

AUSTRALIAN ANIMAL HEALTH COUNCIL LIMITED

ABN 86 071 890 956

FINANCIAL STATEMENTS

For the year ended 30 JUNE 2023

AUSTRALIAN ANIMAL HEALTH COUNCIL LIMITED
DIRECTORS' REPORT for the year ended 30 JUNE 2023

DIRECTOR REPORT

Directors present their report together with the financial report of the Australian Animal Health Council Limited ("the Company") for the year ended 30 June 2023 and the auditor's report thereon.

Information on directors

Name:	Sharon Starick
Title:	Non-Executive Chair
Qualifications:	B.Ag.Sci (Hons), Member GAICD
Experience and expertise:	Extensive experience in livestock farming, industry organisation, stakeholder relationships and as a company director.
Special responsibilities:	AHA director since 2010 (Chairperson since 2019). Member of Audit & Risk Management Committee.
Name:	Renata Paliskis
Title:	Non-Executive Director
Qualifications:	Dip Ag Sci Ag (Hawkesbury), MBA, Masters Degree Professional Accounting (Curtin), Fellow AICD, Fellow Australian Rural Leadership Foundation.
Experience and expertise:	A Western Australian beef producer with extensive experience spanning 30 years in the meat and livestock industry, serving across a variety of sectors as a chief executive and company director as well as on finance and audit committees.
Special responsibilities:	AHA Director since November 2019 Chair of the Audit & Risk Management Committee
Name:	Malcolm Letts
Title:	Non-Executive Director
Qualifications:	B.App.Sc M.App.Sc GAICD
Experience and expertise:	Extensive experience in senior executive roles in state government, particularly relating to agricultural industry development, resource management, biosecurity and trade development. Broad experience in corporate governance and leadership. Strengths in stakeholder engagement and communication.
Special responsibilities:	AHA Director since November 2020. Chair of the People, Culture and Performance Committee.

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Name: **Michelle Gorman**
Title: Non-Executive Director
Qualifications: BScAg (Syd), MSc (Reading), MBA (MGSM), GAICD

Experience and expertise: Extensive national and international experience in food and agriculture, including market access, business development and industry systems. More recently, Michelle has held senior leadership roles in financial services with accountabilities for strategy, product management and business transformation.

AHA director since 2016.

Special responsibilities: Member of People Culture & Performance Committee.

Name: **Dr Len Stephens**
Title: Non-Executive Director
Qualifications: Dip Agr Sci, BVSc, MSc, PhD, GAICD
Experience and expertise: Extensive experience in pathology and microbiology with CEO and directorships across livestock, seafood, and R&D sectors.

AHA director since 2016.

Special responsibilities: Member of the Audit & Risk Management Committee

Name: **Lucinda Corrigan**
Title: Non-Executive Director
Qualifications: B.Sc. Agr (Hons 1 Syd), FAICD

Experience and expertise: A successful Farm Business owner and Independent Director with a deep understanding of sustainability and innovation in livestock systems. Skills and experience in business growth, communication, supply chain innovation and ESG.

AHA Director since November 2022

Special responsibilities: Member of the People Culture and Performance Committee

Name: **Stuart Crockett**
Title: Non-Executive Director
Qualifications: BBus, GAICD, Dip ESG

Experience and expertise: Highly experienced government and private sector senior executive. Significant focus on international market access and advocacy. Former Australian and State government Trade Commissioner (China and USA). Current MD of Ag life sciences organisation commercialising world-leading IP domestically and internationally.

AHA Director since November 2022

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Special responsibilities: Member of the Audit & Risk Management Committee

Directors' meetings

The number of directors' meetings and attendance during the financial year were:

Director Name	Board Meetings		Audit & Risk Management Committee		People, Culture and Performance Committee	
	No of meetings held ¹	No of meetings attended	No of meetings held ¹	No of meetings attended	No of meetings held ¹	No of meetings attended
Sharon Starick	7	7	4	4	2	2
Paula Fitzgerald ²	3	3	-	-	1	1
Michelle Gorman	7	7	2	1	3	3
Dr Len Stephens	7	6	4	3	-	-
Catherine Cooper ²	3	2	-	-	1	1
Renata Paliskis	7	6	4	3	-	-
Malcolm Letts	7	5	-	-	4	3
Lucinda Corrigan	4	4	1	1	3	3
Stuart Crockett	4	4	2	2	-	-

1. Reflects the number of meetings held, including the board and board committees convened by conference call during the time the director held office during the year.
2. Paula Fitzgerald and Catherine Cooper stepped down as AHA Directors at the 2022 AHA AGM.

Objectives

The vision of the Company is a national biosecurity system that provides every opportunity for Australian agriculture to succeed at home and overseas.

The Company's mission is to inform the government and industry about national action required and delivering solutions together that enhance, strengthen and protect animal health and the biosecurity system.

Strategic Priorities

The Company's three strategic priorities, as set out in its strategic plan for 2020-2025, are:

- Enhancing Australia's capability to detect and respond to emergency animal disease, supporting Australia's domestic and international market access.
- Strengthening on-farm and supply chain biosecurity practices with a focus on prevention and resilience to protect animal health, welfare and product integrity.
- Delivering cross-sectoral outcomes that improve regional, state and national biosecurity systems, contributing to the protection of markets and the identification of new opportunities.

The strategic priorities are to be delivered through the implementation of specific strategies with specific deliverables, with progress and success monitored, evaluated and reported against success measures.

Principal activities

The principal activities of the Company were working with members to develop and deliver projects to keep Australia free of new and emerging diseases and improve animal health, enhance market access and foster the resilience and integrity of the Australian animal health and biosecurity system. The Company plays an active role in maximising the effectiveness of government and industry partnerships and consultative mechanisms to manage livestock biosecurity risks, which help Australia maintain its enviable disease-free status and contributes to its strong reputation for food safety product integrity.

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Review and result of operations

The net operating result of a \$2.7 million surplus primarily reflects industry levy income over industry levy expenditures of \$2.7m, a \$0.4 million increase in the unrealised valuation of investments and a \$0.5 million write-down of the foot-and-mouth disease (FMD) Vaccine bank.

Revenue from non-subscription programs of \$3.9 million was up on the prior year by \$0.4 million as non-levy funded programs across training and biosecurity utilised prior year underspends to fund expanded programs over the 2022-23 financial year. Levy income was on budget and up on the prior year by 0.1m primarily as a result of the activation of the EADRA levy, both laying and meat chicken for the 2020 Victorian Avian Influenza (AI) response. The EADRA levy was collected and subsequently returned to the Commonwealth as per Priority 3 section 4.5.a of the Australian Animal Health Council (Livestock Industries) Funding Act 1996 (AAHC Act). Sheep and Lamb levies were up on budget as their flock rebuild progressed, but Levies from Cattle were down due to the rebuilding of the cattle herd being at a less advanced stage. Other income was down on the prior year, as the biennial Biosecurity Symposium, which generated a majority of the prior year's other income, was not held during 2022-23.

Subscription program activity of \$5.7m was over budget by \$0.2m as a result of the Board endorsing additional resourcing to assist with strategic priority one programs, such as the Emergency Animal Disease Response Agreement (EADRA) and the AUSVETPLAN, following members' agreement to provide an increase of 2.5% to core subscriptions, supporting ongoing services. Non-subscription program activity of \$6.6m was down on budget, and the prior year, as the narrowing of the criteria plus a material reduction in cost of laboratory testing has reduced the volume and expenditure of laboratory testing post-COVID.

A strong recovery in interest rates saw the return on AHA investments increase from the prior year and against budget across the AHA portfolio. The impacts of a strong recovery in domestic and global markets have seen the valuation of AHA's medium and long-term investments measured at their fair value and subsequently marked-to-market by \$0.4m at 30 June.

The increase in equity of \$2.7 million is reflected in a \$2.3 million increase in total assets (\$2.5 million increase in cash & investments less a \$0.5 million write-down of the foot-and-mouth disease (FMD) Vaccine bank) and a \$0.5 million decrease in total liabilities (\$0.6 million in contracted liabilities offset by a \$0.01m increase in trade payables and employee benefits).

State of affairs

In the opinion of directors, the emergence of foot-and-mouth disease and lumpy skin disease in Indonesia is of significant concern to our members and has seen AHA increase its preparedness functions to a new level of business, which will continue to require additional resourcing.

The additional contribution to national biosecurity by livestock industries through a new Biosecurity Protection Levy announced in the May 2023 budget (due to be rolled out from July 2024), while overall, will benefit commonwealth government biosecurity activities, has also seen a pause to the dairy and wool industries developing new biosecurity/EAD levies, all of which could impact our state of affairs.

Member commitment on winding up

The Company is limited by guarantee, and in the event of the Company being wound up, every Member of the Company undertakes to contribute an amount not exceeding \$100.

Auditor's independence and non-audit services

The auditor's independence declaration is set out on page 24 and forms part of the directors' report. During

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the year, RSM, the Company's Auditor, have not performed services in addition to their statutory duties.

Directors' interests and benefits

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than that included in the aggregate amount of remuneration shown in the financial statements) by reason of a contract with a director, their firm, or one in which they have a financial interest.

Insurance of officers and directors

Premiums of \$15,600 have been paid on behalf of directors and officers for professional liability insurance. The policies cover costs in defending proceedings, civil or criminal, whatever their outcome, arising from their position, with the exception of wilful misconduct and improper use of information/position for personal advantage.

Signed in Canberra on 29 September 2023 in accordance with a resolution of directors:



Sharon Starick
Chair of the Board



Renata Paliskis
Chair - Audit & Risk Management Committee

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**STATEMENT OF PROFIT & LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	2023 \$	2022 \$
Revenue from members, associates and service providers	2(a)	14,545,671	14,010,780
Interest and Distribution income		858,807	302,824
Gain on the Sale of Fixed Assets		-	26,251
Other income	2(b)	240,779	771,247
TOTAL REVENUE		15,645,257	15,111,102
Core activities		(5,737,827)	(5,197,110)
Other activities		(6,584,813)	(7,132,789)
EADRA Cwth Reimbursement		(430,894)	(381,775)
FMD Inventory Write-down		(501,830)	(501,830)
Levy collection costs		(44,368)	(41,677)
TOTAL EXPENDITURE	3	(13,299,732)	(13,255,181)
OPERATING SURPLUS BEFORE FAIR VALUE ADJUSTMENT AND INCOME TAX EXPENSE		2,345,525	1,855,921
Fair Value Adjustment ¹		394,629	(1,113,782)
Income tax attributable to an operating surplus	1(e)	-	-
NET OPERATING SURPLUS		2,740,154	742,139

¹ Fair Value Adjustment: AHA's purchase of TCorpIM short, medium and long-term unit trusts' are classified as "Puttable financial instruments" and in accordance with accounting standards, are classified as equity, and subsequently, the AHA investments are measured at fair value through the Profit and Loss account. Revenue generated as a result of the fair value adjustment has been separately identified as revenue after operating results. This is to ensure that the operating results are not distorted by monthly market fluctuations in AHA investments.

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BALANCE SHEET AS AT 30 JUNE 2023

	Notes	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	4	705,439	590,651
Investments	4	29,545,558	27,182,219
Inventory held for distribution	5	3,316,249	3,818,079
Trade and other receivables	6	1,171,495	936,573
Other	7	145,677	127,538
TOTAL CURRENT ASSETS		34,884,418	32,655,060
NON-CURRENT ASSETS			
Property, plant and equipment	8	2,161,305	2,105,369
TOTAL NON-CURRENT ASSETS		2,161,305	2,105,369
TOTAL ASSETS		37,045,723	34,760,429
CURRENT LIABILITIES			
Trade and other payables	9	2,609,775	2,486,465
Contract Liability	10	2,504,482	3,087,025
Lease Liability	11	100,695	53,004
Employee benefits	12	467,157	400,098
TOTAL CURRENT LIABILITIES		5,682,109	6,026,592
NON-CURRENT LIABILITIES			
Lease Liability	11	1,591,680	1,692,375
Employee benefits	12	44,238	53,920
TOTAL NON-CURRENT LIABILITIES		1,635,918	1,746,295
TOTAL LIABILITIES		7,318,027	7,772,887
NET ASSETS		29,727,696	26,987,542
EQUITY			
Accumulated members' funds		29,727,696	26,987,542
TOTAL EQUITY		29,727,696	26,987,542

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 \$	2022 \$
CASHFLOW FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		14,985,010	16,964,619
Cash payments in the course of operations		(13,219,626)	(12,320,191)
Interest paid on Lease		(66,324)	(14,453)
Interest received		175,406	1,506
Net activities generated from/ (used in) operating expenses	13	1,874,466	4,631,481
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of investments		(6,500,000)	(11,000,000)
Redemption of investments		5,102,302	7,146,959
Repayment of Lease Liability		(53,004)	(344,684)
Purchase of property, plant and equipment		(308,976)	(304,911)
Sale of property, plant and equipment		-	44,102
-Net cash flows used in investing activities		(1,759,678)	(4,458,534)
Net increase in cash and cash equivalents held		114,788	172,947
Cash and cash equivalents at the beginning of the year		590,651	417,704
Cash and cash equivalents at the end of the year	4	705,439	590,651

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for the year ended 30 JUNE 2023

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Accumulated Members' Funds \$	Total Equity \$
Balance at 30 June 2022	26,987,542	26,987,542
Operating surplus for the year	2,740,154	2,740,154
Balance at 30 June 2023	29,727,696	29,727,696

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 JUNE 2023

1. SIGNIFICANT ACCOUNTING POLICIES

The financial reports of Australian Animal Health Council Limited for the year ended 30 June 2023 are issued in accordance with a directors' resolution of 27th September 2023. The principal accounting policies adopted in the preparation of the financial statements are set out below and consistently applied to the years presented unless otherwise stated.

Adoption of New and Revised Accounting Standards

The Company has adopted the new and revised Australian Accounting Standards and Interpretations applicable to its operations, which became mandatory. The adoption of these standards impacted the recognition, measurement, and disclosure of certain transactions.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(a) Basis of preparation

These general-purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit-oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The financial statements are presented in Australian dollars.

(b) Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

(c) Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, which management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The entity determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The useful lives could change. The depreciation and charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

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Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

(d) Revenue

Industry levies collected by the Commonwealth - The Australian government collects levies from AHA' industry levy members' under the authority of the Australian Animal Health Council (Live-stock Industries) Act 1996. AHA receives an amount equal to levies collected. Revenue received in accordance with the Act is treated as a non-reciprocal transfer and recognised as income when received.

Revenue from contracts with customers

Direct member subscriptions – Subscription funding for all classes of members is set by the Company at a general meeting. Subscriptions are recognised as income when the subscription becomes receivable.

Non-subscription programs revenue – Non-subscription program funding is agreed upon on a project-by-project basis, on the condition that specified project services are delivered and specific conditions met. This funding is considered to be a reciprocal transaction. Income is recognised as services are performed and conditions met. To the extent services are not met, cash received is recognised as a 'Contract Liability'.

Interest income - is recognised as accrued using the effective interest method.

Other revenue - includes minor and/or ad hoc and one-off revenue sources.

(e) Income tax

Under the provisions of Sections 50-1 and 50-40 of the Income Tax Assessment Act 1997, as amended, the Company is eligible for exemption from income tax, and currently, no tax provision has been provided for in the financial statements. Such eligibility is reviewable by the Australian Taxation Office (ATO).

(f) Other taxes

Revenues, expenses, and assets are recognised net of the goods and services tax (GST), except where the GST incurred is not recoverable from the ATO. The net GST recoverable from or payable to the ATO is included as a current asset/liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of the cash flows, arising from investing and financing activities, which are recoverable from, or

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payable to, the ATO, are classified as operating cash flows. Commitments and contingencies are stated with the amount of GST included.

(g) Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(h) Treasury policy

The Animal Health Australia (AHA) Treasury and Investments Policy is to service the funding, liquidity, and growth needs of AHA. AHA will invest surplus funds after authorisation from the Board in appropriate instruments that allow AHA to meet its funding, growth and return objectives.

(i) Inventories held for distribution

The Company holds inventories of antigens in guaranteed quantities in specialist banks in the event of a disease outbreak of anthrax or foot and mouth disease. The inventories are valued at cost less amortisation due to the guaranteed delivery over the multi-year provisioning contracts.

(j) Trade and other receivables

The Company's terms are typically settlement within 30 days, though they vary for members according to circumstances. Receivables are carried at the amount due. The collectability of debts is assessed at balance date, and provision is made for any doubtful accounts.

(k) Impairment

The Company assesses whether there is any indication that an asset may be impaired. If so, an estimate of the recoverable amount is made. Where the carrying amount of an asset exceeds its recoverable amount, it is considered impaired and written down to its recoverable amount. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows and the asset would be replaced if the Company were deprived of the asset, its value in use is taken to be its depreciated replacement cost. For 2022/23, no assets are considered to be impaired.

(l) Property, plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Non-capital repairs and maintenance are recognised as expenses are incurred. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount; these are included in the income statement.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the specific assets are as follows:

	2023
• Furniture and fittings	20%
• Office equipment	20-33 ^{1/3} %
• ICT	33 ^{1/3} %

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- Office Fitout 14.29%
- Right of use asset 14%

(m) Trade and other payables

Trade and other payables are carried at nominal cost, representing goods and services provided prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(n) Employee benefits

Current liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date, are measured at the amounts expected to be paid when the liabilities are settled.

Non-current liabilities for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made for services provided by employees up to the reporting. Consideration is given to likely future wage rises, historical trends of departures and periods of service.

(o) Accounting Policy - Leases

At the inception of a contract, the entity assesses whether a contract is or contains a lease. A contract is considered to contain a lease if it allows the entity the right to control the use of an identified asset over a period of time in return for consideration. Where a contract or arrangement contains a lease, the entity recognises a right-of-use asset and a lease liability at the commencement date of the lease.

A right-of-use asset is initially measured at cost, which is the present value of the future lease payments adjusted for any lease payments made at or before the commencement date, plus any make-good obligations. Lease assets are depreciated using the straight-line method over the shorter of their useful life and the lease term. Periodic adjustments are made for any re-measurements of the lease liabilities and for impairment losses.

(p) Contract liabilities

Contract liabilities represent the entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration or when the entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the entity has transferred the goods or services to the customer.

(q) Comparative figures

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

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2. Revenue

	2023	2022
	\$	\$
2(a) Revenue from members, associates and service providers¹		
Levy Collection ²	7,354,344	7,284,165
Direct member subscriptions	3,239,608	3,144,142
Revenue for non-subscription programs	3,951,719	3,582,473
Total revenue from members, associates, and service providers	14,545,671	14,010,780
2(b) Other Income		
Avian Influenza (AI) emergency animal disease response costs	-	72,980
Apprenticeship Training Subsidy	11,250	17,355
Duck industry voluntary levy ¹	80,000	80,000
AHA Support Services	94,263	93,936
Gate signs	36,401	2,718
Biosecurity Symposium (Apr 22)	-	484,729
Training resources	17,327	14,102
Event room hire	-	3,165
Other	1,538	2,262
	240,779	771,247

1. The duck industry made a voluntary levy contribution in 2022/23 of \$80,000 in accordance with the provisions of the deed entered into with AHA.

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3. Expenses

	2023	2022
	\$	\$
Employee Benefits Expense		
Salaries, wages, and accrued leave entitlements	4,087,796	3,809,934
Workers compensation insurance	36,436	26,233
Superannuation - defined contribution plans	413,782	351,283
Total employee benefits expense	4,538,014	4,187,450
Audit fees	35,800	32,600
Acquittal fees	-	37,957
Commonwealth member services delivery	238,153	270,881
Consultants	1,886,489	2,138,036
Contractors	663,944	743,315
Depreciation and amortisation	253,038	426,216
Directors fees	256,102	254,375
EADRA Repayments	430,894	381,775
FMD Inventory Write-down	501,830	501,830
Industry member services delivery	550,869	472,633
Information Communications Technology (ICT)	198,516	211,958
Interest	67,374	7,528
Labour Hire	89,900	115,347
Levy collection costs	44,368	41,677
Non-staff travel reimbursement	365,097	79,390
Other administration and program expenses	457,896	452,056
Property operating	53,487	54,699
Recruitment	84,603	95,070
State member services delivery	1,961,215	2,202,793
Travel & Accommodation	226,674	73,026
Venue Hire	213,249	211,554
Website / Database hosting	182,220	263,015
	8,761,718	9,067,731

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13,299,732 13,255,181

4. CASH AND INVESTMENTS

	2023	2022
	\$	\$
Cash at Bank – Cheque account	80,619	57,215
Cash at Bank – Reserve account	624,820	533,436
	705,439	590,651
INVESTMENTS¹		
Westpac 92-Day Term Deposit @2.05% p.a, maturing 22/09/22		1,500,000
Westpac 183-Day Term Deposit @2.87% p.a., maturing 22/12/22		1,200,000
Westpac 92-Day Term Deposit @2.12% p.a., maturing 29/09/22		1,300,000
Westpac 365-Day Term Deposit @0.25% p.a., maturing 02/03/23		108,709
Westpac 365-Day Term Deposit @0.25% p.a., maturing 01/01/23		82,180
NAB 90-Day Term Deposit @0.40% p.a., maturing 23/07/22		2,001,381
NAB 184-Day Term Deposit @0.70% p.a., maturing 03/11/22		1,500,000
NAB 92-Day Term Deposit @0.45% p.a., maturing 04/08/22		1,500,000
NAB 61-Day Term Deposit @0.20% p.a., maturing 05/07/22		1,500,000
NAB 61-Day Term Deposit @0.85% p.a., maturing 23/08/22		520,000
Westpac 181 Day Term Deposit @4.55% p.a., maturing 10/08/23	2,000,000	
Westpac 274 Day Term Deposit @4.10% p.a., maturing 22/09/23	1,217,267	
Westpac 273 Day Term Deposit @4.27% p.a., maturing 16/10/23	1,320,061	
Westpac 365-Day Term Deposit @3.82% p.a., maturing 02/03/24	108,709	
Westpac 365 Day Term Deposit @4.43% p.a., maturing 16/01/24	1,523,707	
NAB 365 Day Term Deposit @4.40% p.a., maturing 23/01/24	2,034,391	
Suncorp 365 Day Term Deposit @4.65% p.a., maturing 31/01/24	2,500,000	
Suncorp 365 Day Term Deposit @4.65% p.a., maturing 04/05/24	2,000,000	
TCorpIM Cash Fund	-	1,012
TCorpIM Short-Term Income Fund	10,207,739	9,835,947
TCorpIM Medium-Term Growth Fund	3,740,125	3,525,536
TCorpIM Long-Term Growth Fund	2,893,559	2,607,454
	29,545,558	27,182,219
	30,250,997	27,772,870

1. NSW Treasury Corporation (TCorp) is the financial markets' partner of the NSW public sector. TCorp helps government agencies and certain entities with a strong nexus to NSW achieve better financing investment outcomes. For further details, please refer to www.tcorp.nsw.gov.au.

AUSTRALIAN ANIMAL HEALTH COUNCIL LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 JUNE 2023

5. INVENTORIES HELD FOR DISTRIBUTION

	2023	2022
	\$	\$
Anthrax antigen bank inventory at cost	75,667	75,667
Foot & Mouth Disease antigen bank inventory at cost (2019/20 - 2024/25)	5,018,296	5,018,296
Less FMD antigen bank inventory write-down	(1,777,714)	(1,275,884)
	3,316,249	3,818,079

6. RECEIVABLES

	2023	2022
	\$	\$
Trade receivable	180,238	356,883
Interest receivable	217,758	6,432
Industry levies receivable	591,421	550,423
GST Receivable	152,626	22,835
Other receivables	29,452	-
	1,171,495	936,573

7. OTHER ASSETS

	2023	2022
	\$	\$
Prepayments	145,677	127,538
	145,677	127,538

AUSTRALIAN ANIMAL HEALTH COUNCIL LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 JUNE 2023

8. PROPERTY, PLANT AND EQUIPMENT

	Office Equip	Fixtures & fittings	ICT	Office Fitout	Right of Use Asset	Total
Cost						
Balance at 30 June 2022	56,589	46,929	263,675	502,354	1,745,379	2,614,924
Additions	1,008	521	61,546	245,901	-	308,976
Balance at 30 June 2023	57,597	47,450	325,221	748,255	1,745,379	2,923,900
Depreciation and impairment losses						
Balance at 30 June 2022	49,106	35,433	128,109	296,912	-	509,560
Depreciation for the year	5,561	9,450	55,531	37,048	145,448	253,038
Balance at 30 June 2023	54,667	44,883	183,640	333,960	145,448	762,598
Carrying amounts						
At 30 June 2022	7,483	11,496	135,566	205,442	1,745,379	2,105,369
At 30 June 2023	2,930	2,567	141,581	414,295	1,599,931	2,161,305

AUSTRALIAN ANIMAL HEALTH COUNCIL LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 JUNE 2023

9. TRADE AND OTHER PAYABLES

	2023	2022
	\$	\$
Trade accounts payable	698,238	651,483
Accrued expenses	1,833,780	1,765,732
Other	77,757	69,250
Trade and other payables	2,609,775	2,486,465

10. CONTRACT LIABILITY

	2023	2022
	\$	\$
Other program receipts not yet recognised as income	2,504,482	3,087,025
Contract Liability	2,504,482	3,087,025

11. LEASE LIABILITIES

	2023	2022
	\$	\$
Lease Liabilities	1,692,375	1,745,379
Current	100,695	53,004
Non-current	1,591,680	1,692,375

12. EMPLOYEE BENEFITS

	2023	2022
	\$	\$
Employee Benefits	511,395	454,018
Carrying amount at the end of the financial year - Current	467,157	400,098
Carrying amount at the end of the financial year - Non-Current	44,238	53,920
a) Number of employees at year-end	35	28

AUSTRALIAN ANIMAL HEALTH COUNCIL LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 JUNE 2023

13. RECONCILIATION OF CASH FROM OPERATING ACTIVITIES TO OPERATING RESULT

	2023	2022
	\$	\$
Operating result	2,740,154	742,139
<i>Non-cash flows in operating result</i>		
depreciation & amortisation	253,038	426,216
distribution income reinvestment	(477,860)	(293,199)
fair value adjustment	(394,629)	1,113,782
other movements		
<i>Net changes in working capital:</i>		
change in inventories	501,830	501,830
change in trade & other receivables	(234,922)	780,490
change in other assets	(18,139)	42,102
change in trade & other payables	59,681	444,508
change in unapplied other program funds	(559,060)	619,892
change in lease liability	(53,004)	383,854
change in lease restoration provision	-	(35,449)
change in provisions	57,377	(94,684)
Net activities generated from operating expenses	1,874,466	4,631,481

AUSTRALIAN ANIMAL HEALTH COUNCIL LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 JUNE 2023

14. RELATED PARTIES

a). Cattle Disease Contingency Fund Pty Ltd

The Company has a 25% shareholding in Cattle Disease Contingency Fund Pty Ltd (CDCF), a trustee for the Cattle Disease Contingency Fund Trust. The shareholding is in 'B' class shares, meaning the Company is not entitled to any dividends or capital returns. The Company is entitled to appoint a director, and this is included in the CEO's duties. Transactions with the CDCF as trustee were as follows:

	2023	2022
	\$	\$
REVENUE		
Received from CDCF for administrative services	13,514	13,249
Received from CDCF for portfolio management	23,251	-
	36,765	13,249

b). Sheep Industry Health and Welfare Pty Ltd

The Company has a 33.3% shareholding in Sheep Industry Health and Welfare Pty Ltd (SIHW), a trustee for the Sheep Industry Health and Welfare Trust. The shareholding is in 'B' class shares, meaning the Company is not entitled to any dividends or capital returns. AHA is entitled to appoint a director, and this is included in the CEO's duties. Transactions with the SIHW as trustee were as follows:

	2023	2022
	\$	\$
REVENUE		
Received from SIHW for administrative services	13,514	13,249
Received from SIHW for portfolio management	1,859	-
	15,373	13,249

15. KEY MANAGEMENT PERSONNEL

The Company considers key management personnel for the purposes of accounting standards, as those in positions of influence in the Company, as its Board of Directors and its executive management personnel, as listed below. Directors' and executive management personnel remuneration for the year was \$1,344,578 (2022: \$1,557,653).

Kathleen Plowman – Chief Executive Officer

Dr Samantha Allan – General Manager, Emergency Preparedness, Animal Health & Biosecurity

Adam Pate - General Manager, Customer, Strategy & Operations

Ashley Turner – Company Secretary and Head of Finance

AUSTRALIAN ANIMAL HEALTH COUNCIL LIMITED
for the year ended 30 JUNE 2023

DIRECTORS' DECLARATION

- 1 In the opinion of the directors of Australian Animal Health Council Limited (the Company):
 - (a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2023 and of their performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Simplified Disclosure Requirements and other mandatory professional reporting requirements; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

- 2 The directors have been given declarations equivalent to those required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and General Manager – Customer, Strategy, and Operations for the financial year ended 30 June 2023.

Signed in accordance with a resolution of the directors:



Sharon Starick
Chairperson of the Board



Renata Paliskis
Director and
Chair – Audit & Risk Management Committee.

Dated at Canberra, ACT, this 29th day of September 2023

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Australian Animal Health Council Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



RSM AUSTRALIA PARTNERS



GED STENHOUSE
Partner

Canberra, Australian Capital Territory
4 October 2023

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INDEPENDENT AUDITOR'S REPORT To the Members of Australian Animal Health Council Limited

Opinion

We have audited the financial report of Australian Animal Health Council Limited (the Company), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – *Simplified Disclosures under AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and the Corporations Regulations 2001.

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 Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 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 Corporations Act 2001, 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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

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Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – *Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the 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 ability of the Company 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.

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 website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



RSM AUSTRALIA PARTNERS



GED STENHOUSE
Partner

Canberra, Australian Capital Territory
4 October 2023