

**ANIMAL RESOURCES AUTHORITY**

**ANNUAL REPORT**

**30 JUNE 2009**

# ANIMAL RESOURCES AUTHORITY

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# ANIMAL RESOURCES AUTHORITY

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## STATEMENT OF COMPLIANCE FOR THE YEAR ENDED 30 JUNE 2009

Hon Kim Hames MB BS JP MLA,  
MINISTER FOR HEALTH

In accordance with Section 63 of the Financial Management Act 2006, we hereby submit for your information and presentation to Parliament the Report of the Animal Resources Authority for the financial year ended 30 June 2009.

The Annual Report has been prepared in accordance with the provisions of the Financial Management Act 2006.

Relevant written law that has an impact on the Animal Resources Authority has been complied with.



T Tate  
Chairman of Animal Resources Authority  
Date: 14 August 2009



B Dare  
Deputy Chairman of Animal Resources Authority  
Date: 14 August 2009

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# ANIMAL RESOURCES AUTHORITY

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## OVERVIEW FOR YEAR ENDED 30 JUNE 2009

### Operational Structure

- **Enabling Legislation**

The Animal Resources Authority was established as a statutory authority under the Animal Resources Authority Act 1981. This Act was proclaimed on 23 June 1982 and witnessed in the Government Gazette of Western Australia on 2 July 1982.

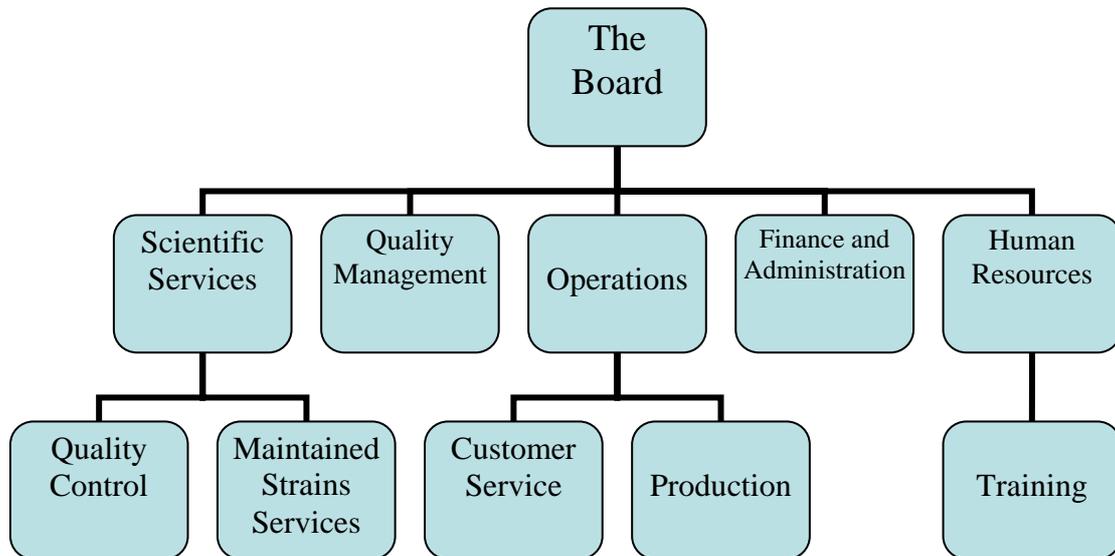
### **Responsible Minister**

The Hon Kim Hames MB BS JP MLA, Minister for Health

### **Mission**

To provide and acquire high quality specified disease-free laboratory animals and associated support services for use by institutions or bodies requiring animals for teaching, research or diagnostic purposes.

### **Organisational Structure**



The Board vests responsibility for all operations of the Authority to the Chief Executive Officer.

Employees at the Animal Resources Centre are employed by the Authority under the GOSAC Award.

# ANIMAL RESOURCES AUTHORITY

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## OVERVIEW FOR YEAR ENDED 30 JUNE 2009

### Board of the Animal Resources Authority

The Board of the Authority consists of eight members who are appointed by the Governor to serve for a period of three years.

Representations to the Board consist of four members nominated by the Minister of Health, two members nominated by the governing authority of The University of Western Australia and one member nominated by each of the governing authorities of Murdoch University and Curtin University of Technology.

### Animal Resources Authority Board 2008/2009

<b>Mr Anthony Tate (Chairman)</b>	Director, Research & Development, Curtin University of Technology.
<b>Dr Brian Dare (Deputy Chairman)</b>	Consultant Occupational Health Physician.
<b>Professor Jennet Harvey</b>	Professor, School of Pathology and Laboratory Medicine, The University of Western Australia. Consultant Pathologist, PathWest, Laboratory Medicine WA.
<b>Mrs Leslie Chalmers</b>	Director, Productive Edge.
<b>Mr Peter Hawker</b>	Senior Finance Analyst, Health Finance, Department of Health Western Australia.
<b>Dr Campbell Thomson</b>	Director, Research Services, The University of Western Australia.
<b>Professor Piroska Rakoczy</b>	Professor and Research Director, Lions Eye Institute, The University of Western Australia.
<b>Professor Jacqueline Phillips</b>	Director, Health Research Institute, Murdoch University.
<b>Senior officers</b>	
<b>Mr Michael Hall</b>	Chief Executive Officer
<b>Mr Michael Bunce</b>	Acting Director Operations
<b>Dr Deborah Hopwood</b>	Director Scientific and Veterinary Services

# ANIMAL RESOURCES AUTHORITY

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## OVERVIEW FOR YEAR ENDED 30 JUNE 2009

### **Administered Legislation**

The Minister for Health administers only the following Act in relation to the activities of the Animal Resources Authority:

- Animal Resources Authority Act 1981

### **Legislation Impacting on the Authority's Activities**

In the performance of its functions, the Animal Resources Authority complies with the following relevant written laws:

- Auditor General Act 2006;
- Contaminated Sites Act 2003;
- Disability Services Act 1993;
- Equal Opportunity Act 1984;
- Financial Management Act 2006;
- Freedom of Information Act 1992;
- Industrial Relations Act 1979;
- Minimum Conditions of Employment Act 1993;
- Occupational Safety and Health Act 1984;
- Public Sector Management Act 1994;
- Salaries and Allowances Act 1975;
- State Records Act 2000;
- State Supply Commission Act 1991; and
- Animal Welfare Act 2002.

In the financial administration of the Authority, we have complied with the requirements of the Financial Management Act 2006 and every other relevant written law, and exercised controls which provide reasonable assurance that the receipt and expenditure of moneys and the acquisition and disposal of public property and incurring of liabilities have been in accordance with legislative provisions.

At the date of signing, we are not aware of any circumstances which would render the particulars included in this statement misleading or inaccurate.

# ANIMAL RESOURCES AUTHORITY

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## OVERVIEW FOR YEAR ENDED 30 JUNE 2009

### Performance Management Framework

#### **Outcome Based Management Framework**

##### **Goal 1** (4) *An excellent public health system.*

The ARA provides and acquires high quality disease-free laboratory animals and associated support services for use by institutions or bodies requiring animals for teaching, research or diagnostic purposes. The ARA met all requirements on specified disease status, genetics and supply capability. Maintaining specific researcher strains for diabetes, Alzheimer's disease, aging and lifestyle disease research are a few examples of the key contribution made by the ARA. The ARA's activities are a vital resource for Health and Biomedical researchers contributing to improved public health outcomes in WA in particular, and Australia generally.

##### **Goal 2** (2) *An environment that encourages education, skills and the development of creativity for competitive advantage.*

The ARA has maintained accreditation as a Registered Training Organisation to encourage a high level of skills and training of staff for the Animal Technology sector. All new production staff are employed on Traineeships to complete the Certificate III in Animal Technology. Fifteen staff gained the Certificate III qualifications in 2008-09. One staff member completed the Certificate IV in Frontline Management Training.

##### **Goal 3** (3) *Effective contributions to global efforts to reduce Greenhouse emissions.*

During 2008-09 the ARA expanded the number of animal holding rooms occupied by 6% and held gas usage to a 6% increase on 07-08 and a 1.8% reduction in electricity consumption as a result of the improvements in the air handling system.

##### **Goal 3** (4) *Effective waste avoidance, resources recovery and waste management.*

All plastics, cardboard and recyclable packaging generated from supplies for the operations are recycled. All animal bedding is also recycled through composting.

#### **Changes to Outcome Based Management Framework**

The Animal Resources Authority's Outcome Based Management Framework did not change during 2008-09.

#### **Shared Responsibilities with Other Agencies**

The Animal Resources Authority did not share any responsibilities with other agencies in 2008-09

**REPORT ON OPERATIONS  
FOR YEAR ENDED 30 JUNE 2009**

**Agency Performance – Report on Operations**

**Highlights of the Year**

- The fifteen trainees qualified for the Certificate III in Animal Technology from the ARC RTO in 2008-09.
- The equipment and process changes introduced to eliminate major manual handling problems for staff have been successful and well received by staff.
- Maintaining *Pasteurella pneumotropica* free in the re-derived production strains and significant progress in elimination from the last of the production strains.
- The upgraded air handling systems in the animal production areas have maintained ideal environmental conditions and operate more efficiently.
- Successfully completed the triennial audit by SGS International Certification Services Pty Ltd confirming the AS/NZS ISO 9001:2000 status of the ARA.

**Overview**

The Animal Resources Centre is the major supplier of specified pathogen free (SPF) laboratory animals to biomedical research organisations and bio-pharmaceutical companies in Australia. Animals are supplied to New Zealand, Singapore, Korea and Hong Kong. The centre produces 28 strains of SPF mice and 10 strains of SPF rats for sale. In addition over 148 strains/lines of congenic, transgenic and targeted mutant mice are maintained for individual customers.

The agency fulfilled its function of ensuring supply of SPF laboratory animals throughout the year. There were no ongoing shortages in supply of the major strains of mice and rats.

**Trends in Operations**

- Stable demand for maintained strains services and facilities.
- Researchers seeking animals with genetics equivalent to that available internationally.
- Researchers are requiring animals with an increasing number of organisms to be defined in the specified disease free status.
- Demand continues to grow at a rapid pace from organisations in New South Wales and large investments being developed will continue this growth.
- The workforce continues to be composed of an increasing proportion of Y generation employees requiring adjustments to job design and management style.
- Researchers requiring increasingly specialised imports.

## ANIMAL RESOURCES AUTHORITY

### REPORT ON OPERATIONS FOR YEAR ENDED 30 JUNE 2009

#### Percentage of Total Revenue by Customer Group.

<b>Customer Groups</b>	<b>2008-09</b>	<b>2007-08</b>
WA Universities and Medical Research Organisations	15.78%	20.16%
Interstate Universities and Medical Research Organisations	71.94%	64.95%
Private Companies	4.90%	7.08%
Exports – Singapore, Hong Kong, South Korea, NZ.	7.41%	7.81%

Revenue from WA decreased as a proportion of total sales with lower animal sales and maintained strains services. Interstate Research Institutions continue to grow with NSW 18% and SA 371% growth due to the biosecurity failure of the Adelaide University animal house. Sales to South East Asia increased 4.62% but declined marginally as a proportion of total sales.

#### Revenue and percentage change 2008-09 to 2007-08 by Revenue Group.

<b>Revenue Group</b>	<b>2008-09</b>	<b>2007-08</b>	<b>Increase</b>
Sale of Animals	\$4,868,599	\$4,292,500	13.4 %
Services for Maintenance of Customer Strains	\$ 998,262	\$1,032,968	-3.36%
Importation and Quarantine Services	\$ 156,630	\$184,347	-15.0%

The revenue (ex GST) from sales of animals increased 13.4% overall, the trend to the major inbred mice strains continued and outbred rat sales increased 36% with the demand from South Australia following the facility supply failure.

The revenue decline of 3.36% from the provision of technical and professional services for the maintenance of customer strains was the result of two projects not developing as expected. Static revenue is expected in the coming year.

The Animal Resources Centre provides an importation and quarantine service. Many of the strains that are imported are kept as maintained strains for customers after they have been cleared from quarantine. Researchers are seeking very specific genetic lines of animals for their research when importing. The research driven nature of imports has seen a reduction in the second half of the year leading to a revenue decrease of 15%.

#### The Environment

The Authority has made significant progress in reducing impact on the environment from its operations through the following actions:

- All office waste paper is shredded and used in operations or recycled;
- All plastics, cardboard and recyclable packaging produced in considerable quantities from operational supplies are recycled;
- All used animal bedding is composted and recycled
- The upgraded large volume air conditioning/air handling systems for the animal facility limited the increase in gas to 6% and electricity reduced 1.8% with the 6% increase in number facility rooms utilized.

## ANIMAL RESOURCES AUTHORITY

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### REPORT ON OPERATIONS FOR YEAR ENDED 30 JUNE 2009

#### Likely developments and forecast results of operations

Likely developments for the Authority in the 2009/2010 financial year will be to enhance its status as the leading laboratory animal supplier in Australia and the introduction of operational changes to cater to changing customer base requirements.

- Complete the re-derivation programme to become *Pasteurella pneumotropica* free in all production strains.
- Complete elimination of *Murine norovirus* from all production strains.
- Complete the facility re-organisation to cater to the services related to maintaining customer specific strains.
- Complete the production facility alterations to minimise disease risk.
- Continue the upgrade of key strains to international standard genetics.
- Complete the re-derivation and relocation of immune-compromised strains to isolator facilities.
- Revenue to reduce in 2009-10 with the University of Adelaide facility back in production.
- The Authority will maintain its self funding status.

#### Animal Ethics Committee (AEC)

Members: Michael Hall, Director Animal Resources Centre (Chairman)

Dr. Deborah Hopwood, Veterinary Services and Quality Control  
Manager, Animal Resources Centre.

Dr Mandie O'Hara, Researcher, Murdoch University.

Ms Cheryl Davenport, Member RSPCA.

Mr Anthony Pike, Relationship Banker, Commonwealth Bank of  
Australia.

Mr Michael Bunce Acting Director Operations, Animal Resources  
Centre

The Committee is constituted and operates according to the Australian Code of Practice for the Care and Use of Animals for Scientific Purposes. The Committee approved the protocols under examination in 2008.

The Animal Resources Centre complies with the Animal Welfare Act 2002 by holding licenses to supply animals for scientific purposes and to use animals for scientific purposes issued by the Department of Local Government and Regional Development.



## Auditor General

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

#### **ANIMAL RESOURCES AUTHORITY FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2009**

I have audited the accounts, financial statements, controls and key performance indicators of the Animal Resources Authority.

The financial statements comprise the Balance Sheet as at 30 June 2009, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

The key performance indicators consist of key indicators of effectiveness and efficiency.

#### **Board's Responsibility for the Financial Statements and Key Performance Indicators**

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

#### **Summary of my Role**

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer [www.audit.wa.gov.au/pubs/AuditPracStatement\\_Feb09.pdf](http://www.audit.wa.gov.au/pubs/AuditPracStatement_Feb09.pdf).

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.

**Animal Resources Authority**  
**Financial Statements and Key Performance Indicators for the year ended 30 June 2009**

**Audit Opinion**

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Animal Resources Authority at 30 June 2009 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Authority provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Authority are relevant and appropriate to help users assess the Authority's performance and fairly represent the indicated performance for the year ended 30 June 2009.



COLIN MURPHY  
AUDITOR GENERAL  
25 August 2009

ANIMAL RESOURCES AUTHORITY

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DISCLOSURES AND LEGAL COMPLIANCE  
FOR THE YEAR ENDED 30 JUNE 2009

DISCLOSURES AND LEGAL COMPLIANCE

FINANCIAL STATEMENTS

Certification of Financial Statements

The accompanying financial statements of the Animal Resources Authority have been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2009 and the financial position as at 30 June 2009.

At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



M Hall  
Chief Finance Officer  
Date: 28 July 2009



P Hawker  
Member of Animal Resources Authority.  
Date: 28 July 2009



T Tate  
Chairman of Animal Resources Authority  
Date: 28 July 2009

# ANIMAL RESOURCES AUTHORITY

## INCOME STATEMENT

For the year ended 30 June 2009

	Note	2009 \$	2008 \$
<b>INCOME</b>			
Sales	5	6,092,818	5,359,448
Provision of services	5	1,277,216	1,248,253
Interest revenue	6	75,144	96,372
Other revenue		95,361	109,222
<b>Gains</b>			
Net change in fair value of biological assets	7	134,862	127,430
Gains on disposal of non-current assets	8		12,360
<b>Total Income</b>		<u>7,675,401</u>	<u>6,953,085</u>
<b>EXPENSES</b>			
Cost of sales and services	5	6,530,894	5,163,995
Employee benefits expense	9	603,984	718,657
Depreciation expense	10	50,956	42,876
Supplies and services	11	958,369	629,128
<b>Total expenses</b>		<u>8,144,203</u>	<u>6,554,656</u>
<b>Profit/(Loss) for the period</b>		<u>(468,802)</u>	<u>398,429</u>

The Income Statement should be read in conjunction with the accompanying notes.

## ANIMAL RESOURCES AUTHORITY

### BALANCE SHEET

As at 30 June 2009

	Note	2009 \$	2008 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	12	1,371,874	1,850,703
Inventories	13	228,903	115,491
Biological assets	14	2,523,685	2,388,823
Receivables	15	1,044,359	1,285,258
<b>Total Current Assets</b>		<b>5,168,821</b>	<b>5,640,275</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	16	4,237,866	3,204,187
<b>Total Non-Current Assets</b>		<b>4,237,866</b>	<b>3,204,187</b>
<b>TOTAL ASSETS</b>		<b>9,406,687</b>	<b>8,844,462</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	18	584,335	565,320
Provisions	19	181,217	111,364
<b>Total Current Liabilities</b>		<b>765,552</b>	<b>676,684</b>
<b>Non-Current Liabilities</b>			
Provisions	19	184,279	154,637
<b>Total Non-Current Liabilities</b>		<b>184,279</b>	<b>154,637</b>
<b>Total Liabilities</b>		<b>949,831</b>	<b>831,321</b>
<b>NET ASSETS</b>		<b>8,456,856</b>	<b>8,013,141</b>
<b>Equity</b>			
Reserves	20	1,147,963	235,446
Retained earnings	20	7,308,893	7,777,695
<b>TOTAL EQUITY</b>		<b>8,456,856</b>	<b>8,013,141</b>

The Balance Sheet should be read in conjunction with the accompanying notes.

**ANIMAL RESOURCES AUTHORITY**

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 30 June 2009

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>Balance of equity at start of period</b>	8,013,141	7,614,714
<b>RESERVES</b>		
<b>Asset Revaluation Reserve</b>		
Balance at start of period	235,446	235,446
Gains from asset revaluation	912,519	
Balance at end of period	<u>1,147,963</u>	<u>235,446</u>
<b>RETAINED EARNINGS</b>		
Balance at start of period	7,777,695	7,379,268
Profit/(Loss) for the period	(468,802)	398,429
Balance at end of period	<u>7,308,893</u>	<u>7,777,695</u>
<b>Balance of equity at end of period</b>	<u>8,456,856</u>	<u>8,013,141</u>
<b>Total income and expense for the period</b>	<u>443,717</u>	<u>398,429</u>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**ANIMAL RESOURCES AUTHORITY**

**CASH FLOW STATEMENT**

For the year ended 30 June 2009

	<b>Note</b>	<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Sale of goods and services		6,331,100	5,044,963
Provision of services		1,277,216	1,248,253
Interest received		77,761	94,940
GST receipts on sales		682,673	615,476
Other receipts		95,361	135,122
<b>Payments</b>			
Employee benefits		(3,777,255)	(2,975,570)
Supplies and services		(4,051,747)	(3,088,496)
GST payments on purchases		(409,925)	(294,240)
GST payments to taxation authority		(333,960)	(260,003)
<b>Net cash provided by/(used in) operating activities</b>	21	<u>(108,776)</u>	<u>520,445</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of non-current physical assets			75,600
Purchase of non-current physical assets		(370,053)	(125,778)
<b>Net cash provided by/(used in) investing activities</b>		<u>(370,053)</u>	<u>(50,178)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		(478,829)	470,267
Cash and cash equivalents at the beginning of period		<u>1,850,703</u>	<u>1,380,436</u>
<b>CASH AND CASH EQUIVALENT ASSETS AT THE END OF PERIOD</b>	12	<u>1,371,874</u>	<u>1,850,703</u>

The Cash Flow Statement should be read in conjunction with the accompanying notes.

**ANIMAL RESOURCES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

Animal Resources Authority

**Notes To The Financial Statements**

For the year ended 30th June 2009

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**Note 1 Australian equivalents to International Financial Reporting Standards**

The Authority's financial statements for the year ended 30 June 2009 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Authority has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

**Early adoption of standards**

The Authority cannot early adopt an Australian Accounting Standard or Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Authority for the annual reporting period ended 30 June 2009.

**Note 2 Summary of significant accounting policies**

(a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

The Financial Management Act and the Treasurer's instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

(b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land, buildings and infrastructure which have been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial report is presented in Australian dollars which have been rounded to the nearest dollar.

The judgements that have been made in the process of applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included at Note 3 'Judgements made by management in applying accounting policies'.

(c) Reporting Entity

The reporting entity comprises the Authority. There are no related bodies.

(d) Income

*Revenue recognition*

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

*Sale of goods*

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership control transfer to the purchaser and can be measured reliably.

*Provision of services*

Revenue is recognised on delivery of the service or by reference to the stage of completion of the transaction.

*Interest*

Revenue is recognised as the interest accrues.

*Gains*

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets, some revaluations of non-current assets and the change in fair value of biological assets.

**ANIMAL RESOURCES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

(e) Property, Plant and Equipment

*Capitalisation / Expensing of assets*

Items of property, plant and equipment and infrastructure costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment and infrastructure costing less than \$5,000 are expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

*Initial recognition and measurement*

All items of property, plant and equipment are initially recognised at cost.

*Subsequent measurement*

After recognition as an asset, the Authority uses the revaluation model for the measurement of property, plant and equipment. These assets are carried at fair value less accumulated depreciation and accumulated impairment losses.

Where market evidence is available, the fair value of buildings is determined on the basis of current market buying values determined by reference to recent market transactions. When buildings are revalued, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

Where market evidence is available, the fair value of plant and equipment is determined on the basis of current market buying values available. When plant and equipment are revalued, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

The most significant assumptions in estimating fair value are made in assessing whether to apply existing use basis to assets and in determining the useful life. Professional judgement by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

The revaluation of property, plant and equipment is an independent valuation carried out on three-yearly basis. Australian Valuation Partners have valued the property, plant and equipment on the basis of replacement with new value (for Insurance Purposes) and fair value (for financial reporting purposes).

*Derecognition*

Upon disposal or derecognition of an item of property, plant and equipment, any revaluation reserve relating to that asset is retained in the asset revaluation reserve.

*Asset Revaluation Reserve*

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets as described in note 16 'Property, Plant and Equipment'.

*Depreciation*

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Property, plant and equipment is depreciated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Buildings	20 to 50 years
Motor Vehicles	10 years
Plant & Equipment	
Production Plant & Equipment	5 to 20 years
Office Furniture & Equipment	3 to 10 years

Depreciation rates are reviewed annually.

Leasehold improvements consist of buildings, modifications and additions to buildings erected on land leased long term from Murdoch University and are being depreciated over their estimated useful lives.

Where non-current assets have been revalued, depreciation is applied against the revalued amount from the date of valuation.

(f) Impairment of Assets

Property plant and equipment are tested for any indication of impairment at each balance sheet date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Authority is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at each balance sheet date.

(g) Leases

The Authority holds operating leases for vehicles. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived.

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(h) Financial Instruments

In addition to cash and bank overdraft, the Authority has two categories of financial instrument:

- Loans and receivables; and
- Financial liabilities measured at amortised cost.

These have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Receivables
- Term deposits

Financial Liabilities

- Payables

Initial recognition and measurement is at fair value. The transaction cost or face value is equivalent to the fair value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(i) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents includes restricted cash and cash equivalents. These include cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

(j) Biological Assets

Animal stocks are reflected in the Balance Sheet as a current asset. Animal stocks are valued in accordance with AASB 141, Agriculture. The standard requires that biological assets and agricultural produce that relate to agricultural activity be measured at fair value less estimated point of sale costs with any resultant gain or loss recognised in the Income Statement. The net fair value of pedigree breeding stock is determined as the sale price of pedigree pairs, the fair value of inbred and outbred breeding colonies is determined as the sale price of un-timed pregnant animals and the fair value of the animal stocks held for sale is determined as the average sale price for the class of animal concerned.

(k) Inventories

Non-animal inventories are valued at the lower of cost and net realisable value. Inventory is valued on first in first out basis.

(l) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (i.e impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Authority will not be able to collect its debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

(m) Payables

Payables are recognised when the Authority becomes obliged to make future payments as a result of a purchase of assets or services at the amounts payable. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

(n) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date. See note 19 'Provisions'.

(i) Provisions - Employee Benefits

*Annual and Long Service Leave*

The liability for annual and long service leave expected to be settled within 12 months after the balance sheet date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the balance sheet date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the balance sheet date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted to present value using market yields at the balance sheet date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

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*Superannuation*

The Government Employees Superannuation Board (GESB) administers the following superannuation schemes.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members, or to the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members. Employees commencing employment prior to 16 April 2007 who were not members of either the Pension or the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Authority makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS Schemes.

The Pension Scheme and the pre-transfer benefit for employees who transferred to the GSS Scheme, are defined benefit schemes. These benefits are wholly unfunded and the liabilities for future payments are provided for at the balance sheet date. The liabilities under these schemes have been calculated separately for each scheme annually by Mercer Human Resources using the projected unit credit method.

The expected future payments are discounted to present value using market yields at the balance sheet date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows.

The GSS Scheme, the WSS Scheme and the GESBS Scheme, where the current service superannuation charge is paid by the Authority to the GESB, are defined contribution schemes. The liabilities for current superannuation charges under the GSS Scheme, the WSS Scheme and the GESBS Scheme are extinguished by the concurrent payment of employer contributions to the GESB.

The Gold State Superannuation Scheme is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, from an agency perspective, apart from the transfer benefits, it is a defined contribution plan under AASB 119.

Note: Two members retain membership in an AMP fund for which all obligations are met concurrently with service.

(ii) Provisions - Other

*Employment On-Costs*

Employment on-costs, including workers' compensation insurance and payroll tax, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are not included as part of the Authority's 'Employee benefits expense' and the related liability is included in Employment on-costs provision.

(o) Superannuation expense

The superannuation expense of the defined benefit plans is made up of the following elements:

- Current service cost;
- Interest cost (unwinding of the discount);
- Actuarial gains and losses; and
- Past service cost.

Actuarial gains and losses of the defined benefit plans are recognised immediately as income or expense in the income statement.

The superannuation expense of the defined contribution plans is recognised as and when the contributions fall due.

(p) Accrued salaries

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The Authority considers the carrying amount of accrued salaries to be equivalent to the net fair value.

(q) Taxation

The Authority is not subject to the requirements of the Western Australian Government's Tax Equivalent Regime (TER).

(r) Comparative figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

**Note 3 Judgements made by management in applying accounting policies**

The judgements that have been made in the process of applying accounting policies that have the most significant effect on the recognised in the financial report include:

Adoption of fair value versus cost basis for plant and equipment

The adoption of fair value versus cost basis for plant and equipment as outlined in Note 2 (e).

Operating lease commitments

The Authority has entered into a commercial lease and has determined that the lessor retains all the significant risks and rewards of ownership of the property. Accordingly, the lease has been classified as an operating lease.

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**Note 4** Disclosure of changes in accounting policy and estimates

**Initial application of an Australian Accounting Standard**

The Authority has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2008 that impacted on the Authority:

Review of AAS 27 'Financial Reporting by Local Governments', 29 'Financial Reporting by Government Departments' and 31 'Financial Reporting by Governments'. The AASB has made the following pronouncements from its short term review of AAS 27, AAS 29 and AAS 31:

AASB 1004 'Contributions';  
AASB 1050 'Administered Items';  
AASB 1051 'Land Under Roads';  
AASB 1052 'Disaggregated Disclosures';

AASB 2007-9 'Amendments to Australian Accounting Standards arising from the review of AASs 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137];

Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities.

The existing requirements in AAS 27, AAS 29 and AAS 31 have been transferred to the above new and revised topic-based Standards and Interpretation. These requirements remain substantively unchanged. AASB 1050, AASB 1051 and AASB 1052 do not apply to Statutory Authorities. The other Standards and Interpretation make some modifications to disclosures and provide additional guidance (for example, Australian Guidance to AASB 116 'Property, Plant and Equipment' in relation to heritage and cultural assets has been introduced), otherwise, there is no financial impact.

**Future impact of Australian Accounting Standards not yet operative**

The Authority cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Authority has not applied early the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued and which may impact the Authority but are not yet effective. Where applicable, the Authority plans to apply these Standards and Interpretations from their application date:

Title	Operative for reporting periods beginning on/after
AASB 101 'Presentation of Financial Statements' (September 2007). This Standard has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non-owner changes in equity. The Authority does not expect any financial impact when the Standard is first applied.	1 January 2009
AASB 2008-13 'Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110]. This Standard amends AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners. The Authority does not expect any financial impact when the Standard is first applied prospectively.	1 July 2009
AASB 2009-2 'Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]'. This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. The Authority does not expect any financial impact when the Standard is first applied.	1 January 2009

**Note 5** Trading profit

	2009 \$	2008 \$
Sale of goods (animals and freight)	6,092,818	5,359,448
Services (colony maintenance)	1,277,216	1,248,253
	<u>7,370,034</u>	<u>6,607,701</u>
Cost of sales and services:		
Opening Inventory	115,491	113,136
Purchases	2,112,546	1,738,616
Overheads	4,531,760	3,427,734
Closing Inventory	(228,903)	(115,491)
	<u>6,530,894</u>	<u>5,163,995</u>
Cost of sales and services	<u>6,530,894</u>	<u>5,163,995</u>
Trading Profit	<u>839,140</u>	<u>1,443,706</u>

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<b>Note 6</b>	<b>Interest revenue</b>	<b>2009</b>	<b>2008</b>
		\$	\$
	Interest revenue:		
	Bankwest	48,865	67,567
	Public bank account	26,279	28,805
		75,144	96,372

**Note 7 Net change in fair value of biological assets**

Animals on Hand – at Fair Value -opening balance	(2,388,823)	(2,261,393)
Less: Animals on Hand – at Fair Value -closing balance	2,523,685	2,388,823
Net change in fair value	134,862	127,430

**Note 8 Net gain/(Loss) on disposal of non-current assets**

<u>Costs of Disposal of Non-Current Assets</u>		
Plant and Equipment.	-	63,240
<u>Proceeds from Disposal of Non-Current Assets</u>		
Plant and Equipment.	-	75,600
Net gain/(loss)	-	12,360

**Note 9 Employee benefits expense**

Salaries (a)	480,997	623,795
Superannuation	42,385	64,776
Long Service Leave	11,269	(30,088)
Annual Leave	69,334	60,174
	603,984	718,657

(a) This item represents non-production staff salaries. Salaries incurred by production staff are accounted for in the Cost of Sales and Services (refer note 5).

**Note 10 Depreciation expense**

Motor Vehicles	875	875
Plant & Equipment	125,995	107,712
Buildings	122,021	121,116
	248,891	229,703
Less depreciation directly charged to overheads	(197,935)	(186,827)
	50,956	42,876

**Note 11 Supplies and services**

Advertising	8,699	22,865
Insurance	48,185	40,051
Vehicle Expenses	50,271	52,478
Telephone	6,232	9,266
Accounting/Audit	70,558	58,578
Printing/Stationery	22,436	21,348
Cleaning	49,027	32,429
Materials & Equipment	-	21,526
Repairs & Maintenance	181,179	46,272
Sundry	102,411	65,048
Employment on-costs (a)	367,041	91,373
Staff Training	18,988	47,760
Other	33,342	120,134
	958,369	629,128

(a) Includes workers' compensation insurance, payroll tax and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at Note 19 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

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<b>Note 12</b>	<b>Cash and cash equivalents</b>	<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>
	Management Account	763,122	1,079,257
	Term Deposits (short term)	464,276	435,380
	Cheque Account	144,276	335,966
	Cash on hand	200	100
		<u>1,371,874</u>	<u>1,850,703</u>

<b>Note 13</b>	<b>Inventories</b>		
	Current		
	Transport Boxes – at cost	228,903	115,491
		<u>228,903</u>	<u>115,491</u>

<b>Note 14</b>	<b>Biological assets</b>		
	Current		
	Animals on Hand – at Fair Value	2,523,685	2,388,823
		<u>2,523,685</u>	<u>2,388,823</u>

Biological assets consist of 28 lines (2008:34 lines) of SPF mice and 10 lines (2008:10 lines) of SPF rats. Each line consists of breeder colonies and weaned offspring being grown to be sold or be used for breeder replacement. The breeding animals of each line are caged and maintained in specified mating ratios. Offspring of each line are weaned at three weeks into cages with defined numbers. Weekly wean number totals for each line is recorded in the Strains Database. Not all weaned animals are kept for sale as typically only one sex of weaned animals is required. Sales are removed from the stock cages at different ages and cage numbers adjusted on the cage label. Sales by line are invoiced through the Attache accounting system.

An end of period stocktake recording numbers of pedigree, breeder, replacement breeder stock or weaned stock for each line is undertaken.

During the year, animals on hand were valued in accordance with AASB 141, Agriculture.

At 30 June 2009, animal stocks held for sale comprised 44,389 mice (2008: 48,221) and 8,108 rats (2008: 7,658). During the financial year ended 30 June 2009, the Authority sold 206,630 mice (2008: 197,664) and 29,966 rats (2008: 27,813), total 236,596 (2008: 225,477) animals. The significant assumptions made in determining the net market value of animal stocks in the current and previous balance sheet date are:

- a) The expected prices of livestock are as per the price list set 1 January 2009 and a 4% increase from 1 January 2010.
- b) Rats and mice will be sold continuously throughout the year.
- c) Weaners will be sold at ages three to twelve weeks and breeders can be 8 to 34 weeks.
- d) The price of pedigree animals, breeders, replacement breeders and weaned animals (stock) are based on price lists as defined in the stocktake standard operating procedure.

	<b>\$</b>
Balance at 1 July 2007	2,261,393
Decrease due to sales	(4,292,500)
Increase due to birth	4,306,177
Change in fair value less estimated point-of-sale costs	<u>113,753</u>
Balance at 30 June 2008	<u>2,388,823</u>
Current	2,388,823
Non-current	-
	<u>2,388,823</u>
Balance at 1 July 2008	2,388,823
Decrease due to sales	(4,868,599)
Increase due to birth	4,883,286
Change in fair value less estimated point-of-sale costs	<u>120,175</u>
Balance at 30 June 2009	<u>2,523,685</u>
Current	2,523,685
Non-current	-
	<u>2,523,685</u>

<b>Note 15</b>	<b>Receivables</b>	<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>
	Current		
	Trade and Other Receivables	1,039,376	1,277,658
	Accrued Interest	<u>4,983</u>	<u>7,600</u>
		<u>1,044,359</u>	<u>1,285,258</u>

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<b>Note 16</b> Property, plant and equipment	<b>2009</b>	<b>2008</b>
	\$	\$
Motor Vehicles- at Fair Value	5,000	8,750
Less: Accumulated Depreciation	-	(1,750)
Less: Accumulated impairment losses	-	-
	<u>5,000</u>	<u>7,000</u>
Plant & Equipment- at Fair Value	705,650	1,200,126
Less: Accumulated Depreciation	-	(202,842)
Less: Accumulated impairment losses	-	-
	<u>705,650</u>	<u>997,284</u>
Buildings- at Fair Value	3,268,000	2,440,431
Less: Accumulated Depreciation	-	(240,530)
Less: Accumulated impairment losses	-	-
	<u>3,268,000</u>	<u>2,199,901</u>
Work-in-progress	259,216	-
<b>Total</b>	<u><b>4,237,866</b></u>	<u><b>3,204,187</b></u>

Buildings and Plant and Equipment were revalued as at 30 June 2009 by Australian Valuation Partners. The fair value of all buildings, plant and equipment has been determined by reference to recent market transactions. Refer Note 2(e) Property, Plant and Equipment. The valuation was made in accordance with a regular policy of revaluation every three years.

Reconciliations

Reconciliations of the carrying amounts of property, plant, equipment and vehicles at the beginning and end of the reporting period are set out below.

	Motor Vehicles	Plant and Equipment	Buildings	Work in Progress	Total
<b>2009</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Restated carrying amount at start of year	7,000	997,284	2,199,901	-	3,204,187
Additions	-	110,837	-	259,216	370,053
Transfers	-	-	-	-	-
Disposals	-	-	-	-	-
Revaluation increments	-1,125	-276,476	1,190,120	-	912,519
Depreciation	(875)	(125,995)	(122,021)	-	(248,891)
Carrying amount at end of year	<u>5,000</u>	<u>705,650</u>	<u>3,268,000</u>	<u>259,216</u>	<u>4,237,868</u>

	Motor Vehicles	Plant and Equipment	Buildings	Work in Progress	Total
<b>2008</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Restated carrying amount at start of year	7,875	858,770	2,277,724	226,983	3,371,352
Additions	-	64,440	43,294	21,550	129,284
Transfers	-	245,026	-	(245,026)	-
Disposals	-	(63,240)	-	-	(63,240)
Adjustments taken to expenses (a)	-	-	-	(3,506)	(3,506)
Revaluation decrements	-	-	-	-	-
Depreciation	(875)	(107,712)	(121,116)	-	(229,703)
Carrying amount at end of year	<u>7,000</u>	<u>997,284</u>	<u>2,199,901</u>	<u>-</u>	<u>3,204,187</u>

(a) Two items in Work in Progress at 30 June 2007 above \$1,000 were expensed in 2007-08 as the completed asset was below the new \$5,000 asset capitalisation threshold.

**Note 17** Impairment of assets

There were no indications of impairment to Property, plant and equipment and infrastructure at 30 June 2009.

The Authority held no goodwill or intangible assets with an indefinite useful life during the reporting period and at balance sheet date there were no intangible assets not yet available for use.

All surplus assets at 30 June 2009 have either been classified as non-current assets held for sale or written-off.

<b>Note 18</b> Payables	<b>2009</b>	<b>2008</b>
	\$	\$
Current		
Trade Payables	351,317	218,516
GST Payable	46,160	107,372
Accrued Expenses	98,116	149,759
Accrued Salaries	88,742	89,673
	<u>584,335</u>	<u>565,320</u>

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<b>Note 19</b>	<b>Provisions</b>	<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>
	Current:		
	Annual Leave (a)	124,624	63,375
	Long Service Leave (b)	35,015	22,073
	Superannuation (d)	<u>12,917</u>	<u>9,015</u>
		<u>172,556</u>	<u>94,463</u>
	Other Provisions		
	Employment On-costs (c)	<u>8,661</u>	<u>16,901</u>
		<u>8,661</u>	<u>16,901</u>
		<u>181,217</u>	<u>111,364</u>
	Non-current:		
	Long Service Leave (b)	157,711	133,538
	Superannuation (d)	<u>14,514</u>	<u>12,018</u>
		<u>172,225</u>	<u>145,556</u>
	Other Provisions		
	Employment On-costs (c)	<u>12,054</u>	<u>9,081</u>
		<u>12,054</u>	<u>9,081</u>
		<u>184,279</u>	<u>154,637</u>

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows

Within 12 months of balance sheet date	<u>124,624</u>	<u>63,375</u>
	<u>124,624</u>	<u>63,375</u>

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate the actual settlement of liabilities will occur as follows

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Within 12 months of balance sheet date	35,015	22,073
More than 12 months after balance sheet date	<u>157,711</u>	<u>133,538</u>
	<u>192,726</u>	<u>155,611</u>

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers compensation premiums and payroll tax. The provision is measured at the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost) is included at Note 11 'Supplies and Services'.

(d) Defined benefit superannuation plans

The Authority has no liability or expense under AASB 119 arising from the Pension Scheme or Gold State Super.

(e) Movement in employment on-cost provision

Carrying amount at start of year	25,982	27,276
Additional provisions recognised	(372,545)	(169,414)
Payments/other sacrifices of economic benefits	367,041	167,584
Unwinding of the discount	<u>237</u>	<u>536</u>
Carrying amount at end of year	<u>20,715</u>	<u>25,982</u>

**Note 20** **Equity**

**Reserves**

Asset Revaluation:

Balance at start of year	235,446	235,446
Net revaluation (decrements)	<u>912,519</u>	<u>-</u>
Balance at end of year	<u>1,147,963</u>	<u>235,446</u>

The Asset Revaluation Reserve is used to record increments and decrements on the revaluation of non-current assets, as described in Note 2 (e).

Retained Earnings:

Balance at start of year	7,777,695	7,379,268
Result for the period	<u>(468,802)</u>	<u>398,429</u>
Balance at end of year	<u>7,308,893</u>	<u>7,777,695</u>

**ANIMAL RESOURCES AUTHORITY  
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<b>Note 21</b>	<b>Notes to the Cash Flow Statement</b>	<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>
	<u>Reconciliation of profit to net cash flows provided by/(used in) operating activities</u>		
	Profit from Ordinary Activities	(468,802)	398,429
	Non-cash items:		
	Depreciation	248,891	229,703
	Net (gain)/loss on disposal of non-current assets		(12,360)
	(Increase)/decrease in assets:		
	Receivables	238,282	(314,485)
	Accrued income and interest	2,617	(1,432)
	Other financial assets		25,900
	Biological assets	(134,862)	(127,430)
	Inventories	(113,412)	(2,355)
	Increase/(decrease) in liabilities:		
	Payables	81,158	205,340
	Provisions	98,564	57,902
	Net GST receipts/(payments)		
	Change in GST receivables/payables	(61,212)	61,233
	Net cash provided by/(used in) operating activities	<u>(108,776)</u>	<u>520,445</u>

**Note 22** **Commitments**

Lease commitments

Commitments in relation to non-cancellable operating leases contracted for at the balance sheet date but not recognised in the financial statements as liabilities are payable as follows:

Within 1 year	25,491	36,077
Later than 1 year and not later than 5 years	9,171	8,328
Later than 5 years		-
	<u>34,662</u>	<u>44,405</u>

The vehicle leases are non-cancellable operating leases of 18 month and 36 month terms with rent payable monthly.

**Note 23** **Contingent liabilities and contingent assets**

Nil.

**Note 24** **Events occurring after balance date**

Nil.

**Note 25** **Explanatory Statement**

This statement provides details of any significant variations between estimates and actual results for 2009 and between the actual results for 2008 and 2009. Significant variations are considered to be those greater than 10% or \$15,000.

**Significant variations between estimate and actual results for the financial year**

	<b>2009</b>	<b>2009</b>			
	<b>Estimate</b>	<b>Actual</b>	<b>Variance</b>	<b>Variance</b>	<b>Ref.</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>	
<b>Revenue</b>					
Sales	5,664,955	6,092,818	427,863	8%	1
Provision of services	1,326,000	1,277,216	-48,784	-4%	2
Interest revenue	90,339	75,144	-15,195	-17%	3
Other revenue	77,500	95,361	17,861	23%	4
<b>Gains</b>					
Net change in fair value of biological assets	90,227	134,862	44,635	49%	5
Net gain/(loss) on disposal of non-current assets					
<b>Expenses</b>					
Cost of sales and services	5,452,111	6,530,894	1,078,783	20%	6
Employee benefits expense	750,000	603,984	-146,016	-19%	7
Depreciation expense	45,000	50,956	5,956	13%	8
Supplies and services	650,000	958,369	308,369	47%	9

**ANIMAL RESOURCES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**Significant variations between actual and prior year actual - revenues and expenditures**

	<b>2009</b>	<b>2008</b>			
	<b>Actual</b>	<b>Actual</b>	<b>Variances</b>	<b>Variances</b>	<b>Ref.</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>	
<b>Revenue</b>					
Sales	6,092,818	5,359,448	733,370	14%	1
Provision of services	1,277,216	1,248,253	28,963	2%	2
Interest revenue	75,144	96,372	-21,228	-22%	3
Other revenue	95,361	109,222	-13,861	-13%	4
<b>Gains</b>					
Net change in fair value of biological assets	134,862	127,430	7,432	6%	5
Net gain/(loss) on disposal of non-current assets		12,360	-12,360	-100%	
<b>Expenses</b>					
Cost of sales and services	6,530,894	5,163,995	1,366,899	26%	6
Employee benefits expense	603,984	718,657	-114,673	-16%	7
Depreciation expense	50,956	42,876	8,080	19%	8
Supplies and services	958,369	629,128	329,241	52%	9

**1. Sales**

Sales were significantly above estimates and the prior year as a result of the biosecurity failure of the Adelaide University animal facility. Increases in sales for the current year included inbred mice \$517,372, outbred rats \$166,463, and charges for freight increasing by \$138,420. Freight is a cost recovery item from customers.

**2. Provision of services**

Revenue from the Provision of Services did not meet expectations as two larger customer projects in maintained strains did not grow as anticipated. Imports were also below estimates by \$20,850 and prior year \$27,716.

**3. Interest Revenue**

Interest revenue was lower than estimates and the prior year as a result of the lower interest rate environment with weighted average interest rates compared to prior year for Bankwest being 4.8% v 6.4% and Treasury 4.5% v 6.9%.

**4. Other Revenues**

Other revenues were higher than estimates with a number of trainees completing the Certificate III in Animal Technology earlier than estimated and extra trainees were appointed resulting in the traineeship refunds revenue being \$29,485 above estimates. The insurance refund was below estimate by \$11,599 with a long term workers compensation case settled early.

**5. Change in fair value of biological assets**

The change in the fair value of biological assets was higher than estimate and prior year with an increase in the stock levels of the high value strains to satisfy the growth in demand from our customers. The rederivation of a key strain to a higher health status in isolators has increased values significantly.

**6. Cost of sales and services / net change in fair value of biological assets**

The increase in the number of animals sold, 4.5% in mice and 7.7% in rats, and disease related issues have impacted labour and consumable costs compared to the prior year. Salary costs were \$660,000 higher, with an average 8.5% higher FTE's, GOSAC award increases averaging approximately 9%, backpay for 07-08 of \$66,000 and many trainees reaching adult pay rates. Utility costs increased \$78,000 after price rises in gas of 110% and electricity 21%. A full year of contracted laundry services added \$75,000 and rat caging purchases delayed from the prior year added \$126,000. The opportunity to complete unplanned repairs in the production rooms added \$128,000 and the isolator repairs required to house the Balb/c nude colony added \$120,000. Quality control costs increased \$130,000 with the increased number of production areas, animals, isolators and the extensive testing to solve the *Staphylococcus aureus* problem.

The cost of sales compared to estimates were higher for the same reasons as for prior year comparisons. Salary costs were \$240,000 above estimate with a higher GOSAC award increase than the 4% anticipated, the award backpay from 07-08 and additional staff to care for the increased animal numbers to meet sales and to overcome the *staphylococcus aureus* problem. Repair costs were \$255,000 above estimate as a result of the actions required to overcome the health problem. Repairs were required to commission old isolators to house the Balb/c nude colony after the health issues arose cost \$120,000. A further \$130,000 of repairs to facility animal rooms was not planned, but the opportunity to complete the necessary repairs arose when colonies needed to be rederived, emptying groups of rooms to allow repairs. A range of consumables were also above estimates with the higher animal volumes, bedding \$21,000, feed \$21,000 and laboratory supplies \$27,000 are examples.

The change in the fair value of biological assets was higher than estimate with increased numbers of the high value strains, and a higher value for the Balb/c nudes after rederiving the colony to a higher health status in isolators, to satisfy customer requirements.

**7. Employee Benefits Expense**

The employee benefits expense was below estimate and prior year with one staff member on secondment for six months and the finalisation of the outstanding long term workers compensation case earlier than anticipated.

**8. Depreciation Expense**

The depreciation expense was higher than prior year with the completion of a computer server project and a full year for the carpark infrastructure. The expense is above estimates with the completion of the server project earlier than anticipated.

**9. Supplies and Services**

The supplies and services expense was above the prior year with workers compensation premiums increasing \$140,000, payroll tax increasing \$54,299 with the higher GOSAC award salaries and staff completing traineeships. The Jackson Laboratory royalty payments increased \$41,771 with higher sales, and higher repairs and maintenance costs of \$120,000 mainly for computer software issues and adding the Strains Database to the IT contract. The expense was above estimate for the same reasons.

**ANIMAL RESOURCES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**Note 26** Financial instruments

**(a) Financial Risk Management Objectives and Policies**

Financial instruments held by the Authority are cash and cash equivalents, receivables and payables. The Authority has limited exposure to financial risks. The Authority's overall risk management program focuses on managing the risks identified below.

*Credit risk*

Credit risk arises when there is the possibility of the Authority's receivables defaulting on their contractual obligations resulting in financial loss to the Authority. The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at Note 26 (b) 'Financial Instruments Disclosures' and Note 15 'Receivables'.

The Authority trades only with recognised, creditworthy third parties. The Authority has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Authority's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

*Liquidity risk*

Liquidity risk arises when the Authority is unable to meet its financial obligations as they fall due. The Authority is exposed to liquidity risk through its trading in the normal course of business.

The Authority's objective is to maintain continuity of funding. The Authority has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

*Market Risk*

The Authority only has interest rate risk associated with bank deposits. No other risks are relevant.

**(b) Categories of Financial Instruments**

In addition to cash, the carrying amounts of each of the following categories of financial assets and liabilities at the balance sheet date are as follows

	2009	2008
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	1,371,874	1,850,703
Restricted cash and cash equivalents	-	-
Loans and receivables	1,044,359	1,285,258
Held-to-maturity investments	-	-
<b>Financial Liabilities</b>		
Bank overdraft	-	-
Financial Liabilities measured at amortised cost (a)	538,175	457,948

(a) The amount of financial liabilities measured at the amortised cost excludes GST payable to the ATO (statutory receivable/payable).

**(c) Financial Instrument disclosures**

*Interest Rate Risk Exposures.*

The following table details the Authority's exposure to interest rate risk as at the balance sheet date. The Authority's maximum exposure to credit risk at the balance sheet date is the carrying amount of the financial assets as shown on the following table. The table is based on information provided to senior management of the Authority.

**Interest Rate exposure and Maturity Analysis of Financial Assets**

	Weighted Average Effective Interest Rate	Interest rate exposure			Past due but not impaired	
		Carrying Amount \$	Variable Interest Rate \$	Non- Interest Bearing \$	Up to 3 months \$	3-12 months \$
<b>Financial Assets</b>						
<b>2009</b>						
Cash Assets		144,476		144,476		
Receivables		1,044,359		1,044,359	314,377	9,531
Cash Management Acc	4.828	763,122	763,122			
WA Treasury	4.534	464,276	464,276			
		<u>2,416,233</u>	<u>1,227,398</u>	<u>1,188,835</u>	<u>314,377</u>	<u>9,531</u>
<b>2008</b>						
Cash Assets		336,066		336,066		
Receivables		1,285,258		1,285,258	397,667	45,792
Cash Management Acc	6.445	1,079,257	1,079,257			
WA Treasury	6.910	435,380	435,380			
		<u>3,135,961</u>	<u>1,514,637</u>	<u>1,621,324</u>		

**ANIMAL RESOURCES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**Interest Rate exposure and Maturity Analysis of Financial Liabilities**

<u>Interest rate exposure</u>				
	Weighted Average Effective Interest Rate	Carrying Amount \$	Variable Interest Rate \$	Non- Interest Bearing \$
<i>Financial Liabilities</i>				
<b>2009</b>				
Payables	-	584,335		584,335
		584,335	0	584,335
<b>2008</b>				
Payables	-	565,320		565,320
		565,320	0	565,320

*Interest rate sensitivity analysis*

The following table represents a summary of the interest rate sensitivity of the Authority's financial assets and liabilities at the balance sheet date on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	Carrying Amount \$	-1% change		+1% change	
		Profit \$	Equity \$	Profit \$	Equity \$
<b>2009</b>					
<i>Financial Assets</i>					
Cash Assets	144,476				
Receivables	1,044,359				
Cash Management Acc	763,122	(7,631)	(7,631)	7,631	7,631
WA Treasury	464,276	(4,643)	(4,643)	4,643	4,643
<i>Financial Liabilities</i>					
Payables	584,335				
Total increase/(Decrease)		(12,274)	(12,274)	12,274	12,274

	Carrying Amount \$	-1% change		+1% change	
		Profit \$	Equity \$	Profit \$	Equity \$
<b>2008</b>					
<i>Financial Assets</i>					
Cash Assets	336,066				
Receivables	1,285,258				
Cash Management Acc	1,079,257	(10,793)	(10,793)	10,793	10,793
WA Treasury	435,380	(4,354)	(4,354)	4,354	4,354
<i>Financial Liabilities</i>					
Payables	565,320				
Total increase/(Decrease)		(15,147)	(15,147)	15,147	15,147

*Fair Value*

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

**ANIMAL RESOURCES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**Note 27** Remuneration of members of the accountable authority and senior officers

Remuneration of Members of the accountable authority

The number of members of the accountable authority, whose total fees, salaries superannuation and other benefits for the financial year, fall within the following bands are:

	<b>2009</b>	<b>2008</b>
\$ 0-10,000	5	4

The total remuneration of the members of the accountable authority is \$2,728 (2008: \$2,730).

No members of the accountable authority are members of the Pension Scheme.

Remuneration of Senior Officers

The number of Senior Officers other than senior officers reported as members of the Accountable Authority, whose total of fees, salaries and other benefits for the financial year, fall within the following bands are:

\$		
100,001 - 110,000	1	-
110,001 - 120,000	-	-
120,001 - 130,000	-	1
130,001 - 140,000	1	1
	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
The total remuneration of senior officers is:	242,727	257,296

The superannuation included here represents the superannuation expense incurred by the Authority in respect of senior officers other than senior officers reported as members of the accountable authority

No senior officers are members of the Pension Scheme.

**Note 28** Remuneration of auditors

Remuneration payable to the Auditor General in respect to the audit for the current financial year is as follows:

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Auditing the accounts, financial statements and performance indicators	38,000	49,895

**Note 29** Related and affiliated bodies

The Authority does not have any related or affiliated bodies.

**Note 30** Supplementary financial information

The Authority had no writeoffs of public property, no losses through theft or default and no gifts of public property occurred.

**Note 31** Schedule of income and expenses for services

The Authority operations are integrated to such an extent the production of this schedule is impractical.

ANIMAL RESOURCES AUTHORITY

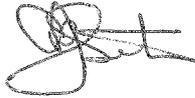
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KEY PERFORMANCE INDICATORS  
FOR THE YEAR ENDED 30 JUNE 2009

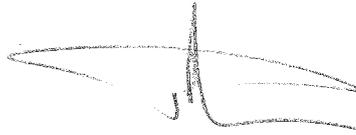
Key Performance Indicators

**Certification of Key Performance Indicators**

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Animal Resources Authority's performance, and fairly represent the performance of the Animal Resources Authority for the financial year ended 30 June 2009.



T Tate  
Chairman  
Animal Resources Authority  
Date: 28 July 2009



P Hawker  
Member  
Animal Resources Authority  
Date: 28 July 2009

## ANIMAL RESOURCES AUTHORITY

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### KEY PERFORMANCE INDICATORS FOR YEAR ENDED 30 JUNE 2009

#### Detailed information in support of Key Performance Indicators

##### Outcomes

The outcome of the operations of the Animal Resources Centre is the supply of specified pathogen free, genetically uniform laboratory animals.

##### Efficiency indicators

The efficiency of production at the Animal Resources Centre can be measured by comparing the costs to produce animals from year to year. There are no industry standards available for comparison.

The cost of a weaned animal has been chosen as the unit against which costs have been apportioned. In the case of live animals the unit is a weaned animal because the majority of animals are sold after weaning.

For the period ended 30 June 2009 the costs (based on full absorption costing methods) for areas of animal production at the Animal Resources Centre are as follows:

Category	Cost per weaned animal produced			
	2008/2009	2007/2008	2006/2007	2005/2006
	\$	\$	\$	\$
Mice	5.54	4.48	4.00	3.77
Target – 5%	4.70			
Rats	18.03	14.77	13.26	12.21
Target – 5%	15.51			

The cost per mouse weaned was impacted unfavourably by the GOSAC award increases, the *Staphylococcus aureus* problem and unplanned, but necessary, repairs. The GOSAC award increase for production staff averaged 9% and the associated back pay from the prior year added 1.8% to increase the cost \$0.34 per mouse weaned. QC related cost increases added \$0.32 per mouse as a result of the extensive QC testing to solve the *Staphylococcus aureus* problem, and then additional testing when the Balb/c nude colony was rederived to the higher health status in isolators. The unplanned repairs related costs added \$0.19 per mouse. Electricity prices increased 21% and gas prices 110%, to raise utility costs \$0.08 per mouse.

The cost per rat weaned was impacted unfavourably by utility costs, repair costs and animal welfare enhancement changes. Electricity and gas prices increased costs \$0.38 and repairs related costs added \$1.00 per weaner.

In the ongoing effort to improve animal welfare the housing and husbandry of rats has undergone a major change. The changes to rat housing has improved animal wellbeing significantly, but has increased caging costs (\$0.07), bedding (\$0.51) and the diet costs. The feed price increased 13.5% (\$0.18) and the change to housing

## ANIMAL RESOURCES AUTHORITY

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### KEY PERFORMANCE INDICATORS FOR YEAR ENDED 30 JUNE 2009

requiring a higher number of male breeders increased feed cost \$0.35 per weaner. Other cost increases included laundry costs \$0.33 and a range of other consumption items increased. Labour efficiencies associated with the new rat housing system have offset the GOSAC award increases that would have been \$0.70 per weaner.

#### **Effectiveness indicators**

Effectiveness is measured by examining whether the Authority meets its major outcome which is to ensure supply of high quality animals which are genetically uniform and free of disease producing organisms. Quality as judged by the customer is assessed in both quantitative (quality control tests) and qualitative (general appearance and demeanour for example) terms.

The ability to supply genetically uniform, specified disease-free animals can be measured quantitatively by examination of the results of quality control testing. Tests are performed by independent bodies.

Microbiological quality is determined by examination of animals for the presence of pathogenic viruses, bacteria and parasites that may cause clinical or subclinical disease that may interfere with the results of research.

Rodent viral and bacterial serology is carried out by the Murine Virus Monitoring Service, Institute of Medical and Veterinary Science, South Australia and Cerberus Sciences, South Australia. Rodent bacteriology is carried out by the Animal Health Laboratories, Department of Agriculture WA and School of Veterinary and Biomedical Sciences, Murdoch University. Genetic monitoring is carried out by the Evolutionary Biology Unit, South Australian Museum and Saturn Biotech, Murdoch University.

A Health Report giving the results of all current tests for each production area is available on the Animal Resources Centre website. The Health Report is updated monthly.

The results of testing in 2008/2009, 2007/2008 and 2006/2007 are in the following Quality Control Test Results Table. The results are expressed as the number of positive results over the number of tests conducted.

## ANIMAL RESOURCES AUTHORITY

### KEY PERFORMANCE INDICATORS FOR YEAR ENDED 30 JUNE 2009

#### Quality Control Test Results Table.

Mice/Rats:	2008/2009		2007/2008		2006/2007	
	Actual	%	Actual	%	Actual	%
Viral serology	10/6750	0.1	49/5973	0.82	0/5983	0
MPV serology	0/695	0	0/588	0	0/675	0
Bacterial serology	0/1590	0	0/1221	0	0/1236	0
Bacterial culture	101/4390	2.3	40/3292	1.2	28/3195	0.9
Parasitology	0/659	0	0/362	0	0/434	0
Protozoa/Fungi	0/557	0	0/456	0	0/595	0
Skin mycology	0	0	0/42	0	0	0
PCR Viral/Bacteria	4/511	0.8	0/404	0	0/488	0

The target for the ARA is to be free of the specified pathogenic agents in the SPF production units.

Viral serology results reflect the presence of Mouse Norovirus, a recently discovered virus only able to be tested for in the last 2 years is present in some areas of the facility. Eradication in the last production area is nearing completion, the maintained strains areas will be completed over time but is not urgent because the virus has no clinical effect on any of the strains of mice held in the facility and no significant detectable effect on research using these animals.

Bacterial culture results reflect *Pasteurella pneumotropica*, and *Staphylococcus aureus* that are present within some animals in the facility. They are ubiquitous in SPF colonies and do not constitute a threat. A proteromonas like organism has been detected in some animals but these organisms are not pathogenic and not part of routine screening. *Helicobacter bilis* still remains in the maintained strains area. These organisms are regarded as commensals in rats and mice and do not produce disease in normal animals.

During 2008-09 *Staphylococcus aureus* continued to be a problem in the immune compromised Balb/c nude animals as the colony was being rederived and relocated to isolators to remove the risk of infection in future. These account for the majority of the positive bacterial culture results.

#### Genetic monitoring

The target for the ARA is for all strains of mice and rats to be genetically true to type, as determined by SNP or Alloenzyme Electrophoresis.

#### Mice:

Thirty one inbred lines were tested in November 2008 and April 2009 (430 animals) were checked for genetic purity by examining eleven genetic markers using the SNP genotyping technique through the Saturn Biotech laboratory,

## ANIMAL RESOURCES AUTHORITY

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### KEY PERFORMANCE INDICATORS FOR YEAR ENDED 30 JUNE 2009

Murdoch University. The SNP technology is a sensitive method of detecting genetic contamination. There was no evidence of genetic contamination.

The outbred lines demonstrated inbreeding well below acceptable standards based on the standard inbreeding measures.

Rats: Eight inbred lines (48 animals) were checked for genetic purity by examining 16 genetic markers via Alloenzyme Electrophoresis by the South Australian Museum's Evolution Biology Unit. There was no evidence of genetic contamination in all but one strain. In one minor line of inbred rats there were partial anomalies in 3/15 genetic markers appropriate for the strain. The contaminated breeding animals were identified and constituted only a small proportion of the breeding colony. They were removed from the colony immediately.

#### Pathology

One hundred and ninety nine post mortem examinations were performed during the year. The results of these examinations confirmed that animals within SPF units were free of infectious diseases other than those noted above.

The target for the ARA is to be free of the specified pathogenic agents in the SPF production units.

#### Customer Survey

The target for the ARA is to maintain a Response Mean above 3.5 for each quality dimension.

The ability to supply high quality animals was measured qualitatively in 2008/2009 by surveying the majority of customers who purchase laboratory rodents used in biomedical research. A five point Likert scale instrument (Cronbach's alpha = 0.924) comprising 13 items related to quality, range and availability and price was used. Forty four (44) of 131 customers surveyed responded (33.6%).

Question Dimension	Response Rate		Response Mean $\pm$ SEM	
	2009	2008	2009	2008
Quality	26.7%	31.03%	4.09 $\pm$ 0.083	3.92 $\pm$ 0.098
Range and availability	25.2%	32.2%	4.05 $\pm$ 0.111	3.98 $\pm$ 0.099
Price	32.1%	33.3%	4.27 $\pm$ 0.084	4.21 $\pm$ 0.097

## ANIMAL RESOURCES AUTHORITY

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### KEY PERFORMANCE INDICATORS FOR YEAR ENDED 30 JUNE 2009

The response to individual questions was rated Strongly Disagree, Disagree, Neither Agree nor Disagree, Agree, Strongly Agree. The possible scores for each dimension ranged from 1 to 5 with 1 representing poor performance. A score of 3 represents neither good nor bad performance.

The improvement in the response mean in all dimensions is pleasing in the context of an ongoing *Staphylococcus aureus* problem impacting a number of strains. The high level of communication with customers about the actions being taken and the plans to change the system and house the Balb/c nudes in isolator facilities to minimise the risk of reoccurrence has been received well despite the higher cost to the customers.

The ongoing customer focus, good communication and low error rates with orders has held customer satisfaction levels during a very difficult year. Overcoming the *Staphylococcus aureus* problem, continuing from the prior year, and then pressure on supply while the ARA was responding to meet the significant, and rapid, increase in

demand after the University of Adelaide animal house biosecurity failure required a strong and persistent team effort.

#### **Internal Audit**

In 2009 the accounting and financial controls of the purchasing, creditors and payment processes were audited by the independent auditor. This is part of a 3 year rotational plan for evaluating internal controls of financial procedures.

The audit was generally favourable and the matters raised were addressed before completion of the audit.

As part of Quality Systems certification (AS/NZS ISO 9001:2000) the Animal Resources Centre operates an internal audit schedule that audits all operating procedures at least annually. The system is also subject to annual surveillance audits and a triennial Certification audit by SGS International Certification Services Pty Ltd to ensure that the Quality System satisfies the requirements of the international standard. As a result of successful triennial Certification audit the Animal Resources Centre continues to be registered under the SGS ICS Quality Assured Firm Scheme.

**ANIMAL RESOURCES AUTHORITY**

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**MINISTERIAL DIRECTIVES  
FOR THE YEAR ENDED 30 JUNE 2009**

**Ministerial Directives**

No Ministerial directives were received during the financial year.

## ANIMAL RESOURCES AUTHORITY

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### OTHER FINANCIAL DISCLOSURES FOR THE YEAR ENDED 30 JUNE 2009

#### Other Financial Disclosures

##### **Pricing Policy of Sales of Products and Services**

The Authority has discretion over pricing for goods and services rendered with the Minister's approval. The Animal Resources Authority charges for goods and services on a full or partial cost recovery basis. The objective is to minimise the cost to our customers but maintain the Authority's capacity to be sustainable and self funding.

##### **Capital Works**

No major works.

##### **Employment and Industrial Relations**

###### **Staff Profile**

	<b>2009</b>	<b>2008</b>
Full-time permanent	45	35
Full-time contract	16	26
Part-time permanent	4.7	4.4
Part-time contract	<u>2.1</u>	<u>0.4</u>
	<u>67.8</u>	<u>65.8</u>

The 'full-time contract' statistic is for staff on 2 year contracts associated with traineeships.

###### **Staff Development**

The Authority's demonstrated commitment to staff development is critical to the success of our Quality System, exceeding our customer expectations in a competitive and changing environment, and maintaining a stable, skilled and committed workforce.

All new production employees receive training at the Certificate III level. Existing employees are also encouraged to take the opportunity to complete the training qualify for the Certificate III in Animal Technology. The Registered Training Organisation status continues to allow the Authority to offer Traineeships targeting the under 25 year olds, with 25 employees now representing this group. 15 staff members completed the Certificate III in Animal Technology during 2008-09.

Staff also received training in a wide range of management/supervision, specialist scientific, First Aid, Manual Handling, OS&H and Animal Welfare related areas.

## ANIMAL RESOURCES AUTHORITY

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### GOVERNANCE DISCLOSURES FOR THE YEAR ENDED 30 JUNE 2009

#### **Governance Disclosures**

##### **Contracts with Senior Officers**

At the date of reporting, other than normal contracts of employment of service, no Board members or Senior Officers, or firms of which Members or Senior Officers are members, or entities in which Members or Senior Officers have substantial interests, had any interests in existing or proposed contracts with the Animal Resources Authority and Senior Officers.

##### **Insurance premiums paid to indemnify members of the Board**

An insurance policy has been taken out to indemnify members of the Board against any liability incurred under sections 13 or 14 of the Statutory Corporations (Liability of Directors) Act 1996. The amount of the insurance premium paid for 2008/2009 was \$6,576.36.

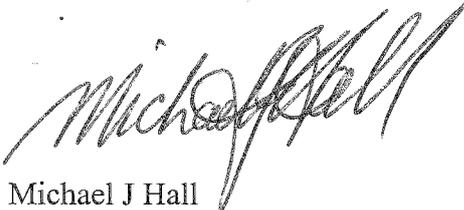
ANIMAL RESOURCES AUTHORITY

OTHER LEGAL REQUIREMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

Compliance with Public Sector Management Act Section 31(1)

1. In the administration of the Animal Resources Authority, I have complied with the Public sector Standards in Human resource Management, the Western Australian Public sector Code of Ethics and our Code of Conduct.
2. I have put in place procedures designed to ensure such compliance and conducted appropriate internal assessments to satisfy myself that the statement made in 1. is correct.
3. The applications made for breach of standards review and the corresponding outcomes for the reporting period are:

Number lodged:	nil
Number of breaches found, Including details of multiple breaches per application:	nil
Number still under review:	nil



Michael J Hall  
Chief Executive Officer

14 August 2009

**Electoral Act 1907 Section 175ZE**

In compliance with section 175ZE of the Electoral Act 1907, the Animal Resources Authority is required to report on expenditure incurred during the financial year in relation to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.

Details are as follows:

<b>Expenditure with Advertising Agencies</b>	
Adcorp Marketing	\$1,205.02
Seek Ltd	\$1,485.59
Expenditure with Market Research Agencies	\$0
Expenditure with Polling Agencies	\$0
Expenditure with Direct Mail Agencies	\$0
Expenditure with Media Advertising Agencies	\$0
<b>TOTAL EXPENDITURE</b>	<b>\$2,690.61</b>

## ANIMAL RESOURCES AUTHORITY

### OTHER LEGAL REQUIREMENTS FOR THE YEAR ENDED 30 JUNE 2009

#### Compliance with Public Sector Standards and Ethical Codes 2008-2009

Compliance issues	Significant Action Taken to Monitor and Ensure Compliance
<b>Public Sector Standards</b> <ul style="list-style-type: none"><li>• Nil breach claims</li></ul>	<ul style="list-style-type: none"><li>• Information about Standards is included in ARC Employee Handbook.</li><li>• Induction of all new employees includes a discussion about Public Sector Standards.</li><li>• All Quality System Work Instructions relating to Public Sector Standards were reviewed and amended as appropriate.</li></ul>
<b>WA Code of Ethics</b> <ul style="list-style-type: none"><li>• Nil reports of non compliance</li></ul>	<ul style="list-style-type: none"><li>• Information on the Code of Ethics is included in Induction materials for all new employees.</li><li>• Induction of new employees includes a discussion about the WA Code of Ethics.</li><li>• The ARC's Code of Conduct is based on the Code.</li></ul>
<b>Agency Code of Conduct</b> <ul style="list-style-type: none"><li>• No breaches of the Code of Conduct.</li></ul>	<ul style="list-style-type: none"><li>• Information on the ARC's Code of Conduct is included in the Employee Handbook.</li><li>• The ARC's Code is explained to all new employees at their Induction.</li><li>• The ARA Code of Business Conduct was revised in December 2008, in consultation with staff.</li></ul>

## **ANIMAL RESOURCES AUTHORITY**

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### **OTHER LEGAL REQUIREMENTS FOR THE YEAR ENDED 30 JUNE 2009**

#### **Disability Access and Inclusion Plan Outcomes**

As a Statutory Authority the ARC is exempt from the requirement to produce a DAIP.

The ARC's products and services are accessible to all customers and potential customers via our website, email or telephone.

#### **Record keeping Plans**

The Animal Resources Authority is committed to sound record keeping practices as prescribed by the State Records Commission (SRC).

In relation to SRC Standard 2, Principle 6 the ARA reports the following:

- The evaluation of the efficiency and effectiveness of ARA's Recordkeeping Systems is proposed for the beginning of 2010.
- All new employees undergo an intensive induction program which includes recordkeeping requirements, as well as roles and responsibilities of all staff.
- Every employee received a copy of the ARC Employee Handbook which outlines our Records Management policy and procedures.

#### **Public Interest Disclosure Act 2003, S23(1) (f)**

In compliance with the Act the Animal Resources Authority has appointed a Public Interest Disclosure Officer and has published internal guidelines and procedures that facilitate the process of Public interest disclosure and protect and support those who make Public Interest Disclosures.

The latest OPSSC DVD on the topic, 'SPEAKING OUT –A guide to making a Public Interest Disclosure' was shown to all staff. Discussions were encouraged to ensure a full understanding of the process.

#### **Freedom of Information Statement**

The Animal Resources Authority's mission, details of legislation administered and the agency structure are presented on pages 2 to 4 of this report.

Decisions made by the Authority affect the function of the Animal Resources Centre and have no direct effect on the public. Decisions relate to the type and number of animals to produce and the means by which funds are utilised by the Authority. In most circumstances the authority for decision making lies with the Chief Executive Officer but these decisions are ratified by the Board.

Requests for information on the activities of the Authority should be made to the Chief Executive Officer.

## ANIMAL RESOURCES AUTHORITY

### GOVERNMENT POLICY REQUIREMENTS FOR THE YEAR ENDED 30 JUNE 2009

#### Corruption Prevention

The ARA put the following measures in place to reduce the risk of corruption and misconduct:

- The ARA's Policy on Integrity and Conflict of Interest was reviewed and circulated to all staff who work in areas of higher risk.
- All senior staff and staff at risk were then asked to sign a declaration relating to integrity and potential conflict of interest situations. No issues were identified.

#### Occupational Safety and Health

The ARA is committed to occupational safety and health and injury management and has policies in place. The policies were reviewed during the year and have been widely communicated to all staff.

An Occupational Safety and Health Committee which includes employee and management representation meets as required or every three months to discuss and resolve OSH matters. Employee representatives on the Committee consult with staff and raise OSH issues identified. Managers and staff conduct area safety analyses for their areas and seek feedback from staff on OSH issues or risks. These issues or risks are logged, prioritised and acted upon as part of the ARA's OSH system. Significant investment in manual handling task removal was a direct outcome of staff input.

ARA's Injury Management Policy and Procedures were audited by RiskCover and deemed to be compliant with the injury management requirements of the Workers Compensation and Injury Management Act 1981. The ARA management maintains a very proactive approach to injury management in order to reduce the amount of lost time due to injury. In line with this the improved reporting process for Accidents and Incidents as well as Hazard Identification has been effective in reducing risks and hazards in the workplace.

#### Report on ARA OSH Annual Performance for 2008/09

Indicator	Target 2008/09	Actual 2008/09
Number of fatalities	0	0
Lost time injury/diseases incidence rate	0	4.4
Lost time injury severity rate	0	0
Percentage of injured workers returned to work within 28 weeks	100%	100%
Percentage of managers trained in occupational safety and health and injury management responsibilities.	50%	70%

ANIMAL RESOURCES AUTHORITY

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**ESTIMATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2010  
(Unaudited)**

**ASSETS**

<b>Current Assets</b>	\$
Cash Resources	1,380,000
Accounts Receivable	1,000,000
Animal Stocks	2,625,000
Non Animal Stocks	<u>100,000</u>
<b>Total Current Assets</b>	<u>5,105,000</u>

<b>Non-current Asset</b>	
Property, Plant and Equipment	4,534,000
<b>Total Non-Current Asset</b>	<u>4,534,000</u>

<b>TOTAL ASSETS</b>	<u>9,639,000</u> =====
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**LIABILITIES**

<b>Current Liabilities</b>	
Payables	450,000
Provisions	<u>150,000</u>
<b>Total Current Liabilities</b>	<u>600,000</u>

<b>Non-Current Liability</b>	
Provisions	<u>220,000</u>
<b>Total Non-Current Liability</b>	<u>220,000</u>

<b>TOTAL LIABILITIES</b>	<u>820,000</u>
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<b>NET ASSETS</b>	<u>8,819,000</u> =====
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**EQUITY**

Reserves	1,239,251
Retained Earnings	<u>7,579,749</u>

<b>TOTAL EQUITY</b>	<u>8,819,000</u> =====
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ANIMAL RESOURCES AUTHORITY

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**ESTIMATED STATEMENT OF FINANCIAL  
PERFORMANCE  
FOR YEAR ENDED 30 JUNE 2010  
(Unaudited)**

**INCOME**

**Revenue**

Sales	6,095,471
Provision of Services	1,235,210
Interest Revenue	59,234
Other Revenues	<u>30,500</u>
<b>Total Income</b>	<u>7,420,415</u>

**EXPENSES**

Cost of sales and services	5,664,837
Employee benefits expense	785,000
Depreciation expense	48,000
Supplies and services	<u>682,000</u>
<b>Total Expenses</b>	<u>7,179,837</u>

<b>Surplus for the period</b>	<u>240,578</u>
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