Food Industry Skills Council Limited
(Incorporated in the Australian Capital Territory
as a company limited by guarantee)
Annual report 2007-08

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Australian Government

**Department of Education, Employment
and Workplace Relations**

The council receives its core funding from the Australian Government through the Department of Education, Employment and Workplace Relations.

INDUSTRY SKILLS COUNCILS

The Agri-Food Industry Skills Council (AFISC) is one of eleven Industry Skills Councils (ISCs) established and funded by the Australian Government as not-for-profit companies to:

- provide industry intelligence and advice to Skills Australia, government and enterprises on workforce development and skills needs;
- develop, implement and continuously improve quality training packages and workforce development products and services;

- provide independent skills development advice to enterprises, including matching identified training needs and training solutions;
- work with enterprises, employment service providers, training providers and government in advising on the allocation of productivity training places.

In undertaking these roles, AFISC draws on widespread industry networks and interactive stakeholder engagement.

AGRI-FOOD INDUSTRY

The agri-food industry is a vast national operation and occupies around two thirds of Australia's landmass and produces food for more than 60 million people. The agri-food industry employs some 900,000 people covering a significant range of industry sectors. These industries generate around \$200 billion each year and are responsible for more than 20 per cent of Australia's total commodity export earnings.

The agriculture and food sectors – referred to as the 'agri-food' industry - are listed below:

Food processing

- beverages (including wine) and 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

Agri-Food Industry Skills Council

The Agri-Food Industry Skills Council (AFISC) is a private company registered in the Australian Capital Territory. It has a private sector board drawn from the agri-food industry, and maintains five industry sector standing committees which provide industry advice to the Board.

The council was established by the Australian Government in May 2004 to enhance productivity and business performance of the agri-food industry through the development and implementation of innovative skills and workforce solutions. The council does this by working in partnership with industry, enterprises and governments to identify and address people and skills shortages, and to simplify and support the implementation of high-quality nationally consistent training products and services that meet industry needs.

Contents

INDUSTRY SKILLS COUNCILS	I
AGRI-FOOD INDUSTRY	I
AGRI-FOOD INDUSTRY SKILLS COUNCIL	II
REPORT FROM THE CHAIRMAN	02
REPORT FROM THE CHIEF EXECUTIVE OFFICER	03
SKILLS AUSTRALIA	05
ADVISORY AND ORGANISATIONAL SUPPORT	05
COMMUNICATION AND PROMOTION	06
AGRI-FOOD NATIONAL CONFERENCE 2007	06
DIRECTORS' REPORT	08
INDEPENDENT AUDITOR'S REPORT	11
AUDITOR'S INDEPENDENCE DECLARATION	13
DIRECTORS' DECLARATION	14
INCOME STATEMENT	15
BALANCE SHEET	15
STATEMENT OF RECOGNISED INCOME AND EXPENSE	16
CASH FLOW STATEMENT	16
NOTES TO THE FINANCIAL STATEMENTS	17

REPORT FROM THE CHAIRMAN

One of the signature events during the 2007-08 financial year was the launch on 1 April 2008 of the Australian Government's *Skilling Australia for the future* policy, which highlighted the importance of skills and workforce development as national priorities.

Based on the new policy and a sound funding base, the Board undertook a major review of its strategic and business planning that focused on enhancing enterprise productivity, increasing participation of job seekers in the workforce, and finding sustainable *solutions* to skills and workforce shortages. This approach extended the reach of the council's engagement to enterprises, with particular emphasis on advising and capturing evidence to support cases for training existing workers and job seekers under the Government's Productivity Places Program.

Best practice governance

During the financial year, the Board took several important steps in reviewing and implementing improved governance arrangements, with the implementation and adoption of a revised Constitution and a restructure of the Board. A new, smaller skills-based Board was appointed with the number of directors reduced from fourteen to nine.

The Board's focus is to develop and advance strategies and priorities to address critical skills and workforce shortages with the effect of enhancing productivity for the agri-food industry and its enterprises.

The council hosted its second national conference in Sydney in September, 2007, with the theme *Delivering Workforce Capability*. The conference enables the council's very diverse base of stakeholders the opportunity to consider contemporary research and best practice models from industry and government leaders, and a networking opportunity to share ideas. The conference highlights and key findings contribute to the formation and refinement of the Board's strategies and priorities.

The council continues its innovative work on package reform, development and implementation through a process of working closely with industry, government and training providers. This initiative focuses on ensuring that training and skills development deliver job-ready workers and the capability to meet changing industry and enterprise needs. Collaboration with industry, leading training providers and Government has been highly productive in developing and testing new approaches that simplify and ensure industry relevance of training package content, delivery and assessment.

The council has adopted a continuous improvement process for refining training packages to ensure that changing industry and business needs are incorporated promptly in training products and services.

The outlook for the Australian agri-food industry is positive in terms of export opportunities in the coming years due to world population and income growth. The strategic challenge for the council and the industry it serves is to ensure that critical skills and industry workforce capabilities are in place to take advantage of these opportunities.

On behalf of my fellow Board Members, I wish to express my sincere appreciation for the work of the retiring Directors; their contributions were invaluable in the council's formation, development and achievements. My thanks go to industry, government, advisory standing committees, training providers and other stakeholders who have worked with us to identify skills and workforces challenges confronting the agri-food industry, and to formulate strategies and find solutions.

Finally, I would like to offer the Board's appreciation for the work of the CEO and staff for their commitment and innovative contributions over the past year.

John Baker
Chairman

REPORT FROM THE CHIEF EXECUTIVE OFFICER

The development of an Environmental Scan *an industry in transition*... during 2008 represented a watershed in capturing and presenting contemporary industry insights and evidence to provide government and other stakeholders with a clear understanding of the factors currently shaping and impacting on agri-food skills and workforce development. The focus is now on identifying 'early warning' systems that detect real time industry trends and views, and the resultant changes required to training packages and the Vocational Education and Training (VET) system and policy, to respond to quickly-changing industry needs.

Finding industry-driven solutions to attracting and retaining a skilled and semi-skilled workforce is the key challenge for AFISC and the agri-food industry, and this is reflected in the three strategic findings of the Environmental Scan. These are:

- That the current emphasis of the VET system to delivering whole qualifications as a means of funding and evaluating performance of RTOs, is at odds with the reality of how our industry actually acquires skills. Entry level is often a discrete set of skills built upon over time using an array of options, such as skill sets, on-the-job training and progressive recognition of skills acquired. It is paramount to have a model that gives flexibility and choice and which enables training providers to legitimately deliver *incremental building blocks of skills* as well as full qualifications.
- That the absence of an effective funding model for training in rural and remote Australia continues to be one of the single biggest barriers to effective skills development in the regions. It's now time to conceive *and pilot a contemporary funding model* which enables training providers to concentrate on what they do best, rather than struggling on a daily basis to deliver training to our industries.
- That VET is a critical strategy within our industry's broader approach to workforce development. It is fundamental to attracting new workers, and providing higher skills to our existing workforce. It must, however, be delivered as part of an *integrated business solution* which enables the diffusion of research and technology, diagnosis of skill needs, structured training, business management and planning, and labour supply.

These and other priorities and directions identified in the Environmental Scan are being brought together in the development of an 'Agri-food workforce development strategy' - an initiative long advocated by AFISC. This recognises that only an integrated, industry-wide strategy will sustainably address the skills and workforce needs of our sectors, their enterprises and their people.

These initiatives have formed the key platform for the Board in its priority setting and work plan in 2007-08, and the Scan and its findings have guided highly productive dialogue and actions with government and industry on policy change and related initiatives. The Environmental Scan will be refreshed annually in consultation with key stakeholders.

There remains a compelling case for initiatives in regional and remote areas of Australia to be part of a more integrated, whole-of-government approach as earlier development and advocacy of an integrated regional initiative by AFISC demonstrated. This had been complemented and further promoted by a key report, *Human Capital*, which is part of the Council of Australian Governments' *National Reform Agenda*. This report seeks to draw together intersecting policies fundamental to the nation's productivity and workforce participation.

An integrated initiative such as this would include a campaign to target city and east-coast high school and VET students, skilled workers, families and career advisors by promoting the agrifood industry as providing attractive and rewarding career and lifestyle choices. It looks to supply key skills identified by industry as essential in the creation of viable regional communities, while also creating a pool of skilled locally-based workers.

Such a strategy would establish meaningful career paths for young, regionally-based Australians to counter an exodus to urban Australia, as well as promoting the opportunities and rewards of jobs and career paths in regional enterprises.

Arthur Blewitt
Chief Executive Officer

SKILLS AUSTRALIA

A new organisation, Skills Australia, was established by the Australian Government to provide expert and independent advice to the Minister on matters relating to Australia's current, emerging and future workforce skills and workforce development needs. This is an important development and AFISC has engaged closely with Skills Australia in developing a shared understanding of the challenges facing the agri-food industry, and working with government and industry to find solutions.

Under the new arrangements the council provides industry intelligence and advice to Skills Australia, government and enterprises to identify workforce development and skill needs and to work with enterprises, employment service providers and governments in identifying and justifying the allocation of productivity and demand-driven training places for existing workers and job seekers. This is an important and timely opportunity for the industry, and AFISC has invested significant resources in capturing data and information to validate enterprise cases for critical training support from government.

AFISC undertakes and commissions research to examine in some detail skills and workforces profiles of industry sectors and related matters, including a collaborative project with the Australian Farm Institute and Horticulture Australian Ltd on agriculture and horticulture. Other targets for research and analysis include the preparation of a detailed submission of the application of Australian and New Zealand Standard Classification of Occupations (ANZSCO) to the agri-food industry, preparing submissions promoting the articulation for VET to higher education, and evaluating the link between innovation and skilling.

ADVISORY AND ORGANISATIONAL SUPPORT

Industry sector standing committees are key stakeholders who play a collaborative role with the council on industry skills and workforce needs and on the review of training packages. A review of the role and composition of the council's five standing committees began in 2007-08, seeking to reflect the expanded role of AFISC, new Board governance arrangements and the intent to give committees a greater role in

the endorsement of changes to training packages, with a focus on high-level advice. Two members of standing committees are now selected to sit on the Board selection committee under a revised company Constitution.

COMMUNICATION AND PROMOTION

The AFISC website, publications and other engagement methods have greatly increased engagement with industry and with those who have a vested interest in skills and training in the workforce. This is measured by the number of visits to the website rising to approximately 6,000 a month, up from around 2,000 a month a year ago.

Several publications developed by AFISC or developed in collaboration with other Industry Skills Councils or organisations have been delivered successfully. The council continues to produce publications that are available to industry on request.

- *DIRECTIONS - WELL worthwhile* – Language, literacy and numeracy in the agri-food industry
- *DIRECTIONS - Jobs for life* – DVD and booklet set on careers in the horticulture industry (produced with funding support from Horticulture Australia Ltd)
- Agri-Food Environmental Scan – *...an industry in transition*
- *Work-like integrated learning* – a guide for trainers and assessors (produced in collaboration with Manufacturing Skills Australia and the Transport and Logistics Industry Skills Council)
- *Weed management pre-vocational skill set* AFISC indigenous pathfinder series (booklet, CD and poster)
- *Reducing red tape* - Integrated Risk Management solutions (poster and CD)

AGRI-FOOD NATIONAL CONFERENCE 2007

The conference has become a signature event for the council in bringing together the agricultural and food production industries and council stakeholders annually to share research, best practices in skills development and training, and analyses of the economic importance of agri-food to Australia's future. The conference highlighted the necessity for greater resourcing and training applications for the Rural Production Training Package and other agri-food training products and services.

- The conference theme, Developing Workforce Capability, laid a clear and strong foundation for speakers and workshops and assisted with achieving tangible conference outcomes.
- Successfully brought together high calibre speakers and attendees from senior positions from across the agri-food industry, VET and government
- Attendance of 160 influential delegates exceeded the 150 who attended in 2006

DIRECTORS' REPORT

The directors of Agri-Food Industry Skills Council Limited present their report on the company for the financial year ended 30th June 2008.

Directors

The names of the directors in office at any time during or since the end of the year and details of their qualifications are as follows:

Name of Director	Occupation	Qualifications	Appointment (A)/ Resignation (R) Dates
John Baker	Managing Director	BSc	
Kathleen Evans	Union President and Secretary	Grad Dip Health Science (Rehabilitation Counselling)	
Donald Hayes	Union Secretary		
John Hughes	General Manager, Operational Improvements		
Geoffrey Richards	Managing Director, Richgro Garden Products		
Douglas Stevens	Union President	Indentured Machine Toolmaker, Production Engineering Technical Certificate Aust Public Service	
Leith Bouilly	Pastoralist	B.Ru.Sci., Dip. Bus. Stud., FAICD, FAIM	17/7/2008 (A)
Catherine Cooper	Lawyer and Consultant	LLB GDLP	17/7/2008 (A)
David Taylor	- Past General Manager BankWest with executive oversight of Agribusiness - Currently Chairman Perth Market Authority and Forest Products Commission - Non-executive director, Empired Limited	BA(Econ) FAICD	17/7/2008 (A)
Wayne Cornish	Farmer, Grazier/Horticulturalist		17/7/2008 (R)
Jennifer Dowell	Federal Secretary Food & Confectionery Division Australian Manufacturing Workers Union		17/7/2008 (R)
Peter Griffin	Dairy Farmer		17/7/2008 (R)
Sylvia Healy	HR Manager – Learning & Development	B App Sci, Grad Dip Ed, Grad Cert Management	17/7/2008 (R)
Michael Horne	Manager, FarmBis Program Dept. of Primary Industries and Water	B Ag Sci, Grad Dip Ed, Grad Dip Ag Econ, Grad Cert Rural Management Studies	17/7/2008 (R)
Ralph Leutton	Program Manager	BSc MSc MAICD	17/7/2008 (R)
Robert Pennington	Professional Fisherman	B Eng, Dip T, Master Class V Certificate	17/7/2008 (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

The following person held the position of company secretary at the end of the financial year:

Arthur Blewitt – his qualifications are BA FAICD FAIM. Mr Blewitt was appointed as company secretary on 17/8/2004. He is also the chief executive officer of the company.

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, 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 workforce 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;
- (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 surplus/(deficit) of the company for the financial year was \$(92,109) (2007: \$221,911).

Dividends Paid or Recommended

The constitution prohibits the payment of dividends to members of the company. No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Significant Changes in the State of Affairs

There were no significant changes in the company's state of affairs during the financial year not otherwise disclosed in this report or the financial statements.

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

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.

Meeting of Directors

During the financial year, 7 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	7	7
Wayne Cornish	7	3
Jennifer Dowell	7	-
Kathleen Evans	7	4
Peter Griffin	7	7
Donald Hayes	7	6
Sylvia Healy	7	4
John Hughes	7	5
Ralph Leutton	7	5
Robert Pennington	7	5
Douglas Stevens	7	5
Roderick Thirkell-Johnston AM	7	7
Michael Horne	7	7
Geoffrey Richards	7	7
Leith Bouilly	-	-
Catherine Cooper	-	-
David Taylor	-	-

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30th June 2008 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



Kathleen Evans
Director



Dated: 14th October 2008 Canberra

INDEPENDENT AUDITOR'S REPORT

To the members of Agri-Food Industry Skills Council Limited

Report on the Financial Report

We have audited the accompanying financial report of Agri-Food Industry Skills Council Limited (the company), which comprises the balance sheet as at 30th June 2008 and the income statement, statement of recognised income and expenditure and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Auditor's Opinion


In our opinion, the financial report of Agri-Food Industry Skills Council Limited is in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the company's financial position as at 30th June 2008 and of their performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

HARDWICKE'S

Chartered Accountants

Hardwicke's



Robert Johnson, F.C.A.
Partner

Dated: 14th October 2008
Canberra

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, during the year ended 30th June 2008 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

Hardwicke's

R Johnson

Robert Johnson, F.C.A.
Partner

Dated: 14th October 2008
Canberra

DIRECTORS' DECLARATION

The directors of the company declare that:

- a) the financial statements and notes, as set out on pages 9 to 22, 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 2008 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



Kathleen Evans
Director

Dated: 29th October 2007
Canberra

INCOME STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2008

	Note	2008 \$	2007 \$
Revenue	4	2,565,073	2,825,083
Employee benefits expense		(528,198)	(682,761)
Depreciation expense		(49,385)	(65,357)
Other expenses		(2,079,599)	(1,855,054)
Surplus/(deficit) before income tax expense		(92,109)	221,911
Income tax expense	3	Nil	Nil
Surplus/(deficit) after income tax expense		(92,109)	221,911

BALANCE SHEET

AS AT 30TH JUNE 2008

	Note	2008 \$	2007 \$
CURRENT ASSETS			
Cash and cash equivalents	6	1,440,765	169,940
Trade and other receivables	7	51,057	465,552
Other current assets	8	19,094	10,576
Total Current Assets		1,510,916	646,068
NON-CURRENT ASSETS			
Property, plant and equipment	9	44,945	57,786
Total Non-Current Assets		44,945	57,786
TOTAL ASSETS		1,555,861	703,854
CURRENT LIABILITIES			
Trade and other payables	10	1,204,016	259,900
Total Current Liabilities		1,204,016	259,900
TOTAL LIABILITIES		1,204,016	259,900
NET ASSETS		351,845	443,954
MEMBERS' FUNDS			
Retained surplus		351,845	443,954
Total Members' funds		351,845	443,954

STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR ENDED 30TH JUNE 2008

	Note	Retained Surplus \$
Balance at 1st July 2005		222,043
Surplus		221,911
Balance at 30th June 2007		443,954
Surplus		(92,109)
Balance at 30th June 2008		351,845

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2008

	Note	2008 \$	2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating activities		4,172,463	2,730,027
Payments to suppliers and employees		(2,903,483)	(2,904,621)
Interest received		38,720	12,294
Net cash provided by/(used in) operating activities	11(b)	1,307,700	(162,300)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(38,111)	(6,300)
Net cash used in investing activities		1,236	(6,300)
Net increase/(decrease) in cash held		(36,875)	(168,600)
Cash at the beginning of the financial year		169,940	338,540
Cash at the end of the financial year	11(a)	1,440,765	169,940

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting policies

a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other shortterm highly liquid investments with original maturities of five months or less, and bank overdrafts.

b) Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Revenue from the sale of goods is recognised upon the delivery of goods to customers. Grant revenue is recognised in the income statement when it is controlled. When there are conditions attached to grant revenue relating to the use of those grants for specific purposes it is recognised in the balance sheet as a liability until such conditions are met or services provided. All revenue is stated net of goods and services tax (GST).

c) Unexpended grants

The company receives grant monies to fund projects either for contracted periods of time or for specific projects irrespective of the period of time required to complete those projects. It is the policy of the company to treat grant monies as unexpended grants in the balance sheet where the company is contractually obliged to provide the services in a subsequent financial period to when the grant is received or in the case of specific project grants where the project has not been completed.

d) Property, plant and equipment

Property, plant & equipment are carried and measured at cost or fair value as indicated, less, where applicable, accumulated depreciation and impairment losses. 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 these 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 been discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets are depreciated on a straight line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. The depreciation rate used for plant & equipment is 33.3%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Asset classes 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 the carrying amount. These gains or losses are included in the income statement.

e) Impairment of assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where the future economic benefits of the asset are not primarily dependent upon the assets ability to generate net cash inflows and when the company would, if deprived of the asset, replace its remaining future economic benefits, value in use is depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the company estimates the recoverable amount of the cash generating unit to which the class of assets belong.

f) Employee benefits

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

g) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company, are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

h) 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 balance sheet are shown as inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

i) Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention. Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately.

Derecognition

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

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

j) Comparative figures

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

k) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report 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 company.

Key estimates – Impairment

The company assess impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Fair value less costs to sell or current replacement cost calculations performed in assessing recoverable amounts incorporate a number of key estimates.

The financial report was authorised for issue on 14th October 2008 by the board of directors.

NOTE 2 MEMBERS' GUARANTEE

The company is incorporated under the Corporations Act 2001 as a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$50 each towards meeting any outstanding debts and obligations of the company. At 30th June 2008 the number of members was 14.

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.

NOTE 4 REVENUE

	2008 \$	2007 \$
REVENUE		
Grant income	1,606,687	1,672,506
Project income	781,321	658,750
Interest income	38,720	12,294
Sundry income	138,345	481,533
Total revenue	2,565,073	2,825,083

NOTE 5 SURPLUS

Surplus/(deficit) before income tax has been determined after:

	2008 \$	2007 \$
CHARGING AS EXPENSES		
Rental expense on operating leases	75,004	62,665

NOTE 6 CASH AND CASH EQUIVALENTS

	2008 \$	2007 \$
Cash on hand	200	200
Cash at bank	1,400,565	129,740
Cash on deposit	40,000	40,000
	1440,765	169,940

NOTE 7 TRADE AND OTHER RECEIVABLES

	2008 \$	2007 \$
CURRENT		
Trade receivables	51,057	465,552

Current trade receivables are generally on 30 day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. No provision for impairment was required at 30th June 2008 (2007: Nil).

There are no balances within trade and other receivables that contain assets that are not impaired and are past due. It is expected that these balances will be received when due. Impaired assets are provided for in full where applicable.

NOTE 8 OTHER ASSETS

	2008 \$	2007 \$
CURRENT		
Prepayments	19,094	10,576

NOTE 9 PROPERTY, PLANT AND EQUIPMENT

	2008 \$	2007 \$
Office furniture & equipment – at cost	148,600	201,207
Accumulated depreciation	(103,655)	(143,421)
	44,945	57,786

Movements in Carrying Amounts

Movement in carrying amounts for each class of property, plant and equipment between the beginning and end of the current financial year were as follows:

	2008 \$
OFFICE FURNITURE & EQUIPMENT	
Balance at 1st July 2006	116,843
Additions at cost	6,300
Depreciation expense	(65,357)
Balance at the beginning of year	57,786
Additions at cost	38,111
Disposals	(1,567)
Depreciation expense	(49,385)
Carrying amount at end of year	44,945

NOTE 10 TRADE AND OTHER PAYABLES

	2008 \$	2007 \$
CURRENT		
Trade payables	137,781	111,774
Accruals	17,634	14,810
Income in advance	994,562	95,916
Short-term employee benefits	54,039	37,400
	1,204,016	259,900

NOTE 11 CASH FLOW INFORMATION

a) Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

	2008 \$	2007 \$
Cash on hand	200	200
Cash at bank	1,400,565	129,740
Cash on deposit	40,000	40,000
	1,440,765	169,940

b) Reconciliation of cash flows from operations with surplus/(deficit) after income tax

	2008 \$	2007 \$
Surplus/(deficit) after income tax	(92,109)	221,911
Non-cash flows in surplus/(deficit)		
Depreciation	49,385	65,357
Net loss on sale of plant and equipment	331	-
CHANGES IN ASSETS AND LIABILITIES		
(Increase)/decrease in Receivables	414,495	(280,220)
(Increase)/decrease in Prepayments	(8,518)	(7,259)
Increase/(decrease) in Employee benefits	16,639	1,447
Increase/(decrease) in Payables	26,007	(106,731)
Increase/(decrease) in Accruals	2,824	(2,721)
Increase/(decrease) in Income in advance	898,646	(54,084)
Cashflow from operations	1,307,700	(162,300)

c) The company has no credit standby or financing facilities in place.

d) There were no non-cash financing or investing activities during the period.

NOTE 12 AUDITOR'S REMUNERATION

	2008 \$	2007 \$
REMUNERATION OF THE AUDITOR FOR		
auditing the financial report	5,500	7,000
other services	9,930	1,660
	15,430	8,660

NOTE 13 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

	2008 \$	2007 \$
Consultancy fees paid to Optimum Training Solutions Pty Ltd in which John Baker has a beneficial interest	27,144	26,705
Fees paid to "Directions – Project Management" trading name held by Margaret Leutton, the wife of director Ralph Leutton	12,585	-

NOTE 14 ECONOMIC DEPENDENCY

The company is reliant on grant funding from the Commonwealth Government. At the date of this report, the company had a contract with the Commonwealth Department of Education Employment and Workplace Relations for 38 months grant funding from April 2008 to June 2011.

NOTE 15 LEASING COMMITMENTS

Operating lease commitments

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

	2008 \$	2007 \$
PAYABLE – MINIMUM LEASE PAYMENTS		
not later 12 months	70,445	62,151
later than 12 months but no later than 5 years	42,036	17,261
	112,481	79,412

The property lease is a non-cancellable lease with a 2 year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by 4% in February 2009.

NOTE 16 SEGMENT INFORMATION

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

NOTE 17 FINANCIAL INSTRUMENTS

(a) Financial risk management policies

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivables and payables.

The company does not have any derivative instruments at 30th June 2008.

(i) Treasury risk management

A committee meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

(ii) Financial risk exposures and management

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating investments.

Liquidity risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash resources are maintained.

Credit risk

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, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

Credit risk is managed by the company and reviewed regularly by the committee. It arises from exposures to customers as well as through deposits with financial institutions.

The company monitors the credit risk by actively assessing the rating quality and liquidity of counterparties:

- only banks and financial institutions who are approved under the company's investment policy guidelines are utilised.
- the credit standing of counterparties is reviewed for liquidity and credit risk.

The trade receivables balance at 30th June 2008 and 30th June 2007 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness.

(b) Financial instrument composition and maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments.

FIXED INTEREST RATE MATURING							
	Weighted Average Effective Interest Rate	Floating Interest Rate \$	Within one year \$	1 to 5 years \$	Over 5 years \$	Non- interest Bearing \$	Total \$
2008							
Financial Assets							
Cash	7.0	1,400,565	40,000	–	–	200	1,440,765
Receivables	–	–	–	–	–	51,057	51,057
Total Financial Assets		1,400,565	40,000	–	–	51,257	1,491,822
Financial Liabilities							
Payables	–	–	–	–	–	1,149,977	1,149,977
Total Financial Liabilities		–	–	–	–	1,149,977	1,149,977
2007							
Financial Assets							
Cash	4.0	129,740	40,000	–	–	200	169,940
Receivables	–	–	–	–	–	465,552	465,552
Total Financial Assets		129,740	40,000	–	–	465,752	635,492
Financial Liabilities							
Payables	–	–	–	–	–	222,500	222,500
Total Financial Liabilities		–	–	–	–	222,500	222,500

Trade and other payables are expected to be paid within 12 months.

(c) Net fair values

For financial assets and financial liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Sensitivity analysis

Interest rate risk

The company has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on current year results and equity which could result from a change in this risk.

At 30th June 2008, the effect on the deficit and members' funds as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	2008 \$	2007 \$
CHANGE IN DEFICIT		
Increase in interest rate by 2%	28,000	3,000
Decrease in interest rate by 2%	(28,000)	(3,000)
CHANGE IN MEMBERS' FUNDS		
Increase in interest rate by 2%	28,000	3,000
Decrease in interest rate by 2%	(28,000)	(3,000)

This sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

NOTE 18 CAPITAL MANAGEMENT

The directors of the company control the capital of the company to ensure that adequate cash flows are generated to fund its operations and that returns from investments are maximised. The finance and governance committee ensures that the overall risk management strategy is in line with this objective.

The finance and governance committee operates under policies approved by the board of directors. Risk management policies are approved and reviewed by the board on a regular basis. These include credit risk policies and future cash flow requirements.

The company's capital consists of financial liabilities, supported by financial assets.

The directors of the company effectively manage the company's capital by assessing the company's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes to the strategy adopted to control the capital of the company since the previous year. This strategy is to ensure that there is sufficient cash to meet trade and other payables.

The gearing ratio's for the year ended 30th June 2008 and 30th June 2007 are as follows:

	2008 \$	2007 \$
Trade and other payables	1,204,016	259,900
Less cash and cash equivalents	(1,440,765)	(169,940)
Net debt	(236,749)	89,960
Total equity	351,845	443,954
Total capital	115,096	533,914
Gearing ratio	–	16%

NOTE 19 ACCOUNTING POLICY AMENDMENTS

The following Accounting Standards issued or amended and are applicable to the company but not yet effective and have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment, Standards affected & Outline of amendment:

AASB 2007–8 Amendments to Australian Accounting Standards: AASB 101 Presentation of Financial Statements

The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income and makes changes to the statement of recognised income and expenses.

Application date of standard: 1.1.2009, application date for company: 1.7.2009

AASB 101: AASB 101 Presentation of Financial Statements As above

Application date of standard: 1.1.2009, application date for company: 1.7.2009

NOTE 20 COMPANY INFORMATION

The registered office of the company is:

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





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