

Animal Resources Authority

Annual Report

FY 2014-2015

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## Compliance Statement

FY 2014-15

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

In accordance with the *Financial Management Act* (2006 §63), please find, for your information and presentation to Parliament, the 2014-2015 Animal Resources Authority's Annual Report.

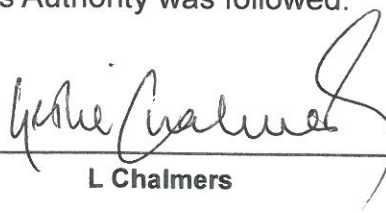
The Annual Report has been prepared according to the *Financial Management Act* (2006) and the *Public Sector Management Act* (1994).

Relevant written law impacting the Animal Resources Authority was followed.



A Tate

Animal Resources Authority  
Board Chair  
August 13, 2015



L Chalmers

Animal Resources Authority  
Board Member  
August 13, 2015

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## **Agency Overview Executive Summary**

Since 1981, Western Australia's Animal Resources Authority (ARA) has provided specific pathogen free (SPF) genetically defined laboratory animals for research, teaching and testing throughout Australia. ARA rat and mouse models are primarily used in biomedical research, with significant research advances occurring through the Authority's supply of high quality animals.

The not-for-profit ARA remains self-funding from operations and provides affordable laboratory rodents and specialized services to the biomedical sector.

This year was difficult for the Animal Resources Centre (ARC) with 2014/5 revenue 15% less than budgeted and 11% below FY 2013/4. The unexpectedly lower sales yielded a larger than budgeted loss. Production animal sales numbers were significantly below budget, FY 2013/4, and data from the past five years. The sales downturn was external (to the ARC) in that the ARC had no any animal diseases detected, no genetic contamination identified, and no customer service issues; this year's price increase was a modest 4%. Other industry-related vendors have reported a similar sales downturn. External factors impacting sales include research funding, proposed university deregulation, increased shipping prices, and the perennial internal institutional breeding colonies. The ARC made significant strides towards reducing key expenses: Labor, bedding, quality control, and utilities. Mission critical equipment required replacement, and the rarity that our small agency uses Government services caused delays. The signed Lease Proposal at the close of FY 2013/4 continues to move towards a signed Land Lease with Murdoch University (MU).

Interstate, private, and overseas markets provided ~85% of revenue and ~79% of the animal sales numbers; overall these markets saw revenue and animal numbers fall ~7% and ~16%, respectively, compared to FY 2013/4.

The ARA underwent our standard, annual internal, OAG, and ISO 9001 audits. In addition the ARC was selected by OAG to undergo a Vetting Screening Audit.

The strong and exceptional customer service and staff dedication is the cornerstone of the ARA's reputation as a reliable, high-quality animal supplier in a scientific funding environment that was significantly more difficult in 2014-15.

## **Operational Structure**

### **Enabling Legislation**

The ARA was established as a Statutory Authority under the *Animal Resources Act* (1981). The Act, proclaimed on June 23, 1982, was witnessed in the *Government Gazette of Western Australia* on July 2, 1982.

### **Responsible Minister**

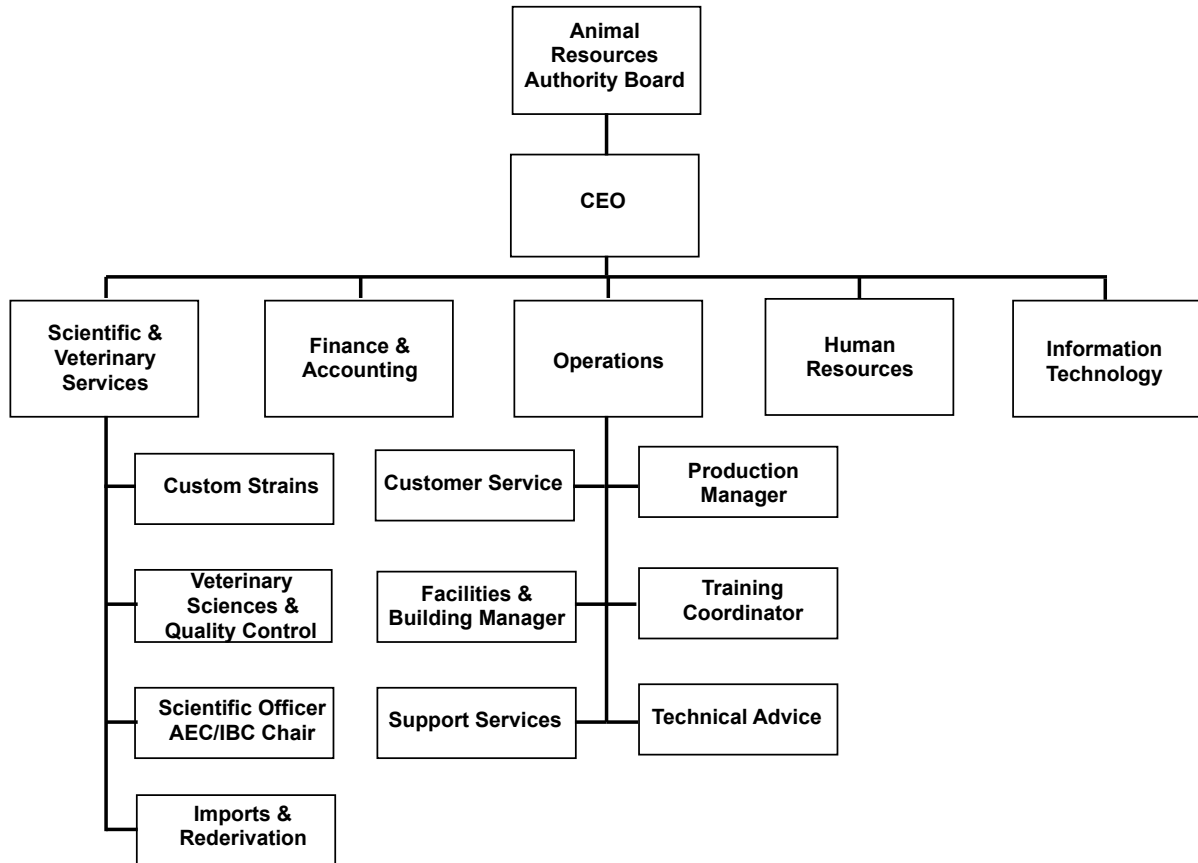
The Hon. Kim Hames; MB, BS, JP, MLA, Minister for Health (MOH).

## Organizational Structure

### Mission

Provide and acquire high quality SPF laboratory animals and associated research support services for institutions using animals in research, teaching, and/or testing.

### Organizational Chart



The Board vests responsibility for all Authority operations to the Chief Executive Officer. The ARA, under the PSGOGA Award, employs the ARC's employees.

### The Animal Resources Authority Board

The MOH appoints an eight-member ARA Board; each Board member serves a three-year term. The MOH nominates four members, the University of Western Australia's (UWA) governing authority nominates two members, and MU and Curtin University of Technology governing authorities each nominate one.

## 2013-2014 Animal Resources Authority Board

Name	Board-member Affiliation
Mr. Anthony Tate (Chair)	Former Director, Research and Development, Curtin University of Technology
Dr. Campbell Thomson (Deputy Chair)	Director of Research Services, The University of Western Australia
Mrs. Leslie Chalmers	Director, Productive Edge
Professor Jennet Harvey	Professor, School of Pathology and Laboratory Medicine, The University of Western Australia
Professor David Morrison	Deputy Vice Chancellor for Research Murdoch University
Professor Elizabeth Rakoczy	Professor and Research Director, Lions Eye Institute, The University of Western Australia
Mr. Michael Robins	Department of Health, Health Infrastructure Unit
Mr. Charlie Thorn	Director, Research and Development, Curtin University

### Senior Officers

Name	Board-member Affiliation
Dr. Patrick Sharp	Chief Executive Officer
Open	Operations Director

### Administered Legislation

The MOH administers the *Animal Resources Authority Act* (1981).

### Other Key Legislation Impacting the Authority's Activities

The ARA 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);
- *Legal Deposit Act* (2012);
- *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).

The ARA's finance administration complied with the *Financial Management Act* (2006) requirements and other relevant written law, and exercised controls providing reasonable assurance that the receipt and expenditure of money, public property acquisition and disposal, and incurring liabilities met the various legislative provisions.

As of the date signed, we are unaware of any circumstances rendering this statement's particulars misleading or inaccurate.

### **Performance Management Framework**

#### **Government Goals**

By providing valuable, defined animal models for research, teaching, and/or testing, the ARA supports improved health outcomes consistent with the Government Goal:

*'Results Based Service Delivery—Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians'*

All plastics, cardboard, and recyclable packaging materials are recycled. All animal bedding is composted. The facility is converting its fluorescent lighting to energy efficient, mercury-free, LED lighting. A power factor correction unit was purchased and installed. An energy efficient chiller was purchased as part of a Heating, Ventilation, and Air Conditioning upgrade, installation is pending. This is consistent with the Government Goal:

*'Social and Environmental Responsibility—Ensuring that the economic activity is managed in a socially and environmentally responsible manner of the long-term benefit of the State.'*

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

There were no significant Outcome Based Management Framework changes; however, Key Effectiveness and Efficiency Indicators were reviewed in 2014/5. Please refer to this report's Key Performance Indicators (KPI) section for more details.

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

The ARA did not share any responsibilities with other agencies in 2014-15.

### **Agency Performance**

#### **FY 2014/5 Highlights**

- Markedly reduced Production rat and mouse sales contributed to a significantly lower financial performance; sales were at a five-year low.
- Chiller and Autoclave issues took longer than expected to initiate with no resolution by the year's end for these business critical necessities.
- Improved animal health testing and monitoring program
- Replacement of an aging phone system that failed the day of installation
- Continued international shipping container development
- Two trainees completed the Animal Technology Certificate III
- 10 employees participated in the Frontline Management training program
- Evaluation of a certified, international employee training program
- Development stages of an expanded disaster plan
- Continued review of practices and procedures to increase operational efficiency
- Vendor review for a given expense's price and quality (e.g., value)
- Success employing the novel Nonsurgical Embryo Transfer (NSET) technology
- Using chlorine dioxide gas to facilitate and expedite our sterilization needs and mitigate the loss of one autoclave; the autoclave still requires urgent replacement
- Initial Records Management review and incorporating paperless forms

- Initial rollout of online ordering
- Initiating a Program Description for the Association for the Assessment and Accreditation of Laboratory Animal Care (AAALAC—International).
- Review of Standard Operating Procedures

### **Overview**

As Australia's major SPF laboratory mouse and rat biomedical research supplier, the ARA also exported these valuable, high quality, genetically defined animals to eight countries during 2014/5. The ARC's Production arm maintains approximately 40 SPF rat and mouse lines, and the ARC's Custom Strains arm maintains ~100 genetically modified lines; the latter validates our expertise, abilities, and customer service. The ARC's services also include cryopreservation and quarantine. The ARA continues to fulfill its function with no ongoing animal supply shortages.

The ARC continues its efforts to eradicate the commensal bacterium, *Klebsiella oxytoca*, previously identified in ARC. The ARC has started to eradicate the recently discovered Astrovirus from our mouse colonies. These are common mouse agents prevalent in mouse colonies across Australia and worldwide. Work practices have assisted in isolating the organisms. No clinical signs were evident and the agents are neither a general biomedical research impediment nor a human health risk.

### **Operational Trends**

- Continued researcher specification for animals with particular genetic profiles and microbiological makeup.
- Overhead costs continue to increase.
- Erratic and reduced production strain demand .
- Service revenue increase (e.g., import, cryopreservation, procedures).
- In FY 2014/5, local, interstate, and overseas demand decreased. A strong increase in private institution demand was seen.
- Reduced Geniad colony census.

### **Significant Issues Impacting the Agency**

The ARA's goal is to improve Australia's health outcomes by facilitating high-quality, world-class biomedical research, which begins by using a high-quality, world-class animal model. Significant issues are directly related to animal production costs for institutions raising these animal models themselves without the various controls the ARC employs (e.g., disease testing, genetic quality, production numbers). Animal quality and in turn research quality suffers from a poorly defined animal model; a matter recognized and increasingly scrutinized by top-tier, peer reviewed scientific publications.

**Current issues:** Current issues impacting the Authority this year include significantly decreased Production animal sales, infrastructure replacement, and the Murdoch Land Lease. All of these matters were brought to the attention of the ARA Board and the Minister. The Minister requested a Financial Review; however, no Review details were available as of June 30, 2015.

Decreased Production Animal Sales: Production animal sales numbers decreased significantly below budget, FY 2013/4, and at least the past five years. The reason for the downturn is external (to the ARC) as the ARC has not had any animal dis-



eases detected, no genetic contamination identified, no customer service issues, and this year's 4% price increase is modest. Other industry-related vendors have reported a similar sales downturn.

External factors impacting sales include research funding, proposed university deregulation, increased shipping prices, and the perennial internal institutional breeding colonies. Institutions maintaining internal breeding colonies seldom follow the ARA supplier's contractual obligations (e.g., pedigree animal breeding, disease monitoring, genetic testing) that confound research.

Infrastructure Replacement: The ARA must to replace the Chiller and Autoclave, two major pieces of equipment. While it was prudent to delay these purchases previously, further delays will be detrimental to the ARA's core business.

*Chiller:* The two existing chillers are 16 years old and use an antiquated cooling technology utilizing the hydrochlorofluorocarbon R22, which is being phased out. Servicing the existing Chillers will become more difficult, expensive, and cannot wait until complete failure occurs. The two existing chillers have no operational redundancy and are a business critical item; both chillers must operate on hot days. Chiller replacement was discussed previously (c. 2008), but postponed due to the Global Financial Crisis. Chiller failure will negatively impact animal health, breeding capacity, and quite possibly result in animal deaths. This will result in surviving animals being unsellable and bring the ARC under enormous and unnecessary public scrutiny because of animal welfare issues. A motor failure in February nearly caused such a catastrophe. Rats and mice cannot sweat and their cooling is behavioral by water consumption, fur licking, and burrowing. Although the latter is the most effective means for cooling, it is impossible in all contemporary housing methods.

The replacement plan was developed with our Financial Lease provider and an outside consultant. This plan replaces the existing Chillers System with the Geothermal Assisted Heating, Ventilation, and Air Conditioning System (GAHVAC) as a cost effective plan that will contain various life cycle costs. Several pieces of equipment and moving parts will be eliminated. The replacement of one of the two Chillers and connection to the GAHVAC will occur through a six-year Western Australia Treasury Corporation (WATC) loan, which has been approved (in writing) by the Treasurer. The purchase of one additional Chiller will occur outside the scope of the current loan to add complete system redundancy. Until the additional Chiller is purchased, one of the old Chiller units will provide partial operational redundancy.

*Autoclave:* To prevent disease entry into Production and Custom Strains areas all materials must be sterilized. The ARA had maintained two autoclaves to sterilize materials. The older of the two autoclaves failed and must be replaced immediately. Due to its location, size, and operational demands the autoclave replacement requires a modest structure contiguous with the existing vivarium. The replacement cost is ~ A\$ 1 million. Autoclave replacement is an emergency because it jeopardizes animal health, which would further erode animal sales; unfortunately, the ARA has been unable to obtain funds, to date, to replace this mission critical piece of equipment. Preventing pathogen entry and containing existing commensals will be difficult, if not impossible, when the sole remaining autoclave fails. Failure to appropriately prevent or

contain pathogen and commensal agents will result in a further and precipitous animal sales decline. Contemporary animal research requires animals without deleterious agents that would otherwise confound research results. Some deleterious agents excluded by the ARC are transmissible to humans. The matter has been brought to the attention of the ARA Board, Minister for Health, and Treasurer; to date the ARA has been unsuccessful in securing a loan for the autoclave replacement.

In the interim, a chlorine dioxide gas (CDG) generator has been purchased to facilitate sterilization. CDG is a sterilant providing the six log reduction required to sterilize an item. The CDG unit is part of the previously developed autoclave replacement plan that complements, facilitates, expedites, and expands the current operational fumigation program for non-autoclavable items.

Murdoch Land Lease:

The lease situation appears to have stabilized with Board approval and signing of a Lease Proposal agreement in late June 2014. Productive discussions late in the FY have served to make the land lease likely in early FY 2015/6.

Emerging issues:

*Biomedical Research Funding:* Biomedical research funding drives research animal demand. The biggest issues negatively impacting animal sales this year, identified by various research programs and vendors, was uncertainty over research funding and the deregulation of Universities. Market stability seemed to develop late in the FY.

*Infrastructure:* In addition to the Chiller and Autoclave discussed above, the current facility is over 30 years old and has undergone incremental upgrades; while it poses no human hazards, ergonomic and safety solutions have been and will continue to be incorporated into upgrades. Equipment (e.g., bulk sterilizing capacity), storage capacity, and disaster planning are needed. The facility lacks sufficient on-site staff development capacity; additional staff space will be needed should staff census increase beyond FY 2013/4 levels. New animal facilities entering into service are competing with the ARC in producing rats and mice without the ARC’s stringent quality control measures (e.g., health monitoring, genetic testing).

*Customer Demand:* Customer demand (researchers) for animals with an exceptionally high health status continues. This is greatly facilitated by expensive and advanced caging systems. It is likely that caging systems and sanitation equipment will continue to require upgrading to deliver this expectation. Furthermore, extraordinarily immunocompromised animals, such as the newly maintained NSG mouse, require superb personnel and equipment.

**Total Revenue Percentage by Customer Group**

Customer Group	2014/5	2013/4
WA Universities and Medical Research Institutions	15.1%	15.5%
Interstate Universities and Medical Research Institutions	73.0%	77.7%
Private Companies	6.8%	5.8%
International Exports	5.1%	5.6%

### Total Animal Sales Numbers by Customer Group

Customer Group	2014/5	2013/4
WA Universities and Medical Research Institutions	55,739	101,282
Interstate Universities and Medical Research Institutions	169,487	207,039
Private Companies	29,259	29,300
International Exports	6,393	7,742

Generally, customer-group revenue distributions and animal sales were unexpectedly erratic and markedly lower during 2014/5. The number of animals sold over FY 2014/5 provided a clearer picture of the ARC sales downturn seen in the Western Australia and Interstate markets. Although overseas animal sales numbers continued their decline (-17%) seen over the past several years, the decline was less this FY. Private company sales numbers approximated last year's, and interstate volume fell ~18%. Western Australian Universities and Medical Research Institutions animal sales were sharply lower (-45%).

### Revenue Sources and Percentage Change

Revenue Source	2014/5	2013/4	Change
Animal Sales	A\$ 5,015,538	A\$ 5,647,707	-11%
Custom Strain Maintenance	A\$ 906,402	A\$ 932,944	-3%
Import/Quarantine	A\$ 97,647	A\$ 39,822	145%

In FY 2014/5 Animal Sales revenue decreased drastically, contrasting Custom Strains Maintenance's modest increase from FY2013/4. Geniad mouse census decreased sharply, reducing its revenue share and continuing last year's trends. Although Import and Quarantine Services increased markedly this FY, this revenue source is subject to wild swings. An altered Australian import permit program in FY 2014/5 encouraged overseas imports originating in select countries. ARC's strong customer service, rederivation services, and customer friendly pricing encourages institutions, some from the Eastern states, to use the ARC.

Western Australia (WA) revenue decreased 5% this year. Revenue increased from Curtin University (111%) and was equal or lower at all other WA institutions.

Interstate sales revenue and animal numbers decreased 8% and 18%, respectively; New South Wales (NSW), Queensland (QLD), and Victoria (VIC) continued as the dominant Interstate Markets. The FY 2014/5 revenue downturns in NSW (-8%) and QLD (-6%) sharply contrasted last year's 16% and 18% increases, respectively. The VIC downturn was more dramatic at -18%; greater than the NSW and QLD sum.

Private Business revenue (PBR) increased ~14%. Although PBR trended near the five-year average throughout FY 2014/5, October and November sales were particularly strong.

Overseas animal sales reflect (primarily) Production and Custom Strains deliveries to eight countries: Belgium, People's Republic of China, Finland, Indonesia, Malaysia, New Zealand, Singapore, South Korea, and the United States; revenue and volume decreased, 11% and 17%, respectively. Strong sales continued to New Zealand and South Korea. Overseas sales were helped by product consistency, quality, customer service, and more favorable exchange rates brought about by a weaker Australian dollar. Attendance and presentations at regional and relevant scientific meetings and carefully placed advertisements facilitated sales and inquiries.

### **Environment**

The ARA reduced its environmental impact via the following actions:

- All office waste paper is shredded and used in operations or recycled;
- All plastic, cardboard, and recyclable packaging is recycled;
- Used animal bedding is composted;
- Replacing fluorescent, incandescent, and halogen bulbs with LED bulbs which use less energy and do not contain mercury;
- Operational energy saving strategies;
- Purchase of an energy efficient chiller to replace the existing chiller, with the plan to incorporate a geothermal adjunct;
- Evaluating photovoltaic (solar) generation;
- Utilizing novel diagnostic testing methodologies with a smaller carbon footprint.

### **Likely Developments and Operational Forecast**

Possible ARA 2015-16 financial year development:

- Plan for *Pneumocystis carinii* and *Klebsiella oxytoca* rederivation;
- Complete Chiller installation
- Refresh relevant strains to ensure genetic integrity;
- Identify rat stock/strain vendor source for select lines requested by customers
- Continuous improvement in cryopreservation and IVF techniques;
- Initiate ARC rat and mouse line cryopreservation
- Expand and optimize our health monitoring programs, providing animals of the highest health status;
- Initiate Autoclave replacement and plan other facility upgrades;
- Informally engage stakeholders to evaluate our product and service alignment.
- Align ARC standards and practices with those expected by AAALAC—International
- Implement Nonsurgical Embryo Transfer technology
- Automate the current labor intensive payroll system
- Implement online ordering

## Animal Ethics Committee

The AEC was constituted as follows:

AEC Statutory Role	Name
Chair	<b>Dr. Scott Trasti</b> Animal Resources Centre
Category A	<b>Dr. Lydia Pethick</b> Animal Resources Centre
Category A Alternate	<b>Dr. Joel Huang</b> Veterinary Surgeon
Category B	<b>Dr. Hannah Bender</b> Researcher, Murdoch University
Category C	<b>Ms. Cheryl Davenport</b> RSPCA Member
Category D	<b>Mr. Dominic Jenkin</b> Community Member

Committee constitution and operation follows the *Australian Code of Practice for the Care and Use of Animals for Scientific Purposes* (2013). The Committee approved all animal use for research, teaching, and/or testing.

In addition, the Animal Resources Centre complies with Western Australia's *Animal Welfare Act* (2002) by holding licenses to "... supply animals for scientific purposes..." and to "... use animals for scientific purposes...", as issued by Western Australia's Department of Local Government and Regional Development.

The ARC continues to work towards accreditation by the Association for the Assessment and Accreditation of Laboratory Animal Care—International (AAALAC). This will require the ARC to comply with some components of the *Guide for the Care and Use of Laboratory Animals*. AAALAC accreditation is considered the global gold standard of animal care.

# Independent Auditor's Report



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

### ANIMAL RESOURCES AUTHORITY

#### Report on the Financial Statements

I have audited the accounts and financial statements of the Animal Resources Authority.

The financial statements comprise the Statement of Financial Position as at 30 June 2015, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

#### *Board's Responsibility for the Financial Statements*

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Opinion**

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Animal Resources Authority at 30 June 2015 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

## **Report on Controls**

I have audited the controls exercised by the Animal Resources Authority during the year ended 30 June 2015.

Controls exercised by the Animal Resources Authority are those policies and procedures established by the Board to ensure 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.

### *Board's Responsibility for Controls*

The Board is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

### *Auditor's Responsibility*

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Animal Resources Authority based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Authority complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the controls exercised by the Animal Resources Authority are sufficiently adequate to 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 during the year ended 30 June 2015.

## **Report on the Key Performance Indicators**

I have audited the key performance indicators of the Animal Resources Authority for the year ended 30 June 2015.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

### *Board's Responsibility for the Key Performance Indicators*

The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions and for such controls as the Board determines necessary to ensure that the key performance indicators fairly represent indicated performance.

### *Auditor's Responsibility*

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Board's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the key performance indicators of the Animal Resources Authority are relevant and appropriate to assist users to assess the Authority's performance and fairly represent indicated performance for the year ended 30 June 2015.

**Independence**

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing and Assurance Standards, and other relevant ethical requirements.

**Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators**

This auditor's report relates to the financial statements and key performance indicators of the Animal Resources Authority for the year ended 30 June 2015 included on the Authority's website. The Authority's management is responsible for the integrity of the Authority's website. This audit does not provide assurance on the integrity of the Authority's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



GLEN CLARKE  
DEPUTY AUDITOR GENERAL  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
26 August 2015



**Certification of Financial Statements**  
For the year ended 30 June 2015

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 ended 30 June 2015 and the financial position as at 30 June 2015.

At the signing date we are unaware of any circumstances rendering the financial statement particulars as misleading or inaccurate.



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**S Nair**

Animal Resources Authority  
Chief Financial Officer  
August 13, 2015



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**A Tate**

Animal Resources Authority  
Board Chair  
August 13, 2015



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**L Chalmers**

Animal Resources Authority  
Board Member  
August 13, 2015

**Statement of Comprehensive Income**  
For the year ended 30 June 2015

	Note	2015 \$	2014 \$
<b>INCOME</b>			
<b>Revenue</b>			
Sales	6	6,605,535	7,191,318
Provision of services	6	1,004,049	972,766
Commonwealth grants and contributions	7	-	74,924
Interest revenue	8	31,764	40,241
Other revenue	9	231,334	21,643
<b>Gains</b>			
Gain on fair value of biological assets	10	208,337	-
<b>TOTAL INCOME</b>		8,081,019	8,300,892
<b>EXPENSES</b>			
Cost of sales and services	6	6,982,216	6,703,653
Loss on fair value of biological assets	10	-	32,484
Employee benefits expense	11	692,095	662,362
Supplies and services	12	465,702	515,847
Loss on disposal of non-current assets	13	2,661	-
Other expenses	14	413,231	451,025
Depreciation and amortisation expense	15	100,281	82,573
Accommodation expense	16	120,000	237,250
<b>TOTAL EXPENSES</b>		8,776,186	8,685,194
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		(695,167)	(384,302)
<b>OTHER COMPREHENSIVE INCOME</b>			
Changes in asset revaluation surplus	27	459,741	-
Gains/losses recognised directly in equity		-	-
<b>Total other comprehensive income</b>		459,741	-
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>		(235,426)	(384,302)

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

**Statement of Financial Position**  
As at 30 June 2015

	Note	2015 \$	2014 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	17	847,235	1,950,372
Inventories	18	53,470	59,036
Biological assets	19	3,045,301	2,836,964
Receivables	20	884,601	843,385
<b>Total Current Assets</b>		<u>4,830,607</u>	<u>5,689,757</u>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	21	4,600,619	4,090,721
Intangible assets	23	35,563	39,812
<b>Total Non-Current Assets</b>		<u>4,636,182</u>	<u>4,130,533</u>
<b>TOTAL ASSETS</b>		<u>9,466,789</u>	<u>9,820,290</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	25	817,623	947,916
Provisions	26	622,338	639,216
<b>Total Current Liabilities</b>		<u>1,439,961</u>	<u>1,587,132</u>
<b>Non-Current Liabilities</b>			
Provisions	26	152,203	138,969
<b>Total Non-Current Liabilities</b>		<u>152,203</u>	<u>138,969</u>
<b>TOTAL LIABILITIES</b>		<u>1,592,164</u>	<u>1,726,101</u>
<b>NET ASSETS</b>		<u>7,874,625</u>	<u>8,094,189</u>
<b>EQUITY</b>			
Reserves	27	2,150,677	1,690,936
Retained earnings	27	5,723,948	6,403,253
<b>TOTAL EQUITY</b>		<u>7,874,625</u>	<u>8,094,189</u>

The Statement of Financial Position should be read in conjunction with the accompanying notes.

**Statement of Changes in Equity**  
For the year ended 30 June 2015

	Reserves	Retained Earnings	Total equity
Note	\$	\$	\$
<b>Balance at 1 July 2013</b>	27 1,690,936	6,787,555	8,478,491
Profit	-	(384,302)	(384,302)
Other comprehensive income	-	-	-
<i>Total Comprehensive income for the period</i>		<u>(384,302)</u>	<u>(384,302)</u>
Transactions with owners in their capacity as owners			
Capital appropriations	-	-	-
Other contributions by owners	-	-	-
Distributions to owners	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>
<b>Balance at 30 June 2014</b>	<u>1,690,936</u>	<u>6,403,253</u>	<u>8,094,189</u>
<b>Balance at 1 July 2014</b>	1,690,936	6,403,253	8,094,189
Profit/(loss)		(695,167)	(695,167)
Transfer from Asset Revaluation Reserve		15,862	15,862
Other comprehensive income	459,741		459,741
<i>Total Comprehensive income for the period</i>	<u>459,741</u>	<u>(679,305)</u>	<u>(219,564)</u>
Transactions with owners in their capacity as owners			
Capital appropriations	-	-	-
Other contributions by owners	-	-	-
Distributions to owners	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>
<b>Balance at 30 June 2015</b>	<u>2,150,677</u>	<u>5,723,948</u>	<u>7,874,625</u>

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

**Statement of Cash Flows**  
For the year ended 30 June 2015

	Note	2015 \$	2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Sale of goods and services		6,559,458	7,203,711
Provision of services		1,004,049	972,766
Commonwealth grants and contributions		-	74,924
Interest received		36,625	39,174
GST receipts on sales		722,988	779,899
Other receipts		231,334	21,643
<b>Payments</b>			
Employee benefits		(4,679,482)	(4,556,667)
Accommodation expenses		(120,000)	-
Supplies and services		(3,336,851)	(2,951,300)
Other Expenses		(413,229)	(451,025)
GST payments on purchases		(319,076)	(292,922)
GST payments to taxation authority		(416,073)	(496,781)
<b>Net cash provided by/(used in) operating activities</b>	28	<b>(730,257)</b>	<b>343,422</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds from sale of non-current physical assets		-	-
<b>Payments</b>			
Purchase of non-current physical assets		(372,880)	(44,701)
<b>Net cash provided by/(used in) investing activities</b>		<b>(372,880)</b>	<b>(44,701)</b>
Net increase/(decrease) in cash and cash equivalents		(1,103,137)	298,720
Cash and cash equivalents at the beginning of the period		1,950,372	1,651,652
<b>CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD</b>	17	<b>847,234</b>	<b>1,950,372</b>

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

## Notes to the Financial Statements For the year ended 30 June 2015

### **Note 1** Australian Accounting Standards

#### **General**

The Authority's financial statements for the year ended 30 June 2015 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to Standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

The Authority has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

#### **Early adoption of standards**

The Authority cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements. Partial exemption permitting early adoption of AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities has been granted. Aside from AASB 2015-7, there has been no early adoption of any other Australian Accounting Standards that have been issued or amended (but not operative) by the Authority for the annual reporting period ended 30 June 2015.

### **Note 2** Summary of significant accounting policies

#### **(a) General statement**

The Authority is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) 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 2006* and the Treasurer's Instructions impose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has had 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, except for buildings which has 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.

Note 3 'Judgements made by management in applying accounting policies' discloses judgements that have been made in the process of applying the Authority's accounting policies resulting in the most significant effect on amounts recognised in the financial statements.

Note 4 'Key sources of estimation uncertainty' discloses key assumptions made concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### **(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 transfer to the purchaser and can be measured reliably.

##### *Provision of services*

Revenue is recognised by reference to the stage of completion of the transaction.

##### *Interest*

Revenue is recognised as the interest accrues.

##### Gains

Realised and unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non current assets and some revaluations of non current assets and the change in fair value of biological assets.

#### **(e) Taxation**

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

# Animal Resources Authority

## For the year ended 30 June 2015

### (f) Property, plant and equipment

#### Capitalisation / Expensing of assets

Items of property, plant and equipment 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 costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (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.

For items of property, plant and equipment acquired at no cost or for nominal cost, the cost is the fair value at the date of acquisition.

#### Subsequent measurement

Subsequent to initial recognition as an asset, the revaluation model is used for the measurement of buildings and historical cost for all other property, plant and equipment. Buildings are carried at fair value less accumulated depreciation. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation.

Where market-based 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 by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

In the absence of market-based evidence, fair value of buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Where the fair value of buildings is determined on the depreciated replacement cost basis, the gross carrying amount and the accumulated depreciation are restated proportionately. Fair value for restricted use land is determined by comparison with market evidence for land with similar approximate utility (high restricted use land) or market value of comparable unrestricted land (low restricted use land).

Land and Buildings are independently valued by Griffin Valuation Advisory.

The most significant assumptions and judgements in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated economic 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.

#### Derecognition

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

#### Asset Revaluation Surplus

The asset revaluation surplus is used to record increments and decrements on the on the revaluation of non-current assets on a class of assets basis.

#### 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.

Depreciation is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

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

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.

### **Intangible assets**

#### Capitalisation/expensing of assets

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$50,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life which is reviewed annually) on the straight line basis. All intangible assets controlled by the Authority have a finite useful life and zero residual value.

The expected useful lives for each class of intangible asset are:

Software(a)	3 years
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(a) Software that is not integral to the operation of any related hardware

# Animal Resources Authority

## For the year ended 30 June 2015

### (g) Impairment of assets

Property plant and equipment are tested for any indication of impairment at the end of each reporting period. 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. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. 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 the end of each reporting period.

### (h) Leases

Operating Leases are expensed on straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

### (i) Financial instruments

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

- Receivables; and
- Financial liabilities measured at amortised cost.

Financial Instruments have been disaggregated into the following classes:

#### Financial Assets

- Cash and cash equivalents
- Receivables
- Term deposits

#### Financial Liabilities

- Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face 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.

### (j) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise 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.

### (k) Biological Assets

Animal stocks are reflected in the Statement of Financial Position 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 Statement of Comprehensive Income. 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.

Accrued salaries (see note 25 'Payables') represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Authority considers the carrying amount of accrued salaries to be equivalent to its fair value.

### (l) Inventories

Non-animal inventories are valued at cost. Inventory is valued on first in first out basis.

### (m) 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.



# Animal Resources Authority

## For the year ended 30 June 2015

### (n) Payables

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

### (o) Provisions

Provisions are liabilities of uncertain timing or 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 the end of each reporting period. See note 26 'Provisions'.

#### Provisions - employee benefits

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

##### *Annual leave*

The liability for annual leave that is expected to be settled within 12 months after the end of the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as a current liability as the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

##### *Long service leave*

Long service leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

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 end of the reporting period. Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Authority has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

##### *Superannuation*

The Government Employees Superannuation Board (GESB) and other fund providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme or the GSS 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). From 30 March 2012, existing members of the WSS or GESBS and new employees have been able to choose their preferred superannuation fund provider. The Authority makes contributions to GESB or other fund providers on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. Contributions to these accumulation schemes extinguish the Authority's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

The Pension Scheme and the pre-transfer benefit for employees who transferred to the GSS are defined benefit schemes. These benefits are wholly unfunded and the liabilities for future payments are provided at the end of the reporting period.

The expected future payments are discounted to present value using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

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

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

#### Provisions - Other

##### *Employment on-costs*

Employment on-costs, including workers' compensation insurance, 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.

(p) Superannuation expense

Superannuation expense is recognised in the Statement of Comprehensive Income in profit or loss for defined contribution plans, including the concurrent payment of employer contributions to the GSS scheme, as and when the contributions fall due.

For defined benefit plans (the Pension Scheme and the pre-transfer component of the GSS), changes in the defined benefit obligation are recognised in the Statement of Comprehensive Income either in profit or loss, or, other comprehensive income as follows:

- profit or loss:
  - current service cost;
  - past service cost; and
  - interest cost.
- other comprehensive income:
  - actuarial gains and losses.

(q) 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 preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The Authority evaluates these judgements regularly.

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 (f).

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.

**Note 4 Key sources of estimation uncertainty**

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Long Service Leave

Several estimations and assumptions used in calculating the Authority's long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

**Note 5 Disclosure of changes in accounting policy and estimates**

**Initial application of an Australian Accounting Standard**

The Authority has applied the following Australian Accounting Standards effective, or adopted, for annual reporting periods beginning on or after 1 July 2014 that impacted on the Authority.

Int 21

*Levies*

This Interpretation clarifies the circumstances under which a liability to pay a government levy imposed should be recognised. There is no financial impact for the Authority at reporting date.

AASB 10

*Consolidated Financial Statements*

This Standard, issued in August 2011, supersedes AASB 127 Consolidated and Separate Financial Statements and Int 112 Consolidation – Special Purpose Entities, introducing a number of changes to accounting treatments.

The adoption of the new Standard has no financial impact for the Model Authority as it does not impact accounting for related bodies and the Authority has no interests in other entities.

AASB 11

*Joint Arrangements*

This Standard, issued in August 2011, supersedes AASB 131 Interests in Joint Ventures, introduces new principles for determining the type of joint arrangement that exists, which are more aligned to the actual rights and obligations of the parties to the arrangement.

There is no financial impact for the Model Authority as the new standard continues to require the recognition of the Authority's share of assets and share of liabilities for the unincorporated joint operation.

AASB 12

*Disclosure of Interests in Other Entities*

This Standard, issued in August 2011, supersedes disclosure requirements in AASB 127 Consolidated and Separate Financial Statements, AASB 128 Investments in Associates and AASB 131 Interests in Joint Ventures. There is no financial impact.

Animal Resources Authority  
For the year ended 30 June 2015

AASB 127	<p><i>Separate Financial Statements</i></p> <p>This Standard, issued in August 2011, supersedes AASB 127 Consolidated and Separate Financial Statements removing the consolidation requirements of the earlier standard whilst retaining accounting and disclosure requirements for the preparation of separate financial statements. There is no financial impact.</p>
AASB 128	<p><i>Investments in Associates and Joint Ventures</i></p> <p>This Standard supersedes AASB 128 Investments in Associates, introducing a number of clarifications for the accounting treatments of changed ownership interest.</p> <p>The adoption of the new Standard has no financial impact for the Model Authority as it does not hold investments in associates and joint ventures.</p>
AASB 1031	<p><i>Materiality</i></p> <p>This Standard supersedes AASB 1031 (February 2010), removing Australian guidance on materiality not available in IFRSs and refers to guidance on materiality in other Australian pronouncements. There is no financial impact.</p>
AASB 1055	<p><i>Budgetary Reporting</i></p> <p>This Standard requires specific budgetary disclosures in the general purpose financial statements of not-for-profit entities within the General Government Sector. The Authority will be required to disclose additional budgetary information and explanations of major variances between actual and budgeted amounts, though there is no financial impact.</p>
AASB 2011-7	<p><i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 &amp; 1038 and Int 5, 9, 16 &amp; 17]</i></p> <p>This Standard gives effect to consequential changes arising from the issuance of AASB 10, AASB 11, AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures. There is no financial impact for the Model Authority.</p>
AASB 2012-3	<p><i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]</i></p> <p>This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement. There is no financial impact.</p>
AASB 2013-3	<p><i>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets</i></p> <p>This Standard introduces editorial and disclosure changes. There is no financial impact.</p>
AASB 2013-4	<p><i>Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]</i></p> <p>This Standard permits the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. The Model Authority does not routinely enter into derivatives or hedges, therefore there is no financial impact.</p>
AASB 2013-8	<p><i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 &amp; 1049]</i></p> <p>The amendments, issued in October 2013, provide significant guidance in determining whether a not-for-profit entity controls another entity when financial returns are not a key attribute of the investor’s relationship. The Standard has no financial impact in its own right, rather the impact results from the adoption of the amended AASB 10.</p>
AASB 2013-9	<p><i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i></p> <p>Part B of this omnibus Standard makes amendments to other Standards arising from the deletion of references to AASB 1031 in other Standards for periods beginning on or after 1 January 2014. It has no financial impact.</p>
AASB 2014-1	<p><i>Amendments to Australian Accounting Standards</i></p> <p>Part A of this Standard consists primarily of clarifications to Accounting Standards and has no financial impact for the Authority.</p> <p>Part B of this Standard has no financial impact as the Authority contributes to schemes that are either defined contribution plans, or deemed to be defined contribution plans.</p> <p>Part C of this Standard has no financial impact as it removes references to AASB 1031 Materiality from a number of Accounting Standards.</p>

# Animal Resources Authority

## For the year ended 30 June 2015

AASB 2015-7	<i>Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities</i>	This Standard relieves not-for-profit public sector entities from the reporting burden associated with various disclosures required by AASB 13 for assets within the scope of AASB 116 that are held primarily for their current service potential rather than to generate future net cash inflows. It has no financial impact.	
<p><b>Future impact of Australian Accounting Standards not yet operative</b></p> <p>The Authority cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements or by an exemption from TI 1101. By virtue of a limited exemption, the Authority has early adopted AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities. Where applicable, the Authority plans to apply the following Australian Accounting Standards from their application date.</p>			
			<b>Operative for reporting periods beginning on/after</b>
AASB 9	<i>Financial Instruments</i>	This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments.	1 Jan 2018
		The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9, and AASB 2014-1 Amendments to Australian Accounting Standards. The Authority has not yet determined the application or the potential impact of the Standard.	
AASB 15	<i>Revenue from Contracts with Customers</i>	This Standard establishes the principles that the Authority shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cashflows arising from a contract with a customer. The Authority has not yet determined the application or the potential impact of the Standard.	1 Jan 2017
AASB 2010-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 &amp; 1038 and Int 2, 5, 10, 12, 19 &amp; 127]</i>	This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.	1 Jan 2018
		The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. The Authority has not yet determined the application or the potential impact of the Standard.	
AASB 2013-9	<i>Amendments to Australian Accounting Standards Conceptual Framework, Materiality and Financial Instruments.</i>	Part C of this omnibus Standard defers the application of AASB 9 to 1 January 2017. The application date of AASB 9 was subsequently deferred to 1 January 2018 by AASB 2014-1. The Authority has not yet determined the application or the potential impact of AASB 9.	1 Jan 2015
AASB 2014-1	<i>Amendments to Australian Accounting Standards</i>	Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by the Authority to determine the application or potential impact of the Standard.	1 Jan 2015
AASB 2014-3	<i>Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 &amp; 11]</i>	The Authority establishes Joint Operations in pursuit of its objectives and does not routinely acquire interests in Joint Operations. Therefore, there is no financial impact on application of the Standard.	1 Jan 2016
AASB 2014-4	<i>Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 &amp; 138]</i>	The adoption of this Standard has no financial impact for the Model Authority as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits.	1 Jan 2016
AASB 2014-5	<i>Amendments to Australian Accounting Standards arising from AASB 15</i>	This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The Authority has not yet determined the application or the potential impact of the Standard.	1 Jan 2017
AASB 2014-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i>		1 Jan 2018

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	This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The Authority has not yet determined the application or the potential impact of the Standard.	
AASB 2014-8	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 &amp; 2010)]</i>	1 Jan 2015
	This Standard amends AASB 127, and consequentially amends AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Authority has not yet determined the application or the potential impact of the Standard.	
AASB 2014-9	<i>Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements [AASB 1, 127 &amp; 128]</i>	1 Jan 2016
	This Standard amends AASB 127, and consequentially amends AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Authority has not yet determined the application or the potential impact of the Standard.	
AASB 2014-10	<i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 &amp; 128]</i>	1 Jan 2016
	This Standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The Authority has not yet determined the application or the potential impact of the Standard.	
AASB 2015-1	<i>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 &amp; 140]</i>	1 Jan 2016
	These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012–2014 Cycle in September 2014, and editorial corrections. The Authority has not yet determined the application or the potential impact of the Standard.	
AASB 2015-2	<i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 &amp; 1049]</i>	1 Jan 2016
	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.	
AASB 2015-3	<i>Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</i>	1 Jul 2015
	This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn. There is no financial impact.	
AASB 2015-6	<i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 &amp; 1049]</i>	1 Jul 2016
	The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. There is no financial impact.	

<b>Note 6</b> <b>Trading Profit</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Sale of goods (animals and freight)	6,605,535	7,191,318
Services (colony maintenance)	1,004,049	972,766
	<u>7,609,584</u>	<u>8,164,084</u>
Cost of sales and services:		
Opening Inventory	59,036	102,408
Purchases	1,761,559	1,547,429
Overheads	5,215,091	5,112,852
Closing Inventory	(53,470)	(59,036)
Cost of sales and services	<u>6,982,216</u>	<u>6,703,653</u>
Trading Profit	<u>627,368</u>	<u>1,460,431</u>

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<b>Note 7</b>	<b>Commonwealth grants and contribution</b>	<b>2015</b>	<b>2014</b>
		\$	\$
	Recurrent grants	-	74,924
		-	74,924
<b>Note 8</b>	<b>Interest revenue</b>	<b>2015</b>	<b>2014</b>
		\$	\$
	Interest revenue:		
	Bankwest	24,679	20,759
	Public bank account	7,085	19,483
		31,764	40,242
<b>Note 9</b>	<b>Other Revenue</b>	<b>2015</b>	<b>2014</b>
		\$	\$
	Insurance Recovery	39,003	0
	Rental Recovered	180,950	0
	Sundry Income	273	198
	Income Traineeships	11,108	21,445
		231,334	21,643
<b>Note 10</b>	<b>Net change in fair value of biological assets</b>	<b>2015</b>	<b>2014</b>
		\$	\$
	Animals on Hand – at Fair Value -opening balance	(2,836,964)	(2,869,448)
	Less: Animals on Hand – at Fair Value -closing balance	3,045,301	2,836,964
	Net change in fair value	208,337	(32,484)
<b>Note 11</b>	<b>Employee benefits expense</b>	<b>2015</b>	<b>2014</b>
		\$	\$
	Salaries (a)	636,702	619,106
	Superannuation	55,393	43,256
		692,095	662,362
	(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 6). This includes Leave entitlements.		
<b>Note 12</b>	<b>Supplies and services</b>	<b>2015</b>	<b>2014</b>
		\$	\$
	Advertising	26,419	7,889
	Insurance	38,980	42,706
	Vehicle Expenses	39,932	48,705
	Telephone	7,103	7,751
	Accounting/Audit	99,668	89,120
	Printing/Stationery	12,811	14,267
	Cleaning	26,521	30,762
	Contractors /Consultants	2,730	-
	Legal & Development fees	3,528	-
	Materials & Equipment	26,356	20,599
	Staff Training	23,957	29,141
	Royalty Payments Jackson	157,697	224,907
		465,702	515,847
<b>Note 13</b>	<b>Loss on disposal of non-current assets</b>	<b>2015</b>	<b>2014</b>
		\$	\$
	<u>Proceeds from disposal of non-current assets</u>		
	Vehicle	600	-
	<u>Costs of disposal of non-current assets</u>		
	Vehicle	(3,261)	-
	Net loss	(2,661)	-

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<b>Note 14 Other Expenses</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Repairs & Maintenance	137,510	160,030
Sundry	14,407	19,948
Employment on-costs (a)	216,306	232,797
Other	45,008	38,250
	<u>413,231</u>	<u>451,025</u>

(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 26 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

<b>Note 15 Depreciation and amortisation expense</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<u>Depreciation</u>		
Motor Vehicles	339	450
Plant & Equipment	131,092	114,633
Buildings	176,539	176,537
<b>Total depreciation</b>	<u>307,970</u>	<u>291,620</u>
<u>Amortisation</u>		
Software	32,204	27,507
<b>Total amortisation</b>	<u>32,204</u>	<u>27,507</u>
<b>Total depreciation and amortisation</b>	340,174	319,127
<b>Less depreciation and amortisation directly charged to overheads</b>	<u>(239,892)</u>	<u>(236,554)</u>
	<u>100,281</u>	<u>82,573</u>

<b>Note 16 Accommodation expense</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Accommodation expense	120,000	237,250
	<u>120,000</u>	<u>237,250</u>

<b>Note 17 Cash and cash equivalents</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Cash Management Account	443,072	562,812
Term Deposit	100,000	604,663
WA Treasury	1,970	570,945
Cheque Account	301,893	211,652
Cash on hand	300	300
	<u>847,235</u>	<u>1,950,372</u>

<b>Note 18 Inventories</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<u>Current</u>		
Transport Boxes – at cost	53,470	59,036
	<u>53,470</u>	<u>59,036</u>

<b>Note 19 Biological assets</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<u>Current</u>		
Animals on Hand – at Fair Value	3,045,301	2,836,964
	<u>3,045,301</u>	<u>2,836,964</u>

The Authority's SPF biologic assets consist of 29 mouse lines (2014: 29 lines) and 10 rat lines (2014: 10 lines). Each line's breeding animals are housed and maintained in specific mating ratios and weaned at three weeks of age. The weaned animals are housed with defined numbers. Weekly wean number totals for each line are recorded in the Strains Database. Not all weaned animals are kept for sale, as typically only one rat/mouse sex 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.

The financial year end inventory records the numbers of pedigree, breeder, replacement breeder stock, or weaned stock for each line.

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

The June 26, 2015, animals for sale inventory consisted of 44,506 mice (2014: 43,643) and 6,553 rats (2014: 6,049). During FY 2014-15 the Authority sold 162,924 mice (2014: 200,610) and 18,578 (2014 : 20,707) totaling 181,502 animals (2014 : 221,317 animals).

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The significant assumptions made in determining the animal inventory's net market value at current and previous FY ends are:

- The expected prices of livestock are as per the price list set 1 January 2014 and a 4% increase from 1 January 2015.
- Rats and mice will be sold continuously throughout the year.
- Weaners will be sold at ages three to twelve weeks and breeders can be 8 to 34 weeks.
- Pedigree animals, breeders, replacement breeders and weaned animals (stock) are based on price lists as defined in the inventory standard operating procedure.

	\$
<u>Balance at 1 July 2013</u>	2,869,448
Decrease due to sales	(5,647,707)
Increase due to birth	5,661,892
Change in fair value less estimated point-of-sale costs	(46,669)
<u>Balance at 30 June 2014</u>	<u>2,836,964</u>
Current	2,869,448
Non-current	-
	<u>2,869,448</u>
<u>Balance at 1 July 2014</u>	2,836,964
Decrease due to sales	(5,015,538)
Increase due to birth	5,030,765
Change in fair value less estimated point-of-sale costs	193,110
<u>Balance at 30 June 2015</u>	<u>3,045,301</u>
Current	3,045,301
Non-current	-
	<u>3,045,301</u>

### **Note 20** Receivables

	2015 \$	2014 \$
<u>Current</u>		
Trade and Other Receivables	883,921	837,844
Accrued Interest	680	5,541
	<u>884,601</u>	<u>843,385</u>

### **Note 21** Property, plant and equipment

	2015 \$	2014 \$
<u>Buildings</u>		
At Fair Value (a)	3,478,000	3,530,750
Accumulated Depreciation	-	(351,816)
Accumulated impairment losses	-	-
	<u>3,478,000</u>	<u>3,178,934</u>
<u>Plant &amp; Equipment</u>		
At Cost	1,200,151	1,114,405
Accumulated Depreciation	(356,512)	(228,609)
Accumulated impairment losses	-	-
	<u>843,639</u>	<u>885,796</u>
<u>Motor Vehicles</u>		
At Cost	-	4,500
Accumulated Depreciation	-	(900)
Accumulated impairment losses	-	-
	<u>-</u>	<u>3,600</u>
<u>Work-in-progress</u>	278,980	22,391.00
Total	<u>4,600,619</u>	<u>4,090,721</u>

(a) Buildings were revalued as at 30 June 2015 by Griffin Valuation Advisory (previously known as Australian Valuation Partners). The fair value of all buildings has been determined by reference to recent market transactions. 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 \$
2015					
Carrying amount at start of period	3,600	885,794	3,178,936	22,391	4,090,721
Additions	-	12,061	-	343,074	355,135
Reclassifications to Intangible assets	-	(9,609)	-	-	(9,609)
Transfers	-	86,485	-	(86,485)	-
Disposals	(3,261)	-	-	-	(3,261)
Revaluation increments	-	-	475,603	-	475,603
Depreciation	(339)	(131,092)	(176,539)	-	(307,970)
Carrying amount at end of period	<u>-</u>	<u>843,639</u>	<u>3,478,000</u>	<u>278,980</u>	<u>4,600,619</u>



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	Motor Vehicles \$	Plant and Equipment \$	Buildings \$	Work in Progress \$	Total \$
<b>2014</b>					
Carrying amount at start of period	4,050	992,020	3,355,473	-	4,351,543
Additions	-	8,407	-	22,391	30,798
Transfers	-	-	-	-	-
Disposals	-	-	-	-	-
Revaluation increments	-	-	-	-	-
Depreciation	(450)	(114,633)	(176,537)	-	(291,620)
Carrying amount at end of period	3,600	885,794	3,178,936	22,391	4,090,721

**Note 22** Fair value measurements

Assets measured at fair value:

	Level 1	Level 2	Level 3	Fair Value
	At end of period			
	\$	\$	\$	\$
<b>2015</b>				
Buildings (Note 21)	-	-	3,478,000	3,478,000
	-	-	3,478,000	3,478,000

There were no transfers between Levels 1, 2 or 3 during the current and previous periods.

Fair value measurements using significant unobservable inputs (Level 3)

	Buildings
	\$
<b>2015</b>	
Fair Value at the start of the period	3,178,936
Additions	-
Disposals	-
Revaluation increments recognised in Other Comprehensive Income	475,603
Depreciation expense	(176,539)
Fair Value at the end of the period	3,478,000

Valuation processes

There were no changes in valuation techniques during the period.

Fair value for existing use specialised buildings is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Depreciated replacement cost is the current replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired economic benefit, or obsolescence, and optimisation (where applicable) of the asset. Current replacement cost is generally determined by reference to the market-observable replacement cost of a substitute asset of comparable utility and the gross project size specifications.

Significant Level 3 inputs used by the Animal Resources Authority are derived and evaluated as follows:

Historical cost per square metre floor area (m<sup>2</sup>)

The costs of constructing specialised buildings with similar utility are extracted from financial records of the Animal Resources Authority, then indexed by movements in CPI

Consumed economic benefit / obsolescence of asset

These are estimated by Griffin Valuation Advisory (previously known as Australian Valuation Partners).

Information about significant unobservable inputs (Level 3) in fair value measurements

Description	Fair Value 2015 \$	Fair Value 2014 \$	Valuation Technique(s)	Unobservable units
Buildings	3,478,000	3,178,934	Depreciated Replacement cost	Consumed economic benefit / obsolescence of asset
				Historical cost per square metre floor area (m <sup>2</sup> )

**Note 23** Intangible assets

	2015 \$	2014 \$
<u>Computer software</u>		
At cost	123,658	78,607
Additions	-	5,400
Work in progress	-	8,505
Accumulated amortisation	(88,095)	(52,700)
	35,563	39,812

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### Reconciliation:

Carrying amount at start of period	39,812	53,414
Additions	-	5,400
Work in progress	-	8,505
Reclassifications from Plant & Equipment	9,609	-
Transfers	18,346	-
Amortisation expense	(32,204)	(27,507)
Carrying amount at end of period	<u>35,563</u>	<u>39,812</u>

### Note 24 Impairment of assets

There were no indications of impairment to Property, plant and equipment or intangible assets at 30 June 2015.

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

All surplus assets at 30 June 2015 have either been classified as assets held for sale or written-off.

### Note 25 Payables

	2015 \$	2014 \$
<u>Current</u>		
Trade Payables	529,868	265,778
GST Payable	103,308	115,468
Accrued Expenses	152,153	552,840
Accrued Salaries	28,389	13,830
Payable to Commonwealth	3,904	-
	<u>817,622</u>	<u>947,916</u>

### Note 26 Provisions

	2015 \$	2014 \$
<u>Current:</u>		
<i>Employee benefits provision</i>		
Annual Leave (a)	151,563	122,667
Long Service Leave (b)	<u>443,252</u>	<u>488,033</u>
	<u>594,815</u>	<u>610,700</u>
<i>Other provisions</i>		
Employment On-costs (c)	<u>27,523</u>	<u>28,516</u>
	<u>27,523</u>	<u>28,516</u>
	<u>622,338</u>	<u>639,216</u>
<u>Non-current:</u>		
<i>Employee benefits provision</i>		
Long Service Leave (b)	<u>145,486</u>	<u>132,778</u>
	<u>145,486</u>	<u>132,778</u>
<i>Other provisions</i>		
Employment On-costs (c)	<u>6,717</u>	<u>6,191</u>
	<u>6,717</u>	<u>6,191</u>
	<u>152,203</u>	<u>138,969</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 the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Within 12 months of the end of the reporting period	151,562	112,133
More than 12 months after the end of the reporting period	-	10,534
	<u>151,562</u>	<u>122,667</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 the reporting period. Assessments indicate the actual settlement of liabilities will occur as follows:

Within 12 months of the end of the reporting period	131,286	107,445
More than 12 months after the end of the reporting period	<u>457,452</u>	<u>513,366</u>
	<u>588,738</u>	<u>620,811</u>

(c) The settlement of of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers compensation insurance. 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 12 'Supplies and Services'.

(d) Defined benefit superannuation plans - The Authority has no liability or expense under AASB 119 arising from the Pension Scheme or West State Super.

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<b>Movement in employment on-cost provision</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Carrying amount at start of period	34,707	39,996
Additional / (reversals of) provisions recognised	(467)	(5,289)
Payments/other sacrifices of economic benefits	-	-
Unwinding of the discount	-	-
Carrying amount at end of period	<u>34,240</u>	<u>34,707</u>

**Note 27** **Equity**

The Western Australian Government holds the equity interest in the Authority on behalf of the community. Equity represents the residual interest in the net assets of the Authority. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets.

<b>Reserves</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<u>Asset revaluation surplus</u>		
Balance at start of period	1,690,936	1,690,936
Net revaluation increments/(decrements):		
Transfer to Retained Earnings	(15,862)	-
Plant and Equipment	-	-
Buildings	<u>475,603</u>	<u>-</u>
<b>Balance at end of period</b>	<u>2,150,677</u>	<u>1,690,936</u>
<u>Retained earnings</u>		
Balance at start of period	6,403,253	6,787,555
Transfer from Asset Revaluation Reserve	15,862	-
Result for the period	<u>(695,167)</u>	<u>(384,302)</u>
<b>Balance at end of period</b>	<u>5,723,948</u>	<u>6,403,253</u>
<b>Total equity at end of period</b>	<u>7,874,625</u>	<u>8,094,189</u>

**Note 28** **Notes to the Statement of Cash Flows**

**Reconciliation of cash**

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	<u>847,235</u>	<u>1,950,372</u>
	<u>847,235</u>	<u>1,950,372</u>
<b>Reconciliation of profit to net cash flows provided by/(used in) operating activities</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Profit	(695,167)	(384,302)
<u>Non-cash items:</u>		
Depreciation and amortisation expense	340,174	319,127
Net (gain)/loss on disposal of property, plant and equipment	2,661	-
<u>(Increase)/decrease in assets:</u>		
Inventories	5,566	43,372
Biological assets	(208,337)	32,484
Trade and Other Receivables (a)	(46,077)	12,393
Accrued interest	4,861	(1,067)
Other current assets	-	-
<u>Increase/(decrease) in liabilities:</u>		
Payables (a)	(118,134)	270,723
Provisions	(3,644)	60,498
Net GST receipts/(payments) (b)	-	-
Change in GST receivables/payables (c)	(12,160)	(9,805)
<b>Net cash provided by/(used in) operating activities</b>	<u>(730,257)</u>	<u>343,423</u>

(a) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of property, plant and equipment are not included in these items as they do not form part of the reconciling items.

(b) This is the net GST paid/received, i.e. cash transactions.

(c) This reverses out the GST in receivables and payables.

At the end of the reporting period, the Authority had fully drawn on all financing facilities, details of which are disclosed in the financial statements.

# Animal Resources Authority

## For the year ended 30 June 2015

### Note 29 Commitments

The commitments below are inclusive of GST where relevant.

#### Non-cancellable Operating lease commitments

Commitments for minimum lease payments are payable as follows:

	2015	2014
	\$	\$
Within 1 year	153,471	299,451
Later than 1 year and not later than 5 years	546,394	973,842
	<u>699,865</u>	<u>1,273,293</u>

The leases comprise:

Non-cancellable vehicle operating leases of 30 month and 36 month terms with rent payable monthly.  
Ground lease for site occupied by the Authority, provided by Murdoch University.

### Note 30 Contingent liabilities and contingent assets

There were no contingent assets or liabilities that occurred during this financial year which would affect this financial statement or disclosure.

### Note 31 Events occurring after the end of the reporting period

Under an agreement with the Western Australian Treasury Corporation (WATC) dated 15th May 2015, the Authority borrowed \$951,000 on 10th July 2015 for a period of 6 years, with interest at the rate of 2.69%. The nature and purpose of this funding is to aid the Authority in its operational and infrastructure improvements, in particular, the critical installation of a new Chiller and geo thermal unit to replace an aging and less efficient system. Interest and loan guarantee fees over the term of the loan will amount to \$103,335.

### Note 32 Explanatory statement

Significant variations between estimates and actual results for 2015 and between the actual results for 2014 and 2015 are shown below. Significant variations are considered to be those greater than 10% or \$15,000.

#### Significant variations between estimate and actual for 2015

	2015 Estimate	2015 Actual	Variances	Variances
	\$	\$	\$	%
<b>Revenue</b>				
Sales	7,885,827	6,605,535	(1,280,292)	-16%
Provision of services	1,116,422	1,004,049	(112,373)	-10%
Other revenue	-	231,334	231,334	100%
<b>Gains</b>				
Gain on fair value of biological assets	115,000	208,337	93,337	81%
<b>Expenses</b>				
Cost of sales and services	7,492,533	6,982,216	(510,317)	-7%
Employee benefits expense	784,950	692,095	(92,855)	-12%
Depreciation and amortisation expense	89,042	100,281	11,239	13%
Supplies and services	498,773	465,702	(33,071)	-7%
Loss on disposal of non-current assets	-	2,661	2,661	100%
Other Expenses	480,622	413,231	(67,391)	-14%

#### Sales

Production animal sales numbers decreased significantly below budget. The reason for the downturn is external (to the Authority) in that the Authority has not had any animal diseases detected, no genetic contamination identified, no customer service issues, and this year's 4% price increase is modest. Other industry-related vendors have reported a similar sales downturn. External factors impacting sales include research funding, proposed university deregulation, increased shipping prices, and the perennial internal institutional breeding colonies.

#### Provision of Services

Animal maintenance was the main component that was less than budgeted. In addition fewer customers requested genaid mice.

#### Other Revenue

Worker's Compensation recovery from Risk Cover was the main Other Income component. Unfortunately, the Authority unexpectedly had more Worker's Compensation incidents. Further there was rental recovered of \$181K due to overaccruals of rental expense for Murdoch lease for previous financial years.

#### Gain on fair value of biological assets

The Budget accounted for a biological asset increase, however the increase was actually higher as there was more animal inventory.

#### Cost of sales and services

Due to decreasing sales this financial year, all attempts were made to cut costs. Bedding and Quality Control decreases were due to new vendors (lower price) and new processes, respectively. Non-animal inventory represents shippers and few animals were shipped out during the year. Production salaries were lower as staff recruitment was lower and several staff resigned. Processes and duties were streamlined.

#### Employee benefits expense

The annual Employee Benefits Expense was less than budget with one staff taking leave without pay.

#### Depreciation and amortisation expense

Administration depreciation increase for more intangible assets and office equipment at the higher, 33.3% depreciation rate

# Animal Resources Authority

## For the year ended 30 June 2015

### Supplies and services

Lower Jackson Labs (USA) royalty payments resulted from lower inbred mice sales

### Loss on disposal of non-current assets

Resulted from a motor vehicle disposal loss

### Other Expenses

Less travel expenses and lower payroll tax (from fewer staff) reduced expenses

### Significant variances between actual results for 2015 and 2014

	2015 Actual \$	2014 Actual \$	Variences \$	Variences %
<u>Income</u>				
Sales	6,605,535	7,191,318	(585,783)	-8%
Provision of services	1,004,049	972,766	31,283	3%
Commonwealth grants and contributions	-	74,924	(74,924)	-100%
Interest revenue	31,764	40,241	(8,477)	-21%
Other revenue	231,334	21,643	209,691	969%
<u>Gains</u>				
Gain on fair value of biological assets	208,337	-	208,337	100%
<u>Expense</u>				
Cost of sales and services	6,982,216	6,703,653	278,563	4%
Employee benefits expense	692,095	662,362	29,733	4%
Depreciation and amortisation expense	100,281	82,573	17,708	21%
Accommodation expense	120,000	237,250	(117,250)	-49%
Supplies and services	465,702	515,847	(50,145)	-10%
Loss on fair value of biological assets	-	32,484	(32,484)	-100%
Loss on disposal of non-current assets	2,661	-	2,661	100%
Other Expenses	413,231	451,025	(37,794)	-8%

### Sales

Compared to the last financial year, Inbred mice had significantly decreased due to external factors impacting sales of production animals

### Provision for Services

Higher cryopreservation/importation services coupled with more procedures were the main components of the increase

### Commonwealth grants and contributions

Last financial year, a grant was received from Australian Phenomics Network for IVF experimental procedures and refinement.

### Interest Revenue

Interest rates have gone down coupled with lower funds this year

### Other Revenue

Other Revenue principally increased from unexpected Workers compensation recovery this financial year. Also there was rental recovered due to reversal of previous financial year end accruals.

### Gain on fair value of biological assets

The biological asset increase resulted from a modest, transitional increase in the B6 colony related to recycling a production area and a customer demand increase in select, high value, rat/mouse lines (e.g., nude rats, NSG mice) at the time of the inventory.

### Cost of sales and services

Compared to last financial year, production salaries have increased in line with the Govt increase of 2.5% which was again offset by lower recruitment of staff. Higher increases were also noted this year for Transit boxes, animal procurement and freight charges which were all required for running the production facility. General maintenance was also higher due to the ageing of the autoclave and chiller.

### Employee benefits

Administration salaries was increased by 2.5% in line with the Govt increase but was offset by one staff on no pay leave this financial year

### Depreciation and amortisation expense

More intangible assets and higher office equipment this financial year with rates of 33.3% resulted in higher administration depreciation

### Accommodation Expense

Last financial year had no reversal of accruals and they were made at a higher rate based on the previous agreement with Murdoch. This has been revised this year resulting in reversal of accruals in previous years.

### Supplies and services

Due to lower inbred mice sales this financial year, this resulted in lower payments to Jackson lab. Advertising in magazines and brochures for securing more business was advocated this year.

### Loss on disposal of non-current assets

Last financial year had no disposal of non current assets

### Other Expenses

The main component of the decrease this financial year was employment costs. This is due to relocation costs for the Vet Pathologist last financial year.

# Animal Resources Authority

## For the year ended 30 June 2015

### Note 33 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 the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment, as shown in the table at Note 33(c) 'Financial Instrument Disclosures' and Note 20 'Receivables'.

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. At the end of the reporting period there were 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

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>		
Cash and cash equivalents	847,235	1,950,372
Receivables	884,601	843,385
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Liabilities</b>		
Payables (a)	714,314	832,448

(a) The amount of Payables excludes GST payable to the ATO (statutory payable).

#### (c) Financial instrument disclosures

#### Credit Risk

The following table discloses the Authority's maximum exposure to credit risk and the ageing analysis of financial assets. The Authority's maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table is based on information provided to senior management of the Authority.

The Authority does not hold any collateral as security or other credit enhancement relating to the financial assets it holds.

#### Ageing analysis of financial assets

	Carrying Amount	Not past due and not impaired	Past due but not impaired		
			Up to 1 month	1-3 months	3-12 months
	\$	\$	\$	\$	\$
<b>2015</b>					
Cash Assets	302,193	302,193	-	-	-
Receivables	884,601	712,896	-	167,882	3,823
Cash Management Acc	443,072	443,072	-	-	-
Term Deposit	100,000	100,000	-	-	-
WA Treasury	1,970	1,970	-	-	-
	<u>1,731,836</u>	<u>1,560,131</u>	<u>-</u>	<u>167,882</u>	<u>3,823</u>
<b>2014</b>					
Cash Assets	211,952	211,952	-	-	-
Receivables	843,385	724,741	-	118,543	101
Cash Management Acc	562,812	562,812	-	-	-
Term Deposit	604,663	604,663	-	-	-
WA Treasury	570,945	570,945	-	-	-
	<u>2,793,757</u>	<u>2,675,113</u>	<u>-</u>	<u>118,543</u>	<u>101</u>

#### Liquidity risk and interest rate exposure

The following table details the Authority's interest rate exposure and the contractual maturity analysis of the financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item

Animal Resources Authority  
For the year ended 30 June 2015

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Weighted Average Effective Interest Rate (%)	Carrying Amount	Interest rate exposure			Nominal Amount	Maturity dates	
			Fixed Interest Rate	Variable Interest Rate	Non-Interest Bearing		Up to 1 month	1-3 months
		\$	\$	\$	\$	\$	\$	
<b>2015</b>								
<u>Financial Assets</u>								
Cash Assets		302,193	-	-	302,193	302,193	-	
Receivables		884,601	-	-	884,601	884,601	-	
Cash Management Acc	1.5	443,072	-	443,072	-	443,072	-	
Term deposit	3.1	100,000	100,000	-	-	100,000	100,000	
WA Treasury	2.7	1,970	-	1,970	-	-	1,970	
		<u>1,731,836</u>	<u>100,000</u>	<u>445,042</u>	<u>1,186,794</u>	<u>1,731,836</u>	<u>1,629,866</u>	
<u>Financial Liabilities</u>								
Payables (a)		<u>714,314</u>	-	-	<u>714,314</u>	<u>714,314</u>	-	
		<u>714,314</u>	-	-	<u>714,314</u>	<u>714,314</u>	-	
<b>2014</b>								
<u>Financial Assets</u>								
Cash Assets		211,952	-	-	211,952	211,952	-	
Receivables		843,385	-	-	843,385	843,385	-	
Cash Management Acc	2.3	562,812	-	562,812	-	562,812	-	
Term deposit	3.7	604,663	604,663	0	-	604,663	604,663	
WA Treasury	2.8	570,945	-	570,945	-	570,945	570,945	
		<u>2,793,757</u>	<u>604,663</u>	<u>1,133,757</u>	<u>1,055,337</u>	<u>2,793,757</u>	<u>1,618,149</u>	
<u>Financial Liabilities</u>								
Payables (a)		<u>832,448</u>	-	-	<u>832,448</u>	<u>832,448</u>	-	
		<u>832,448</u>	-	-	<u>832,448</u>	<u>832,448</u>	-	

(a) The amount of payables measured at the amortised cost excludes GST payable to the ATO (statutory payable)

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 end of the reporting period on the profit 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	-100 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
	\$	\$	\$	\$	\$
<b>2015</b>					
<u>Financial Assets</u>					
Cash Assets	302,193	-	-	-	-
Receivables	884,601	-	-	-	-
Cash Management Acc	443,072	(4,431)	(4,431)	4,431	4,431
Term deposit	100,000	(1,000)	(1,000)	1,000	1,000
WA Treasury	1,970	(20)	(20)	20	20
<u>Financial Liabilities</u>					
Payables	714,314	-	-	-	-
<b>Total increase/(Decrease)</b>		<u>(5,451)</u>	<u>(5,451)</u>	<u>5,451</u>	<u>5,451</u>

	Carrying Amount	-100 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
	\$	\$	\$	\$	\$
<b>2014</b>					
<u>Financial Assets</u>					
Cash Assets	211,952	-	-	-	-
Receivables	843,385	-	-	-	-
Cash Management Acc	562,812	(5,628)	(5,628)	5,628	5,628
Term deposit	604,663	(6,047)	(6,047)	6,047	6,047
WA Treasury	570,945	(5,709)	(5,709)	5,709	5,709
<u>Financial Liabilities</u>					
Payables	832,448	-	-	-	-
<b>Total increase/(Decrease)</b>		<u>(17,384)</u>	<u>(17,384)</u>	<u>17,384</u>	<u>17,384</u>

Fair Values

All financial assets and liabilities recognised in the Statement of Financial Position, 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  
For the year ended 30 June 2015

**Note 34 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 of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

	2015	2014
\$ 0-10,000	8	8
	<b>\$</b>	<b>\$</b>
Base remuneration	4,540	4,380
Other benefits	-	-
<b>Total remuneration of members of the accountable authority</b>	<u>4,540</u>	<u>4,380</u>

There is no superannuation expense incurred by the Authority in respect of members of the accountable authority.

**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:

\$	2015	2014
40,001 - 50,000	1	-
80,001 - 90,000	1	-
90,001 - 100,000	1	-
140,001 - 150,000	1	-
150,001 -160,000	-	1
180,001 - 190,000	-	1
200,001 - 210,000	1	-
	<b>\$</b>	<b>\$</b>
Base remuneration and superannuation	516,968	313,313
Annual leave and long service leave accruals	43,764	8,685
Other benefits	14,784	17,416
<b>The total remuneration of senior officers</b>	<u>575,515</u>	<u>339,414</u>

The total remuneration includes 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 35 Remuneration of auditor**

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

	2015	2014
	<b>\$</b>	<b>\$</b>
Auditing the accounts, financial statements and performance indicators	<u>50,000</u>	<u>49,300</u>

**Note 36 Related and affiliated bodies**

The Authority does not have any related or affiliated bodies.

**Note 37 Supplementary financial information**

**(a) Write offs**

	2015	2014
	<b>\$</b>	<b>\$</b>
Unrecovered annual leave payment	1,054	-
Debtor written off by the Board during the period	-	2,000
	<u>1,054</u>	<u>2,000</u>

An ex-staff member's over-utilised annual leave was written off by the Board as attempts to recover the amount were unsuccessful.

**(a) Losses through theft, default and other causes**

Petty cash written off	-	50
	<u>-</u>	<u>50</u>

**Note 38 Schedule of income and expenses for services**

The Authority has only one service to breed and supply SPF, genetically defined laboratory animals. Refer to Statement of Comprehensive Income.



### **Certification of Key Performance Indicators**

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting the users to assess the Animal Resources Authority's performance, and fairly represent the Animal Resources Authority's performance for the financial year ended 30 June 2015.



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**A Tate**

Animal Resources Authority  
Board Chair  
August 13, 2015



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**L Chalmers**

Animal Resources Authority  
Board Member  
August 13, 2015

## Key Performance Indicators

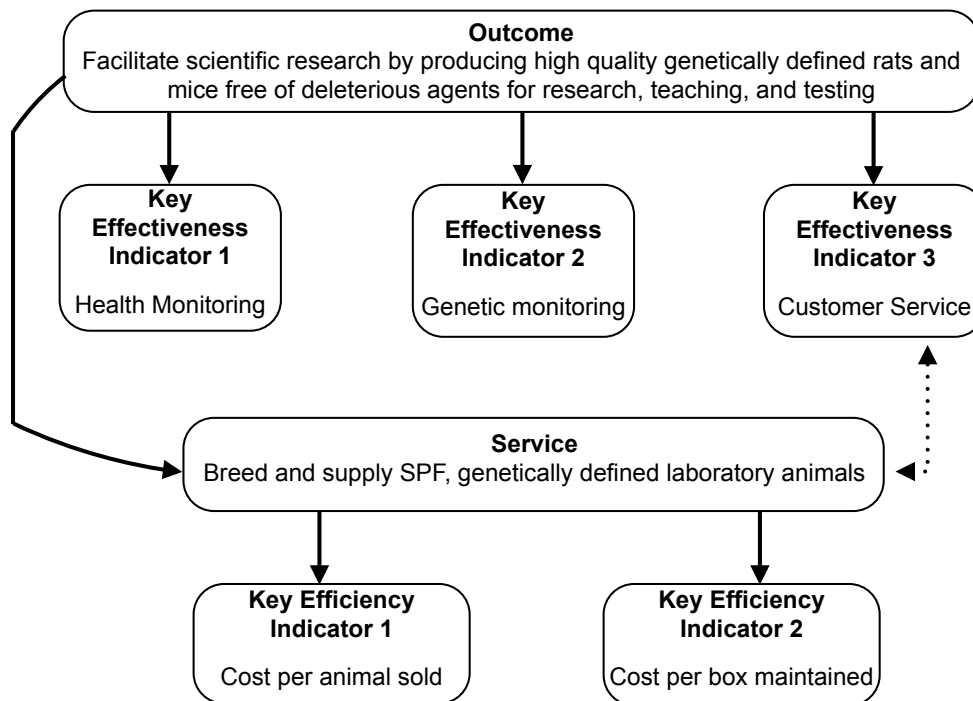
### Outcomes

The ARA improves human and animal health by providing high quality laboratory animals and technical advice to the biomedical research community. The Authority’s services assist medical and veterinary biomedical research by minimizing disruptions from deleterious agents, genetic failure and/or unreliable animal availability.

Improved health outcomes from research aligns with the Government Goal:  
*“Results-Based Service Delivery – Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.”*

### Efficiency Indicators

The ARA measured production efficiency by comparing the year to year animal production costs. Industry standards are unavailable for comparison. The animal production costs have been detailed below.



Production mice and rats (i.e., Goods and Services Sales), priced and sold individually, the cost per animal sold is the production area’s key efficiency indicator.

Scientific Services (SS) maintains researchers’ animals on a fee-for-service basis, charged weekly. The animal box maintenance cost is SS’s key efficiency indicator.

The 2014/15 rat and mouse production costs were calculated using actual cost inputs rather than estimates. Several expenses are paid directly by the customers and are in actuality a revenue item; termed here a Flow Through Expense (FTE). FTEs include JAX Royalties (included in the JAX purchase price), import/export fees, freight, and transport boxes. The ARA is paid the full cost of these items, plus some labor and other associated expenses. The resulting, more accurate KPIs are more useful.

### Mouse Maintenance

Item	Efficiency Indicator	2014/15	2013/14	2012/13	2011/12
Production Breeding	Number sold	162,924	200,610	192,648	196,331
	A\$/mouse sold	A\$ 22.66	A\$ 19.31	A\$ 15.47	A\$ 16.08
	Target cost/mouse sold*	A\$ 20.28	A\$ 16.24	A\$ 16.88	A\$ 22.20
Custom Breeding	# boxes maintained	113,613	148,447	156,542	202,666
	A\$/box maintained	A\$ 8.78	A\$ 6.61	A\$ 6.13	A\$ 4.45

\*Less than a 5% increase from previous year's A\$/mouse sold

### Rat Maintenance

Item	Efficiency Indicator	2014/15	2013/14	2012/13	2011/12
Production Breeding	Number sold	18,578	20,699	21,082	21,976
	A\$/rat sold	A\$ 62.68	A\$ 54.14	A\$ 46.92	A\$ 43.29
	Target cost/rat sold*	A\$ 56.85	A\$ 49.27	A\$ 45.45	A\$ 64.19
Custom Breeding	# boxes maintained	534	456	368	412
	A\$/box maintained	A\$ 64.49	A\$ 75.11	A\$ 95.6	A\$ 79.27

\*Less than a 5% increase from previous year's A\$/rat sold

The resulting recalculated rat and mouse production costs were lower than those calculated via the old method. The tables above demonstrate the recalculated values for 2014/15 and three previous years. Major cost impacts were:

- Unexpectedly, the ARA went from record high animal sales numbers last year to a record low this year.
- Reduced Production animal sales volume, impacting key Production lines
- Higher cost inputs (primarily labor) were carried over from the high FY 2013/14 Production animal sales volume. FY 2013/14 was the highest Production demand year in the past five years, while FY 2014/15 was the lowest.
- Labor for the ARA is a fixed cost.
- Although animal-related inputs experienced price increases, the ARA worked aggressively to reduce key costs (e.g., bedding, utilities, health monitoring).
- Most low sales animal lines were maintained efficiently; however, the ARA is working to cryopreserve those lines which will serve to increase efficiency, minimize disease exposure, and minimize the costs associated with these lines. Unfortunately, cryopreservation and reanimation these lines will result in a longer lag time when customers request exclusively cryopreserved lines. This same longer lag time occurs with other rodent vendors.
- Early in FY 2014/15 the biologic asset inventory exceeded customer demand because of the higher FY2013/14 animal sales. Production colony sizes were realigned as needed.
- The ARA reevaluated replacement hiring, new hires, and staff movement. The latter, coupled with lean practices and improved animal health, enhanced staff efficiency.

- The higher Custom Breeding rat KPI resulted from one, recently characterized rat line (LPK) which is currently kept as two separate, but related, genotypes. Further characterization is underway and one of the two lines may be cryopreserved.

Animal box maintenance involves standard husbandry practices plus customer requested procedures. The cost per mouse box maintained resulted in an agreement with one custom strains customer negotiating a lower price per box many years ago; the resources consumed likely impacts Production animal cost, too. The ARA and the Customer continue to implement an ARA Board-approved plan developed in FY 2013/14 to bring the price charged per box towards parity. The Custom Strains animal colonies were reduced during FY 2014/15 and there was a lag as the new KPI input equilibrium is established thereby reducing this year's KPIs. Custom Strains staff provided several customer-requested procedures (fee-for-service) during FY 2014/15.

### **Effectiveness Indicators**

Effectiveness measures of the Authority's ability to meet its major outcomes—supplying genetically sound animals free from research interfering organisms (deleterious agents). Meeting or exceeding effectiveness indicators is absolutely business critical; especially considering that effectiveness indicators differ between customers. Laboratory animal specialists have recognized additional deleterious agents that were incorporated into our health monitoring program. The following health monitoring and genetic testing results demonstrate that the ARA has a dynamic, yet consistent and responsible program.

The health monitoring program examines animals for deleterious viruses, bacteria, and parasites responsible for potential research altering clinical or subclinical disease. Independent bodies, indicated below, perform all tests.

- Rodent serology is performed by:
  - Cerberus Sciences, Adelaide, South Australia,
  - Murine Virus Monitoring Service, Institute of Medical and Veterinary Science, South Australia, and
  - IDEXX-RADIL, Columbia, Missouri, USA
- Rodent bacteriology and mycology is performed by:
  - Vetpath Laboratory Services, Western Australia,
  - Cerberus Sciences, Adelaide, South Australia, and
  - IDEXX-RADIL, Columbia, Missouri, USA
- Rodent parasitology is performed by:
  - Cerberus Sciences, Adelaide, South Australia,
  - The Department of Parasitology, School of Veterinary and Biomedical Sciences, Murdoch University, and
  - IDEXX-RADIL, Columbia, Missouri, USA
  - Parasitology results may be confirmed in-house.
- Rodent histopathology is performed by:
  - Comparative Pathology Consulting Pty Ltd
  - Cerberus Sciences, Adelaide, SA

Rodent bacteriology targets a standard agent panel. This year's panel reflected more agents and more sensitive molecular, PCR-based testing to remove methodology-related uncertainties particularly with commensal bacterial agents (e.g., *Staphylo-*

*coccus aureus*, *Klebsiella oxytoca*). Isolator-reared custom strain animals were red-derived and subsequently screened by PCR to determine if some bacteria are passing through the rederivation process; they were not. The ARA's website contains Health Monitoring Reports from the various animal housing areas; these reports are updated after each health screening.

### Health Surveillance

Health surveillance identifies agents that may confound research results. All animal holding areas are regularly screened for murine pathogens via the methods highlighted in the table and description below. The combined 2014/15 production and customer strains results reflect the number of positive results in the total number of samples submitted for each testing method. The health surveillance program's content, scope, and testing frequency meets or exceeds the 2014 FELASA Guidelines.

#### Mouse and Rat Health Monitoring Results

Testing Method	FY 2014/15		FY 2013/14		FY 2012/13		FY 2011/12	
	Actual*	%	Actual*	%	Actual*	%	Actual*	%
Serology	142/9,466	1.5	159/14,846	1.1	0/8,430	0	0/9,110	0
Bacterial culture	50/4,874	1.0	4/6,364	0.1	61/7,184	0.8	76/7,125	1.1
Pelt exam	0/253	0	0/248	0	0/301	0	0/280	0
Fecal exam	0/663	0	0/756	0	0/1,100	0	0/849	0
Fungal culture**	0/68	0	0/68	0	0/91	0	0/130	0
PCR	15/1,613	0.9	57/629	9.1	4/560	0.7	0/549	0

\*The numerator in the 'Actual' column is the positive results obtained while the denominator is the total number of tests performed. \*\*Dermatophytes

The ARA strives to maintain pathogen-free production units. While the health monitoring panels exclude many agents it may be unnecessary to exclude all these organisms for each individual researcher, the ARA's customers use animal models for a continuum of research paradigms and we must supply animals accordingly. This best applies to bacterial culture in that the ARA's health reports divide the agent list into 'Organisms monitored and excluded' (pathogens) and 'Organisms monitored and NOT excluded' (commensals) This helps customers understand each agent's biological significance. Furthermore, the ARA's veterinary staff was available to, and did, consult with clients about these and other matters pertaining to animal health, well-being, and colony management of customers' rat and mice.

### Serology

Serology detects an immune response (serum antibodies) to a given infectious agent; it is the ARA's most commonly used diagnostic methodology. Serology results were historically ELISA-based. The ARA was the first Australian institution to use the more sensitive and specific multiplex methodology. This year the ARA submitted about 36% (5,380) fewer serology tests; the reduced serology testing was offset by the increased PCR testing to identify disease agents to detect infected animals that have not seroconverted. PCR provides greater sensitivity and specificity; furthermore, a larger number of animals per room can be tested.

Positive serology results occurred to Mouse Astrovirus (Production and Custom Strains mice), *Pneumocystis carinii* (Production and Custom Strains rats), Mouse Norovirus (MNV, Custom Strains mice). Astrovirus is a novel agent that is currently being characterized to determine its impact on mice and mouse-based research. Likewise, *Pneumocystis* has only recently been identified as responsible for a rat pulmonary condition.

### **Bacterial Culture**

A positive result indicates a microorganism was detected in the sample collected and submitted; no pathogens or commensal ('organisms monitored but not excluded') agents were identified. Fewer bacterial cultures were submitted this FY due to the increased availability of PCR testing for specific bacterial agents.

### **Pelt Exam**

Various parasites (ectoparasites) may infest rat and mouse pelts; this include various mites, lice, and fleas. The ARA performs the majority of these tests 'in-house.' The number of pelt exams approximated the FY 2013/14 quantity.

### **Fecal Exam**

Endoparasites, including intestinal protozoa, can be detected by fecal examination. Fewer fecal examinations were performed by outside laboratories this FY compared to FY 2013/14. PCR is periodically used as a fecal exam methodology.

### **Fungal Culture**

Fungal culture for dermatophytes or fungal agents affecting the skin. *Pneumocystis* spp. (also a fungus) testing is accomplished by either PCR or serology. The number of fungal cultures equaled the FY 2013/14 values.

### **PCR**

PCR is a powerful diagnostic tool used to detect fungi, endo-/ecto-parasites, bacteria, and/or viruses. PCR directly detects an organism's DNA. It is a valuable, cost effective tool to detect *S. aureus* and *K. oxytoca* over conventional methods. Another powerful component of PCR-based testing is that one test submission can 'pool' up to ten samples without a loss of sensitivity or specificity; this decreases costs while increasing the sample size.

More PCR tests were conducted this FY because of PCR's ability to provide greater sensitivity and specificity in the early detection of infectious agents. PCR permits more animals to be sampled thus providing a better indication of the colony's health status. PCR is a valuable tool in eradicating commensal agents (e.g., *Klebsiella oxytoca*). A recently discovered mouse Astrovirus has been detected in ARA mice. Although the Astrovirus' significance is currently unknown, the ARA initiated a rederivation program of affected mouse lines.

### **Postmortem and Histopathology**

In addition to the routine and extensive health monitoring program discussed above, postmortem and histopathology were performed on animals with observed illness and those animals used in the health monitoring program. Postmortem examination supports and complements the health monitoring program. In FY 2014/15, 159 mice and

rats underwent postmortem examination while about 600 mice and 100 rats were evaluated as part of the health monitoring program. No diseases or significant conditions were identified, other than those reported health monitoring program findings.

In summary, the extensive health monitoring indicates the ARA has achieved the desired outcome related to health monitoring and the ARA continues to improve animal health standards as new agents and tests are identified.

### **Genetic Monitoring**

ARA bred animals consist of either stocks or strains. A strain is maintained through brother x sister mating (inbreeding) to obtain 98.7% genetic homogeneity after 20 generations; each animal is virtually identical serving as a valuable scientific tool. Many ARA maintained strains are well beyond 20 generations. Conversely, stock animals are highly outbred and genetic heterogeneity is valued. Therefore, understandably, genetic purity is another essential objective that must meet the biomedical research community's exacting standards. Rat and mouse strains carrying a given genotype provide 'models' of human conditions to assist researchers in characterizing a disease's pathophysiology and develop new treatments. These models include high blood pressure, diabetes, and cancer.

The ARA's inbred rat and mouse strains are monitored for genetic contamination, genetic drift, or gene mutations to ensure a given line's effectiveness as a research model was not compromised. Genetic changes usually cannot be identified visually, consequently the significance of the two distinct monitoring regimes comprising the ARA's genetic testing program. The first monitoring regime assesses the background line's pedigree and pooled production colonies in semiannual testing. Further pedigree colony analysis distinguishes between those strains on the same genetic background by gene of interest analysis. This constitutes the second monitoring regime and is an expansion of the testing capabilities to cater for specific mutations that uniquely define strains and their use.

### **Mice**

In November 2014 and May 2015, 131 production and 213 retired pedigree mouse tissue samples, respectively, were sampled, submitted, and evaluated by the Australian Genome Research Facility Ltd by single nucleotide polymorphism (SNP) marker analysis (19 markers). SNP technology is a sensitive molecular diagnostic technique detecting DNA sequence differences, that is, potential genetic contamination. No genetic contamination was identified.

### **Rats**

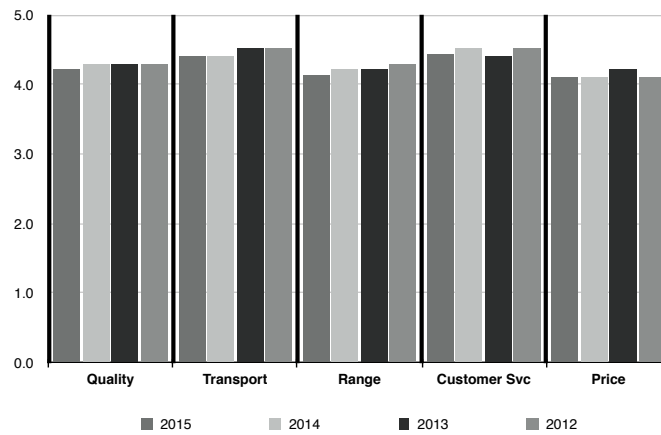
In November 2014 and May 2015, 55 production (representing 7 inbred and 2 outbred lines) and 48 retired pedigree (representing 8 strains) samples were tested by the Evolutionary Biology Unit, Museum of South Australia, by allozyme electrophoresis (16 markers). No genetic contamination was detected.

### **Customer Survey**

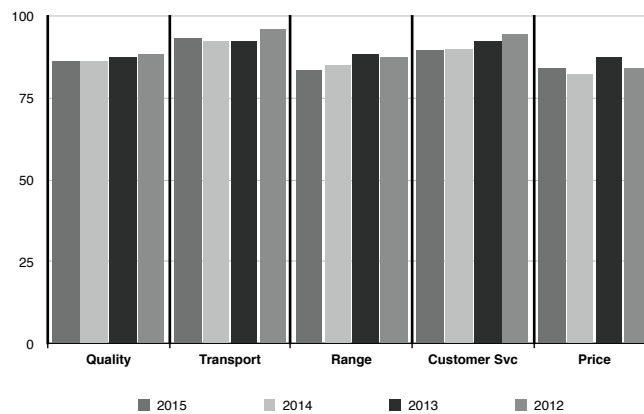
This year's Survey Monkey disseminated Customer Survey had a 35% response rate and asked customers core questions, as previous years, focusing on five essential areas (quality, transport, product range, and price) over the preceding year. The

response rate was 7% higher than last year, with the survey being distributed to more customers (492) and receiving more responses (174).

**Average response score by customer survey category.**



**Percentage of customer responses of 4 or greater.**



**Customer Survey Data Summary**

Survey Area	Average Score				% Responses ≥ 4			
	2015	2014	2013	2012	2015	2014	2013	2012
Quality	4.2	4.3	4.3	4.3	86	86	87	88
Transport	4.4	4.4	4.5	4.5	93	92	92	96
Range	4.1	4.2	4.3	4.2	83	84	88	87
Customer Service	4.4	4.5	4.4	4.5	89	93	94	95
Price	4.1	4.1	4.2	4.1	84	82	87	84

**Results Commentary**

The FY 2014/15 customer survey results compared favorably and were consistent with previous years' surveys considering the larger survey dissemination and responses. The wording of survey questions were changed slightly to ensure the ARA was asking pertinent questions to gage the ARA's relevance. Last year, one question



was mistakenly placed in the 'Customer Service' rather than the 'Range' survey area; the 'Customer Service Data Summary' table values, above, were recalculated.

In addition to the annual customer survey, the ARA constantly monitors customer concerns and feedback as part of the quality program associated with the Centre's ISO:9001 2008 accreditation. The customer concern monitoring methodology ensures a prompt response and enables ongoing improvement of the ARA's activities.

## **Independent Audits**

### **Internal Audit**

The 2015 review of the ARC's accounting and financial controls of purchasing, creditors, and payment processes was conducted by an independent auditor as part of a three-year rotational plan. There were no significant, no moderate, and five minor findings; all findings were quickly addressed.

### **AS/NZS ISO 9001:2008**

The Animal Resources Authority maintains AS/NZS ISO 9001:2008 certification. To maintain this accreditation the ARC audits all operating procedures at least annually, is subject to annual surveillance audits, and a triennial Certification audit by SGS International Certification Services Pty Ltd. The successful 2014 Certification Renewal Audit confirmed the Animal Resources Authority's continued registration under the SGS ICS Quality Assured Firm Scheme.

There was a single, minor finding from the Certification Renewal Audit related to internal audit pertaining to vendors and, in turn, implementation into the associated quality management system. The finding resulted in Standard Operating Procedure and Work Instruction review.

### **OSH Audit**

Franklyn Work Safety was retained to audit the ARC's Occupational Safety and Health (OSH) practices and risk analysis. The process incorporated substantial worker consultation and systematic hazard analysis, representing a significant action in management, meeting its responsibility to identify and manage hazards. The Audit yielded a stronger Risk Register and better OSH Committee awareness.

## **Ministerial Directives**

No Ministerial Directives were received during FY 2014/5.

## **Other Financial Disclosures**

### **Pricing Policies of Services Provided**

The Authority has discretion over goods and services pricing rendered with the Minister's approval. The ARA's goods and services charges are on a full or partial cost recovery. The objective is to provide value via a high quality product/service at the lowest cost while maintaining the ARA's ability to be sustainable and self-funding.

### **Major Capital Projects**

The ARC initiated capital projects involving Chiller replacement, Autoclave replacement, and Power Factor Correction Unit installation. The Chiller and Autoclave replacement projects were described above and are necessities. The Power Factor

Correction Unit minimizes energy waste, improves plant efficiency, and overall saves money. The two tables immediately below summarize expected completion and costs, where applicable.

#### Uncompleted Capital Projects

Project	Expected Completion	Est Completion Cost	Est Total Cost
Autoclave	2016	A\$ 1,120,000.0	A\$ 1,120,000.0
Chiller	2016	A\$ 951,000	A\$ 951,000

#### Completed Capital Projects

Project	Total Cost	Estimated Total Cost
Power Factor Correction Unit	A\$ 42,362	A\$ 42,790

#### Employment and Industrial Relations

Staff Profile	2015	2014
Full-time permanent	35	40
Full-time contract*	19	18
Part-time permanent	7.31	5.54
Part-time contract	0.6	1
<b>Total</b>	<b>61.91</b>	<b>64.54</b>

\*Staff on 2-year contracts associated with traineeships.

#### Staff Development

The ARA's staff development commitment is critical to our Quality System, exceeding our customer expectations in a competitive and changing environment, and sustaining a stable, skilled, and committed workforce.

All new and existing production employees were offered Certificate III level, Animal Technology training. The Registered Training Organisation status has allowed the Authority to offer Traineeships targeting potential staff 25 years and younger when new staff appointments are required. Four staff members completed the Certificate III, Animal Technology training during FY 2014-15.

Staff career development is actively supported. Ten staff pursued the Frontline Management program in FY 2014-15 and one person completed the program. This on site program has been successful in retaining valued employees.

Various staff attended conferences during 2014/5, including the Australia New Zealand Laboratory Animal Association (ANZLAA) meeting in Canberra in September 2014; US National American Association for Laboratory Animal Science (AALAS) meeting in San Antonio, Texas, USA; Asian Federation for Laboratory Animal Science (AFLAS) meeting in Kuala Lumpur, Malaysia; American College of Veterinary Pathology (ACVP) meeting in Atlanta, Georgia, USA; and the New Zealand Branch ANZLAA meeting in Wellington. The ARC made presentations at each meetings, ex-

cept the ACVP meeting. Presentations served to affirm the ARC as a valuable, local source of relevant, contemporary knowledge for its customers and fills a void not filled by simply advertising or having a display booth at a conference. Presentations facilitated discussions with institutions about a broad range of topics and demonstrates the ARC's strong, relevant, knowledge in supporting diverse laboratory animal research programs at various levels. The ARC sponsored our first webinar with JAX in February. Webinars were a powerful source of information for many ARC personnel throughout the year.

The ARC held its first Staff Development and Training Day in late November 2014. The content was largely derived from a staff survey. Dr. Sharp and staff presented both formally and informally regarding historic, current, and proposed ARC activities and functions. Various staff awards, scientific meeting presentations, and new items impacting staff were presented.

**Governance Disclosures**  
**Contracts and Insurance Premiums**

**Senior Officer Contracts**

Other than normal employment service contracts, 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 ARA and Senior Officers.

**Insurance Premiums Paid to Indemnify Board Members**

Insurance indemnifies Board members against liability incurred under the *Statutory Corporations (Liability of Directors) Act 1996* §13 or 14; the FY 2014/5 premium was A\$ 2,654.

**Board and Committee Remuneration: Animal Resources Authority Board**

Position	Name	Remuneration	Membership Period	Payment
Chair	Anthony Tate	Per Meeting	10/2013-9/2016	A\$ 1,380
Deputy Chair	Campbell Thomson	Per Meeting	10/2012-9/2015	A\$ 0
Member	Leslie Chalmers	Per Meeting	10/2013-9/2016	A\$ 1,200
Member	Jennet Harvey	Per Meeting	10/2012-9/2015	A\$ 1,200
Member	David Morrison	Per Meeting	6/2013-6/2016	A\$ 0
Member	Elizabeth Rakoczy	Per Meeting	10/2013-9/2016	A\$ 600
Member	Michael Robins	Per Meeting	10/2012-9/2015	A\$ 0
Member	Charlie Thorn	Per Meeting	11/2012-11/2015	A\$ 0

## Legislative and Government Compliance

### Public Sector Management Act § 31(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. I have maintained procedures ensuring such compliance and conducted appropriate internal assessments to satisfy myself that the previous statement is correct.

The applications made for breach of standards review and the corresponding outcomes for the reporting period are:

- Number lodged: 1
- Breaches found, including details of multiple breaches per application: 1
- Number still under review: 0



Patrick Sharp  
Chief Executive Officer  
August 13, 2015

### Electoral Act 1907; Section 175ZE

In compliance with the Electoral Act 1907 §175ZE, the ARA reports financial year expenditures incurred related to advertising agencies, market research organizations, polling organizations, direct mail organizations and media advertising organizations.

FY 2014/5 Advertising expenditures totaled A\$ 26,419. Staff recruitment advertising with Seek Ltd. cost A\$ 1,122. No monies went towards Market Research, Polling, or Direct Mail.

### Public Sector Standards and Ethical Codes 2014-15

Compliance Issues	Significant Action Taken to Monitor and Ensure Compliance
<b>Public Sector Standards</b> Nil breach claims	<ul style="list-style-type: none"> <li>• The Employee Handbook includes Standards information</li> <li>• New employee induction discusses Public Sector Standards.</li> <li>• Quality System Work Instructions relating to Public Sector Standards were reviewed and amended as appropriate.</li> </ul>
<b>WA Code of Ethics</b> Nil non-compliance reports	<ul style="list-style-type: none"> <li>• New employee induction includes:                             <ul style="list-style-type: none"> <li>▸ ARA's Code of Ethics information</li> <li>▸ WA Code of Ethics discussion</li> </ul> </li> </ul>
<b>Agency Code of Conduct</b> One Code of Conduct breach	<ul style="list-style-type: none"> <li>• The impacted employee resigned.</li> <li>• The Employee Handbook includes the ARA's Code of Conduct information.</li> <li>• The Authority's Code is reviewed during new employee induction.</li> <li>• The ARA's Code of Business Conduct was reviewed and updated.</li> </ul>

### Disability Access and Inclusion Plan Outcomes

The ARC is exempt from producing a Disability Access and Inclusion Plan. The ARC's products and services are accessible by website, email, or telephone.

### **Record Keeping Plans (RKP)**

The ARA is committed to the State Records Commission's (SRC) sound record keeping practices. In relation to SRC Standard 2, Principle 6 the Authority reports:

- The revised RKP 2010 has been approved by the SRC and under review.
- All new employees undergo an intensive induction program which includes record keeping requirements, and roles and responsibilities of all staff.
- The Animal Technology Certificate III requirements include the importance of record keeping as they relate to the Authority's activities.
- Every employee receives the Authority's Employee Handbook outlining the Records Management policy and procedures.
- Record keeping procedures undergo annual quality system review.

### **Public Interest Disclosure Act 2003; §23(1)(f)**

In compliance with the Act, the ARA appointed a Public Interest Disclosure Officer and published internal guidelines and procedures facilitating the Public Interest Disclosure process while protecting and supporting those who make such disclosures.

The OPSSC DVD, *SPEAKING OUT—A Guide to Making a Public Interest Disclosure* is shown to all staff. All new employees view and discuss the issues during induction.

### **Freedom of Information Statement**

The ARA's mission, including administered legislation details and the agency's structure, is in this report's 'Overview' section. The ARA's decisions affect the ARC's function, but have no direct public effect. Authority decisions relate to the type/number of animals produced and the means by which funds are used. In most circumstances the decision making authority rests with the CEO; the Board ratifies these decisions. ARA activity information requests should be directed to the CEO.

### **Substantive Equality**

The ARC is not required to report on Substantive Equality.

### **Occupational Safety and Health**

The ARA is committed to occupational safety and health (OSH) and injury management and has widely communicated policies fostering a strong workplace safety culture. The ARA's management team maintains a very proactive injury management approach to reduce injury-related lost time and achieve improved outcomes for injured employees. Front Line Management training reinforces this importance.

The OSH Committee includes employee and senior management representatives. It meets at least every three months to discuss and resolve OSH matters. The Committee's employee representatives consult with peers and raise OSH issues identified. Managers and staff conduct work area safety assessments and seek staff feedback on OSH issues or risks. These issues or risks are logged, ranked, and acted upon as part of the ARA's OSH system. Staff input has effectively reduced workplace risks and hazards; most notably in manual handling task removal. We have also appointed two safety representatives (one recently resigned) which work with the OSH Sub Committee members and OSH Committee. The ARA utilized an outside Safety Consultant to augment OSH Committee and safety representatives training.

OSH procedures were reviewed with the quality system management, see Independent Audits section. OSH performs audits at least quarterly. The OSH management system is currently undergoing reassessment. RiskCover audited the ARA's Injury Management Policy and Procedures and deemed them *Workers Compensation and Injury Management Act (1981)* compliant. The return to work program was developed and implemented to facilitate an employee's return to work process.

### Animal Resources Authority's OSH Annual Performance

Measure	Actual Results		Results Against Target	
	2012-13	2014/5	Target	Comment
Fatalities	0	0	0	
Lost time injury (LTI)/disease incidence rate	2	4.85	2.5	
LTI and/or disease severity rate	0	33.3	0	
Injured workers returning to work...				
Within 13 weeks (%)	100%	80	100%	
Within 26 weeks (%)	100%	20	100%	
Manager training* (%)	60	60	80%	

\* OSH and injury management responsibilities

**Estimated Comprehensive Income Statement**  
As of June 30, 2016  
(Unaudited)

	<b>2016</b> <b>\$</b>
<b>INCOME</b>	
<b>Revenue</b>	
Sales	7,250,850
Provision of services	1,092,638
Interest revenue	11,698
Other revenue	
<b>Gains</b>	
Net change in fair value of biological assets	170,000
<b>TOTAL INCOME</b>	<u>8,525,185</u>
<b>EXPENSES</b>	
Cost of sales and services	7,592,508
Employee benefits expense	674,985
Depreciation and amortisation expense	161,440
Finance Costs	50,147
Accommodation expense	127,200
Supplies and services	477,498
Other expenses	564,125
<b>TOTAL EXPENSES</b>	<u>9,647,903</u>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<u>(1,122,718)</u>
<b>OTHER COMPREHENSIVE INCOME</b>	
Changes in asset revaluation surplus	-
Gains/losses recognised directly in equity	-
<b>Total other comprehensive income</b>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<u>(1,122,718)</u>