

**(a) Interest rate risk**

The Consolidated Entity's exposure to risks of changes in market interest rates relate primarily to the Consolidated Entity's long term debt obligations and cash balances. The level of debt is disclosed in notes 25 and 28. The Consolidated Entity's policy is to manage its interest cost using fixed rate debt. Therefore the Consolidated Entity does not have any variable interest rate risk on its debt. The Consolidated Entity constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The sensitivity analysis is based on the variable position.

At 30 June 2011, if interest rates had moved by a reasonably possible 1%, as illustrated in the table below, with all other variables held constant, post tax losses and equity would have been affected as follows:

	Post tax profit		Other Comprehensive Income	
	higher/(lower)		higher/(lower)	
	2011	2010	2011	2010
Judgements of reasonably possible movements:				
+ 1.0% (100 basis points)	65,823	70,261	-	-
- 1.0% (100 basis points)	(65,823)	(70,261)	-	-

A sensitivity of +1% or -1% has been selected as this is considered reasonable given the current level of short-term and long-term Australian dollar interest rates. The movements in profit are due to possible higher or lower interest income from variable rate cash balances. The sensitivity is lower in 2011 than 2010 because of cash backed performance bond funds being converted from floating interest rates to fixed interest term deposits in 2011.

At the reporting date the Consolidated Entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below.

2011	Floating interest rate	Fixed interest	Non-Interest bearing	Total carrying amount
<b>Financial Assets</b>				
Cash and cash equivalents	9,403,323	66,580,011	-	75,983,334
Trade and other receivables	-	-	12,470,596	12,470,596
Other financial assets	-	2,570,730	750,000	3,320,730
	9,403,323	69,150,741	13,220,596	91,774,660
<b>Financial Liabilities</b>				
Trade and other payables	-	-	(5,679,553)	(5,679,553)
Interest bearing liabilities	-	(1,158,829)	-	(1,158,829)
	-	(1,158,829)	(5,679,553)	(6,838,382)
<b>Net financial assets/(liabilities)</b>				<b>84,936,278</b>