



ANNUAL REPORT

Western Research Institute 2012



Annual Report 2012

27th February 2013

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Above: north facing entrance of
the Flannery Centre

BACKGROUND

WRI offers the following services:

- Economic policy development
- Market structure and assessment
- Economic impact analysis
- Cost-benefit analysis
- Industry analysis eg: competitive advantage assessment
- Economic modelling
- Market research
- Project assessment
- Education and training programmes
- Evaluation studies
- Feasibility assessments

In February 1998 the Western Coordination Group resolved to support the creation of the Western Research Institute, dedicated to research and analysis aimed at developing the Western New South Wales economy. Initial financial support was provided by Charles Sturt University; NSW Department of State and Regional Development; Department of Employment, Workplace Relations and Small Business; Central Western Regional Development Board; Orana Regional Development Board; and Far West Regional Development Board.

The Western Research Institute (WRI) was launched on 23rd February 1999. WRI is a Public Company Limited by Guarantee and is controlled by a Board of Directors.

WRI holds a wealth of knowledge on employment, business development and investment issues affecting regional Australia. It has worked with Commonwealth, State and Local Governments and industry groups on numerous investment and development programmes in regional areas. WRI has strong credentials in business and commercial market consulting and applied economic modelling including input-output analysis, shift-share, agribusiness and regional socio-economic surveys and analysis.

WRI has an extensive network of associates who provide a variety of consulting services and accordingly can offer clients integrated research solutions.

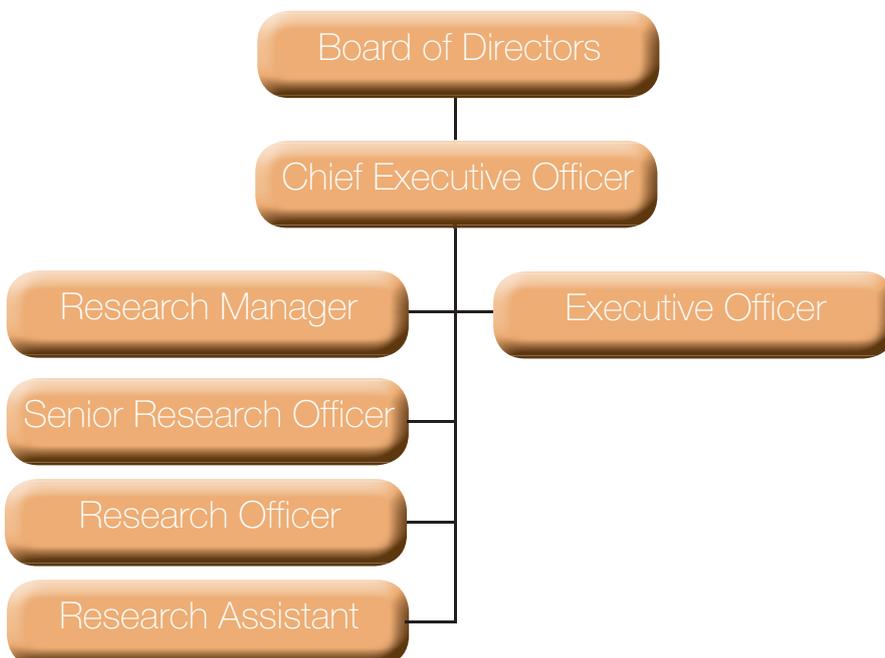
WRI is a one stop economic, social and business research consulting service, matching the range of services available from multi-national consulting firms to large companies at an affordable cost.

OBJECTIVES

WRI was established to pursue the following objectives:

1. Promoting the development of Australian agricultural resources, Australian industrial resources and Australian manufacturing resources, particularly in Western New South Wales, by providing users with a range of information, including, maintaining and providing the following services:
 - a. Assembling, updating and storing a range of relevant data in flexible retrieval form;
 - b. Regular general economic reporting for businesses and the community to facilitate informed economic decision making;
 - c. Compiling a library / bibliography of economic and related research for reference and referral; and
 - d. Conducting strategic research on key economic issues.
2. To support the objects of Charles Sturt University in the areas of regional development and applied research by providing independent, robust, relevant, credible, and high quality analysis to business, industry, government and the community in project consulting, research (including scientific research), and information delivery across all areas of economic policy.

Organisation Structure



AMBITION STATEMENT:

To be the country's leading research provider by providing research that promotes the development of Regional and Rural Australia.

BOARD OF DIRECTORS



Michael Milston – President

Milston Professional Advisory

Michael Milston is currently the Principal of Milston Professional Advisory, and previously the Director Human Services at Orange City Council, with over 24 years experience at the senior management level in local government. Michael has held a number of positions including Director and in 2006-8 NSW Vice President of the professional association Local Government Managers Australia. Michael has an honours degree in Economics and a Graduate Diploma in Education from Sydney University, and an MBA from Charles Sturt University.

Ian Davison – Vice President

Country Advertising Agency Pty Ltd

Ian Davison is Managing Director of The Country Advertising Agency based at Orange. He is also a primary producer and wine grape grower. He has served on various regional development boards in the central west over the last 25 years including the Central Western Regional Development Board, The Central West Area Consultative Council and the Bathurst Business Enterprise Centre. In 2012 Ian was elected to Cabonne Shire Council.



Peter Batten – Treasurer

Director of the TAFE NSW – Training and Education Support – Industry Skills Unit – Orange and Granville

Peter has over 30 years experience in vocational education and training with TAFE NSW. He has held positions as the Associate Director of the Primary Industries and Natural Resources Curriculum Centre and from 1999 to 2006, Peter was the Director, Educational and Student Support and Assistant Director, Educational Programs in TAFE NSW Western Institute.

Juliet Duffy – Secretary

Regional Enviroscience Pty Ltd

Juliet brings over 20 years of experience in management, ITC, marketing, and science, in both domestic and international markets. She has held director positions in numerous regional development organisations, in the regional arts and private companies. Juliet holds a MSM (Syd Uni), and is passionate about integrating the triple bottom line principles into the culture of an organisation.



Hon Ian Armstrong - Director

Chairman Macgregor Public Relations

Former Deputy Premier of NSW Ian Armstrong is one of the most recognisable and respected former politicians in New South Wales, with a distinguished political career spanning more than 20 years. Ian held a range of ministerial portfolios including Ports, Public Works, Agriculture, Rural Affairs and Fisheries between 1988 and 1995. Ian is a fellow of the Australian Institute of Company Directors. He is Chairman of the Cancer Council NSW, Western Regional Advisory Committee and a Director of a number of rural and investment companies and trusts. Ian was awarded the OBE (Order of the British Empire) in 1978 and an AM (Member of the Order of Australia) in 2009 for services to primary industry and the community.

Kate Baxter - Director

Institute Director, TAFE Western

Kate has lived and worked in rural NSW for over 25 years. She trained as a social worker and worked for ten years in a variety of roles with the health sector as well as the non-government welfare sector before commencing a career at TAFE. In May 2010 she was appointed as the Institute Director for TAFE NSW Western Institute. Kate has also served on the Central West Regional Development Board and the Board of Carewest. She holds postgraduate qualifications in social work and education.



Mark Burdack - Director

University Secretary, Director of Corporate Affairs and Director of Office of the Vice-Chancellor

Mark has previously held positions within the NSW Attorney General's Office including, Assistant Director, Executive and Strategic Services and was the Chief Executive Officer of the Australian Commercial Disputes Centre Ltd. As Director, Corporate Services and University Secretary, Mark is responsible for corporate governance, alumni relations, government relations and university development. Mark is also a member of the Board of the CENTROC Health Workforce Forum and has held appointments on the boards of the Legal Information Access Centres and Australian Fossils and Minerals Museum.

Paul Dowler - Director

Executive Director, Division of Finance, Charles Sturt University

Paul is the Executive Director, Finance at Charles Sturt University with responsibility for the division. He sits as part of the University Senior Executive and has held this position since the beginning of 2011. Prior to this, he held the position of Director, Business with CSU, a position held for 5 years. He has worked in the Higher Education sector for 22 years, with prior experience with Sydney University and University of New England and has an undergraduate degree in Accounting, a postgraduate MBA and has been a CPA since 1992.



PRESIDENT AND CEO'S REPORT

Managing change is a critical factor in the success of any business, and managing change was a significant theme for the year for both the Board of Directors and staff at WRI. Significant changes included WRI's relocation from the Bathurst campus of Charles Sturt University to a newly built, state of the art sustainable building, The Flannery Centre, and sound management of succession of the CEO.

Relocating to the Flannery Centre, while requiring significant time and effort from all of the team, has proven to be highly rewarding. The move gave WRI the opportunity to update its Information Technology infrastructure and review its everyday operations within a new office environment. This meant changing to an open plan layout and adapting to shared facilities with a new organisation, Skillset. Overall WRI staff are benefiting from working within a building that optimizes functionality and environmental sustainability, as well enjoying interaction with the Skillset team.

2012 saw a number of changes to WRI's staff. Early in 2012 WRI welcomed Senior Research Officer Kath Behrendt and later in the year, Research Officers Ivan Trofimov and Rebecca Hood. Throughout the year WRI farewelled Research Manager Kathy Sloan and Senior Research Officers Lesley Arthur and Kath Behrendt.

After almost 18 years at the helm of WRI and its predecessor RERU, Tom Murphy retired as WRI's CEO at the end of December. Tom's retirement brings to a close a significant career of service to regional economics. Tom has managed WRI since inception, and its endurance for 14 years through many difficult challenges is testament to Tom's leadership.

In light of Tom's retirement, WRI's board of directors were tasked with managing the succession of the CEO, and in October Dr. Andrew Johnson was appointed to the role. Andrew takes up the position in January 2013.

The Board commissioned JPAbusiness to facilitate a strategic planning process in early 2012 to assist with these planned changes. The Strategic Plan provided space for WRI to adapt to and engage with future opportunities and meet the challenges ahead.

WRI completed 30 projects in 2012 using a variety of research methodologies including economic and social impact analysis, cost benefit analysis, program evaluation, surveys and polls, public finance analysis, statistical analysis and presentations. Notable projects included an evaluation of a major climate adaptation awareness program operated by Central NSW Councils; support for a submission to the Local Government Review panel and a number of economic impact studies for industry including paper and pork production and processing. WRI also completed two large educational projects, one looking at factors influencing the performance of CSU students, and the other, the role of skill sets in the vocational education and training sector.



Left: the gallery and hub of the Flannery Centre during the inaugural Flannery Centre Art Prize exhibition.

ANNUAL REPORT 2012

Right: the courtyard adjacent to WRI's new offices in the Flannery Centre



WRI research contributed a number of tangible, positive, regional impacts in 2012. Specifically WRI reports underpinned two successful Regional Development Australia (RDA) applications for a state of the art, regional centre for athletics in Dubbo and a major upgrade to the airport at Orange in New South Wales.

Additionally, WRI's research projects resulted in the inclusion of meat processing in the compensation provided to offset some the effects of the carbon tax; and supported applications for funding for medical education at Charles Sturt University (CSU) and social inclusion programs at Western College in Dubbo, NSW.

WRI also provided training in economic impact methods to State Water Corporation, and for the third consecutive year, to visiting academics from China through an AusAid Fellowship Program with CSU. The AusAid program has proved to be successful for both WRI, CSU and the visiting academics, with two refereed articles published in international journals in 2012.

In 2012 WRI continued to provide pro bono economic development advice, assistance and presentations. This included advice to the NSW Government Economic Zone Inquiry; presentations at the Bathurst Business Chamber budget response evening and the Agricultural and Resource Economics Society Sydney; the NCVAR Conference in Adelaide; the UniMutual Conference in Penrith and presentations to other various voluntary organisations such as Probus and Rotary clubs throughout the year.

Of particular significance, WRI presented at two international conferences during 2012. In partnership with WRI, Professors John Hicks (CSU) presented the paper "Economic Impact Vs Cost Benefit Analysis: the case of Mt Panorama" at the Sport and Society Conference in Cambridge, UK in April. In July, CEO Tom Murphy presented the paper "Exports and Energy Consumption in China, an Input-Output perspective" to the Business and Economics Society International conference in Salzburg, Austria.

The many challenges and changes that occurred during 2012 impacted WRI's finances. Overall, WRI's income for 2012 was lower than in previous years, and combined with a number of extraordinary expenses, including the office relocation, and a short term decrease in capacity, this resulted in a significant loss for the 2012 financial year. However, going forward, WRI begins 2013 with minimal liabilities, increased assets and a healthy reserve base.

WRI greets 2013 with a team of both experienced and new staff. The new staff bring new skill sets, harnessing the strengths of the new team, to meet existing and new markets that will be crucial to ensuring WRI's ongoing sustainability. While WRI will continue to deliver the economic research services that has been its mainstay over the last 14 years, the range of research services WRI offers is likely to broaden in the coming years, particularly with the introduction of new staff, and meeting the challenges identified in the Strategic Plan.

WRI STAFF 2012

WRI is a regional development research organisation located in Bathurst, New South Wales. WRI holds a wealth of knowledge on employment, business development and investment issues affecting regional Australia. It has worked with Commonwealth, State and Local Governments and industry groups on numerous investment and development programs in regional areas. WRI has strong credentials in business and commercial market consulting and applied economic modelling including input-output analysis, shift-share, agribusiness and regional socio-economic surveys and analysis.

Mr Tom Murphy - CEO

B.Ec. (Hons I) M.Sc. (Econ) Lancaster

Tom Murphy was WRI's founding CEO and held this position from 1999 until his retirement in December 2012. Under Tom's leadership WRI completed over 300 projects for all levels of government and government departments, industry groups, businesses, financial institutions, regional development boards and community groups, and educational institutions including universities, TAFE and schools in NSW, Victoria and Queensland.

Tom previously held academic positions as senior lecturer in Economics and Director of the Regional Economics Research Unit in the Faculty of Commerce, Charles Sturt University, Bathurst and positions at the University of New England and Macquarie University. He has also held the positions of Economic Analyst with the Office of National Assessments in Canberra, with responsibility for the ASEAN economies and Senior Consultant with KPMG Peat Marwick Management Consultants.

Tom's particular expertise is in regional economics and labour markets, and he has published in a wide range of economic subject areas in refereed and non-refereed articles, books and textbooks. Tom has a high local media profile in Western NSW for economic and social commentary and also features regularly on national radio particularly in connection to the quarterly agribusiness survey conducted for Westpac Australia wide.

Ms Danielle Ranshaw – Research Manager

B.Ec&Fin NSW

Danielle's experience in project management in the information technology sector combined with qualifications in economics and finance provides a solid background for WRI projects. With skills in systems design and development, Danielle has been able to extend WRI's capability in developing robust and increasingly complex systems to support research fieldwork. Additionally, Danielle has extensive experience in business process analysis, performance planning and review, report writing and project planning.

Dr. Ivan Trofimov - Research Officer

PHD (Macquarie) MEcSt (UNE) MA (Auckland)

Ivan is an economic and public policy analyst and brings experience in macroeconomics, corporate governance and international trade to WRI projects. Prior to joining WRI, he worked in corporate advisory firms, focusing on economic research and evaluation of corporate governance practices, and in a peak industry body, responsible for pharmaceutical policy formulation in Australia. He was also involved in consulting projects for the Commonwealth Secretariat, APEC Research Centre (New Zealand) and Pacific Islands Trade and Investment Commission. Ivan holds a PhD in Applied Economics (Macquarie) and master degrees in agricultural and development economics (UNE) and (Auckland). He has published several papers in international economic journals.

Ms Rebecca Hood - Research Officer

BBus (Fin/Acc) With Distinction CSU

After working in the Financial Services Industry for several years coupled with a degree in Finance and Accounting from CSU, Rebecca brings strong skills in finance, economics, business and accounting to WRI projects. Rebecca's extensive experience in the finance field and her high level understanding of current market knowledge gives Rebecca a solid understanding of the financial needs of regional and rural Australia. Having prior experience with local councils and retail, Rebecca also brings a robust understanding of the needs of regional businesses to her role at WRI

Ms Dale Curran – Executive Officer

BA ANU

Dale is responsible for all administrative processes at WRI including executive support, finance, management of the Board of Directors and maintenance of policies. She has worked in a variety of roles at WRI, including Fieldwork Supervisor and Research Assistant, and has worked on several community and business surveys. Dale brings a high level of organisational skill to her role as Executive Officer.

Ms Lesley Arthur – Senior Research Officer

BSc. Bio Sc (Hons), MSc Tech Ec.

Lesley is an experienced researcher with particular expertise in the areas of inter-industry modelling, including input-output analysis, statistical analysis, market analysis and forecasting. Since joining WRI Lesley has been involved in a diverse range of projects encompassing a variety of industry sectors. Her strengths are in strong analytical skills and in the preparation of concise reports. Prior to joining WRI, Lesley was a Director with KPMG Peat Marwick Management Consultants in Australia and Malaysia.

Ms Kath Behrendt - Senior Research Officer

BFA, GradDip AgEc, MEcST (Economics) (UNE)

Kath has a professional background in agricultural economics, resource economics and accounting. She has worked in both the private and public sectors and has extensive experience in agribusiness planning and development, economic and financial analysis, and small business management. Kath's strengths lie in bioeconomic modelling, cost-benefit analysis, and efficiency and productivity analysis.

Ms Kathy Sloan – Research Manager

BAppSc (Geography) Canberra, GDip InfoSys CSU

Kathy is responsible for the overall management of projects for WRI, which includes allocating resources, ensuring timeframes and budgets are met and monitoring compliance with the quality assurance system. Kathy has extensive experience in designing and conducting surveys including the national Westpac / CSU Agribusiness Index and Regional Skills and Labour Needs Survey for the Victorian Government. She has a background in data analysis and research working with the ACT Government and Charles Sturt University and has developed and delivered a wide range of training for TAFE Western and the local community college.

Dr Guy West - Associate

Professor Guy West is experienced in regional economics with specialisation in applied quantitative economics. Current research interests include the theory and application of inter-industry models particularly in an integrated spatial econometric framework, the nature of economic structure at the regional and national levels, and regional economic projection, planning and growth. This revolves primarily around the study and identification of economic structure, involving concepts such as fundamental economic structure, structural change and evolution.

Dr. West has published extensively in international journals at both theoretical and empirical levels. He is an accomplished computer programmer and has developed a number of specialised economic models for analysing structural change, as well as more generalised software for inter-industry analysis. Some of this software is used extensively in universities in Australia, US, UK and Europe. He has been actively involved in consulting and advisory work in the area of economic impact analysis, planning, development and economic policy for federal, state and local government and the private sector.

WRI STAFF 2013

Following a thorough search, the WRI Board has approved the appointment of Dr Andrew Johnson who will commence as WRI's CEO from early January 2013.

Dr Johnson's appointment comes at a point of renewal for WRI and follows the appointment of two new research staff. Dr Ivan Trofimov has come from Macquarie University with a PhD in agricultural economics, and research experience in professional services and industry. Rebecca Hood joins WRI with a finance background and is a graduate of CSU and a Bathurst local.

Dr Johnson was previously the Director of Research Development at the University of Newcastle, NSW. He has led and developed complex research collaborations such as CRC bids and Industry, Government and University collaborative research centres.

Andrew, Ivan and Rebecca join the highly experienced, committed and long term team members Danielle Ranshaw, Research Manager and Dale Curran, Executive Officer.

WRI continues its commitment to regional development as part of its objects and the new team ensures that the region will have an ongoing capability to inform and provide evidence to promote our region.

'We are delighted that Dr Johnson, who brings substantial skills in research leadership, collaboration and business development, will bring a new approach to WRI as its new CEO.' Michael Milston, President.



WRI Staff continuing in 2013 (L to R) Ivan Trofimov, Rebecca Hood, Andrew Johnson, Danielle Ranshaw and Dale Curran

A life devoted to vital research

By LOUISE EDDY

AFTER 14 years at the helm of the Western Research Institute, Tom Murphy closed his door at the Flannery Centre for the final time yesterday.

Prior to that, he spent four years with the Regional Economics Research Unit at CSU, so there is a fair chance that Mr Murphy knows more facts and figures about this area than anyone around.

He agreed, admitting that he has worked on more than 500 projects in his time.

In fact he doesn't think there is a topic he hasn't looked at - from early childhood to dementia and aged care.

Mr Murphy has also researched every industry from agriculture to mining and manufacturing.

As times have changed there have been more projects to do with petrol prices, sustainability, the carbon tax and communications.

"We have looked at all these topics - the Central West is an exciting place to do research," he said.

"I have found it most enjoyable because it has given me the opportunity to talk to people from all walks of life."

Mr Murphy will continue to help out with some projects with the WRI into the new year.

He said the WRI was set up to address the imbalance in the attention focused on Sydney, Newcastle and Wollongong.

"One of the most satisfying things is that before we came along such research would typically be done in the city," Mr Murphy said.

"I have been lucky to have had some wonderful staff over time - 60 or more - and interestingly enough most have been drawn from the local area."

Mr Murphy was born in Lithgow and left at 5 to go to Sydney, growing up at Five Dock.

He worked at Macquarie Uni where he taught economics. He came to Bathurst in 1978 lecturing in economics and finance at Mitchell College.

'I have found it most enjoyable because it has given me the opportunity to talk to people from all walks of life.'

Mr Murphy then moved on to Canberra where he worked for three years in the office of National Assessments and then KPMG in 1989.

He also completed various study leaves in England and Queensland.

Mr Murphy returned to Bathurst in 1990 teaching and working in the Regional Economic Research Unit until 1995.

"The old Colleges of Advanced Education encouraged economics staff to do research in industry so I was asked by Vice Chancellor Professor Cliff Blake and the Dean of Business Professor John Hicks to set up the unit to do research that would help economic development in NSW," he said.

"The first thing we looked at was country petrol prices."

"We learned that country petrol prices were not high because of freight - the oil companies were just charging country people more."

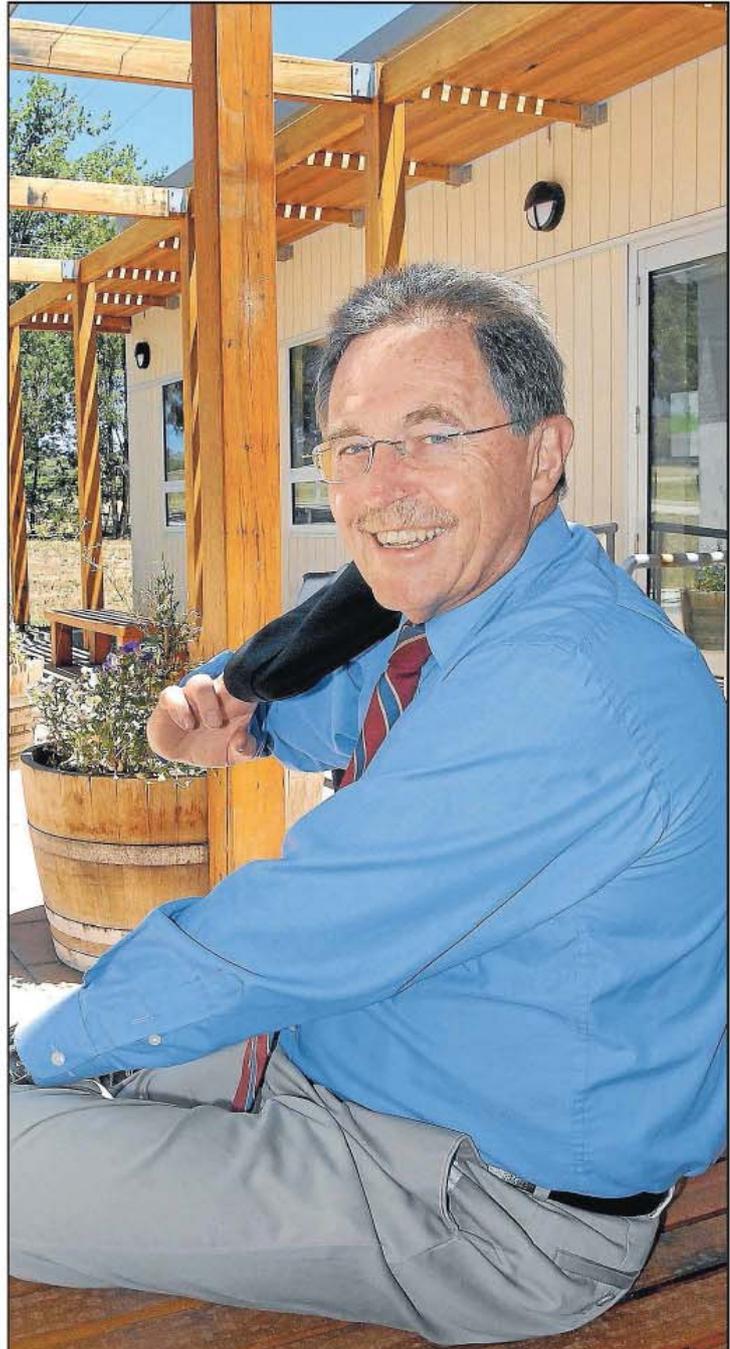
"This research was taken up by the head of the ACCC and now the gap is much less than it was in those days," Mr Murphy said.

He said he enjoyed teaching but he found it very interesting to research different issues.

The WRI developed a range of techniques which could be applied elsewhere, for example in crime statistics.

He said some of the most challenging things about his job were the deadlines and the small budgets.

He said it is also challenging



GOOD TIMES AHEAD: Tom Murphy retired yesterday as CEO of the Western Research Institute after 14 years of researching regional issues. Photo: CHRIS SEABROOK

sometimes to tell people what they don't want to hear.

"In many cases people are arguing a particular case and sometimes we have to tell them the facts don't line up with what they want," Mr Murphy said.

"But one of the advantages of running a research unit is that is a very much a team effort."

"I've worked with some excellent people over the years. Some have moved on to greater things so obviously it has stood them in good stead."

Mr Murphy and his wife Barbara have four children - the last one has just finished Year 12.

Now he intends to do a bit of home maintenance, a little

paid work, some voluntary work and quite a bit of travel.

He intends to travel to Africa, go canoeing in France and visit the battlefields of Western Europe and Russia. He will also do some teaching in China.

Mr Murphy will also be competing in the Cole Classic Swim in Manly in February.

FAREWELL TOM



WRI Staff past and present attending a farewell for Tom (L to R): Dale Curran, Sue Jones, Ivan Trofimov, Tom Murphy, Danielle Ranshaw, Rebecca Hood, Luciana Harris and Rachel Jackson

The retirement of Tom Murphy from WRI is a major milestone for both Tom and the WRI. Having grown and developed under Tom's guidance, expertise and intellectual integrity for all of its existence, WRI is well placed now to face future challenges. We are all grateful for Tom's commitment over the years and for his foresight in establishing a regionally focused and based research organisation to further the contribution to regional development. We wish Tom well in the future and thank him for his years of dedication to WRI.

Michael Milston, President WRI

Farewell from Tom Murphy

As retiring CEO I wish to thank current and past staff, current and past board members, CSU, clients, media, regional development organisations and other stakeholders who have provided wonderful support to WRI over the last 14 years. It has been a privilege to provide research to support regional Australia and I am very confident that WRI will continue to effectively provide this service in 2013 and beyond. I offer my best wishes for the future to WRI and all who are associated with WRI.



Tom with Charles Sturt University Chancellor Lawrie Willett and Mayor of Bathurst Monica Morse

REGIONAL CENTRE FOR EXCELLENCE IN ATHLETICS: DUBBO, NSW

The success of the analysis has been credited by RDA Orana as a key component in the success of Dubbo City Council's RDAF grant application.

Murray Wood

Director Parks and Landcare
Services, Dubbo City Council

\$3.5 million dollars of federal funding was secured through the Regional Development Australia fund second round for the Barden Park regional centre for excellence in athletics, for Dubbo NSW.

The successful application included independent analysis completed by WRI, commissioned by Dubbo City Council.

WRI's report found that the centre for excellence in athletics would boost participation in sport across the region, create almost 40 full-time jobs in the North Western Statistical division and contribute \$4.5 million in gross regional product. In addition to the improved health and wellbeing across the region, particularly for the indigenous community, through increased participation in sport.

Dubbo City Council Mayor, Matthew Dickerson (Left) with Parks and Landcare Director Murray Wood.

Source: *Dubbo Daily Liberal*, 6th June 2012



ORANGE AIRPORT UPGRADE

\$1.27 million dollars in state funding was announced in September, and \$4.9 million dollars in federal funding was announced in June plus an additional \$2.5 million from Newcrest, for an upgrade to the Orange airport.

In their application for funding, Orange City Council used independent research from WRI.

WRI analysis revealed the benefits of the airport upgrade:

- The construction phase will create 93 full time equivalent jobs in the Central West and generate \$10.5 million in GRP.
- In its first five years of operation, the upgraded airport will create 126 full time jobs and \$13.5 million in GRP in its fifth year.
- Other benefits identified with upgrading the airport included: additional passenger flights, increased training opportunities, expansion of existing aviation businesses, time savings for commuters, increased charter services, improved connections to support the health, education and tourism sectors and additional mining jobs being located in the Central West.
- The expansion will make it more efficient for larger aircraft models to land at Orange Airport.

The report was a component in a successful large grant application across federal and state governments. The work assisted in illustrating the regional economic benefit and cost/benefit return of a significant infrastructure upgrade to the Orange Airport. WRI was able to deliver a quality report in a timely manner within a tight timetable that had been set by the funding body.

Chris Devitt

Director - Technical Services Orange City Council



WORKFORCE SKILLS DEVELOPMENT AND ENGAGEMENT IN TRAINING THROUGH SKILL SETS

NCVER 'NO FRILLS' CONFERENCE 2012

WRI's Danielle Ranshaw and Kathy Sloan joined John Mills (TAFE NSW) at the 21st NCVER "No Frills" conference in Adelaide in July. At this conference, John presented the findings of an NCVER funded research project undertaken jointly by TAFE NSW, WRI and Kaye Bowman Consulting. The research investigated the merit of skill sets as part of the more flexible skilling solutions required to meet enterprise workforce skills development needs and to engage individuals in VET. The presentation was extremely well attended and generated much discussion.

WRI's Danielle Ranshaw, in conjunction with Kaye Bowman of Kaye Bowman consulting and with John Mills and David Crean of TAFE NSW have recently had a research report published by the National Centre for Vocational Education Research (NCVER). The article, *Workforce skills development and engagement in training through skill sets*, examines the role skill sets (groupings of competencies below qualification level) play, compared with full qualifications, in the VET system. The report looks at a case study of agrifoods students.

In conjunction with the publication of the report, John Mills from TAFE NSW was invited to present the findings of the study at the 21st NCVER 'No Frills' Conference in Adelaide in July.



John Mills, Manager Industry Team from TAFE Training and Education Support, Industry skills unit in Orange presenting the findings at the NCVER 'No Frills' Conference in Adelaide in July 2012.

EXPORTS AND ENERGY CONSUMPTION IN AUSTRALIA: AN INPUT-OUTPUT PERSPECTIVE

In 2012 WRI hosted a group of 6 academics visiting from China through an AusAid Fellowship Program in partnership with Charles Sturt University (CSU). 2012 is the third consecutive year WRI and CSU have delivered a program of seminars looking at input-output modelling. This year, WRI collaborated with Professor Clem Tisdell from the University of Queensland and Professor Srikanta Chatterjee from Massey University as well as Dr. PK Basu, Professor John Hicks and Deirdre Keogh from CSU to deliver Input-Output training focusing on a range of research topics.

During their visit to Bathurst, Professor Shi Yutian gave a presentation at the Flannery Centre looking at *Exports, Energy and the Environment in China: an input-output perspective*. The presentation was based on a paper successfully published in the International Journal of Business and Economics research and is a result of research conducted in collaboration with WRI and CSU during the 2011 session of the fellowship program.

Business and Economics Society International Conference (B&ESI)

Following the successful publication of *'Trade and environment in China: an input-output perspective on the pollution haven hypothesis'* in the International Journal of Business and Economics Research, Tom was invited to discuss the paper in a presentation at the Business and Economics Society International Conference in Salzburg, Austria in July.



Chinese academics with WRI's Tom Murphy and CSU academics (L to R), Wei Wang, Chen Jie, Huiquin Liu, Yutian Shi, Tom Murphy, Professor John Hicks (CSU), Ersi Liu, Dr. PK Basu (CSU), Zhang Zhiyuan, Dierdre Keogh (CSU).

COMPLETED PROJECTS 2012

Measuring Impact

- Development of an Economic Impact model for the Australian Beef and Sheep meat processing industry for Australian Meat Industry Council (AMIC)
- Economic Impact Report: Pig production and pigmeat processing in Australia for Australian Pork Limited
- Australian Red Meat Industry Modelling for AMIC
- Economic benefit of the proposed Orange Regional Airport expansion for Orange City Council
- Red Meat Industry Carbon Tax Modelling - Pilot project plant and firm level analysis for AMIC
- Murrumbidgee Valley Input-Output Table for State Water
- Economic Impact of the Macquarie Orange Pipeline for Orange City Council
- Growing participation and skills in rural, regional and remote health cost effectiveness analysis for Charles Sturt University (CSU)
- Demographic snapshots of the red meat industry for the Australian Meat Processor Corporation
- Provision of Input Output Training for Chinese academics through an AusAid Fellowship Program with CSU
- Economic Impact of Australian Paper
- Cost Benefit Analysis of Research and Development for SG Heilbron and Associates
- Cost Benefit Analysis of the Carbon Tax on Meat and Livestock Australia for SG Heilbron and Associates

Analysing Workforce

- Workforce skills development and engagement in training through skill sets with TAFE NSW Education Training and Support, Industry Skills Unit and Kaye Bowman consulting
- Workforce skills development and engagement in training through skill sets - Literature Review with TAFE NSW Education and Training, Industry Skills Unit and Kaye Bowman Consulting
- Cost Benefit Analysis of Western College

Understanding Sentiment

- Bass Coast Economic Monitor for Westpac Wonthaggi

Promoting Regional Development

- Data Collection for Central West Community College (now VERTO)
- Referendum for Mayoral Election: Summary of the Yes/No Case for Orange City Council
- Submission to Establishment of special economic zones inquiry
- Response to Federal Budget Presentation for Bathurst Chamber of Commerce
- Presentation to Gulgong Council on Socio-economic impact of The MAC Services Group development at Gulgong
- Presentation to Unimutual
- Presentation on Cost-benefit Analysis versus Input-Output for Australian Agricultural and Resources Economics Society
- Response to the NSW Independent Local Government review panel for Cabonne Shire Council
- Report on proposed special rates increase for Parkes Shire Council

Conference Presentations

- Exports and Energy Consumption in China an Input/Output Perspective presented at the Business and Economics Society International Conference in Salzburg, Austria
- Economic Impact versus Cost Benefit Analysis: The case of Mount Panorama, presented at the Sport and Society Conference in Cambridge, UK

Published Articles

- Trade and environment in China: an input-output perspective on the pollution haven hypothesis, in the International Journal of Economics and Business Research
- Workforce skills development and engagement in training through skill sets published in NCVET Monograph Series 11/2012
- Workforce skills development and engagement in training through skill sets: Literature Review in National Vocational Education and Training Research and Evaluation Program Occasional Paper.

LINKAGES

Local Government

- Bathurst Regional Council
- Central NSW Councils (CENTROC)
- Councils in the Barwon Darling Alliance
- Dubbo City Council
- Lithgow City Council
- Orange City Council
- Cowra Shire Council
- Parkes Shire Council
- Cabonne Shire Council

Government

- Department of State and Regional Development
- Department of Planning, Heritage Office

Industry Groups

- Australian Pork Limited
- Australian Meat Industry Council
- Australian Meat Processing Council
- Albury Wodonga Corporation
- Arts OutWest
- Bells Line Expressway Group
- The Water Directorate
- Applied Economics
- Lachlan Valley Water
- Skillset
- State Water Corporation

Business

- Perpetual Regional Infrastructure Fund
- V8 Supercars Australia Pty Ltd
- SG Heilbron and Associates
- The MAC Services Group

Education

- Charles Sturt University
- Deakin University
- TAFE WESTERN
- University of Ballarat
- University of Technology—Sydney
- Bond University
- Chifley Business School
- Griffith University
- James Cook University
- TAFE NSW Education and Training Support Industry Skills Unit

Financial Institutions

- Westpac Banking Corporation
- Reliance Credit Union
- Marketmad.com

Regional Development Australia

- Orana
- Central West
- Far West
- Murray

Associates

- Adjunct Professor Guy West, BEcon (Hons I), MEc Stud, PhD (UQ).
- Dr Terence M Dwyer, BA (Hon) BEc (Hon) (Syd), PhD (Harvard).
- Selwyn G Heilbron BA (Kent), MSc (Univ London) PhD (Cambridge).
- Professor John Hicks, BCom, DipEd MA (Melbourne), PhD Massey.
- Mr Terry Larkin, BEc (Syd), MA (Harvard), MPA (Harvard).
- Dr Kishor Sharma, PgDipMgt Iml, MEc TUNepal, PhD La Trobe.
- Adjunct Professor Greg Walker, MCom DipEd NSW, PhD Macq.
- Dr. Kaye Bowman, Kaye Bowman Consulting

WESTERN RESEARCH INSTITUTE LIMITED

ABN 76 090 089 991

(A COMPANY LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

For the year ended 31 December 2012

WESTERN RESEARCH INSTITUTE LIMITED

ABN 76 090 089 991

(A COMPANY LIMITED BY GUARANTEE)

DIRECTORS' REPORT

For the year ended 31 December 2012

In accordance with the Corporations Act 2001, we, the Directors of Western Research Institute Limited, report as follows:

OPERATING RESULTS

The loss of the company for the year ended 31 December 2012 amounted to \$137,605. (2011: Profit \$51,125)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the company.

PRINCIPAL ACTIVITIES

The principal activity of the company continues to be the provision of research services.

EVENTS AFTER THE REPORTING PERIOD

The company is not aware of any matters or circumstances that have arisen since 31 December 2012 that have significantly affected or may significantly affect:

- ♦ the operations of the company;
- ♦ the results of operations; and
- ♦ the state of affairs of the company in subsequent years.

DIVIDENDS

Under its constitution the company is prohibited from paying dividends.

OPTIONS

No options over issued shares or interests in the company were granted during or since 31 December 2012 and there are no options outstanding as at the date of this report.

ENVIRONMENTAL

The operations of the company are not regulated by any significant environmental regulation under the law of the Commonwealth or State or Territory

INDEMNIFICATION OF OFFICERS

During 2012, no Director of Western Research Institute Limited has received or has become entitled to receive, a benefit because of a contract made by Western Research Institute Limited, a related company, with the Director, or with a firm of which the Director is a member, or an entity in which the Director has a substantial financial interest. The Directors are covered by the following insurance policy:

Directors' & Officers' Liability Protection Member or Affiliate Reimbursement Protection
Chubb Insurance Company of Australia Ltd
Policy No: 933 062 40
Expiry Date: 1st November 2013

WESTERN RESEARCH INSTITUTE LIMITED

ABN 76 090 089 991

(A COMPANY LIMITED BY GUARANTEE)

DIRECTORS' REPORT

For the year ended 31 December 2012

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the past year.

DIRECTORS

The names of the Company Officers at the date of this report, together with their qualifications, experience and special responsibilities are as follows:

NAME	OTHER INFORMATION	QUALIFICATIONS	PERIOD AND OTHER RESPONSIBILITIES	NUMBER OF MEETINGS DURING THE PERIOD 01/01/2012 to 31/12/2012	
				HELD WHILST A DIRECTOR	ATTENDED
DIRECTORS					
Ian Armstrong	Chairman, MacGregor PR	Fellow of the Australian Institute Company Directors Director Unions University Schools Club Sydney Director Newington College	Director since 2011 Retired December 2012	3	1
Peter John Batten	Director, TAFE NSW Training and Education Support - Industry Skills Unit - Orange and Granville	Bachelor of Science (Wool and Pastoral Science) (UNSW); and Diploma of Education (Technical) (Sydney Teachers College).	President 2000 - 2010 Treasurer 2011 - 2012	4	3
Catherine Baxter	Institute Director, TAFE Western Institute	BA Social Work, U Syd Masters Social Administration, Flinders Uni Master of Education, University of Technology Grad Dip Counselling, MCAE Grad Dip VET; CSU	Director since 2011	4	3

WESTERN RESEARCH INSTITUTE LIMITED

ABN 76 090 089 991

(A COMPANY LIMITED BY GUARANTEE)

DIRECTORS' REPORT

For the year ended 31 December 2012

NAME	OTHER INFORMATION	QUALIFICATIONS	PERIOD AND OTHER RESPONSIBILITIES	NUMBER OF MEETINGS DURING THE PERIOD 01/01/2012 to 31/12/2012	
				HELD WHILST A DIRECTOR	ATTENDED
Mark Burdack	Director, Corporate Affairs and University (CSU) Secretary	BA, BLegS (Hon), Macquarie University	Director since 2009	4	4
Ian Davison	Country Advertising Agency Pty Ltd	Marketing, Charles Sturt University	Director since 2001 Vice President 2011 - 2012	4	2
Paul Dowler	Executive Director Finance Division Charles Sturt University	BBus MitchellCAE, MBA CSturt, CPA	Director since 2011	4	2
Juliet Lee Duffy	Director, Regional Enviroscience	MSM Syd Uni	Director since 2005 Secretary since 2007	4	3
Michael Grouse Milston	Milston Professional Advisory	BEc (Hons) - Univ of Sydney, Dip Ed - Univ of Sydney, MBA - CSU	Director since 2000 Vice President 2005-2011 President 2011 - 2012	4	4

WESTERN RESEARCH INSTITUTE LIMITED
ABN 76 090 089 991
(A COMPANY LIMITED BY GUARANTEE)

DIRECTORS' REPORT
For the year ended 31 December 2012

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required under section 307C of the Corporations Act is set out on page 6 and forms part of the directors report for the year ended 31 December 2012.

Signed in accordance with a resolution of the Board:



Michael Milston
Director

Dated at Bathurst this 27th day of February 2013



Ian Davison
Director

Dated at Bathurst this 27th day of February 2013

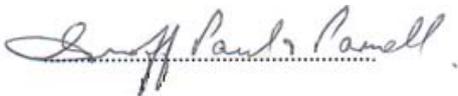
Lead Auditor's Independence Declaration

Under Section 307C of The Corporations Act 2001

To the Directors of Western Research Institute Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Western Research Institute Limited for the financial year ended 31 December 2012 there have been:

- (a) no contraventions of the auditor independence requirements as set out in The Corporations Act 2012 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



Graff Paul & Parnell
Chartered Accountants
107 Bentinck Street
Bathurst NSW 2795



Len Graff
Partner

Dated this 28th day of February 2013



WESTERN RESEARCH INSTITUTE LIMITED

ABN 76 090 089 991

(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Note	2012 \$	2011 \$
REVENUE			
Consulting	2	536,377	754,257
Interest Income		22,549	21,380
Membership		800	1,000
Other		1,311	2,297
TOTAL REVENUE		561,037	778,934
EXPENSES			
Administration Expenses		107,805	106,877
Consulting Expense		25,370	111,824
Employee Benefits Expense	3	515,059	500,518
Finance Costs		139	126
Recruitment Expense		30,617	-
Depreciation & Amortisation		19,652	8,464
TOTAL EXPENSES		698,642	727,809
SURPLUS/ (DEFICIT) FOR THE YEAR		(137,605)	51,125

WESTERN RESEARCH INSTITUTE LIMITED

ABN 76 090 089 991

(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2012

	Note	2012 \$	2011 \$
ASSETS			
CURRENT ASSETS			
Cash & Cash Equivalents	4	385,592	585,772
Trade and Other Receivables	5	43,857	66,139
Other Assets	6	31,116	6,853
TOTAL CURRENT ASSETS		460,565	658,764
NON-CURRENT ASSETS			
Property, Plant & Equipment	7	51,378	31,334
Financial Assets	8	10	10
TOTAL NON-CURRENT ASSETS		51,388	31,344
TOTAL ASSETS		511,953	690,108
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	9	39,015	54,768
Provisions	10	37,892	49,908
Income in Advance		41,460	54,241
TOTAL CURRENT LIABILITIES		118,367	158,917
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		118,367	158,917
NET ASSETS		393,586	531,191
EQUITY			
Accumulated Funds		393,586	480,066
TOTAL EQUITY		393,586	531,191

WESTERN RESEARCH INSTITUTE LIMITED

ABN 76 090 089 991

(A COMPANY LIMITED BY GUARANTEE)

CASH FLOW STATEMENT

For the year ended 31 December 2012

	Note	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from Operations		528,765	770,843
Interest Received		22,549	21,380
Payments to Suppliers & Employees		(711,659)	(696,234)
Finance Costs		(139)	(126)
NET CASH FLOWS (USED IN) / FROM OPERATING ACTIVITIES	16	(160,484)	95,863
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Plant & Equipment		(39,696)	(19,680)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(39,696)	(19,680)
NET (DECREASE) / INCREASE IN CASH & CASH EQUIVALENTS		(200,180)	76,183
Cash & Cash Equivalents at the beginning of the year		585,772	509,589
Cash & Cash Equivalents at the end of the year	4	385,592	585,772

WESTERN RESEARCH INSTITUTE LIMITED

ABN 76 090 089 991

(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Note	2012 \$	2011 \$
TOTAL EQUITY AT THE START OF THE FINANCIAL YEAR		531,191	480,066
Surplus (Deficit) for the year		(137,605)	51,125
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR		<u>(137,605)</u>	<u>51,125</u>
TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR		<u><u>393,586</u></u>	<u><u>531,191</u></u>

WESTERN RESEARCH INSTITUTE LIMITED

ABN 76 090 089 991

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1 (a) INFORMATION ABOUT REPORTING ENTITY

Western Research Institute Limited is a not for profit entity incorporated in Australia as a company limited by guarantee on 21 December 1999. In accordance with the Constitution, the liability of each member, in the event of the company winding up, is limited to \$50.00.

The registered office for Western Research Institute Limited is Charles Sturt University, Research Station Drive, Bathurst NSW.

The principal activity of the company during the year was the provision of research services.

The financial statements have been authorised for issue to the Board of Directors on 24 February 2012.

1 (b) BASIS OF PREPARATION

The financial statements are a general purpose financial report and have been prepared in accordance with:

- (i) Australian Accounting Standards and Interpretations;
- (ii) International Financial Reporting Standards;
- (iii) Corporations Act 2001; and
- (iv) Public Finance and Audit Act 1983 and Regulations 2005.

Judgments, key assumptions and estimates management has made are disclosed in the relevant notes to the financial report.

The financial report has been prepared in the basis of accrual accounting and in accordance with historical cost convention. All amounts are expressed in Australian dollars.

1 (c) PROVISIONS

- (i) Salaries and Wages, Annual Leave and On-Costs

Liabilities for salaries and wages (including non-monetary benefits) and annual leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when liabilities are settled.

Long-term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 Employee benefits.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

WESTERN RESEARCH INSTITUTE LIMITED

ABN 76 090 089 991

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Long Service Leave and Superannuation

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is estimated on the basis of certain factors applied to employees with number of years of service, using current rates of pay.

The defined contribution superannuation expense for the financial year is calculated as a percentage of the employees' salary.

(iii) Other Provisions

Other provisions exist when there is a present legal or constructive obligation as a result of a past event. It is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

1 (d) TAXATION

The Income Tax Assessment Act 1997 under Sub-division 50-B, exempts the Company from income tax. Consequently no provision for income tax is required and the principles of tax effect accounting have not been adopted.

1 (e) GOING-CONCERN

The financial report is prepared on a going-concern basis.

1 (f) FINANCIAL INSTRUMENTS

Financial instruments give rise to positions that are a financial asset of either the Company or its counterparty and a financial liability (or equity instrument) of the other party. For the Company these include receivables and payables.

In accordance with AASB132 "Financial Instruments: Presentation" and AASB 7 "Financial Instruments :Disclosure" information is disclosed in Note 13 in respect of the risks associated with all financial instruments. All such amounts are carried in the accounts as fair value unless otherwise stated. The specific accounting policy in respect of each class of such financial instrument is stated hereunder.

Classes of instruments recorded at amortised cost comprise:

- receivables
- payables

All financial instruments including revenue, expenses or other cash flows arising from instruments are recognised on an accrual basis.

1 (g) PAYABLES

Payables represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition. Payables are carried at amortised cost and due to their short term nature they are not discounted.

WESTERN RESEARCH INSTITUTE LIMITED

ABN 76 090 089 991

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1 (h) RECEIVABLES

Receivables are recognised on an accrual basis initially at fair value and subsequently measured at amortised cost using effective interest method, less allowance for impairment.

1 (i) REVENUE RECOGNITION

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the specific accounting policies for the recognition of revenue is discussed below.

(i) Grants

Grants are generally recognised as income when the Company obtains control over the assets. Control over grants is normally obtained upon the receipt of cash.

(ii) Consultancy Services

Consultancy service revenue is recognised when the service is provided or by reference to the stage of completion.

(ii) Interest Revenue

Interest revenue is recognised as it accrues.

1 (j) ACQUISITION OF ASSETS

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Company. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Fair value is the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

1 (k) CAPITALISATION THRESHOLDS

Plant and equipment and intangible assets costing \$500 and above individually (or forming part of a network costing more than \$500) are capitalised.

1 (l) REVALUATION OF PLANT AND EQUIPMENT

Physical non-current assets are reported at fair value in accordance AASB 116 Property, Plant and Equipment.

The Company's plant and equipment is comprised of non-specialised computer and office equipment with short useful lives. The carrying value approximates fair value.

WESTERN RESEARCH INSTITUTE LIMITED

ABN 76 090 089 991

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1(m) DEPRECIATION

Depreciation is provided on a straight line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the entity.

The following depreciation rates are used in calculation of depreciation.

Office Equipment	33.3%
Furniture Fittings	10%

1(n) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

- (i) The Company did not adopt any of the following standards early in the preparation of its financial report.
- AASB 2009-11: Amendments to Australian Accounting Standard - Business Combinations among Not-for-Profit Entities.
 - AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10.
 - AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 and AASB 138 and Interpretations 1 and 12]
 - AASB 2009-2: Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation [AASB 7, AASB 101, AASB 132 and AASB 139 and Interpretation 2]

It is considered that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial report of the Company.

NOTE 2 CONSULTANCY REVENUE

	2012	2011
	\$	\$
Business Related	536,377	754,257
TOTAL CONSULTANCY REVENUE	536,377	754,257

NOTE 3 EMPLOYEE RELATED EXPENSES

	2012	2011
	\$	\$
Wages	473,910	446,969
Super	41,149	46,183
Other	-	7,366
TOTAL EMPLOYEE RELATED EXPENSES	515,059	500,518

WESTERN RESEARCH INSTITUTE LIMITED

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(A COMPANY LIMITED BY GUARANTEE)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

NOTE 4 CASH AND CASH EQUIVALENTS

Cash at Bank	385,295	585,432
Cash on Hand	297	340
TOTAL CASH AND CASH EQUIVALENTS	<u>385,592</u>	<u>585,772</u>

NOTE 5 TRADE AND OTHER RECEIVABLES

Trade Debtors	43,857	66,139
TOTAL TRADE AND OTHER RECEIVABLES	<u>43,857</u>	<u>66,139</u>

NOTE 6 OTHER ASSETS

Prepayments	11,892	6,853
Accrued Income	19,224	-
TOTAL OTHER ASSETS	<u>31,116</u>	<u>6,853</u>

NOTE 7 PLANT & EQUIPMENT

Office Equipment	53,732	65,962
Less: Accumulated Depreciation	<u>30,385</u>	<u>54,553</u>
Carrying Amount at Fair Value	<u>23,347</u>	<u>11,409</u>
Furniture & Fittings	31,761	18,712
Less: Accumulated Depreciation	<u>13,014</u>	<u>13,145</u>
Carrying Amount at Fair Value	<u>18,747</u>	<u>5,567</u>
Software	15,219	15,219
Less: Accumulated Amortisation	<u>5,935</u>	<u>862</u>
Carrying Amount at Fair Value	<u>9,284</u>	<u>14,357</u>
TOTAL PLANT & EQUIPMENT	<u>51,378</u>	<u>31,333</u>

WESTERN RESEARCH INSTITUTE LIMITED

ABN 76 090 089 991

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

NOTE 7 PLANT & EQUIPMENT (CONTINUED)**RECONCILIATIONS**

Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the current and previous financial years are set out below:

	Total Plant & Equipment \$ Year Ended 31-Dec-12	Total Plant & Equipment \$ Year Ended 31-Dec-11
Carrying amount at start of year	31,333	20,118
Additions	13,049	19,680
Disposals	- 26,648	-
Depreciation Expense	19,652	8,464
Carrying amount at fair value at end of year	51,378	31,333

NOTE 8 FINANCIAL ASSETS

	2012 \$	2011 \$
Shares in Reliance	10	10
TOTAL FINANCIAL ASSETS	10	10

NOTE 9 TRADE AND OTHER PAYABLES

Trade Creditors	1,674	1,252
Accrued Salaries	5,036	5,795
GST Payable	9,287	16,116
Superannuation Payable	10,060	13,737
PAYG Withholding Payable	10,479	14,112
Other Payables	2,479	3,756
TOTAL TRADE AND OTHER PAYABLES	39,015	54,768

NOTE 10 PROVISIONS

Provision for Employee Entitlements - Annual Leave	27,605	25,995
Provision for Employee Entitlements - Long Service Leave	10,287	23,913
TOTAL PROVISIONS	37,892	49,908

WESTERN RESEARCH INSTITUTE LIMITED

ABN 76 090 089 991

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

NOTE 11 AUDITOR'S REMUNERATION	2012	2011
	\$	\$
Audit of the Company's Financial Report		
- The Audit Office of NSW	-	8,000
- Graff, Paul & Parnell, Chartered Accountants	4,000	8,575
TOTAL AUDITOR'S REMUNERATION	4,000	16,575

NOTE 12 DIRECTORS REMUNERATION

The Directors act in an honorary capacity and do not receive remuneration in connection with the management of the affairs of the Company.

NOTE 13 RELATED PARTIES

(a) 2012

The names of Directors who have held office during the financial period are:

Ian Armstrong	Ian Davison
Katherine Baxter	Paul Dowler
Peter Batten	Juliet Duffy
Mark Burdack	Michael Milston

(b) Remuneration

Information in remuneration of Directors is disclosed in Note 12.

(c) Controlling Entity

Charles Sturt University has been the controlling entity of the Company until 30 June 2010. The Company reassessed its relationship with the university and determined that it is not a controlled entity from July 2010.

(d) Related Party Transactions

Charles Sturt University provides a range of administrative support services. Until 30 June 2010, these services (including office accommodation facilities, electricity and other utility services and subsidies travel) were provided at no charge or at reduced value to the Company.

The value of these services were not quantified or reported in the financial statements in the past. However, the services will be charged to the Company from 1 July 2010.

NOTE 14 ECONOMIC DEPENDENCY

The company's revenue stream and operations were dependant upon the ongoing financial and other support of its controlling entity, the Charles Sturt University up to 30 June 2010.

From 01 July 2010, the company is no longer supported by Charles Sturt University.

WESTERN RESEARCH INSTITUTE LIMITED

ABN 76 090 089 991

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

NOTE 15 FINANCIAL INSTRUMENTS

The Company's principal financial instruments are outlined below. These financial instruments arise directly from the company's operations.

The Company's main risks arising from financial instruments are outlined below together with the Company's objectives, policies and processes for measuring and managing risk. The Board of Directors has overall responsibility for the establishment and oversight of risk management reviews and agrees policies for managing each of these risks.

(a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's exposure to market risk are minimal as it has no borrowings or other price risk associated investments. The Company has no exposure to foreign currency risk.

(b) Interest Rate Risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to interest rate risks and the effective interest rates of financial assets and liabilities, both recognised and unrecognised at the balance sheet date are as follows:

2012	<i>Weighted av. Interest rate (p.a.)</i>	Floating interest rate	Non-interest bearing	Total
		\$	\$	\$
FINANCIAL ASSETS				
Cash	4.50%	385,592	-	385,592
Receivables		-	43,857	43,857
TOTAL FINANCIAL ASSETS		385,592	43,857	429,449
FINANCIAL LIABILITIES				
Payables		-	39,017	39,017
TOTAL FINANCIAL LIABILITIES		-	39,017	39,017
2011	<i>Weighted av. Interest rate (p.a.)</i>	Floating interest rate	Non-interest bearing	Total
		\$	\$	\$
FINANCIAL ASSETS				
Cash	5.60%	585,772	-	585,772
Receivables		-	66,139	66,139
TOTAL FINANCIAL ASSETS		585,772	66,139	651,911
FINANCIAL LIABILITIES				
Payables		-	54,768	54,768
TOTAL FINANCIAL LIABILITIES		-	54,768	54,768

WESTERN RESEARCH INSTITUTE LIMITED

ABN 76 090 089 991

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

NOTE 15 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit Risk

Credit risk is the risk of financial loss arising from another party to a contract or financial position failing to discharge a financial obligation there under. The Company's maximum exposure to credit risk is represented by the carrying amounts of the financial assets and liabilities included in the balance sheet.

(d) Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due. The Company continuously manages risk through monitoring future cash flows. The Company's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

(e) Sensitivity Analysis

A sensitivity analysis presents the effect on profit and equity due to possible change in interest rate, price and foreign exchange risks. Because the Company is not exposed to any of these risks a sensitivity analysis is not presented in this financial report.

NOTE 16 RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES WITH SURPLUS (DEFICIT) FOR THE YEAR

	2012	2011
	\$	\$
Surplus (Deficit) for the year	(137,605)	51,125
Depreciation	19,652	8,464
Decrease / (Increase) in Receivables	22,282	41,998
Decrease / (Increase) in Other Assets	(24,263)	12,275
Increase / (Decrease) in Payables	(15,753)	3,344
Increase / (Decrease) in Provisions	(12,016)	7,366
Increase / (Decrease) in Income in Advance	(12,781)	(28,709)
Net Cash flows/(used in) from operating activities	(160,484)	95,863

NOTE 17 COMMITMENTS

Operating Lease Commitments

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

Payable - minimum lease payments

- not later than 12 months	20,000	11,667
- between 12 months and five years	85,000	108,333

The property lease is a non-cancellable lease with a three year term, plus an option to renew for a further three years.

WESTERN RESEARCH INSTITUTE LIMITED
ABN 76 090 089 991
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

NOTE 18 CONTINGENT ASSETS OR LIABILITIES

The Company is not aware of any contingent assets or liabilities existing at 31 December 2012 (2011:Nil)

NOTE 19 EVENTS AFTER BALANCE SHEET DATE

There have not been any significant events in the interval between the end of the financial year and the date of this report that may effect the operations, the results of the Company, or require disclosures.

END OF FINANCIAL STATEMENTS

WESTERN RESEARCH INSTITUTE LIMITED

ABN 76 090 089 991

(A COMPANY LIMITED BY GUARANTEE)

DIRECTORS' DECLARATION

For the year ended 31 December 2012

In accordance with a resolution of the Directors of Western Research Institute Limited and pursuant to the Corporations Act 2001, we, the Directors of the Western Research Institute Limited state that:

- 1 The attached general purpose financial statements and notes present a true and fair view of the financial position and performance of the Company at 31 December 2012 and the results of its operations and transactions of the Company for the year then ended;
- 2 The financial statements and notes have been prepared in accordance with the provisions of Corporations Act 2001;
- 3 The financial statements and notes have been prepared in accordance with Australian Accounting Standards and Interpretations;
- 4 We are not aware of any circumstances which would render any particulars included in the financial reports to be misleading or inaccurate; and
- 5 There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

For and on Behalf of the Board in accordance with its resolution:



Michael Milston
Director

Dated at Bathurst this 27th day of February 2013



Ian Davison
Director

Dated at Bathurst this 27th day of February 2013

Independent Auditor's Report

To the Members of Western Research Institute Limited

We have audited the accompanying financial report of Western Research Institute Limited, which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility 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 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 is free from material misstatement, whether due to fraud or error. In Note 1(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 judgement, 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 of the financial report that gives a true and fair view 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

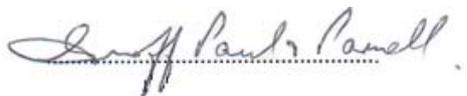
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Western Research Institute Limited, would be in the same terms if given to the directors as at the time of this auditor's report.



Opinion

In our opinion:

- a) the financial report of Western Research Institute Limited is in accordance with the *Corporations Act 2001*, including:
 - i) giving a true and fair view of the company's financial position as at 31 December 2012 and of its performance for the year ended on that date; and
 - ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(b).



Graff Paul & Parnell
Chartered Accountants
107 Bentinck Street
Bathurst NSW 2795



Len Graff
Partner

Dated this 28th day of February 2013

