

Animal Resources Authority —

Mr D.A.E. Scaife, Chair.

Mr R.H. Cook, Minister for Health.

Dr K. Moynihan, Acting Chief Executive Officer.

Mr G. Marinucci, Principal Policy Adviser.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day. Members may raise questions about matters relating to the operations and budget of the off-budget authority. Off-budget authority officers are recognised as ministerial advisers. It is the intention of the chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point.

The minister may agree to provide supplementary information to the committee, rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the principal clerk by close of business Friday, 1 October 2021. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice through the online questions system.

I give the call to the Leader of the Liberal Party.

Dr D.J. HONEY: I refer to the line item relating to the Animal Resources Authority on page 128 of budget paper No 2, volume 1. Funding for the Animal Resources Authority for the next financial year will increase to \$6.13 million from a base of just over \$1.5 million. I am wondering what the increased funding is for in 2021–22. Of course, the funding ceases thereafter. Can the minister please explain what the additional funding is for?

The CHAIR: Can I clarify the page number?

Dr D.J. HONEY: It is page 128. The funding for this authority comes under Treasury.

The CHAIR: I am advised that the member should not refer to that page because it comes under Treasury. I refer the member to page 359 of budget paper No 2, volume 1. Is that suitable?

Mr R.H. COOK: That would be a great section to refer to.

Dr D.J. HONEY: I refer to the asset investment program on page 359. Funding for the Animal Resources Centre, which falls under this section, will cease post-2021–22, but there is additional funding of \$6 million in 2021–22. What is that additional funding for? It is roughly a \$4.5 million increase on the previous year.

Mr R.H. COOK: The member would be familiar with the fact that the Animal Resources Authority is a statutory authority that runs the Animal Resources Centre. It has been operating at Murdoch since 1981 as a dedicated facility to breed and sell disease-free animals such as rats and mice for teaching, research and the like. When it was established as a statutory authority, the government contributed 50 per cent towards its construction and the remainder was shared by the University of Western Australia, with 32.5 per cent; Murdoch, 12.5 per cent; and the WA Institute of Technology, which is now Curtin University, five per cent.

Under the legislation, the ARC was to be run on a financially self-sustaining basis. In recent years, the ARC has certainly not been doing that. It has had significant financial and operational challenges, which has brought into question its long-term sustainability. The government has repeatedly been required to step in and make financial contributions to the ARC in order to cover its costs. With that in mind, the government made the decision that it was appropriate to wind up the ARA as a statutory authority. In addition to the fact that it was unsustainable, only about 16 per cent of the ARC's actual production went into WA research institutions, so the vast majority of this was animal stock that had been supplied to interstate and overseas markets. In short, the WA taxpayer was effectively subsidising research that was undertaken in other jurisdictions and other countries. That was particularly difficult, and we thought the situation needed to be remedied. Since then, the government has made it clear to stakeholders that we were interested in winding up the ARC. We have been talking to a range of stakeholders about the future of the ARC and how it might go forward outside the current arrangements of a statutory authority under its own legislation. That work is ongoing and it is making good progress, although I should say that those discussions are sensitive and not subject to public declaration.

The \$6.1 million equity injection in 2021–22 is essentially for wind-up expenses and any revenue shortfalls for 2021–22. The majority of the equity injection is \$5.1 million, which reflects the forecast cost of employee entitlements—\$2.8 million for severance payments, \$1 million for long service leave and \$1.3 million for annual leave—with the balance required to fund the ARC's unexpected operating cash shortfall over the closure period.

Dr D.J. HONEY: I hear the concern about the cost, but \$1 million is a small amount of money to allocate when the government has a budget surplus of over \$5 billion. I am sure that the minister must have had representations

from scientists about this. I understand—I know we have a question in this Parliament—that the ARC does not provide a generic service, in particular in relation to geriatric mice, which are particularly crucial for research. As the minister would appreciate, medical research carries over years, not months or weeks. Eliminating these lines of research animals will have a dramatic impact on medical research not only in Western Australia, but also across Australia. Were any discussions held with the commonwealth? I appreciate the point the minister made that something like one-fifth of the animals were being used in Western Australia, but I understand that the majority were being used across Australia. Were there any discussions with the commonwealth about perhaps meeting that shortfall? The representations I have had is that although this facility is not unique in every aspect, it is unique in many aspects and provides a service that is not otherwise available to the medical research community.

[12.30 pm]

Mr R.H. COOK: I appreciate the member's comments. In addition to the member's observations about the uniqueness of the operation, the other aspect of this facility is that it essentially forms part of a two-centre network, with one on the east coast and one on the west coast. It has been put to the government of Western Australia that the two centres play an important role in redundancy in case, in particular, we have a disease outbreak at one of the centres and it therefore becomes unserviceable at that time. This has come to the attention of the commonwealth. I personally have not been involved in those conversations, although there are extensive conversations between the WA government and the commonwealth, and I understand that the commonwealth is keen to engage on this issue. It will not necessarily be by providing a subsidy; I think there is a view that the centre should be able to function on its own two commercial feet, if you like, to cover its costs. In addition, we are looking at a situation in which the assets of the Animal Resources Centre can be transferred to a new entity or new operation. From that point of view, those particular specialties, or the uniqueness of the operation that the member pointed to, will be preserved. I appreciate the points the member is making and we share his passion to see the operations of the centre continue, albeit under a different governance and statutory arrangement.

Dr D.J. HONEY: This is more of a comment. I am more than happy to participate in joint representation on that matter, minister. Thank you.

The CHAIR: That completes the examination of the Animal Resources Authority.