

RESPONSES TO THE ACCC QUESTIONS (3/6/2005):

1) What are SAORC's assets? Please provide an explanation of the difference between the bank balance as at 29 January 2005 (\$86 643.45) and the retained profits of \$199 395 as at 30 June, 2004

The actual bank balance at the 30th June 2004 was \$162,100 as a result of some unrepresented cheques, which represent the difference between this figure and the \$149,118 reported in the Balance Sheet. The bulk of SAORC assets are outstanding levies and loans to Australian Seafood Industries (ASI). Plant and equipment & office equipment also make a small percentage of SAORC assets.

To explain how \$162,100 became \$86,643 over the 6 month period, some expenses included;

INCOME	
SAORC recieved \$2300 interest and \$82000 in levies	\$84,300 (Levies- \$82000 & interest- \$2300)
EXPENSES	
Accountancy	\$4100
Capital to ASI	\$20,000
Industries contribution to Fisheries Research & Development Corporation (federal funding for fisheries and aquaculture research & development projects)	\$40,000
The final payment was required for the oyster mortality project being implemented by South Australian Research & Development Institute (SARDI)	\$25,000
The South Australian University students market research & development projects were finalized and required payment	\$28,500
Development of Industry Promotional Material	\$3600
Seminar to deliver the results	\$1160
CD to distribute the results	\$1560
CEO Expenses	\$15900
Chairman Honarium	\$5500
Newsletter Editor	\$550
Taxation	\$12,000
TOTAL	\$157,870

2) How was SAORC administered prior to the employment of an executive officer in the 2003/2004 financial year?

The Chairman managed the administration of the organisation in the initial stages of development, until such a time that it could justify a part time executive officer.

3) Please explain the disparity in spending between the first four years of operation of the levy, and the spending in the 2003/2004 financial year and projected spending for the 2006 and 2006 calendar years.

The change in spending between the first 4 years of operation & 2003/04 financial year & projected financial years has occurred for the following reasons;

- *The industry decided at the 02/03 AGM that SAORC pays the industries FRDC levy- this amounted to 40K per year*
- *ASI start-up occurred in 2003 and required subsidies from industry until fully commercial; this conduct was put in place to deliver genetically superior stock to Australian oyster growers.*
- *The Executive office was appointed on a part time basis as an employee in 02/03 (represented in the P/L as wages) and then this was converted to a consultancy arrangement in 03/04 (represented in the P/L as consultancy expenses- In 2003/04 another consultant was also used for a hatchery feasibility study).*

Why was spending in the first four years significantly less than the income generated by the levy?

SAORC was in its growth stages and it takes time to generate projects. SAORC was fortunate enough to get some good R&D projects off the ground through FRDC- the main project was the oyster breeding project. It also takes time to reduce projects when spending becomes greater than income received.

**4) Please provide a more detailed explanation of the following figures:
Profit and loss account**

a) Provision for Australian Seafood Industry Revaluation, 2004, \$42 000.

This was a revaluation of our loan to ASI in respect to what may be redeemable. It would be a shortcoming on behalf of the directors to have an amount on the balance sheet that was likely to be unredeemable. ASI is a joint venture between the SA oyster growers and the Tasmanian oyster growers to run an oyster breeding program. It is seeking to become self funding in 2009/2010 but will continue to need funding in the meantime. This was clearly outlined in our submission.

b) Transfer to Reserves, 2002, \$12 500.

This has been incorrectly allocated. It is actually the repayment to SAOGA for the SAORC startup costs borrowed from SAOGA.