

## ANIMAL RESOURCES CENTRE

### *Grievance*

**DR D.J. HONEY (Cottesloe — Leader of the Liberal Party)** [9.51 am]: My grievance is to the Minister for Health concerning the announced closure of the Animal Resources Centre. I understand the minister will be represented by the Parliamentary Secretary to the Minister for Health, the member for Mount Lawley. The Animal Resources Centre is based at Murdoch University. I hasten from the outset, member for Kimberley, to say that I will not be mispronouncing the name of any small dogs during this grievance today!

As an aside, this Monday I attended the Premier's Science Awards ceremony. For a science lover like me, it was a wonderful evening. I congratulate all the winners and finalists who are doing all sorts of varied and interesting research. The health minister was there, representing the Premier, to recognise the achievements of our scientific community. The Premier commented in the government's press release —

“More than ever ... we are regularly reminded of the important role STEM plays in our daily lives.

I have no doubt that the Minister for Science fully supports these comments. However, despite the minister's professed and, I am sure, genuine interest in science, I stand here, only three days after the Premier's Science Awards, to plead with the government not to close down a respected, recognised and needed facility that provides critical support for scientific and medical research.

For the past 40 years, Western Australia's Animal Resources Authority, through the Animal Resources Centre, has provided specific, genetically defined laboratory animals for scientific and medical research.

**The SPEAKER:** Member, can we just pause the time for a moment. The member for Mount Lawley was having some difficulty hearing you and I note that you are speaking rather fast. He sat in the Minister for Health's seat, but I advised him that he has to sit in his own seat. The alternative is that the member for Mount Lawley can sit at the table of the house if he would like to.

**Mr S.A. MILLMAN:** Madam Speaker, I am conscious of the fact that the member for Cottesloe in his grievance has to speak across the chamber and so I was trying to accommodate him. I am more than happy to move to the table.

**The SPEAKER:** Maybe move to the table. That would be excellent. Continue, please, member.

**Dr D.J. HONEY:** Thank you very much, parliamentary secretary and Madam Speaker.

The centre is the only major provider of research animals in Australia and sells annually around 200 000 animals to institutions around the state, country and internationally. The announcement of the centre's proposed closure was a surprise for the scientific community and came without any consultation with those who rely on the centre. Numerous research projects depend on the centre's supply of animals. The science and medical research community is greatly concerned about where it will find an alternative supply, because it is not easy to establish a centre to supply such a large number of animals bred specifically for research purposes. I am not sure whether the minister is aware of the scale of the problem that the closure of this centre will cause for researchers in Western Australia and Australia-wide. I quote Dr Malcolm France, a laboratory animal care and management consultant and former president of the Australian and New Zealand Laboratory Animal Association —

“Closure of ARC would not just affect the many medical research programs that depend on these specialised strains of mice and rats, there is also the potential loss of the technical expertise required to breed them ...

Michelle Haber, executive director of the Children's Cancer Institute in Sydney, is worried because 80 per cent of the animals they use come from the ARC, including one strain of mice not available from any other supplier.

I strongly encourage the minister to meet with Emeritus Professor Miranda Grounds from the University of Western Australia, who brought this matter to my attention. I believe that a discussion with Professor Grounds on the importance of our specially bred laboratory animals will allow the minister to consider the consequences of his decision. The minister could also reflect on the turnout for the meeting held last week at the Harry Perkins Institute of Medical Research to discuss the problem as an indication of the seriousness of his decision.

According to several news reports, the government's explanation for wanting to close the centre is due to its reliance on government support. Modest support for the centre of around \$1 million per annum is offered as the excuse to shut down this important contributor to scientific research. Much of our scientific research is publicly funded. Without that public support for the centre, it would shut down most of our scientific research that relies on using those animals.

If the minister is not willing to accede to pleadings on the basis of scientific need, perhaps the minister may consider the economic benefits of that modest government investment. For \$1 million, the centre generates over \$7 million in sales revenue, of which nearly \$3 million flows through to other suppliers and some \$5 million in employee wages. Allowing for some multiplier effect, the total economic benefit to WA of the centre is over \$10 million. That is a 1 000 per cent return. If the centre were a large-scale activity whereby \$100 million in investment generates

\$1 billion in economic benefit, I am sure there would be no discussion of ending the centre. Hence I say to the minister that his decision to shut the centre is unwarranted from both a scientific and an economic perspective and he should rescind the decision until all options have been thoroughly canvassed.

There is a concern in the science community that the closure decision is motivated by a desire by Murdoch University, or someone else, to gain access to the centre's land and buildings for reasons not disclosed to the community. If that is the real goal, let us look at options for establishing a new centre elsewhere. Let us first look at options and possibilities rather than shutting down the facility.

The announcement of the centre's closure comes despite its last annual report stating —

... actions are being taken to resolve this issue, with help from Treasury and the Minister.

It would appear the minister has not been successful in resolving the funding issue and has determined to shut the centre. Is the minister aware of alternative supply options or is he comfortable that there will be no adverse impact on research if animals are not available through the centre? Is there a possibility of gaining support from the commonwealth government to establish a new centre? Are there alternative funding sources, such as private donors who appreciate the importance of science and may be willing to help out?

The announcement of the Animal Resources Centre's closure is a poor decision with insufficient forethought on its impact on the scientific and medical community both here and around Australia. It is also a questionable economic decision to destroy over \$10 million of economic activity for a \$1 million saving to the government. I urge the minister to rescind the closure decision and instead establish a credible group to find a way forward that preserves the institution and scientific expertise in WA to ensure the continued supply of small animals for critical medical and scientific research. I thank the parliamentary secretary for taking my grievance.

**The SPEAKER:** The member for Mount Lawley can speak from the table if he would like to.

**MR S.A. MILLMAN (Mount Lawley — Parliamentary Secretary) [9.57 am]:** I am happy to return to my spot. Thank you, Madam Speaker.

I thank the member for Cottesloe for raising this grievance. It raises an important point. As the member for Cottesloe identified, the Animal Resources Authority is a statutory authority that runs the Animal Resources Centre at Murdoch University. It has been operating at that Murdoch facility since 1981, as a dedicated facility to breed and sell disease-free lab animals like rats and mice for teaching, research and the like. At the time of the establishment of the centre in 1981, the state government contributed 50 per cent of the construction costs and the remainder was shared by the University of Western Australia, Murdoch University, and the Western Australian Institute of Technology, now Curtin University.

The ARC is not financially viable and has not been for some time. Under section 16(1) of part IV of the Animal Resources Authority Act, the ARC is required to be operated in a financially self-sustaining manner. However, the WA government, as the member identified in his grievance quite rightly, has repeatedly been required to step in and make financial contributions to the ARC in order to cover costs. The Animal Resources Authority was originally set up with a focus on providing laboratory animal models to Western Australian research institutions. In recent history, though, only about 16 per cent of the ARC's production has gone to WA research institutions. The majority of the animal stock sold is in fact supplied to interstate and overseas markets for medical research, at an economic loss—I need to correct that part of the grievance—which means it is effectively being subsidised by WA taxpayers.

The decision has been made to wind up the ARC, as the member quite rightly stated in his grievance, but the catalyst for that decision was not access to land at Murdoch University or some of the other suggestions the member raised; the catalyst was the lease agreement with Murdoch University. As the member stated, the ARC is on land at Murdoch University, but that land is subject to a lease agreement between the ARC and Murdoch University that is due to expire in 2023. The cost of setting up a new purpose-built facility for research animal breeding is not seen as commercially viable. The government saw that the lease was coming to an end and made the decision that, because it was a loss-making entity in breach of its statutory obligations, it would be necessary to wind it up.

That provides a time frame within which that winding-up can take place. An external review of the business operations was undertaken in 2019, which found that the ARC was not financially viable, and following consideration of the other options the member mentioned, the decision was made to wind up the business. A business closure plan has been prepared, with wind-up activities expected to take 12 to 18 months from now until the expiration of the lease.

All staff have been advised of the wind-up, and all of the 65 staff, equating to 62.5 FTE, will be assisted to find alternative employment in the public sector or to apply for a voluntary severance payment. I am advised that the Community and Public Sector Union—Civil Service Association of WA has been consulted and is working with

the minister's office on this. Staff are being supported by a dedicated team during the transition to work through options provided for under the Public Sector Management (Redeployment and Redundancy) Regulations 2014.

A further important consideration in the wind-up is the commercial negotiations with affected customers and suppliers, who will need to be consulted to determine how to continue to meet their research needs in the near term and transition to alternative suppliers. I will come back to that point shortly. The WA government is listening to stakeholders and is conscious of their interest and efforts in finding an alternative model for accessing animals for research, within the time constraints associated with the lease and—this is important—in a manner that will not unreasonably impact on WA taxpayers.

A steering committee is overseeing the wind-up and consists of representatives from the Public Sector Commission, the State Solicitor's Office, government sector labour relations, the minister's and Treasurer's offices, Treasury, the Department of Health and ARA. Recent stakeholder engagement included a WA roundtable meeting held at the Harry Perkins Institute of Medical Research—which the member mentioned in his grievance—with approximately 30 medical research institutes across WA and Australia, to discuss the implications of the ARC closure and potential ways forward.

The reason I took issue with the question of consultation is that, as I have outlined, consultation has already been extensive, but there is also a working group of key WA stakeholders including WA Chief Scientist Peter Klinken, Peter Leedman from the Harry Perkins Institute, and Jonathan Carapetis from the Telethon Kids Institute. That working group was established to confirm the ARC's challenges; confirm stakeholder concerns and the options available to address these challenges; provide an overview of the process being undertaken by the ARC, with assistance from Deloitte, to identify parties that may have an interest in assuming some or all of the ARC's business; and to establish a framework for the ARC and Deloitte to engage with the working group. Engagement with interested parties via Deloitte is currently being undertaken by parties interested in assuming some, all or part of the ARC's business.

As the member said, the centre has approximately 200 000 animals and generates about \$7 million in sales revenue. Unfortunately, despite the volume and quality of product that is being produced by the ARC, it is not sufficient to meet the sustainability requirement that is contained in the legislation.

I restate that I am grateful to the member for bringing the grievance. One of the things that stands this government in good stead is the fact that, as we come out of the COVID pandemic, we see just how important science and medical research are. One of the criticisms the opposition levels at the Minister for Health is that he also has the portfolios of science and medical research. In fact, through his grievance, the member has highlighted how important it is for the minister to have responsibility for health, science and medical research, because it is only through combining those portfolio responsibilities that we will be able to make the investments necessary for supporting researchers who are working on vaccines such as Pfizer and Moderna.

Although I thank the member for this grievance, I am sure he can see that the problem of the financial viability of the ARC is not the sort of thing that a government with a focus on fixing the budget bottom line can accommodate, so the decision has been made, the consultation process has been undertaken, and the time line will allow for extensive consultation with all affected stakeholders.