

AUSTRALIAN ANIMAL HEALTH COUNCIL LIMITED
ABN 86 071 890 956

FINANCIAL STATEMENTS
For the year ended 30 JUNE 2022

AUSTRALIAN ANIMAL HEALTH COUNCIL LIMITED
DIRECTORS' REPORT for the year ended 30 JUNE 2022

The directors present their report together with the financial report of the Australian Animal Health Council Limited ("the Company") for the year ended 30 June 2022 and the auditor's report thereon.

Information on directors

Name: Sharon Starick
Title: Non-Executive Chairperson
Qualifications: BAgSci (Hons), Member AICD
Experience and expertise: Extensive experience in livestock farming, industry organisation, stakeholder relationships and as a company director. AHA director since 2010. (Chairperson since 2019)
Special responsibilities: Member of Audit & Risk Management Committee.

Name: Catherine Cooper
Title: Non-Executive Director
Qualifications: LLB GDLP FAICD
Experience and expertise: Extensive experience as a corporate lawyer and directorships across agribusiness, food & health, energy, water science and technology sectors. Broad knowledge in corporate governance, stakeholder engagement and regulatory affairs. AHA director since November 2018.
Special responsibilities: Member of the People, Culture and Performance Committee.

Name: Paula Fitzgerald
Title: Non-Executive Director
Qualifications: BA (Comms), Member GIA
Experience and expertise: Extensive experience, nationally and internationally, in government and stakeholder relations, regulatory affairs and advocacy in the science and agriculture sectors, with Board and committee positions in agriculture, science and training organisations. AHA director since 2016.
Special responsibilities: Chairperson of the People, Culture and Performance Committee

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. AHA director since 2016.
Special responsibilities: Member of Audit & Risk Management Committee.

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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: **Chairperson of Audit & Risk Management Committee.**

Name: **Renata Paliskis**
Title: Non-Executive Director
Qualifications: Dip Ag Sci Ag (Hawkesbury), MBA, Grad Cert 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. AHA Director since November 2019

Special responsibilities: Chairperson 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. AHA Director since November 2020.

Special responsibilities: Member of the People, Culture and Performance Committee.

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DIRECTORS' REPORT for the year ended 30 JUNE 2022

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	6	6		
Paula Fitzgerald	7	7			2	2
Michelle Gorman	7	7	6	6		
Dr Len Stephens	7	6	6	5		
Catherine Cooper	7	5			2	2
Renata Paliskis	7	7	6	6		
Malcolm Letts	7	7			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.

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.

Review and result of operations

The net operating result of a \$0.7 million surplus primarily reflects a \$2.0 million excess of industry levy income over industry levy member expenditure offset by a \$0.8 million reduction in the unrealised valuation of investments and a \$0.5 million write-down of the foot-and-mouth disease (FMD) Vaccine bank.

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Revenue from non-subscription programs of \$3.6 million was up on budget by \$0.5 million as projects caught up on prior year activities post-COVID-19 and delivered on their 2021-22 project milestones. Levy income was \$0.1m and \$0.3m better than budget and the prior year as the impact of the flock rebuild, improved weather conditions, and higher prices increased sheep and lamb levies. The AHA EADRA levy was activated for both laying and meat chicken for the 2020 Victorian Avian Influenza (AI) response. This \$0.2m unbudgeted EADRA levy was collected and subsequently returned to the Commonwealth as per priority three (3) of the Australian Animal Health Council (livestock Industries) Funding Act 1996 (AAHC Act). Other income exceeded budget by \$0.4 million, primarily due to the income generated from the highly successful Biosecurity Symposium held on the Gold Coast in early May 2022. The event attracted three hundred fifty-eight attendees, \$0.1m in sponsorship and \$0.4m in subscriptions, with the surplus shared equally amongst event partners.

Subscription program activity of \$5.2 million was in line with both budget and the 2020/21 financial year, following members' agreement to maintain an inflationary increase at (1%) to core subscriptions, ensuring continued quality of crucial service delivery. Non-subscription program activities of \$7.5 million were \$1m greater than 2020/21 and back at 2019/20 levels utilising prior year COVID-related underspends. AHA engaged in a successful reframing exercise to deliver on the Strategic Plan and provide a more agile and responsive organisation to satisfy the ever-increasing Member and biosecurity needs into the future.

The impacts of global inflation, labour shortages and the volatility 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 (\$1.1m) at 30 June. During the 2021-22 financial year, the Board sought an adjustment to the AHA investment risk profile by moving 11% of total investments into lower-risk assets.

The increase in equity of \$0.7 million is reflected in a \$3.1 million increase in total assets (\$2.6 million increase in cash & investments and \$1.7m take up of the Right of Use Asset relating to the signing of a five and five-year lease at 243 Northbourne Avenue) offset by a \$2.3 million increase in total liabilities (\$0.8 million in contracted liabilities and \$1.7m offsetting lease liability).

State of affairs

In the opinion of directors, there has been no significant change in the state of affairs of the Company that occurred during the financial year under review, not otherwise disclosed in this report or the financial report.

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 25 and forms part of the directors' report. During 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 \$16,669 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.

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DIRECTORS' REPORT for the year ended 30 JUNE 2022

Signed in Canberra on 12th October 2022 in accordance with a resolution of directors:



Sharon Starick
Chairperson of the Board



Renata Paliskis
Chair - Audit & Risk Management Committee

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 \$	2021 \$
Revenue from members, associates and service providers	2(a)	14,010,780	12,573,525
Interest and Distribution income		302,824	1,208,562
Gain on the Sale of Fixed Assets		26,251	-
Other income	2(b)	771,247	417,835
TOTAL REVENUE		15,111,102	14,199,922
Core activities		(5,197,110)	(5,024,381)
Other activities		(7,514,564)	(6,401,225)
FMD Inventory write down		(501,830)	(501,830)
Levy collection costs		(41,677)	(42,690)
TOTAL EXPENDITURE	3	(13,255,181)	(11,970,126)
OPERATING SURPLUS BEFORE FAIR VALUE ADJUSTMENT AND INCOME TAX EXPENSE		1,855,921	2,229,796
Fair Value Adjustment ¹		(1,113,782)	(512,323)
Income tax attributable to an operating surplus	1(f)	-	-
NET OPERATING SURPLUS		742,139	1,717,473

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 2022

	Notes	2022 \$	2021 \$
CURRENT ASSETS			
Cash and cash equivalents	4	590,651	417,704
Investments	4	27,182,219	24,570,335
Inventory held for distribution	5	3,818,079	4,319,908
Trade and other receivables	6	936,573	1,717,063
Other	7	127,538	169,640
TOTAL CURRENT ASSETS		32,655,060	31,194,650
NON-CURRENT ASSETS			
Property, plant and equipment	8	2,105,369	488,678
TOTAL NON-CURRENT ASSETS		2,105,369	488,678
TOTAL ASSETS		34,760,429	31,683,328
CURRENT LIABILITIES			
Trade and other payables	9	2,547,525	2,103,017
Contract Liability	10	3,025,965	2,406,073
Lease Liability	11	53,004	344,684
Employee benefits	12	400,098	487,778
TOTAL CURRENT LIABILITIES		6,026,592	5,341,552
NON-CURRENT LIABILITIES			
Lease restoration provision		-	35,449
Lease Liability	11	1,692,375	-
Employee benefits	12	53,920	60,924
TOTAL NON-CURRENT LIABILITIES		1,746,295	96,373
TOTAL LIABILITIES		7,772,887	5,437,925
NET ASSETS		26,,987,540	26,245,403
EQUITY			
Accumulated members' funds		26,987,542	26,245,403
TOTAL EQUITY		26,987,542	26,245,403

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 \$	2021 \$
CASHFLOW FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		16,964,619	14,928,464
Cash payments in the course of operations		(12,320,191)	(12,304,932)
Interest paid on Lease		(14,453)	(27,835)
Interest received		1,506	260,844
Net activities generated from/ (used in) operating expenses	13	4,631,481	2,856,541
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of investments		(11,000,000)	(24,000,000)
Redemption of investments		7,207,941	21,016,774
Repayment of Lease Liability		(344,684)	(305,586)
Purchase of property, plant and equipment		(304,911)	(92,436)
Sale of property, plant and equipment		44,102	-
-Net cash flows used in investing activities		(4,458,534)	(3,381,248)
Net increase /(decrease) in cash and cash equivalents held		172,947	(524,707)
Cash and cash equivalents at the beginning of the year		417,704	942,411
Cash and cash equivalents at the end of the year	4	590,651	417,704

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Accumulated Members' Funds \$	Total Equity \$
Operating surplus for the year	1,717,473	1,717,473
Balance at 30 June 2021	26,245,403	26,245,403
Operating surplus for the year	742,139	742,139
Balance at 30 June 2022	26,987,542	26,987,542

AUSTRALIAN ANIMAL HEALTH COUNCIL LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 JUNE 2022

1. SIGNIFICANT ACCOUNTING POLICIES

The financial reports of Australian Animal Health Council Limited for the year ended 30 June 2022 are issued in accordance with a directors' resolution of 12th October 2022. 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) Conceptual Framework for Financial Reporting

The Company has adopted the revised Conceptual Framework from 1 July 2021. The Conceptual Framework contains a new definition and recognition criteria as well as new guidelines on measurement that affect several Accounting Standards, but it has not had a material impact on the Company's financial statements.

(b) AASB 1060 General Purpose Financial Statements – Simplified Disclosure for Profit and Not-for-Profit Tier 2 Entities

The Company has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties, tax and financial instruments.

(c) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Simplified Disclosure Requirements ('AASB-RDRs') and Interpretations issued by the Australian Accounting Standards Board ('AASB') and associated regulations and the Corporations Act 2001, as appropriate for not-for-profit 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) Statement of Compliance

The Company is a not-for-profit, private sector entity. Therefore, the financial statements of the Company are Tier 2 general purpose financial statements that have been prepared in accordance with AASB–RDRs (including Australian Interpretations) adopted by the AASB and the *Corporations Act 2001*.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Use of estimates and judgements

The preparation of financial statements in conformity with AASB-RDRs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. The estimates and associated assumptions are based on experience and other factors that are believed to be reasonable in the circumstances, the results of which form the basis of judgements regarding the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Company.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The balances to which accounting estimates apply are employee provisions, property plant and equipment, right of use assets, and lease liabilities.

(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).

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(g) Foreign currency

Foreign currency transactions are translated to Australian currency at the rate of exchange at the dates of the transactions.

(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 the following funding, growth and return outcomes:

1. To create and maintain an indexed income stream into perpetuity that will allow an ongoing contribution to the cost of AHA operations. In 2020 this cost was approximately \$250,000, and this will grow with inflation into the future.
2. To grow the reserves at a rate greater than inflation through investment performance to meet the growing financial and operational demands on the animal health and biosecurity system into the future.
3. To grow reserves at a rate greater than inflation through investment performance to meet the AHA financial requirements of future emergency disease outbreaks, in terms of financial quantum and the liquidity needs for such events, which are likely but whose timing is not able to be predicted with precision.
4. Maintain sufficient corporate liquidity position pursuant to the cash reserves policy (considering realisable assets, 12 months leasing commitment, staff contingencies such as leave and redundancy, core operating costs to date and forward three (3) months operating costs).
5. To optimise AHA's treasury and investment operations for AHA's circumstances and tax status.
6. To invest reserves in early-stage investment opportunities that allow AHA to obtain financial exposure to early-stage agricultural investments that align with the strategy of AHA, provide a pathway for AHA to make an outsized impact in key strategic areas and by providing value in excess of financial returns to AHA and its membership.

(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.

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 2021/22, 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 as follows:

	2022
• Furniture and fittings	20%
• Office equipment	20-33 ^{1/3} %
• ICT	33 ^{1/3} %
• 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 end of the financial year that is unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 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.

The lease liability is remeasured when there are changes in future lease payments arising from a change in rates, index, or lease terms from exercising an extension or termination option. A corresponding adjustment is made to the carrying amount of the lease assets.

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2. Revenue

	2022	2021
	\$	\$
2(a) Revenue from members, associates and service providers¹		
Levy Collection ²	7,284,165	7,068,970
Direct member subscriptions	3,144,142	3,132,866
Revenue for other programs	3,582,473	2,371,689
Total revenue from members, associates, and service providers	14,010,780	12,573,525
2(b) Other Income		
Avian Influenza (AI) emergency animal disease response costs	72,980	149,992
Apprenticeship Training Subsidy	17,355	92,781
Duck industry voluntary levy ¹	80,000	80,000
AHA Support Services	93,936	50,211
Gate signs	2,718	10,126
Biosecurity Symposium (Apr 22)	484,729	-
Biosecurity workshop (Dec 20)	-	3,942
Training resources	14,102	23,286
Event room hire	3,165	364
Other	2,262	7,133
	771,247	417,835

¹ Member groups consist of the Commonwealth, State/Territory governments, industry, service providers and associates. AHA's subscription programs are funded according to member resolutions at the general meeting. Other non-subscription programs are funded according to contributing members' agreement. Industry members for whom the Commonwealth collects levies under the authority of the *Australian Animal Health Council (Live-stock Industries) Act 1996* contribute by that means.

² Pursuant to the Act, an amount equivalent to the levies collected by the Commonwealth is paid to AHA. Levy collections are made up of two components, those for use by the Company in program delivery and EADRA levies, to repay previous emergency disease response events the Commonwealth has underwritten. Levies for use by industry amounted to \$6.902 million, and EADRA levies for the repayment of avian influenza events amounted to \$0.382 million (chicken meat and egg industries).

1. The duck industry made a voluntary levy contribution in 2021/22 of \$80,000 in accordance with the provisions of the deed entered into with AHA.

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3. Expenses

	2022	2021
	\$	\$
Employee Benefits Expense		
Salaries, wages, and accrued leave entitlements	3,809,934	3,889,368
Workers compensation insurance	26,233	21,857
Superannuation - defined contribution plans	351,283	363,613
Total employee benefits expense	4,187,450	4,274,838
Audit fees	32,600	30,300
Acquittal fees	37,957	-
Commonwealth member services delivery	270,881	252,530
Consultants	2,138,036	1,204,262
Contractors	743,315	716,644
Depreciation and amortisation	426,216	385,439
Directors fees	254,375	241,721
EADRA Repayments	381,775	208,565
FMD Inventory write down	501,830	501,830
Industry member services delivery	472,633	614,672
Information Communications Technology (ICT)	211,958	212,785
Labour Hire	115,347	63,702
Levy collection costs	41,677	42,690
Non-staff travel reimbursement	79,390	24,508
Other administration and program expenses	532,286	738,359
Property operating	54,699	66,184
Recruitment	95,070	34,092
State member services delivery	2,202,793	2,201,428
Venue Hire	211,554	12,860
Website / Database hosting	263,015	142,717
	9,067,731	7,695,288
	13,255,181	11,970,126

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4. CASH AND INVESTMENTS

	2022	2021
	\$	\$
Cash at Bank – Cheque account	57,215	83,948
Cash at Bank – Reserve account	533,436	333,756
	590,651	417,704
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 365-Day Term Deposit @1.20% p.a., maturing 01/01/22	-	82,180
TCorpIM Cash Fund	1,012	2,000,032
TCorpIM Short-Term Income Fund	9,835,947	10,404,783
TCorpIM Medium-Term Growth Fund	3,525,536	6,297,177
TCorpIM Long-Term Growth Fund	2,607,454	5,786,163
	27,182,219	24,570,335
	27,772,870	24,988,039

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 detail, please refer to www.tcorp.nsw.gov.au

5. INVENTORIES HELD FOR DISTRIBUTION

	2022	2021
	\$	\$
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	(1,275,884)	(774,055)
	3,818,079	4,319,908

AUSTRALIAN ANIMAL HEALTH COUNCIL LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 JUNE 2022

6. RECEIVABLES

	2022	2021
	\$	\$
Trade receivable	356,883	726,247
Interest receivable	6,432	-
Industry levies receivable	550,423	770,282
GST Receivable	22,835	118,381
Other receivables	-	102,153
	936,573	1,717,063

7. OTHER ASSETS

	2022	2021
	\$	\$
Prepayments	127,538	169,640
	127,538	169,640

AUSTRALIAN ANIMAL HEALTH COUNCIL LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 JUNE 2022

8. PROPERTY, PLANT AND EQUIPMENT

	Office Equip	Fixtures & fittings	ICT	Office Fitout	Vehicle	Right of Use Asset	Total
Cost							
Balance at 30 June 2021	70,848	132,111	212,079	296,911	44,103	749,305	1,505,357
Write-off Adj	(19,608)	(86,600)	(41,105)	-	-	-	(147,313)
Additions	5,349	1,418	92,701	205,443	-	-	304,911
Sale	-	-	-	-	(44,103)	-	(44,103)
End of Lease	-	-	-	-	-	(749,305)	(749,305)
New Lease Commitment	-	-	-	-	-	1,745,379	1,745,379
Balance at 30 June 2022	56,589	46,929	263,675	502,354	-	1,745,379	2,614,924
Depreciation and impairment losses							
Balance at 30 June 2021	52,514	107,148	105,789	220,487	31,205	499,536	1,016,679
Write-off Adj	(19,609)	(86,599)	(38,496)	-	-	-	(144,704)
Sale	-	-	-	-	(39,326)	-	(39,326)
Depreciation for the year	16,201	14,884	60,816	76,425	8,121	249,769	426,216
End of Lease	-	-	-	-	-	(749,305)	(749,305)
Balance at 30 June 2022	49,106	35,433	128,109	296,912	-	-	509,560
Carrying amounts							
At 30 June 2021	18,334	24,963	106,290	76,424	12,898	249,769	488,678
At 30 June 2022	7,483	11,496	135,566	205,442	-	1,745,379	2,105,366

9. TRADE AND OTHER PAYABLES

	2022	2021
	\$	\$
Trade accounts payable	651,483	516,645
Accrued expenses	1,765,732	1,140,188
Prepaid Revenue	61,060	296,059
Other	69,250	150,125
Trade and other payables	2,547,525	2,103,017

AUSTRALIAN ANIMAL HEALTH COUNCIL LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 JUNE 2022

10. CONTRACT LIABILITY

	2022	2021
	\$	\$
Other program receipts not yet recognised as income	3,025,965	2,406,073
Contract Liability	3,025,965	2,406,073

11. LEASE LIABILITIES

	2022	2021
	\$	\$
Lease Liabilities	1,745,379	344,684
Current	53,004	344,684
Non-current	1,692,375	-

12. EMPLOYEE BENEFITS

	2022	2021
	\$	\$
Employee Benefits	454,018	548,701
Carrying amount at the end of the financial year - Current	400,098	487,777
Carrying amount at the end of the financial year - Non-Current	53,920	60,924
a) Number of employees at year-end	28	29

AUSTRALIAN ANIMAL HEALTH COUNCIL LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 JUNE 2022

13. RECONCILIATION OF CASH FROM OPERATING ACTIVITIES TO OPERATING RESULT

	2022	2021
	\$	\$
Operating result	742,139	1,717,473
<i>Non-cash flows in operating result</i>		
depreciation & amortisation	426,216	385,794
distribution income reinvestment	(293,199)	(1,069,414)
bank charges reinvested	-	57,748
fair value adjustment	1,113,782	512,323
other movements		
<i>Net changes in working capital:</i>		
change in inventories	501,830	501,830
change in trade & other receivables	780,490	242,962
change in other assets	42,102	(72,225)
change in trade & other payables	444,508	32,892
change in unapplied other program funds	619,892	815,695
change in lease liability	383,854	(305,586)
change in lease restoration provision	(35,449)	-
change in provisions	(94,684)	37,049
Net activities generated from/ (used in) operating expenses	4,631,481	2,856,541

a). Cattle Disease Contingency Fund Pty Ltd

The Company has a 25% shareholding in Cattle Disease Contingency Fund Pty Ltd (CDCF), 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:

	2022	2021
	\$	\$
REVENUE		
Received from CDCF for administrative services	13,249	12,990
	13,249	12,990

AUSTRALIAN ANIMAL HEALTH COUNCIL LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 JUNE 2022

b). Sheep Industry Health and Welfare Pty Ltd

The Company has a 33.3% shareholding in Sheep Industry Health and Welfare Pty Ltd (SIHW), 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:

	2022	2021
	\$	\$
REVENUE		
Received from SIHW for administrative services	13,249	12,990
	13,249	12,990

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 year was \$1,557,653 (2021: \$1,507,369).

Kathleen Plowman – Chief Executive Officer

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

Adam Pate - General Manager, Customer, Strategy & Operations

Jackie Poyser – Executive Manager, Corporate Services (Resigned February 2022)

Dr Simon Humphrys – Executive Manager, Biosecurity & Product Integrity Services (Position terminated Nov 2021 due to a Board-endorsed restructure).

Ashley Turner – Company Secretary

AUSTRALIAN ANIMAL HEALTH COUNCIL LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 JUNE 2022

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 2022 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 2022.

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 12th day of October 2022

RSM Australia Partners

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www.rsm.com.au**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 2022, 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

Dated 13 October 2022

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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 2022, 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 2022 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 2022, 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
Dated 13 October 2022