



**aamri**

Association of Australian  
Medical Research Institutes

Association of Australian Medical  
Research Institutes Ltd

ACN 144 783 728

ABN 12 144 783 728

**ANNUAL REPORT**

**YEAR ENDED 30 JUNE 2017**

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## DIRECTORS' REPORT

The Board of Directors present this report of the Association of Australian Medical Research Institutes Limited (the Company) for the financial year ended 30 June 2017.

### PRINCIPAL OBJECTIVES

The Association of Australian Medical Research Institutes (AAMRI) is the peak body for Australia's independent medical research institutes (MRIs). At 30 June 2017, AAMRI had 47 member institutes.

The principal objectives of the Company during the reporting period were to:

1. represent the interests and needs of MRIs to government, industry and the public;
2. coordinate communication between the MRIs and improve scientific and administrative collaboration amongst those institutes and other research organisations;
3. advocate for the creation of a fiscal and regulatory environment that will ensure the efficient conduct of research, and the practical application of that research; and
4. ensure that government, industry and the public are aware of the contributions that medical research makes to improving human health, particularly through the activities of MRIs.

The principal objectives of the Company were changed by special resolution of the members at a general meeting on 14 July 2016. The general purpose of the principal objectives of the Company has not changed.

### STRATEGY FOR ACHIEVING THESE OBJECTIVES

AAMRI aims to achieve its objectives through the following key mechanisms:

#### Advocate for high level policy reform

- Promote the broader health and economic benefits of medical research.
- Advocate for sustainable and predictable investment in all stages of medical research commensurate with the future health needs of the nation.
- Campaign for the full capitalisation of a Medical Research Future Fund and provide strategic advice on how to get the most from the new opportunities it will deliver.
- Develop policies that encourage diversity and strength within the research workforce.

#### Be a trusted source of authoritative advice and information

- Build a solid evidence base by collating and analysing existing information, and address knowledge gaps through the development of new authoritative reports and papers.
- Base policy and advocacy activities on strong evidence and insights from our members and other stakeholders.
- Inform and influence government policy, regulation and funding decisions through regular consultations and formal submissions.

## DIRECTORS' REPORT (CONT)

### Build the positive profile and strong voice of our members

- Build a solid evidence base by collating and analysing existing information, and address knowledge gaps through the development of new authoritative reports and papers.
- Base policy and advocacy activities on strong evidence and insights from our members and other stakeholders.
- Inform and influence government policy, regulation and funding decisions through regular consultations and formal submissions.

### Represent, engage and connect members

- Provide sector leadership, representing members in areas of shared concern.
- Act as an information and networking hub for members and external stakeholders, and coordinate member involvement in advocacy, consultations and AAMRI's strategic direction.
- Actively recruit members to augment our resources and capabilities to address the array of state and federal matters affecting our member organisations.
- Ensure a governance and organisational structure that maximises the continuity, fairness and quality of our services to members.

## DIRECTORS' REPORT (CONT)

### PRINCIPAL ACTIVITIES DURING THE YEAR

#### Advocate for high level policy reform

The continued effort by AAMRI over multiple years in advocating for the establishment of the Medical Research Future Fund (MRFF) came to fruition in 2017 with the first medical research projects awarded investment from MRFF. First announced at the 2013-14 Federal Budget, AAMRI played a central role in founding the MRFF Action Group which advocated for the Fund's establishment.

Throughout 2016 and 2017 AAMRI has continued to advocate for the full capitalisation of the \$20 billion Medical Research Future Fund. The fund now stands at \$6.8 billion and made its first \$66 million worth of medical research investments in 2017. The capitalisation of the fund is on track and the 2017 budget papers projected that the fund will reach \$20 billion by 2020-21, and at that point the MRFF will investing around \$1 billion in medical research each year.

With the MRFF established and funding flowing out to projects, AAMRI has established a cross-sector working group to start considering how the sector can get the most from the new opportunities the fund will bring. AAMRI is also working with other peak bodies to advocate for high level strategic thinking on how the fund can best operate in conjunction with other funding opportunities, such as through the National Health and Medical Research Council (NHMRC), the Biomedical Translation Fund, and through other philanthropic and commercial sources.

A major undertaking by AAMRI came in response to Government's changes to Australia's migration program in April 2017. These changes included the removal of core medical researcher positions (as well as other science positions) from the skilled occupation lists used to determine visa eligibility. The removal of these occupations meant that MRIs, universities and hospitals were severely restricted in recruiting outstanding international scientists, thereby severely weakening Australia's competitive position in medical research. Other changes included the introduction of a new two year work experience requirement which could potentially make it more difficult to recruit bright international PhD graduates to post-doctoral positions.

A comprehensive submission was put forward to the Government outlining the need for this decision to be changed, and AAMRI met with relevant Ministers to put forward the case for ongoing access to top international medical research talent. When the skilled occupation list was updated on 1 July, the medical researcher occupations were restored to the skilled occupation list, and the recruitment of international scientists could once again proceed. AAMRI's continued representations has resulted in being provided with advice by the Department of Immigration and Border Protection that experience gained during the course of a PhD will count towards the new two year work experience requirement.

Other policy highlights in 2016-17 include the release of the *National Research Infrastructure Roadmap*, the development of the *Innovation and Science Australia 2030 Strategic Plan*, as well as the first investments being made from the \$500 Biomedical Translation Fund. Working with others in the sector AAMRI has long advocated for these initiatives, and has provided input into their design.

#### Be a trusted source of authoritative advice and information

## DIRECTORS' REPORT (CONT)

A major priority for AAMRI throughout the year has been to provide input into the *Structural Review of the NHMRC Grant Program*. Members of the Expert Advisory Group for the review include SAHMRI Director and AAMRI Board member, Professor Steve Wesselingh (Chair), and AAMRI President, Professor Doug Hilton. In consultation with our members AAMRI has put forward two influential submissions and has responded to NHMRC requests for input on multiple occasions. The priority areas outlined by AAMRI have largely been responded to in the review, and AAMRI is continuing to provide input during the implementation of the new grant program. Applications will open under the new NHMRC Grant Program in 2019 for funding in 2020.

Full and equitable funding for the indirect costs of research for MRIs and hospitals continues to be the primary concern for AAMRI's members. In 2016 the rate of payment through the NHMRC Independent Research Institute Infrastructure Support Scheme (IRIISS) dropped to a record low of 18 cents per NHMRC research dollar, two cents below the scheme's policy. AAMRI has been advocating for an immediate return to 20 cents, as well as the need for indexation of the total IRIISS pool of funding in line with indexation for NHMRC research grants through the Medical Research Endowment Account. AAMRI is continuing to work with the Department of Health and the Department of Education and Training to advocate for indirect cost funding reforms for the whole sector, as well as to find a sustainable solution to fund the indirect costs associated with MRFF funded research.

AAMRI has continued to highlight to the Federal Government the importance of FBT exemptions (and the need to index them with inflation) to ensure MRIs are able to compete with national and international organisations to attract the best researchers and other highly skilled staff.

AAMRI continues to be consulted during the development of major government policy science and innovation initiatives, and has provided strategic input through consultations, submissions, workshops and roundtables. This has included providing input to the Innovation and Science Australia 2030 Strategic Plan, the Review of the Australian Code for the Responsible Conduct of Research, the NHMRC consultation A Framework for NHMRC Assessment and Funding of Clinical Trials and Cohort Studies, and the 2016 Research Infrastructure Roadmap.

Improving collaboration between medical research institutes and industry continues to be a priority for AAMRI. To assist members in this area AAMRI has developed a series of legal templates that members can use including a mutual confidentiality agreement, a collaboration agreement, and a material transfer agreement. Further templates will be developed in 2017-18.

Members efforts in Victoria to jointly work together to advocate for increased investment from the State Government were rewarded in the State Budget. Following this success, AAMRI has been examining different structures to establish State chapters of AAMRI. The purpose of these State chapters would be to increase the engagement between medical research institutes and State Governments.

### Build the positive profile and strong voice of our members

AAMRI has continued to build its own profile and that of its members through media and social media platforms, government relations, and engagement with related peak bodies.

## DIRECTORS' REPORT (CONT)

AAMRI is frequently contacted to provide media comments on the latest developments in the sector and promotes the successes of its members. A number of op-ed pieces and other media articles with contributions from the AAMRI President have been published throughout the year, as well as important media releases issued to coincide with sector developments. In response to the changes to the visa program, the AAMRI President featured in extended news pieces on ABC and SBS, as well as in print media.

The first AAMRI Member report was published to coincide with the 2016 AAMRI Convention. This report for the first time sets out by numbers the size and significance of the MRI sector. Key sections of the report have been turned into videos and infographics highlighting the success of the MRIs, which in turn have been shared on AAMRI's social media platforms, and have been referenced in other sector documents. A special brochure, *Shining Lights*, outlining major MRI achievements has been distributed throughout the sector, as well as to key politicians and stakeholders.

AAMRI continues to be a member of the National Research and Innovation Alliance, working with 15 other science, research and higher education peak bodies to promote strong support for science and research in Australia.

Following the amendments last year to AAMRI's constitution the objectives and membership eligibility criteria have been expanded to include non-independent MRIs (including university-, government- and hospital-based MRIs), as well as those medical research hubs with a constituent AAMRI member institute. This has resulted in two new university members joining AAMRI, the Monash Biomedicine Discovery Institute and the Kirby Institute (UNSW). AAMRI also welcomed the independent MRI, the Black Dog Institute as a member.

### Represent, engage and connect members

A major undertaking for AAMRI in 2016-17 was representing independent MRIs in the Fair Work Commission's Four-Year Review of Modern Awards (Education Group), in particular, opposing the National Tertiary Education Union's (NETU's) application to have independent MRIs captured under the Higher Education Industry Awards. AAMRI, working with Professionals Australia, has devoted substantial resources into opposing the NTEU's application, and in parallel has submitted a joint application to extend the Professional Employees Award to cover the approximately 30 per cent of MRI researchers not currently covered by the award. The final hearings in the case were held in March 2017 and an outcome is expected later in the year.

AAMRI is continuing to liaise with Microsoft Australia on behalf of independent MRIs about re-emerging issues with Microsoft charity and not for profit volume licensing programs. Microsoft has recently deemed MRIs are no longer eligible to participate in these programs but has offered to extend discounts for a further 12 months for MRIs. AAMRI is continuing to seek a long-term sustainable outcome for the sector.

In response to the re-emerging licensing issues, AAMRI has established an MRI IT Manager's Network. This network is sharing ideas and advice on the latest developments relating to cloud

## DIRECTORS' REPORT (CONT)

services, IT security, benchmarking, data management, and enterprise architecture. The group will have their first workshop meeting in late 2017.

Members were updated on policy and political developments, sector news and AAMRI activities via AAMRI's monthly e-newsletter, MRFF updates and regular communications. AAMRI also continued to administer virtual networks of MRI Grant Managers, Chief Financial Officers and has in place a network for HR managers.

The 2016 AAMRI Convention was held in Canberra on 9-10 November, was attended by over 100 representatives from members institutes, and included speeches from the Prime Minister, the Hon Malcolm Turnbull MP, the Minister for Health and Aged Care, the Hon Sussan Ley MP, and the Leader of the Opposition, the Hon Bill Shorten MP. At the Convention, the Prime Minister launched the Australian Medical Research Advisory Board (AMRAB) Strategy and Priorities, which are being used to guide the future direction of the MRFF.

## DIRECTORS' REPORT (CONT)

### KEY PERFORMANCE INDICATORS

	2014-15	2015-16	2016-17
<b>Advocate for high level policy reform</b>			
Letters to Federal Parliamentarians	14	7	23
Meetings with Federal Parliamentarians and advisors	~80	13*	26
Meetings with Federal department representatives	~20	17	20
<b>Be a trusted source of authoritative advice and information</b>			
Formal Government submissions	15	9	16
Fact sheets, brochures & policy papers	5	3	7
Government working groups & boards	1	2	1
<b>Build the positive profile and strong voice of our members</b>			
Media mentions – press, radio, TV (syndicated)	56	35**	51
Opinion pieces and articles	8	3	3
Media releases	25	17	23
Videos released	-	50	18
Websites	2	3	3
Twitter followers	1,400	2,100	3,340
Facebook impressions	-	100,000	16,300
YouTube Channel views	-	5,400	1,555
<b>Represent, engage and connect members</b>			
E-newsletters	15	13	12
E-newsletter subscribers	420	515	601
Events and external speaking engagements	5	8	6

### Finances

Revenue of \$674,253 was generated during the financial year ended 30 June 2017, resulting in a surplus of \$34,087.

\*The variation in the number of meetings with Federal Parliamentarians and their advisors is explained by increased activity in 2014-15 in support of the establishment of the Medical Research Future Fund.

\*\* This figure does not include more than 1,500 screenings of the What's the Fuss campaign television commercial over three months on Channels 7, 9 and 10, at no cost to AAMRI. The commercial value of this free television advertising is worth close to \$1 million.

## DIRECTORS' REPORT (CONT)

### DIRECTORS

The table below lists Directors as at 30 June 2017.

Name	Position	First Appointed
Prof Jonathan Carapetis	Director	28 October 2014
Prof Brendan Crabb	Director	20 October 2011
Prof Tony Cunningham	President	29 October 2013
Prof Frank Gannon	Director	29 October 2013
Prof Michelle Haber	Director	29 October 2013
Prof Douglas Hilton	Past President	27 August 2010
Mr Peter Scott	Director	6 March 2013
Prof Steve Wesselingh	Director	29 October 2013

Professor Tony Cunningham assumed the role of President on 10 November 2016.

### COMPANY SECRETARY

Nicole den Elzen held the position of Company Secretary for the period 1 to 3 July 2016.

Peter Thomas was appointed Company Secretary on 4 July 2016

### DIRECTORS' QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

<b>Prof Jonathan Carapetis</b>	<b>Director</b>
Qualifications	MBBS, PhD, FRACP, FAFPHM, FAHMS
Experience	<ul style="list-style-type: none"> <li>• Executive Director, Telethon Kids Institute</li> <li>• Professor, University of Western Australia (UWA)</li> <li>• Infectious Diseases Consultant, Princess Margaret Hospital for Children</li> <li>• Member, Executive Board, WA Health Translation Network</li> <li>• Member, Youth Justice Board, Department of Corrective Services WA</li> <li>• Member, WA Immunisation Strategy Implementation Steering Committee (WAISISC)</li> <li>• Chair, Clinical Advisory Group, WA RHD Control Program</li> <li>• Council Member, National Health and Medical Research Council</li> </ul>
Special Responsibilities	None
<b>Prof Brendan Crabb</b>	<b>Director</b>
Qualifications	AC, BSc (Hons), PhD, FAHMS

## DIRECTORS' REPORT (CONT)

Experience	<ul style="list-style-type: none"> <li>• Director and CEO, Macfarlane Burnet Institute for Medical Research and Public Health Ltd</li> <li>• Professor (Adjunct), The University of Melbourne and Monash University</li> <li>• Chair, PATH/Malaria Vaccine Initiative, Vaccine Science Portfolio Advisory Council, USA</li> <li>• Chair, AMREP (Alfred Medical Research and Education Precinct)</li> <li>• Board Member, AMREP Animal Services Pty Ltd</li> <li>• Board Member, Research Australia</li> <li>• Council Member, National Health and Medical Research Council</li> <li>• Member, Scientific Advisory Board, Monash Institute of Pharmaceutical Sciences (MIPS)</li> <li>• Member, Scientific Advisory Board, Malaria Program, Wellcome Trust Sanger Institute, UK</li> <li>• Board of Management, Gene Technology Access Centre (GTAC)</li> </ul>
Special Responsibilities	None

### **Prof Tony Cunningham**      **President**

Qualifications	AO, MBBS, FRACP, FRCPA, FASM, FAHMS, MD
Experience	<ul style="list-style-type: none"> <li>• Executive Director, Westmead Millennium Institute for Medical Research</li> <li>• Professor of Research Medicine, University of Sydney</li> <li>• Sub-Dean (Research), Westmead Clinical School, Sydney Medical School</li> <li>• Director, Australian Centre for HIV and Hepatitis Virology Research (ACH2)</li> <li>• Board Member, Westmead Medical Research Foundation</li> <li>• Board Member, Marshall Institute, UWA</li> <li>• Chair, Westmead Research Hub Executive</li> <li>• Member, Westmead Research Hub Council</li> <li>• Member, Global Advisory Board on Adult Vaccines, Merck</li> </ul>
Special Responsibilities	None

### **Prof Frank Gannon**      **Director**

Qualifications	BSc (Hons), PhD, FAHMS
Experience	<ul style="list-style-type: none"> <li>• Director and CEO, QIMR Berghofer Medical Research Institute</li> <li>• Honorary Professor, The University of Queensland and Queensland University of Technology</li> <li>• Board member Bimini Ltd (Ireland)</li> <li>• Director, Q-Pharm Pty Ltd</li> <li>• Board member, Herston Imaging Research Facility Executive Committee</li> <li>• Board member, Queensland Head and Neck Cancer Research Centre</li> </ul>

## DIRECTORS' REPORT (CONT)

	<ul style="list-style-type: none"> <li>• Board member, Brisbane Diamantina Health Research Partners</li> </ul>
Special Responsibilities	None
<b>Prof Michelle Haber</b>	<b>Director</b>
Qualifications	AM, BSc (Psych) (Hons), PhD, Hon DSc (UNSW), FAHMS
Experience	<ul style="list-style-type: none"> <li>• Executive Director, Children's Cancer Institute</li> <li>• Professor (Conjoint), University of New South Wales</li> <li>• Board member, Children's Cancer Institute Australia</li> <li>• Board member, Health Science Alliance</li> <li>• Member, International Neuroblastoma Response Criteria, Bone Marrow Working Group</li> <li>• Member, ACRF Medical Research Advisory Committee</li> <li>• Member, International Neuroblastoma Research Group (INRG) Biology Committee</li> <li>• Member, Genetic Prognostic Features Subcommittee, International Neuroblastoma Risk Group</li> <li>• Scientific Advisory Committee, Olivia Newton-John Cancer Institute</li> <li>• Board Member, ARC Centre of Excellence for Bio-Nano Science and Technology</li> <li>• Council Member, SPHERE – Maridulu Budyari Gumal (Sydney partnership for health, education, research and enterprise)</li> </ul>
Special Responsibilities	None
<b>Prof Doug Hilton</b>	<b>Immediate Past President</b>
Qualifications	AO, BSc (Hons), PhD, FAA, FTSE, FAHMS
Experience	<ul style="list-style-type: none"> <li>• Director, Walter and Eliza Hall Institute of Medical Research</li> <li>• Research Professor of Medical Biology and Head of the Department of Medical Biology, University of Melbourne</li> <li>• Honorary Principal Fellow, Department of Zoology, University of Melbourne</li> <li>• Academic Board, The University of Melbourne</li> <li>• Board Member, Victorian Comprehensive Cancer Centre</li> <li>• Scientific Advisory Board, Children's Cancer Institute</li> <li>• Advisory Board, Australian Institute of Tropical Health &amp; Medicine</li> <li>• Board Member, Bio21 Cluster</li> <li>• Chair, Scientific Advisory Board, Victor Chang Cardiac Research Institute</li> <li>• Research Committee Member, South Australian Health and Medical Research Institute</li> <li>• Member, Scientific Advisory Board, Cystic Fibrosis Society WA</li> <li>• Member, Research Committee, The Hermon Slade Foundation</li> <li>• Member, Consultative Council, Victorian Cancer Agency</li> <li>• Member, Australian Medical Research Advisory Board</li> </ul>

## DIRECTORS' REPORT (CONT)

Special Responsibilities	<ul style="list-style-type: none"> <li>Member, Expert Advisory Group for the Structural Review of NHMRC's Grant Program</li> </ul>
Special Responsibilities	Chair Board Meetings
<b>Mr Peter Scott</b>	<b>Director</b>
Qualifications	MCom (Hons)
Experience	<ul style="list-style-type: none"> <li>Chair, Baker Heart &amp; Diabetes Institute</li> <li>Director, UWC Limited</li> <li>Deputy Chairman, Gresham Advisory Partners Limited</li> </ul>
Special Responsibilities	None
<b>Prof Steve Wesselingh</b>	<b>Director</b>
Qualifications	BMBS, PhD, FRACP, FAHMS
Experience	<ul style="list-style-type: none"> <li>Director, South Australian Health &amp; Medical Research Institute</li> <li>Member, Australian Technical Advisory Group on Immunisation</li> <li>Chair, Anex Australia Board</li> <li>Member, Health Services Charitable Gift Board Research Advisory Committee</li> <li>Member, Health and Medical Research Advisory Council - SA Health</li> <li>Board Member, The Centre of Excellence in Intervention and Prevention Science</li> <li>Professor, Flinders University</li> <li>Professor, The University of Adelaide</li> <li>Professor, Monash University</li> <li>Member, NHMRC Health Translation Advisory Committee</li> <li>Chair, Expert Advisory Group for the Structural Review of NHMRC's Grant Program</li> </ul>
Special Responsibilities	None

### DIRECTORS' ATTENDANCE AT MEETINGS

The table below details the number of AAMRI Board meetings held during each Director's term in 2016-17, and the number of meetings attended by each Director.

Board of Directors meetings		
	Meetings attended	Meetings held
Prof Jonathan Carapetis	2	4
Prof Brendan Crabb	1	4
Prof Tony Cunningham	4	4

## DIRECTORS' REPORT (CONT)

Prof Frank Gannon	4	4
Prof Michelle Haber	3	4
Professor Doug Hilton	3	4
Mr Peter Scott	3	4
Prof Steve Wesselingh	4	4

### LIABILITY OF EACH MEMBER AND CONTRIBUTION ON WINDING UP

The liability of members is limited; if the Company is wound up, each Member, and each person who has ceased to be a Member in the preceding year undertakes to contribute to the property of the company an amount not exceeding \$20 in aggregate. AAMRI has only one class of membership.

### DIVIDENDS PAID OR RECOMMENDED

The Company is a company Limited by Guarantee, having no share capital. In accordance with the Constitution, no dividends have been declared or paid.

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The number of AAMRI members increased from 46 to 47 in 2016-17. New members included the Blackdog Institute and the Monash Biomedicine Discovery Institute. The Australian Institute of Tropical Health and Medicine relinquished their membership.

Members approved an increase in subscriptions from \$500 per institute plus \$50 per full-time equivalent member of staff to \$500 per institute plus \$51.50 per full-time equivalent member of staff. The increase applies from the 1 July 2017 onwards.

AAMRI incurred extraordinary legal expenses in both 2015-16 and 2016-17 relating to the Fair Work Commission's Four-Year Review of Modern Awards (Education Group). Part of these expenses were recouped from affected members via a voluntary levy in 2016-17. It is anticipated the remaining expenses will be recouped via voluntary levy in 2017-18. The impact of this has been an increase in revenue of \$108,587 for 2016-17.

### AFTER BALANCE DATE EVENTS

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

The constitution of the Company was changed by special resolution of the members at a general meeting on 14 July 2016.

### INDEMNIFYING OFFICERS

The Constitution of the Company provides that, to the extent permitted by law, the Company indemnifies every person who is or has been an officer of the Company against any liability incurred

## DIRECTORS' REPORT (CONT)

by that person as such an officer in respect of any act or omission whatsoever and howsoever occurring in defending proceedings, whether civil or criminal.

During the financial year the Company has paid premiums to insure all the Directors and Officers against liabilities for costs and expenses incurred by them in defending any claims arising out of their conduct while acting in the capacity of an Officer of the Company to the extent permitted by the Corporations Act 2001.

### **DIRECTORS' BENEFITS**

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company with a Director, a firm of which a Director is a member or an entity in which a Director has a substantial financial interest.

This statement excludes a benefit included in the aggregate amount of emoluments receivable by Directors and shown in the Company's accounts, or the fixed salary of an employee of the Company.

### **PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied for leave of the 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 party to any such proceedings during the year.

### **AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration for the year ended 30 June 2017 has been received and is presented on page 27 of this report.

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



**Professor Tony Cunningham AO**

President



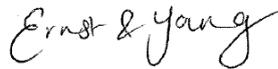
**Professor Doug Hilton AO**

Immediate Past President

Dated this 9th day of October 2017

## Auditor's Independence Declaration to the Directors of the Association of Australian Medical Research Institutes Limited

In relation to our audit of the financial report of Association of Australian Medical Research Institutes Limited for the financial year ended 30 June 2017, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct.



Ernst & Young



Kylie Bodenham  
Partner  
9 October 2017

## STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2017

	Note	2017 \$	2016 \$
<b>Revenue from Operating Activities</b>	2	<b>674,253</b>	<b>543,195</b>
<b>Expenses from Operating Activities</b>			
Advertising & business promotion		457	2,269
Affiliate membership		-	-
Bank charges		86	55
Books, magazines & subscriptions		11,158	9,118
Conference/Function attendance		200	3,841
Consultants fees		-	4,000
Depreciation		1,621	725
Expensed Equipment		117	2,909
Extraordinary legal expenses*		141,014	134,856
Gifts		391	1,992
Insurance		3,632	2,894
MRFF Campaign expense**		-	89,849
Postage, printing, stationery & photocopying		19,288	2,195
Professional development		-	505
Professional fees		12,816	26,586
Recruitment fees		223	1,162
Salaries		342,846	304,855
Special functions		65,427	53,637
Telephone & internet		2,923	3,343
Travel & meeting expenses		34,898	30,296
Website & software costs		3,069	5,544
		<u><b>640,166</b></u>	<u><b>680,631</b></u>
 <b>Total comprehensive income / (loss) for the year attributable to members</b>		 <b>34,087</b>	 <b>(137,436)</b>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

\* Extraordinary legal expenses were incurred by AAMRI in putting forward representations to the Fair Work Commission's Four Year Review of Modern Awards. Some of these expenses will be recuperated from independent Medical Research Institute members in 2016-17.

\*\* This represents AAMRI's share of MRFF Campaign expenses, split between AAMRI, the Group of Eight Universities and Research Australia.

## STATEMENT OF FINANCIAL POSITION as at 30 June 2017

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		760,283	753,473
Trade and other receivables	3	36,141	16,729
Prepayments		9,980	15,647
<b>Total Current Assets</b>		<b>806,404</b>	<b>785,849</b>
<b>Non-Current Assets</b>			
Equipment		3,266	2,917
Investments	6	-	1
<b>Total Non-Current Assets</b>		<b>3,266</b>	<b>2,918</b>
<b>TOTAL ASSETS</b>		<b>809,670</b>	<b>788,767</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	4	94,495	107,679
<b>Total Current Liabilities</b>		<b>94,495</b>	<b>107,679</b>
<b>TOTAL LIABILITIES</b>		<b>94,495</b>	<b>107,679</b>
<b>NET ASSETS</b>		<b>715,175</b>	<b>681,088</b>
<b>EQUITY</b>			
Retained Profits at the beginning of the year		681,088	818,524
Net profit / (loss) for the year		34,087	(137,436)
<b>TOTAL EQUITY</b>		<b>715,175</b>	<b>681,088</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

## STATEMENT OF CHANGES IN EQUITY

	<b>Retained Profits \$</b>	<b>Total Equity \$</b>
Balance as at 1 July 2015	818,524	818,524
Total comprehensive income for the year	<u>(137,436)</u>	<u>(137,436)</u>
<b>Balance at 30 June 2016</b>	<b><u>681,088</u></b>	<b><u>681,088</u></b>
Balance as at 1 July 2016	681,088	681,088
Total comprehensive income for the year	<u>34,087</u>	<u>34,087</u>
<b>Balance at 30 June 2017</b>	<b><u>715,175</u></b>	<b><u>715,175</u></b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

## STATEMENT OF CASH FLOWS

	Note	2017 \$	2016 \$
<b>Cash flow from operating activities</b>			
Receipts from membership fees (inclusive of GST)		562,705	558,642
Receipts from membership voluntary contribution (inclusive of GST)		119,446	-
Sponsorship receipts (inclusive of GST)		40,174	40,216
Payments to suppliers and employees (inclusive of GST)		(717,580)	(776,845)
Interest		4,034	7,943
<b>Net cash inflow / (outflow) from operating activities</b>	<b>5(b)</b>	<b>8,779</b>	<b>(170,044)</b>
<b>Cash flow from investing activities</b>			
Payments for equipment		(1,970)	(2,763)
Proceeds from sale of investments		1	-
<b>Net cash outflow from investing activities</b>		<b>(1,969)</b>	<b>(2,763)</b>
<b>Net increase / (decrease) in cash held</b>		<b>6,810</b>	<b>(172,807)</b>
Cash at the beginning of the financial year		753,473	926,280
<b>Cash at the end of the financial year</b>		<b>760,283</b>	<b>753,473</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are for the Association of Australian Medical Research Institutes Limited as an individual entity, incorporated and domiciled in Australia. The Australian Medical Research Institutes Limited is a company limited by guarantee having converted from an Incorporated Association on the 23<sup>rd</sup> June 2010.

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements have been prepared on the basis of historical cost and, except where stated, investments have been measured at fair value.

### Statement of Compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The following significant accounting policies have been adopted in the preparation and presentation of the annual accounts.

#### (a) Cash

Cash comprises cash at bank. For the purposes of the cash flow statement, cash represents cash at bank.

#### (b) Trade and Other Receivables

Trade receivables are recorded at original invoice amount less any allowance for doubtful debts.

Member's fee receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that AAMRI will not be able to collect the debts. Bad debts are written off when identified.

#### (c) Income Tax

The company is a not for profit organisation and is considered a charitable institution under subdivision 50-B of the Income Tax Assessment Act.

#### (d) Trade and Other Payables

Trade and other payables are recognised when AAMRI becomes obliged to make future payments resulting from the purchase of goods and services.

#### (e) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

## NOTES TO THE FINANCIAL STATEMENTS (CONT)

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or  
(ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis.

### (f) Income Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to AAMRI and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

#### ***Membership Fees and Voluntary Levies***

Revenue from membership fees is recognised when AAMRI has raised the invoice to the members.

#### ***Sponsorship***

Revenue from sponsorships is recognised when received.

### (g) Impairment of Assets

AAMRI assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of an asset. Where an impairment trigger exists, the recoverable amount of the asset is determined.

### (h) Equipment

Equipment is computer equipment which is amortised over 3 years.

### (i) New Accounting Standards for Application in Future Periods

New accounting standards issued by the AASB with mandatory application dates for future reporting periods have not been adopted in these statements.

No new accounting standards have been adopted by AAMRI in the current year.

	2017	2016
	\$	\$
<b>2. REVENUE FROM ORDINARY ACTIVITIES</b>		
Membership fees received	525,110	498,692
Membership voluntary contribution	108,587	-
Sponsorship fees	36,522	36,560
Interest on bank balance	4,034	7,943
<b>Total Revenue from Operating Activities</b>	<b>674,253</b>	<b>543,195</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONT)

	2017 \$	2016 \$
<b>3. TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	18,037	-
GST Receivable	15,479	16,729
Other receivables	2,625	-
<b>Total receivables</b>	<b>36,141</b>	<b>16,729</b>

Trade receivables from Operating Activities		
31-60 Days	3,121	-
61-90 Days	-	-
91 Days and over	14,916	-
<b>Totals</b>	<b>18,037</b>	<b>-</b>

### 4. TRADE AND OTHER PAYABLES

Trade payables	1,226	104,403
Accruals	93,269	3,276
	<b>94,495</b>	<b>107,679</b>

### 5. CASH FLOW RECONCILIATION

- (a) For the purposes of the cash flow statement, cash represents cash on hand and in the bank.

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT)

	2017 \$	2016 \$
<b>(b) Reconciliation of net surplus /(deficit) from operating activities</b>		
Operating surplus / (deficit) from ordinary activities	34,087	(137,436)
Add Depreciation	1,621	725
<i>Changes in assets and liabilities:</i>		
<i>(Increase) / decrease in assets:</i>		
Receivables	(18,037)	733
Prepayments	5,667	(1,318)
Other Assets	(2,625)	-
Accrued Income	-	1,931
GST and Other Receivables	1,250	(16,729)
<i>Increase/ (decrease) in liabilities:</i>		
Accounts payable	(103,177)	20,932
Accruals	89,993	(38,882)
Net Cash provided by / (used in) Operating Activities	<b>8,779</b>	<b>(170,044)</b>

### 6. INVESTMENTS

Investment at Impaired Value	-	1
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In financial periods prior to 2010, contributions were made to The Australian Synchrotron Beamlines Trust (ASBT) for construction of the critical suite of beamlines and this expenditure was treated as an expense. Five million (5,000,000) ordinary shares paid per share of \$1 in Australian Synchrotron Holdings shares were issued to AAMRI for zero consideration in lieu of the past contributions.

As there is no defined market for the Australian Synchrotron Holding Company Pty Ltd shares or any measurable economic benefit to AAMRI for this investment, AAMRI wrote down the value of the investment from \$5,000,000 to \$1 in 2008.

AAMRI's shares in the Australian Synchrotron Holding Company Pty Ltd were sold to the Australian Government for \$1 on 10 August 2016 to facilitate ongoing government investment in the Australian Synchrotron.

## NOTES TO THE FINANCIAL STATEMENTS (CONT)

### 7. REMUNERATION OF AUDITORS

	2017	2016
	\$	\$
The auditor of AAMRI is Ernst & Young.		
Amounts due to the auditors of AAMRI in respect of		
- Auditing the financial report for the year	3,000	2,750
	<b>3,000</b>	<b>2,750</b>

### 8. COMMITMENTS AND CONTINGENCIES

There were no commitments or contingencies at balance sheet date.

### 9. SUBSEQUENT EVENTS

Between the end of the financial year and the date of this report, there is no item, transaction or event of a material nature likely to affect substantially the operations or the state of affairs of AAMRI in subsequent financial years.

### 10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

AAMRI's principal financial instruments comprise receivables and cash. The main risks arising from AAMRI's financial instruments are credit risk and interest rate risk. Primary responsibility for identification and control of financial risks rests with the Directors.

#### Fair values

The fair values of AAMRI's financial instruments are materially consistent with the carrying amounts recognised in the financial statements.

#### Risk exposures and responses

##### (a) Interest rate risk

AAMRI is exposed to market risk for changes in interest rates, primarily related to cash at hand.

At balance date AAMRI had the following financial assets exposed to Australian variable interest rate risk.

Cash held by AAMRI – 30 June 2016	\$753,473
Cash held by AAMRI – 30 June 2017	\$760,283

Cash at hand is held in a cash management account with Westpac Banking Corporation.

##### (b) Credit risk

Receivable balances are monitored on an ongoing basis with the result that AAMRI's exposure to bad debts is limited.

There are no significant concentrations of credit risk within AAMRI. The Company has the majority of its members concentrated in the Australian medical research industry and the majority remits payment within 45 days.

## DIRECTORS' DECLARATION

9 October 2017

Dear Sir/Madam

### **Directors' Declaration for the audit of the Association of Australian Medical Research Institutes Limited**

In accordance with a resolution of the Directors of the Association of Australian Medical Research Institutes Limited, we state that:

In the opinion of the Directors:

(a) the financial statements and notes of the Company are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations); and the Australian Charities and Not-for Profits Commission Act 2012;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due payable.

On behalf of the Board



**Professor Tony Cunningham AO**  
President



**Professor Doug Hilton AO**  
Immediate Past President

# Independent Auditor's Report to the Members of the Association of Australian Medical Research Institutes Limited

## Report on the Financial Report

### Opinion

We have audited the financial report of Association of Australian Medical Research Institutes Limited (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, 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 *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

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

### Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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 and the *Australian Charities and Not-for-Profits Commission Act 2012* 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 Company's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'Ernst &amp; Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'K Bodenham' in a cursive style.

Kylie Bodenham  
Partner  
Melbourne

9 October 2017