

2020/2021

# Annual Report

ANIMAL RESOURCES AUTHORITY



Animal Resources Authority  
PO Box 1180 Canning Vale,  
WA 6970

---

[info@arc.wa.gov.au](mailto:info@arc.wa.gov.au)  
[www.arc.wa.gov.au](http://www.arc.wa.gov.au)

# TABLE OF CONTENTS

<b>COMPLIANCE STATEMENT</b>	<b>1</b>
<b>EXECUTIVE SUMMARY</b>	<b>2</b>
<b>ENABLING LEGISLATION</b>	<b>4</b>
<b>ORGANISATIONAL STRUCTURE</b>	<b>5</b>
<b>PERFORMANCE MANAGEMENT FRAMEWORK</b>	<b>7</b>
<b>OPERATIONAL TRENDS</b>	<b>11</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>12</b>
<b>CERTIFICATION OF FINANCIAL STATEMENT</b>	<b>18</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>	<b>19</b>
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>20</b>
<b>STATEMENT OF CHANGES OF EQUITY</b>	<b>21</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>22</b>
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	<b>23</b>
<b>CERTIFICATION OF THE KEY PERFORMANCE INDICATORS</b>	<b>54</b>
<b>KEY PERFORMANCE INDICATORS</b>	<b>55</b>
<b>INDEPENDENT AUDITS</b>	<b>61</b>
<b>EMPLOYMENT AND INDUSTRIAL RELATIONS</b>	<b>62</b>
<b>GOVERNANCE DISCLOSURES</b>	<b>63</b>
<b>LEGISLATIVE AND GOVERNMENT COMPLIANCE</b>	<b>65</b>
<b>GLOSSARY</b>	<b>67</b>
<b>ESTIMATED COMPREHENSIVE INCOME STATEMENT</b>	<b>68</b>

# COMPLIANCE STATEMENT

Financial Year 2020-21

Hon. Mr. Roger Cook; MLA, BA, GradDipBus (PR), MBA Minister for Health.

In accordance with the Financial Management Act (2006§63), please find, for your information and presentation to Parliament, the 2020-201 0 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  
September 3, 2021



E. Rakoczy

Animal Resources Authority  
Deputy Board Chair  
September 3, 2021

**Postal**

PO Box 1180  
Canning Vale  
WA 6970

**Electronic**

Internet: [www.arc.wa.gov.au](http://www.arc.wa.gov.au)  
E.mail: [info@arc.wa.gov.au](mailto:info@arc.wa.gov.au)  
T: +61 (0)8 9332 5033  
F: +61 (0)8 9310 2839

# EXECUTIVE SUMMARY

This year, the Animal Resources Authority (ARA) celebrates 40 years of serving the community by providing reliable, high quality animal research models that have benefitted the health and wellbeing of all Australians, in addition to the broader international community.

As a historically self-funding operation, the not-for-profit ARA is a trusted provider of a large range of affordable, classic and contemporary biomedical animal research models.

While the ARA was originally instigated under the *Animal Resources Authority Act 1981* to service WA's needs, the high standard of the laboratory animals it produces has become nationally recognised and many teaching and research institutions have turned to the Animal Resources Centre (ARC) for their laboratory animal requirements, including custom strains and imports.

The ARA provides specific pathogen free (SPF), genetically defined laboratory animals for research, teaching and testing purposes throughout Australia and internationally to New Zealand, South Korea, Indonesia, Malaysia and new customer Vietnam. These valued relationships with our international customers have been established over many years.

The quality of the world class rodent models supplied by the ARA is independently verified to ISO 9001 standard, with audits conducted annually. The ARA has been proudly accredited by ISO 9001 for 25 years, and additionally also undergoes internal and OAG audits. The ARC is also a Quarantine Approved Premise for the importation of laboratory mice and rats.

Animal welfare and animal ethics requirements are integral to the operations of the ARC.

The ARC supplies laboratory mice and rats for scientific purposes in accordance with Western Australian legislative standards.

The ARC's exceptional customer service and staff dedication, expertise and flexibility are the cornerstone of the ARA's reputation as a reliable, consistently high-quality animal supplier.

Impacts of the current COVID-19 pandemic have been variable, resulting in disrupted supply chains, particularly for international export of animals. Domestic supply within Australia has been maintained during the various lockdowns, however orders have tended to decline during inter-state lockdowns.

Overall, total revenue has improved compared to 2020 FY, with total expenses slightly increased also, resulting in a deficit of \$349K in total comprehensive income.

Major factors contributing to the deficit included:

- Impairment costs of \$556K (included in total expenses) arising from an adjustment to the residual value of the buildings and associated improvements
- Increased mouse production in immunocompromised and niche lines
- Continued high repair and maintenance expenses, although significant renovations and improvements were put on hold later in the FY
- Mouse custom breeding revenue fell by 30%

- Rat custom breeding revenue fell by 42%
- The number of rat and mouse custom strains lines decreased

The aging infrastructure at the ARC poses risks in terms of potential equipment failure and ongoing high maintenance costs.

Over June and July 2021, staff, customers and suppliers of the ARC were informed of planning activities that were underway to prepare for the orderly wind-up of the ARC business over the next 12-18 month period. The ARC understands that the WA Government intends to introduce amending legislation to Parliament that will set the parameters and authority for the wind-up to occur.

At the time of writing (August 2021), discussions are underway to identify alternative supply arrangements for customers as part of planning for an orderly wind-up of the ARC. This work has included a market sounding exercise to determine the level of interest and capability within the market for a new or existing party to take-up production in place of the ARC under a sustainable business model, including whether the transfer of ARC assets would help facilitate this outcome. In the course of FY22, the ARC will be actively working with its customers and suppliers to manage transitional arrangements and minimise disruption.

# ENABLING LEGISLATION

The Minister administers the *Animal Resources Authority Act 1981*. Additionally, the ARA complies with the following 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*
- *Animal Welfare Act 2002*
- *Animal Welfare (Scientific Purposes) Regulations 2003*

## RESPONSIBLE MINISTER

Hon Roger Cook BA GradDipBus MBA MLA  
Deputy Premier; Minister for Health; Medical Research; State Development, Jobs and Trade; Science

# ORGANISATIONAL STRUCTURE

**MISSION: Provide and acquire high-quality SPF laboratory animals and related research support services for institutions using animals in research, teaching, and/or testing.**

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

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/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.

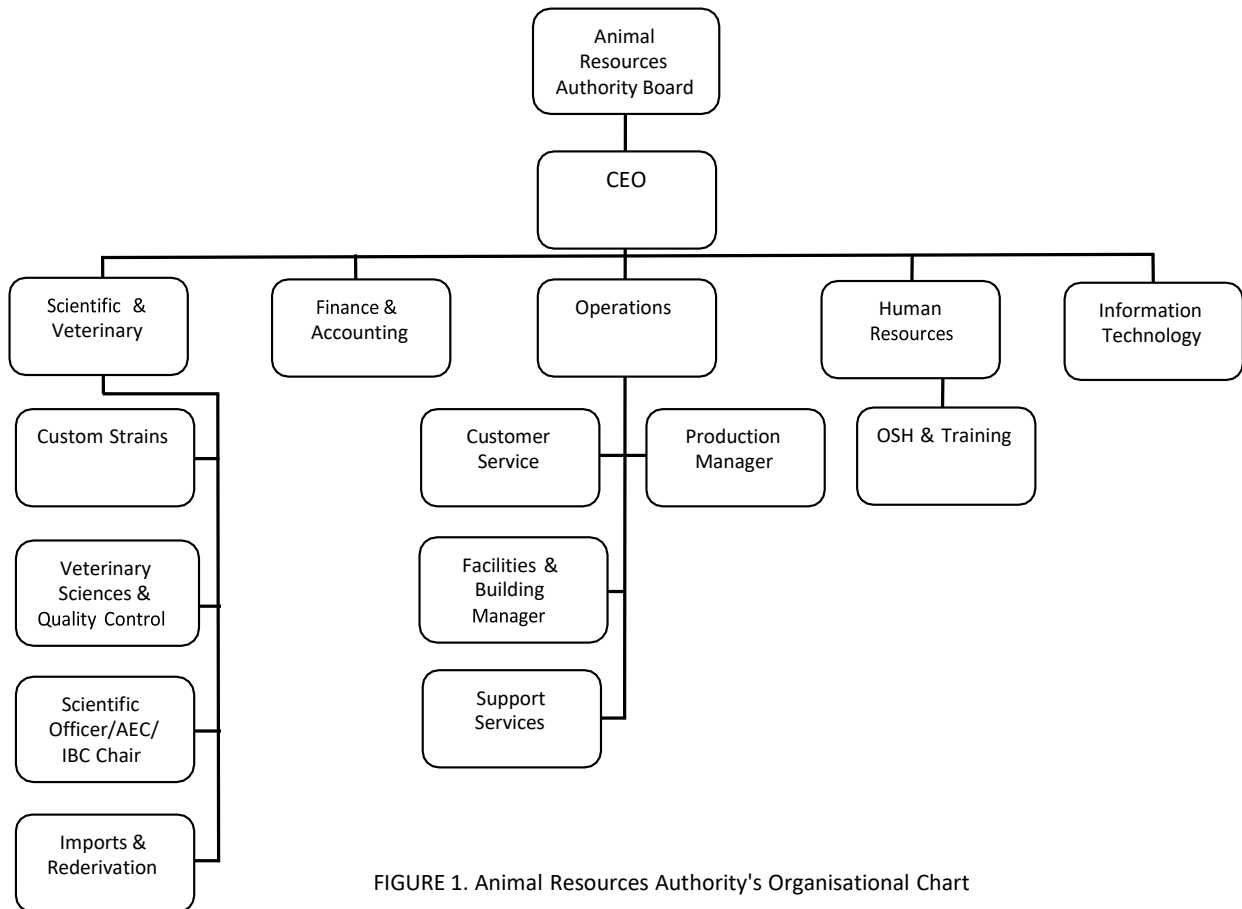


FIGURE 1. Animal Resources Authority's Organisational Chart

**TABLE 1. KEY ORGANISATIONAL PERSONNEL**

<b>ROLE</b>	<b>NAME</b>
<b>Chief Executive Officer*</b>	Dr Kirsty Moynihan, (Acting); BVSc, MSc, PhD
<b>Scientific and Veterinary Services</b>	Mrs Kathryn Greca; BSc, ALAT
<b>Finance and Accounting</b>	Mrs Shoba Nair, FCCA
<b>Operations</b>	Mr Stephen Taylor (Acting)
	Mr Jason Vanderlande, (Acting) ALAT
<b>Attending Veterinarian</b>	Dr Lydia Pethick; BSc, BVMS, MANZCVS
<b>Customer Service Manager</b>	Ms Renae Linhart; BSc, LAT
<b>Human Resources</b>	Ms Melissa Little; Dip, HRM; Adv Dip, ACC
<b>Information Technology</b>	Mr Jason Vanderlande; ALAT
<b>Production Manager</b>	Mr Michael 'Mick' Bunce, MIAT
* Senior Officer	

**TABLE 2. 2020-2021 ANIMAL RESOURCES AUTHORITY BOARD**

<b>NAME</b>	<b>BOARD MEMBER AFFILIATION</b>
Mr Anthony Tate, AM (Chair)	Former Director, Research and Development, Curtin University of Technology
Prof. Elizabeth Rakoczy (Deputy Chair)	Lions Eye Institute, UWA
Mrs Leslie Chalmers	Director, Productive Edge
Prof. Jennet Harvey	Emeritus Professor, Honorary Senior Fellow, Medical School, UWA
Prof. David Morrison	Deputy Vice Chancellor for Research, Murdoch University
Mr Michael Robins	WA Department of Health, Health Infrastructure Unit



# 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”.*

The ARA recycled various materials including composted bedding, 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**

Pursuant to paragraph (3)(i) of Treasurer's Instruction (TI) 904 Key Performance Indicators, the discontinuation of the following Key Effectiveness Indicators was approved:

- genetic monitoring; and
- customer service.

This approval is in recognition of the ongoing impacts of COVID-19 on ARA's key customers (low survey response rates) and acknowledging the need to refocus the business and staff on the pending wind-up of ARA within.

It is noted that the following KPIs will continue to be disclosed for 2020-21 and subsequent reporting periods until the formal wind-up of ARA's operations.

- health monitoring - Key Effectiveness Indicator;
- cost per animal sold - Key Efficiency Indicator; and
- cost per box maintained - Key Efficiency Indicator.

## **AGENCY PERFORMANCE**

The COVID-19 pandemic has continued to hamper the performance of the ARA. Lockdowns in various States and a lack of foreign students have restricted the ability of many customers to be able to carry out the research that had been planned for the 2020/2021 financial year.

Sales for C57BL/6J mice have continued to be the best, increasing by 11%. NSG and NRG sales have also shown big improvement, increasing by 126% and 93% respectively. Sales of the K18-hACE2 mouse for COVID-19 research are steadily increasing as more projects receive Ethics approval.

While sales of Outbred mice have reduced by 10%, Inbred mice sales increased by 18% and rat sales have increased by 20%.

As a result of supplying an ARC(S) colony to the Jackson Laboratory to USA, the new financial year will likely see a reduction in royalty payments as sales in USA increase.

COVID-19 has also reduced the ARA's ability to transport mice within Australia adding extra time and cost to delivery schedules. Export orders have also been hampered by the lack of international flights resulting in a large number of valuable orders waiting for flight availability. Despite this, the ARA did manage to send the first ever shipment of live animals to Vietnam from Australia this year.

Whilst the cost of transporting animals has increased, this has been offset by a reduction in building and maintenance spending with purchasing practices continued to be reviewed and upgraded to meet State Supply practices.

**TABLE 3. TOTAL ANIMAL NUMBERS SOLD AND REVENUE PERCENTAGE BY CUSTOMER GROUP**

Customer Group	2021		2020	
	# Sold	Revenue %	# Sold	Revenue %
WA Universities and Medical Research Institutions	27,076	13%	26,096	13%
Interstate Universities and Medical Research Institutions	146,189	81%	143,927	78%
Private Companies	22,335	5%	25,455	6%
International Exports	1,180	1%	3,780	3%
<b>Total</b>	<b>196,780</b>	<b>100%</b>	<b>199,258</b>	<b>100%</b>

**TABLE 4. REVENUE SOURCE AND PERCENTAGE**

Revenue Source	2021	2020	\$ Change	% Change
Production Animal Sales	\$6,170,153	\$5,362,372	\$807,781	15.06%
Other Goods and Services	\$2,453,049	\$2,565,877	-\$112,828	-4.40%
<b>Total</b>	<b>\$8,623,201</b>	<b>\$7,928,249</b>	<b>\$694,952</b>	<b>8.77%</b>

ARA's Custom Strains department maintained 38 genetically animal modified lines at the close of the FYE. This was a significant drop compared to the previous FY. Rat customer strains remained held.

27 customers were reduced to 18 this financial year, due to the ongoing cost and the successful rederivation of strains from MKPV, which were sent on to the customers.

There was extra cryopreservation due to the collaboration with Jax and ARA this financial year.

As in previous years, Mouse Kidney Parvovirus (MKPV), also known as Mouse Chapparravirus, was detected in the Custom Strains and Quarantine facilities, although the ARA's production mice were MKPV negative.

Western Australia's rich native animal biodiversity continues to be supported by supplying the Perth Zoo, wildlife rehabilitation providers, and carers.

FYE 2021 was the third full financial year where domestic customers could place animal orders through an online portal. Online payment was not concurrent with the order process but expected within 30 days of animal receipt.

**TABLE 5. 2021 ONLINE ORDERS**

<b>2021 Online Order Sales</b>	<b>Total</b>
Number of Online Order	3,989
Value of Online Orders	\$ 3,325,473
ARA-FY 2021 Gross Income	\$ 8,623,202
Number of Online Animals	70,640
Number of States/Territories	7

The import numbers continue to move towards pre-COVID-19 levels despite the persisting limited flight routes globally.

The ARA's distinct advantages are the ability to competitively bundle import, quarantine, rederivation, cryopreservation, and colony maintenance services, ensuing customer value; and close coordination with the source institution to meet the stringent Australian import animal health requirements.

**TABLE 6. IMPORT CONSIGNMENTS**

<b>Imports</b>				
<b>Country</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
USA	19	9	45	16
Japan	1	0	0	0
France	0	1	1	1
Sweden	0	1	8	0
Germany	0	0	3	0
Malaysia	0	0	2	0
Italy	0	0	1	1
Canada	0	0	1	0
UK	0	0	1	1
Denmark	0	0	1	0
Hong Kong	0	0	0	1
Singapore	0	0	0	0
Austria	0	0	0	0
<b>Total</b>	<b>20</b>	<b>11</b>	<b>63</b>	<b>20</b>

**TABLE 7. ARA INTERNATIONAL ANIMAL AND SPECIMEN EXPORTS CONSIGNMENTS**

<b>Country*</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
New Zealand	3	6	12
Indonesia	2	8	11
South Korea	0	6	9
Canada	0	2	0
Sweden	0	1	0
PR China	0	0	2
Croatia	0	0	1
Cyprus	0	0	1
USA	1	0	2
Vietnam	1	0	0
<b>Total</b>	<b>7</b>	<b>23</b>	<b>38</b>
*Order based on the number of 2021 exports and excludes diagnostic specimen detailed under Health Surveillance.			

# OPERATIONAL TRENDS

The ARA operations are still being affected by COVID-19, which has continued through FY 2020-21.

The ARA Board approved a price increase at their November 2020 Board-meeting. The Minister, through the ERC, approved the price increase at the November ERC meeting, which was enacted on January 11, 2021.

There have been continued researcher requests for mice with complex genetic and immunocompromised capabilities and a move towards rat profiles.

ARA supplied an ARC(S) colony to the Jackson Laboratory in the USA. This will result in a reduction in royalty payments as sales of ARC(s) increase in the USA offsetting the royalties.

Revenue reductions occurred in multiple areas due to the pandemic; likewise, service revenue (e.g. import, cryopreservation, procedures) also fell.

In FYE 2021, the C57BL/6JArc (B6), the ARA's top selling inbred mouse line, rebounded from the slump in sales in financial year 2019-2020 with notable sales increases in Balb/c nu/nu and NSG and NRG mouse lines.

A reduction in some areas of research is likely to continue through 2021 and 2022, although some strains will continue to grow in sales during 2021.

As the ARA prepares to wind down operations during 2022, there may be reduced sales in the second half of the financial year. The focus moving forward is to maximise sales and minimise wastage while minimising supply disruptions to customers.

The ARA will continue to supply customers with a wide range of services although long term projects may not be taken on unless the ability to transfer the work to another suitable facility is possible.

The ARA's service offerings continue to include cryopreservation and international import/quarantine services.

Customer demand for animals with an exceptionally high health status are likely to continue into the foreseeable future.

# INDEPENDENT AUDITOR'S REPORT



## Auditor General

### INDEPENDENT AUDITOR'S OPINION

2021

### Animal Resources Authority

To the Parliament of Western Australia

#### Report on the audit of the financial statements

I have audited the financial statements of the Animal Resources Authority (Authority) which comprise:

- the Statement of Financial Position at 30 June 2021, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are:

- based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Animal Resources Authority for the year ended 30 June 2021 and the financial position at the end of that period
- in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

#### Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

I am independent of the Authority in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

## Responsibilities of the Board for the financial statements

The Board is responsible for:

- keeping proper accounts
- preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions
- such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for:

- assessing the entity's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Authority.

## Auditor's responsibilities for the audit of the financial statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf).

## Report on the audit of controls

### Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Board. The controls exercised by the 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 (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, 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 2021.

### The Board's responsibilities

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



## Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and were implemented as designed.

An assurance engagement involves performing procedures to obtain evidence about the suitability of the controls design to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including an assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

## Limitations of controls

Because of the inherent limitations of any internal control structure, it is possible that, even if the controls are suitably designed and implemented as designed, once in operation, the overall control objectives may not be achieved so that fraud, error or non-compliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

## Report on the audit of the key performance indicators

### Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Animal Resources Authority for the year ended 30 June 2021. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, 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 2021.

## The Board's responsibilities 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 internal control it determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Board is responsible for identifying key performance indicators that are relevant and appropriate, having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

## Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the entity's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments, I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

## My independence and quality control relating to the reports on controls and key performance indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

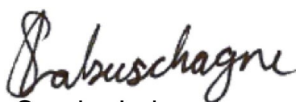
## Other information

The Board is responsible for the other information. The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial statements, key performance indicators and my auditor's report.

My opinions do not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

## Matters relating to the electronic publication of the audited financial statements and key performance indicators

This auditor's report relates to the financial statements, controls and key performance indicators of the Animal Resources Authority for the year ended 30 June 2021 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, controls 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, controls or key performance indicators. If users of the financial statements, controls and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version of the financial statements, controls and key performance indicators.



Sandra Labuschagne

Deputy Auditor

General

Delegate of the Auditor General for Western Australia

Perth, Western Australia

14 September 2021

# CERTIFICATION OF FINANCIAL STATEMENT

For the reporting period ended 30 June 2021

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 reporting period ended 30 June 2021 and the financial position as at 30 June 2021.


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



S. Nair  
Animal Resources Authority  
Chief Financial Officer  
September 3, 2021



A. Tate,  
Animal Resources Authority  
Board Chair  
September 3, 2021



K Moynihan  
Animal Resources Authority  
Acting Chief Executive Officer  
September 3, 2021



E Rakoczy  
Animal Resources Authority  
Deputy Board Chair  
September 3, 2021

# STATEMENT OF COMPREHENSIVE INCOME

## ANIMAL RESOURCES AUTHORITY

30 June 2021

### STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2021

	Notes	2021 \$	2020 \$
<b>INCOME</b>			
<b>Revenue</b>			
Sale of goods	3.1	8,623,082	7,926,139
Commonwealth grants	3.2	125,324	50,000
Interest revenue		1,000	4,603
Other income	3.3	177,610	83,971
<b>Total Revenue</b>		<b>8,927,016</b>	<b>8,064,713</b>
Gain on fair value of biological assets	3.4	491,988	444,714
<b>TOTAL INCOME</b>		<b>9,419,004</b>	<b>8,509,427</b>
<b>EXPENSES</b>			
Cost of sales and services	3.1	7,001,645	7,238,967
Employee benefits expense	2.1(a)	660,830	838,405
Supplies and services	2.2	732,433	769,324
Loss on disposal of non-current assets	3.5	3,190	3,585
Other expenses	2.2	1,160,250	643,143
Depreciation and amortisation expense	4.1.1, 4.2.1	80,757	83,941
Finance costs	6.3	8,740	12,409
Accommodation expense	2.2	120,000	120,000
<b>TOTAL EXPENSES</b>		<b>9,767,845</b>	<b>9,709,774</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(348,841)</b>	<b>(1,200,347)</b>

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

# STATEMENT OF FINANCIAL POSITION

## ANIMAL RESOURCES AUTHORITY STATEMENT OF FINANCIAL POSITION As at 30 June 2021

30 June 2021

		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6.4	1,403,080	1,512,273
Inventories	3.1	117,388	77,509
Biological assets	5.2	6,850,785	6,358,797
Receivables	5.1	851,082	654,168
<b>Total Current Assets</b>		<u>9,222,335</u>	<u>8,602,747</u>
<b>Non-Current Assets</b>			
Property, plant and equipment	4.1	2,416,814	5,512,062
Right-of-use assets	4.3	68,801	30,528
Intangible assets	4.2	32,025	69,632
<b>Total Non-Current Assets</b>		<u>2,517,640</u>	<u>5,612,222</u>
<b>TOTAL ASSETS</b>		<u>11,739,975</u>	<u>14,214,969</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	5.3	1,624,400	1,830,851
Borrowings	6.1	42,754	168,179
Lease liabilities	6.2	18,703	23,598
Employee related provisions	2.1(b)	1,099,443	1,213,203
Other current liabilities	5.4	1,547	-
<b>Total Current Liabilities</b>		<u>2,786,847</u>	<u>3,235,831</u>
<b>Non-Current Liabilities</b>			
Borrowings	6.1	-	42,754
Lease liabilities	6.2	50,098	6,931
Employee related provisions	2.1(b)	93,230	83,210
<b>Total Non-Current Liabilities</b>		<u>143,328</u>	<u>132,895</u>
<b>TOTAL LIABILITIES</b>		<u>2,930,175</u>	<u>3,368,725</u>
<b>NET ASSETS</b>		<u>8,809,800</u>	<u>10,846,244</u>
<b>EQUITY</b>			
Contributed equity	8.8	4,514,286	4,178,452
Reserves	8.8	126,973	2,150,410
Retained earnings	8.8	4,168,541	4,517,382
<b>TOTAL EQUITY</b>		<u>8,809,800</u>	<u>10,846,244</u>

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

# STATEMENT OF CHANGES OF EQUITY

## ANIMAL RESOURCES AUTHORITY STATEMENT OF CHANGES IN EQUITY For the year ended 30 June 2021

30 June 2021

	Notes	Equity \$	\$	Earnings \$	Total Equity \$
<b>Balance at 1 July 2019</b>		2,872,452	2,150,410	5,717,729	10,740,591
<i>Changes in accounting policy or correction of prior period errors</i>					
Initial application of AASB1059		-	-	-	-
<b>Restated balance at 1 July 2019</b>		2,872,452	2,150,410	5,717,729	10,740,591
Deficit for the period		-	-	(1,200,347)	(1,200,347)
<b>Total Comprehensive income for the period</b>		-	-	<b>(1,200,347)</b>	<b>(1,200,347)</b>
<i>Transactions with owners in their capacity as owners:</i>					
Other contributions by owners	8.8	1,306,000	-	-	1,306,000
<b>Total</b>		<b>1,306,000</b>	-	-	<b>1,306,000</b>
<b>Balance at 30 June 2020</b>		<b>4,178,452</b>	<b>2,150,410</b>	<b>4,517,382</b>	<b>10,846,244</b>
<b>Balance at 1 July 2020</b>		4,178,452	2,150,410	4,517,382	10,846,244
Deficit for the period		-	-	(348,841)	(348,841)
Net Revaluation decrement		-	(2,023,437)	-	(2,023,437)
<b>Total Comprehensive income for the period</b>		-	<b>(2,023,437)</b>	<b>(348,841)</b>	<b>(2,372,278)</b>
<i>Transactions with owners in their capacity as owners :</i>					
Other contributions by owners	8.8	335,834	-	-	335,834
<b>Total</b>		<b>335,834</b>	-	-	<b>335,834</b>
<b>Balance at 30 June 2021</b>		<b>4,514,286</b>	<b>126,973</b>	<b>4,168,541</b>	<b>8,809,800</b>

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

# STATEMENT OF CASH FLOWS

## ANIMAL RESOURCES AUTHORITY

30 June 2021

### STATEMENT OF CASH FLOWS For the year ended 30 June 2021

	\$	\$
<b>CASH FLOWS FROM STATE GOVERNMENT</b>		
Capital appropriation	335,834	1,306,000
<b>Net cash provided by State Government</b>	<u>335,834</u>	<u>1,306,000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Receipts</b>		
Sale of goods and services	8,425,662	8,022,353
Commonwealth grants	75,324	-
Interest received	1,506	5,022
GST receipts on sales	859,085	768,723
Other receipts	179,156	83,971
<b>Payments</b>		
Employee benefits	(4,935,259)	(4,900,877)
Supplies and services	(3,499,158)	(2,964,475)
Finance costs	(8,740)	(12,409)
Other expenses	(527,782)	(646,213)
GST payments on purchases	(296,335)	(264,029)
GST payments to taxation authority	(461,172)	(500,763)
<b>Net cash provided by/(used in) operating activities</b>	<u>(187,713)</u>	<u>(408,697)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Payments</b>		
Purchase of non-current physical assets	(89,134)	(504,400)
<b>Net cash provided by/(used in) investing activities</b>	<u>(89,134)</u>	<u>(504,400)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Payments</b>		
Repayment of borrowings	(168,179)	(163,730)
<b>Net cash provided by/(used in) financing activities</b>	<u>(168,179)</u>	<u>(163,730)</u>
Net (decrease)/increase in cash and cash equivalents	(109,193)	229,173
Cash and cash equivalents at the beginning of the period	1,512,273	1,283,100
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		
	<u>6.4</u>	<u>1,403,080</u>
		<u>1,512,273</u>

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



## NOTES TO THE FINANCIAL STATEMENTS

### **1 Basis of preparation**

The Authority is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The Authority is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities have been included in the 'Overview' which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Accountable Authority on September 3, 2021.

#### **Statement of compliance**

These general purpose financial statements are prepared in accordance with:

- 1) The Financial Management Act 2006 (FMA)
- 2) The Treasurer's Instructions (TIs)
- 3) Australian Accounting Standards (AASs) – Reduced Disclosure Requirements
- 4) Where appropriate, those AAS paragraphs applicable for not for profit entities have been applied.

The FMA 2006 and the TIs take precedence over AASs. Several AASs are modified by TIs to vary application, disclosure format and wording. 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.

#### **Basis of preparation**

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost conversion. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case, the different measurement basis is disclosed in the associated note.

#### ***Planning activities for the wind-up of the business carried on by the Authority***

The Authority is established under Section 4 of the Animal Resources Authority Act 1981. In light of a number of operational challenges faced by the Authority, planning activities have commenced regarding the wind-up the business carried on by the Authority. The implementation of wind-up plans is subject to the passage of amending legislation. At reporting date, no amending legislation is operative and the Authority has prepared the financial statements on a going concern basis.

## NOTES TO THE FINANCIAL STATEMENTS

**Judgements and estimates**

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

**Contributed equity**

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated as contributions by owners (at the time of, or prior to, transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed Equity.

**2 Use of our funding****Expenses incurred in the delivery of services**

This section provides additional information about how the Authority's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the Authority in achieving its objectives and the relevant notes are:

	<b>Notes</b>
Employee benefits expenses	2.1(a)
Employee related provisions	2.1(b)
Other expenditure	2.2

## NOTES TO THE FINANCIAL STATEMENTS

	2021	2020
	\$	\$
<b>2.1 (a) Employee benefits expenses</b>		
Employee benefits	600,178	770,622
Superannuation – defined contribution plans	60,652	67,783
<b>Total employee benefits expenses</b>	660,830	838,405
Add: AASB 16 Non-monetary benefits	6,033	11,999
Less: Employee Contributions (as per statement of comprehensive income)	(258)	(2,084)
<b>Net employee benefits</b>	<u>666,605</u>	<u>848,321</u>

**Employee benefits:** Include wages, salaries and social contributions, accrued and paid leave entitlements and paid sick leave, and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for employees.

**Superannuation:** The amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBs, or other superannuation funds.

**AASB 16 Non-monetary benefits:** Non-monetary employee benefits, that are employee benefits expenses, predominantly relate to the provision of vehicle and housing benefits are measured at the cost incurred by the Authority.

**Employee contributions:** contributions made to the Authority by employees towards employee benefits that have been provided by the Authority. This includes both AASB-16 and non-AASB 16 employee contributions.

## NOTES TO THE FINANCIAL STATEMENTS

**2.1 (b) Employee related provisions**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
<u>Employee benefits provisions</u>		
Annual leave	427,182	431,244
Long service leave	523,320	619,344
	<u>950,502</u>	<u>1,050,588</u>
<u>Other provisions</u>		
Employment on-costs	148,941	162,615
<b>Total current employee related provisions</b>	<u><u>1,099,443</u></u>	<u><u>1,213,203</u></u>
<u>Employee benefits provisions</u>		
Long service leave	80,789	71,075
<u>Other provisions</u>		
Employment on-costs	12,441	12,135
<b>Total non-current employee related provisions</b>	<u><u>93,230</u></u>	<u><u>83,210</u></u>
<b>Total employee related provisions</b>	<u><u>1,192,673</u></u>	<u><u>1,296,413</u></u>

Provision is made for benefits accruing to employees in respect of annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

**Annual leave liabilities:** Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS

**Long service leave liabilities:** 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.

The provision for long service leave is calculated at present value as the Authority does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement and 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.

**Employment on-costs:** The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

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 included as part of 'Other expenses', Note 2.2 and are not included in the Authority's 'employee benefits expense'. The related liability is included in 'employment on-costs provision'.

	2021	2020
	\$	\$
<b>Employment on-costs provision</b>		
Carrying amount at the start of period	174,750	155,871
Additional provisions recognised	(13,368)	18,879
<b>Carrying amount at end of period</b>	<u>161,382</u>	<u>174,750</u>

## NOTES TO THE FINANCIAL STATEMENTS

**Key sources of estimation uncertainty – long service leave**

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.

Several estimates and assumptions are used in calculating the Authority's long service leave provision. These 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. Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

<b>2.2 Other expenditure</b>	<b>2021</b>	<b>2020</b>
	\$	\$
<b>Supplies and services</b>		
Advertising	8,524	25,009
Insurance	61,632	57,142
Vehicle expenses	16,623	16,521
Telephone	18,344	17,715
Accounting/audit	96,885	109,076
Printing/stationery	16,468	25,641
Cleaning	26,082	21,264
Contractors/consultants	25,743	81,915
Legal & development fees	3,878	2,964
Materials & equipment	12,403	40,457

## NOTES TO THE FINANCIAL STATEMENTS

**2.2 Other expenditure (continued)**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Staff health & safety	35,189	43,719
Staff training	11,743	15,814
Royalty payments to Jackson	398,919	312,087
<b>Total Supplies and services</b>	<u>732,433</u>	<u>769,324</u>
<b>Accommodation expenses</b>		
Rental (a)	<u>120,000</u>	<u>120,000</u>
<b>Total accommodation expenses</b>	<u>120,000</u>	<u>120,000</u>
<b>Other expenses</b>		
Equipment repairs and maintenance	190,902	126,459
Sundry	11,533	32,198
Employment on-costs	383,833	340,060
Expected credit losses expense	3,913	(579)
Impairment loss	556,400	96,263
Other	13,669	48,742
<b>Total other expenses</b>	<u>1,160,250</u>	<u>643,143</u>
<b>Total other expenditure</b>	<u>2,012,683</u>	<u>1,436,204</u>

a) **Rental expenses** consist of lease with Murdoch University which has no lease agreement.

**Rental expenses include:**

- 1) Short-term leases with a lease term of 12 months or less;
- 2) Low-value leases with an underlying value of \$5,000 or less; and
- 3) Variable lease payments, recognised in the period in which the event or condition that triggers those payments occurs.

## NOTES TO THE FINANCIAL STATEMENTS

**Supplies and services** are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

**Equipment repairs and maintenance** are recognised as expenses as incurred, except where they relate to the replacement of a significant component of an asset. In that case, the costs are capitalised and depreciated.

**Expected credit losses expense** is an allowance of trade receivables, measured at the lifetime expected credit losses at each reporting date. The Authority has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**Employee on-cost** includes workers' compensation insurance and other employment on-costs. The on costs liability associated with the recognition of annual and long service leave liabilities is included at Note 2.1(b) Employee related provisions. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

### 3 How we obtain our funding

This section provides additional information about how the Authority obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Authority and the relevant notes are:

	<b>Notes</b>
Sale of goods	3.1
Commonwealth grants	3.2
Other income	3.3
Gain on fair value of biological assets	3.4
Loss on disposal of non-current assets	3.5



## NOTES TO THE FINANCIAL STATEMENTS

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>3.1 Sale of goods</b>		
Sale of goods	7,914,311	7,003,289
Provision for Services	708,771	922,850
	<b>8,623,082</b>	<b>7,926,139</b>
Cost of sales and services:		
Opening inventories	77,509	65,617
Purchases	1,418,306	1,527,489
Overheads:		
Employee benefits expense	4,190,690	4,213,036
Realised/unrealised forex hedge	17,243	(10,817)
Depreciation a)	460,017	448,813
Utilities	463,555	433,385
Quality control expenses	348,195	398,596
Repairs and maintenance	143,518	240,357
Total Overheads	5,623,218	5,723,370
Closing inventories	(117,388)	(77,509)
Cost of sales and services	<b>7,001,645</b>	<b>7,238,967</b>
<b>Gross profit</b>	<b>1,621,437</b>	<b>687,172</b>
<b>Closing inventories comprises:</b>		
<u>Current inventories</u>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Transport boxes – at cost	117,388	77,509
<b>Total current inventories</b>	<b>117,388</b>	<b>77,509</b>
a) Depreciation comprises of:		
- Property, Plant & Equipment	441,026	425,707
- Right of Use assets	18,991	23,106
	<b>460,017</b>	<b>448,813</b>

## NOTES TO THE FINANCIAL STATEMENTS

**Sale of goods**

Revenue is recognised at the transaction price when the Authority transfers control of the goods to customers.

Risk in the Product passes when the Product leaves the Authority, though title only passes on payment. In no circumstances will the Authority accept a return of the Products. If, on delivery, the Customer finds any Standard Product deceased, diseased, ill or otherwise unfit, the Customer must within twenty-four (24) hours advise the Authority of the event, though it is the responsibility of the Customer to humanely euthanise the Standard Product. If the Customer refuses to provide suitable evidence of the matter to work to mutually resolve the matter, full payment for the animals, shipping, and any other such costs incurred by the Authority is expected within 30 days of the animals scheduled arrival at their destination. Non Standard Products, as determined by the Authority, are exempt from replacement, refund, etc. and the Customer accepts ownership of the animals 'as is' at the time the animals are prepared for dispatch. The Customer also acknowledges that the Non Standard Products are unique and potentially irreplaceable in nature, full payment from the Customer will be made within 30 days of the dispatch arriving at the customer's institution; furthermore, animals arriving at the institution are 'as is' even if the animals are deceased, diseased, or other 'less than satisfactory' state due to factors beyond the Authority's control (e.g., age, pre-existing condition(s)). Nevertheless the Authority has acted in good faith to provide the requested service and will be paid in full and is not held liable for any perceived or actual animal health or welfare issues that the customer has been apprised either spoken, written, or reasonably expected due to the various factors beyond the Authority's control (e.g., age, pre-existing condition(s)) All costs including veterinary costs associated with delivery of deceased, diseased, ill or otherwise unfit Products, including the costs associated with euthanising the Product, is the Customer's responsibility.

**Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs are assigned by the method most appropriate for each particular class of inventory, with the majority being measured on a first in first out basis.

	2021	2020
	\$	\$
<b>3.2 Commonwealth grants</b>		
National Research Infrastructure for Australia		
-Recurrent grants	75,324	-
-Government Stimulus	50,000	50,000
	<u>125,324</u>	<u>50,000</u>

**Recurrent grants** are recognised as income when the grants are received.

## NOTES TO THE FINANCIAL STATEMENTS

<b>3.3 Other income</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Insurance recovery	177,322	80,992
Consulting	120	2,109
Sundry income	168	870
	<u>177,610</u>	<u>83,971</u>
<b>3.4 Gain on fair value of biological assets</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Net change in fair value of biological assets</b>		
Animals and cryopreserved seed stock on hand at fair value -opening balance	(6,358,797)	(5,914,083)
Less: animals and cryopreserved seed stock on hand at fair value-closing balance	<u>6,850,785</u>	<u>6,358,797</u>
Net change in fair value	<u>491,988</u>	<u>444,714</u>
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>3.5 Loss on disposal of non-current assets</b>		
<u>Net proceeds from sale of non-current assets</u>		
Plant and equipment	3,000	-
<u>Carrying amount of non-current assets disposed</u>		
Plant and equipment	(6,190)	(3,585)
<b>Net loss on disposal</b>	<u>(3,190)</u>	<u>(3,585)</u>

## NOTES TO THE FINANCIAL STATEMENTS

**4 Key assets****Assets the Authority utilises for economic benefit or service potential**

This section includes information regarding the key assets the Authority utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets.

	<b>Notes</b>
Property, plant and equipment	4.1
Intangible assets	4.2
Right-of-use assets	4.3

**4.1 Property, plant and equipment****Year ended 30 June 2021****1 July 2020**

	<b>Buildings</b>	<b>Work in Progress</b>	<b>Plant and Equipment</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Gross carrying amount	3,547,523	535,273	3,268,958	7,351,753
Accumulated depreciation	(322,810)	-	(1,420,617)	(1,743,427)
Accumulated impairment loss	-	-	(96,263)	(96,263)
<b>Carrying amount at start of period</b>	<b>3,224,713</b>	<b>535,273</b>	<b>1,752,078</b>	<b>5,512,062</b>
Additions	-	51,022	-	51,022
Transfers (a)	-	(101,357)	25,289	(76,068)
Disposals/Write-offs	-	-	(6,190)	(6,190)
Revaluation decrement	(2,023,437)	-	-	(2,023,437)
Impairment loss (b)	(556,400)	-	-	(556,400)
Depreciation	(177,376)	-	(306,800)	(484,176)
<b>Carrying amount at 30 June 2021</b>	<b>467,500</b>	<b>484,938</b>	<b>1,464,377</b>	<b>2,416,814</b>
Gross carrying amount	3,547,523	484,938	3,294,247	7,275,686
Accumulated depreciation	(500,186)	-	(1,727,417)	(2,227,603)
Accumulated impairment loss	(2,579,837)	-	(96,263)	(2,676,100)

## NOTES TO THE FINANCIAL STATEMENTS

- a) Works in progress is transferred to Statement of Comprehensive Income as they are expense in nature.
- b) Recognised in the Statement of Comprehensive Income. 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.

**Significant assumptions and judgements:** 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.

**Initial recognition**

Items of property, plant and equipment and infrastructure, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no cost or significantly less than fair value, the cost is valued at its fair value at the date of acquisition. Items of property, plant and equipment and infrastructure 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).

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the leasehold improvement.

**Subsequent measurement**

Subsequent to initial recognition of an asset, the revaluation model is used for the measurement of buildings.

Buildings are carried at fair value less accumulated depreciation and accumulated impairment losses.

Buildings are independently valued by Acumentis and recognised to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period. In undertaking the revaluation, fair value was determined on the basis of current replacement cost. The valuation was made in accordance with a regular policy of revaluation every three years.

All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

## NOTES TO THE FINANCIAL STATEMENTS

<b>4.1.1 Depreciation and impairment</b>	<b>2021</b>	<b>2020</b>
<b>Charge for the period</b>	<b>\$</b>	<b>\$</b>
Depreciation:		
Plant, equipment and vehicles	306,800	306,649
Buildings	177,376	163,696
	<u>484,176</u>	<u>470,345</u>
<b>Less depreciation and amortisation directly charged to cost of sales and services overheads</b>	<u>(441,026)</u>	<u>(425,707)</u>
<b>Total depreciation for the period</b>	<u><u>43,150</u></u>	<u><u>44,638</u></u>

As at 30 June 2021, there were no indications of impairment to property, plant and equipment or infrastructure.

All surplus assets at 30 June 2021 have either been classified as assets held for sale or have been written-off.

#### Finite useful lives

All property, plant and equipment 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 generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset	Useful life
Buildings	20 years
Plant and office equipment	3 to 10 years
Motor vehicles	10 years
Software <sup>(a)</sup>	3 years

(a) Software that is integral to the operation of related hardware

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments should be made where appropriate.

## NOTES TO THE FINANCIAL STATEMENTS

**Impairment**

Non-financial assets, including plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. 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 its recoverable amount, an impairment loss is recognised through profit or loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.

As the Authority is a not-for-profit authority, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

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 the asset's future economic benefits and to evaluate any impairment risk from declining replacement costs.

<b>4.2 Intangible assets</b>	<b>Software</b>
<b>Year ended 30 June 2021</b>	<b>\$</b>
<b>1 July 2020</b>	
Gross carrying amount	238,903
Accumulated amortisation	<u>(169,271)</u>
<b>Carrying amount at start of period</b>	<u><b>69,632</b></u>
Disposals	-
Amortisation expense	<u>(37,607)</u>
<b>Carrying amount at 30 June 2021</b>	<u><u><b>32,025</b></u></u>

## NOTES TO THE FINANCIAL STATEMENTS

**Initial recognition**

Intangible assets are initially recognised at cost. For assets acquired at significantly less than fair value, the cost is their fair value at the date of acquisition.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- (a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) An intention to complete the intangible asset and use or sell it;
- (c) The ability to use or sell the intangible asset;
- (d) The intangible asset will generate probable future economic benefit;
- (e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- (f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets at a minimum of \$5,000 that comply with the recognition criteria as per AASB 138.57 (as noted above) are capitalised.

Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Costs incurred in the research phase of a project are immediately expensed.

**Subsequent measurement**

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

**4.2.1 Amortisation and impairment**

	2021	2020
	\$	\$
<b>Charge for the period</b>		
Software	37,607	39,301
<b>Total amortisation for the period</b>	<u>37,607</u>	<u>39,301</u>

As at 30 June 2021 there were no indications of impairment to intangible assets.

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

Amortisation of finite life intangible assets is calculated on a straight line basis at rates that allocate the asset's value over its estimated useful life. All intangible assets controlled by the Authority have a finite useful life and zero residual value. Estimated useful lives are reviewed annually.



## NOTES TO THE FINANCIAL STATEMENTS

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

Asset	Useful life
Software <sup>(a)</sup>	3 years

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

4.3 Right -of-use assets	2021	2020
	\$	\$
Vehicles	68,801	30,528
Net carrying amount	<u>68,801</u>	<u>30,528</u>

Additions to right-of-use assets during the 2021 financial year were \$57,264 (2020: \$14,077)

#### Initial recognition

Right-of-use assets are measured at cost including the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs, including dismantling and removing the underlying asset.

This includes all leased assets other than investment property ROU assets, which are measured in accordance with AASB 140 'Investment Property'.

The Authority has elected not to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less) and low value leases (with an underlying value of \$5,000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

#### Subsequent Measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

## NOTES TO THE FINANCIAL STATEMENTS

**Depreciation and impairment of right-of-use assets**

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to the Authority at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in note 4.1.1.

The following amounts relating to leases have been recognised in the statement of comprehensive income:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Right-of-use asset depreciation - vehicles	18,991	23,106
Lease interest expense	4,905	2,944

The total cash outflow for leases in 2021 was \$23,998 (2020: \$26,162).

*The Authority's leasing activities have been recognised as finance leases according to AASB16.*

The Authority has leases for vehicles.

The Authority has also entered into a peppercorn lease with Murdoch University for the leasing of the land (the ARA owns the buildings) and this Land lease lapsed due to non-renewal of the peppercorn lease within the timeframe spelled out in the land lease. This lease is not recognised under AASB16 because no formal agreement has been signed and is accounted as accrued expenses as incurred.

The Agency recognises leases as right-of-use assets and associated lease liabilities in the Statement of Financial Position.

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in note 6.2.

## NOTES TO THE FINANCIAL STATEMENTS

**5 Other assets and liabilities**

This section sets out those assets and liabilities that arose from the Authority's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	<b>Notes</b>
Receivables	5.1
Biological assets	5.2
Payables	5.3
Other liabilities	5.4

<b>5.1 Receivables</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<u>Current</u>		
Trade receivables	856,021	654,182
Other receivables	338	844
Allowance for impairment of trade receivables	(5,615)	(1,702)
Accrued interest	338	844
<b>Total current receivables</b>	<b>851,082</b>	<b>654,168</b>

Trade receivables are recognised at original invoice amount less any allowances for uncollectable amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

<b>5.2 Biological assets</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
	<b>Notes</b>	
Animals on hand – at fair value	6,104,553	5,612,565
Cryopreserved seed stock - at fair value	746,232	746,232
<b>Total biological assets</b>	<b>3.4 6,850,785</b>	<b>6,358,797</b>

The biological assets consist of 24 lines of SPF (Specified Pathogen Free) mice, plus 2 permanent Hybrid colonies and 13 lines of SPF rats. Other Hybrid colonies are created when requested by customers. Each line consists of breeder colonies and weaned offspring being grown to be sold or be used for breeder replacement. The breeding animals of each line are caged and maintained in specified mating ratios. Offspring of each line are weaned at three weeks into cages with defined numbers. Weekly wean number totals for each line are recorded in the Strains Database. Not all weaned animals are kept for sale as typically only one sex of weaned animals is required. Sales are removed from the stock cages at different ages and cage numbers adjusted on the cage label. Sales by line are invoiced through the Attache accounting system.

## NOTES TO THE FINANCIAL STATEMENTS

The financial year end inventories record the number of breeders, replacement breeder stock or weaned stock for each line.

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

As at 30 June 2021, animals for sale inventories consisted of 49,328 mice (2020: 44,187) and 5,230 rats (2020: 5,203). During the 2021 financial year, the Authority sold 142,243 mice (2020: 137,338) and 10,099 rats (2020 : 9,978) totalling 152,342 animals (2020 : 147,316 animals).

The significant assumptions made in determining the animal inventories' net market value at current and previous financial year ends are:

- i) The expected prices of livestock are as per the price list set 1 January 2021 and a general 6% price increase. A higher than 6% price increase applies to strains only produced by the ARA in Australia. ARA owned strains have a 7% increase.
- ii) Rats and mice will be sold continuously throughout the year.
- iii) Weaners will be sold as stock.
- iv) Breeders, replacement breeders and weaned animals (stock) are based on price lists.

5.3 Payables	2021	2020
	\$	\$
<u>Current</u>		
Trade payables	1,049,625	998,898
GST payable	139,895	88,317
Accrued expenses	312,998	641,754
Accrued salaries	121,882	101,882
<b>Balance at end of period</b>	<u>1,624,400</u>	<u>1,830,851</u>

**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.

**Accrued salaries** represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight after the reporting period end. The Authority considers the carrying amount of accrued salaries to be equivalent to its fair value.

## NOTES TO THE FINANCIAL STATEMENTS

<b>5.4 Other liabilities</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<u>Current</u>		
Unearned revenue	1,547	-
<b>Balance at end of period</b>	<b>1,547</b>	<b>-</b>

Unearned revenue are the monies received from the customer in advance for future purchases.

**6 Financing**

This section sets out the material balances and disclosures associated with the financing and cashflows of the Authority.

	<b>Notes</b>
Borrowings	6.1
Lease liabilities	6.2
Finance costs	6.3
Cash and cash equivalents	6.4
Capital commitment	6.5

<b>6.1 Borrowings</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<u>Current:</u>		
WATC borrowings	42,754	168,179
<b>Total current</b>	<b>42,754</b>	<b>168,179</b>
<u>Non-current:</u>		
WATC borrowings	-	42,754
<b>Total non-current</b>	<b>-</b>	<b>42,754</b>
<b>Balance at end of period</b>	<b>42,754</b>	<b>210,933</b>

Borrowings' refer to interest bearing liabilities mainly raised from public borrowings raised through the Western Australian Treasury Corporation (WATC) and other interest bearing arrangements.

## NOTES TO THE FINANCIAL STATEMENTS

Borrowings are classified as financial instruments. All interest-bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the department has categorised its interest-bearing liabilities as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost.' The classification depends on the nature and purpose of the interest bearing liabilities.

<b>6.2 Lease liabilities</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Current	18,703	23,598
Non-current	50,098	6,931
	68,801	30,528

**Initial measurement**

The Authority measures a lease liability, at the commencement date, at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Authority uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Lease payments included by the Authority as part of the present value calculation of lease liability include:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options (where these are reasonably certain to be exercised);
- payments for penalties for terminating a lease, where the lease term reflects the Authority exercising an option to terminate the lease.

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Periods covered by extension or termination options are only included in the lease term by the Authority if the lease is reasonably certain to be extended (or not terminated).

Variable lease payments, not included in the measurement of lease liability, that are dependent on sales are recognised by the Authority in profit or loss in the period in which the condition that triggers those payments occurs.

This section should be read in conjunction with note 4.3.

## NOTES TO THE FINANCIAL STATEMENTS

**Subsequent Measurement**

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

<b>6.3 Finance costs</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Lease interest expense	4,905	2,944
Interest expense	3,835	9,465
<b>Finance costs expensed</b>	<u>8,740</u>	<u>12,409</u>

Finance cost includes interest and guarantee fees on WATC borrowings and the interest component of lease liability repayments.

<b>6.4 Cash and cash equivalents</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Cash and cash equivalents	1,403,080	1,512,273
<b>Balance at end of period</b>	<u>1,403,080</u>	<u>1,512,273</u>

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.

**6.5 Capital Commitments**

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:

	<b>2021</b>	<b>2020</b>
	\$	\$
Within 1 year	28,650	-
Later than 1 year and not later than 5 years	-	21,990
	<u>28,650</u>	<u>21,990</u>

## NOTES TO THE FINANCIAL STATEMENTS

**7 Financial instruments and Contingencies**

This note sets out the key risk management policies and measurement techniques of the Authority.

	<b>Notes</b>
Financial instruments	7.1
Contingent assets and liabilities	7.2

**7.1 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>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<u>Financial Assets</u>		
Cash and cash equivalents	1,403,080	1,512,273
Receivables (a)	851,082	654,168
<b>Total financial assets</b>	<u>2,254,162</u>	<u>2,166,441</u>
<u>Financial Liabilities</u>		
Payables (b)	1,484,505	1,742,534
WATC borrowings	42,754	210,933
<b>Total financial liability</b>	<u>1,527,259</u>	<u>1,953,467</u>

(a) The amount of financial assets at amortised cost excludes GST recoverable from the ATO (statutory receivable).

(b) The amount of financial liabilities at amortised cost excludes GST payable to the ATO (statutory payable).

**7.2 Contingent assets and liabilities**

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at the best estimate. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

**7.2.1 Contingent assets**

The Authority has no contingent assets as at 30 June 2021.



## NOTES TO THE FINANCIAL STATEMENTS

**7.2.2 Contingent liabilities**

The following contingent liabilities are excluded from the liabilities included in the financial statements:

**Litigation in progress**

A negligence claim has been filed by a previous employee. The potential financial effect of the success, or otherwise, of the claim cannot be reliably measured at this time. The Authority believes, based on advice received, that it has a strong defence.

**8 Other disclosures**

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	<b>Notes</b>
Events occurring after the end of the reporting period	8.1
Initial application of Australian accounting standards	8.2
Key management personnel	8.3
Related party transactions	8.4
Related bodies	8.5
Affiliated bodies	8.6
Remuneration of auditors	8.7
Equity	8.8
Supplementary financial information	8.9
Explanatory statement	8.10

**8.1 Events occurring after the end of the reporting period**

The Authority has not identified any material events after reporting date, which would cause the financial statements to be misleading in the absence of disclosure.

## NOTES TO THE FINANCIAL STATEMENTS

**8.2 Initial application of Australian Accounting Standards**

The Authority has adopted the following new Australian Accounting Standards in accordance with the transitional provisions applicable to each standard:

AASB 1059 Service Concession Arrangements:Grantors

AASB 2018-5 Amendments to Australian Accounting Standards - Deferral of AASB 1059

AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business

AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material

AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework

AASB 2019-2 Amendments to Australian Accounting Standards - Implementation of AASB 1059

AASB 2019-3 Amendments to Australian Accounting Standards -Interest Rate Benchmark Reform

AASB 2019-5 Amendments to Australian Accounting Standards -Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia

AASB 2019-7 Amendments to Australian Accounting Standards -Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP/GFS Reconciliations

AASSB 2020-4 COVID-19 Related Rent Concessions

The Authority considers the above standards do not have a material impact on the Authority.

**8.3 Key management personnel**

The Authority has determined that key management personnel include cabinet ministers, board members and senior officers of the Authority. The Authority does not incur expenditure to compensate Ministers and those disclosures may be found in the Annual Report on State Finances.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for board members and senior officers of the Authority for the reporting period are presented within the following bands:

**Compensation of board members**

<b>Compensation band (\$)</b>	<b>2021</b>	<b>2020</b>
1 -10,000	3	3
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Total compensation of board members</b>	<b>2,580</b>	<b>4,240</b>

## NOTES TO THE FINANCIAL STATEMENTS

**Compensation of senior officers**

<b>Compensation band (\$)</b>	<b>2021</b>	<b>2020</b>
90,001 - 100,000	1	-
110,001 -120,000	-	1
120,001- 130,000	2	3
130,001- 140,000	1	-
140,001- 150,000	1	-
150,001 - 160,000	-	1
180,001 - 190,000	1	-
200,001 - 210,000	-	1
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	754,384	769,057
Post-employment benefits	56,484	66,005
Other long-term benefits	(5,066)	18,546
<b>Total compensation of senior officers</b>	<b>805,801</b>	<b>853,609</b>

Total compensation includes the superannuation expense incurred by the Authority in respect of senior officers.

**8.4 Related party transactions**

The Authority is a wholly owned public sector entity that is controlled by of the State of Western Australia.

Related parties of the Authority include:

- all Cabinet ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other agencies and statutory authorities, including related bodies, that are included in the whole of government consolidated financial statements (i.e. wholly-owned public sector entities);
- associates and joint ventures of a wholly-owned public sector entity; and
- the Government Employees Superannuation Board (GESB).

**Material transactions with related parties**

Outside of the normal citizen type transactions with the Authority, there were no other related party transactions that involved key management personnel and/or their close family members and /or their controlled (or jointly controlled) entities.

## NOTES TO THE FINANCIAL STATEMENTS

**8.5 Related bodies**

The Authority had no related bodies during the year.

**8.6 Affiliated bodies**

The Authority had no affiliated bodies during the year.

**8.7 Remuneration of auditors**

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

	2021	2020
	\$	\$
Auditing the accounts, financial statements, controls and key performance indicators	57,500	56,434

**8.8 Equity**

	2021	2020
	\$	\$
<b>Contributed equity</b>		
Balance at start of period	4,178,452	2,872,452
<u>Contributions by owners</u>		
Capital appropriation	335,834	1,306,000
<b>Balance at end of period</b>	<b>4,514,286</b>	<b>4,178,452</b>
<b>Asset revaluation surplus</b>		
Balance at start of year	2,150,410	2,150,410
Net revaluation increments/(decrement):		
Buildings	(2,023,437)	-
<b>Balance at end of period</b>	<b>126,973</b>	<b>2,150,410</b>
<b>Retained Earnings</b>		
Balance at start of year	4,517,382	5,717,729
Result for the period	(348,841)	(1,200,347)
<b>Balance at end of period</b>	<b>4,168,541</b>	<b>4,517,382</b>

## NOTES TO THE FINANCIAL STATEMENTS

**8.9 Supplementary financial information****(a) Write-offs**

During the financial year, \$3,190 (2020: \$4,182) was written off /sold from the Authority's asset register under the authority of the Board members.

**(b) Losses through theft, defaults and other causes**

There were no losses and amount recovered from public money and public and other property through theft or default.

**(c) Gifts of public property**

There were no gifts of public property provided by the Authority.

**8.10 Explanatory statement**

All variances between annual estimates (original budget) and actual results for 2021, and between the actual results for 2021 and 2020 are shown below. Narratives are provided for key major variances, which are generally the greater than 10% and 1% of Total expenses for the Statement of Comprehensive Income.

**Statement of Comprehensive Income Variances**

	Variance note	Estimate 2021	Actual 2021	Actual 2020	Variance between actual and estimate	Variance between actual results for 2021 and 2020
		\$	\$	\$	\$	\$
<b>Revenue</b>						
Sale of goods	1,a	10,017,673	8,623,082	7,926,139	(1,394,591)	696,943
Commonwealth grants	2	-	125,324	50,000	125,324	75,324
Interest revenue		5,334	1,000	4,603	(4,334)	(3,603)
Other income	3	10,000	177,610	83,971	167,610	93,639
Gain on fair value of biological assets	4	355,000	491,988	444,714	136,988	47,274
<b>TOTAL REVENUE</b>		<b>10,388,007</b>	<b>9,419,004</b>	<b>8,509,427</b>	<b>(969,003)</b>	<b>909,577</b>
<b>Expenses</b>						
Cost of sales and services	5,b	7,813,589	7,001,645	7,238,967	(811,944)	(237,322)
Employee benefits expense	6,c	820,139	660,830	838,405	(159,309)	(177,575)
Supplies and services		666,501	732,433	769,324	65,932	(36,891)
Loss on disposal of non-current assets		-	3,190	3,585	3,190	(395)
Other expenses	7,d	649,534	1,160,250	643,143	510,716	517,107
Depreciation and amortisation expense		80,897	80,757	83,941	(140)	(3,184)
Finance costs		5,837	8,740	12,409	2,903	(3,669)
Accommodation expense	8	1	120,000	120,000	119,999	-
<b>TOTAL EXPENSES</b>		<b>10,036,499</b>	<b>9,767,845</b>	<b>9,709,774</b>	<b>(268,654)</b>	<b>58,071</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>351,508</b>	<b>(348,841)</b>	<b>(1,200,347)</b>	<b>(700,349)</b>	<b>851,506</b>

## NOTES TO THE FINANCIAL STATEMENTS

**Major Estimate and Actual (2021) Variance Narratives**

- 1) Sale of goods lower by \$1,395K (13.9%)  
The Budget 2020-21 assumed growth rates of 5.5% to 7.5% on top of a price increase of 6%. No COVID-19 reductions were accounted for in the sales figures, which assumed that because of the lifting of restrictions, the sales would return to pre-COVID-19 figures. Main variances compared to Budget were lower than expected Animal Sales of \$576K. Also, Freight was lower than expected of \$173K. COVID-19 related travel interruption was the primary factor driving down the provision for services for decreases in Imports (\$101K), Maintenance fees (\$334K), and Other Income (\$87K). Other income is comprised of distributorship, exportations, royalty and late charges.
- 2) Commonwealth grants increased by \$125K (100%)  
Government grant income of \$75K was received from Australian Phenomics Network for COVID-19 related HACE2 mice and costs related to housing, screening and genotyping. During July to October 2020, a COVID-19 Cash boost was received from ATO of \$12.5K per month totalling \$50K.
- 3) Other income higher by \$168K (100%)  
Budget only assumed \$10K Consulting fees. However, there was an Insurance Recovery of \$177K of which Workers compensation amounted to \$168K.
- 4) Gain on fair value of Biological assets by \$137K (39%)  
Whilst the budget had accounted for the price increases, we also have the new ACE2 mice which are high value, and more mice breeding in general.
- 5) Cost of Sales lower by \$812K (10%)  
Due to the COVID-19 restrictions, cost cutting measures were put in place and a panel was set up to procure items more than \$5K using the best value for money and to only purchase essential items. This resulted in decreases in Repairs & Maintenance of \$100K, Equipment (\$68K), Materials (\$45K). In line with lower sales, Quality control testing was also reduced by \$78K and Animal Procurement by \$88K. Non animal inventory stock has also reduced \$99K due to a much lower stock of shippers being maintained than expected. Further there was a reduction of production salaries of \$333K as the Budget assumed a Director of Operations (\$135k) and two production staff (\$100k) expected to be employed that did not happen. In addition, the actual production staff overtime (\$40k) was lower than Budget due to reduced production level caused by lower sales. The remaining amount was mainly due to staff who took Commonwealth parental leave that was paid by the Centrelink.
- 6) Employee benefits expenses lower by \$159K (19%)  
The Budget assumed there was a full time CEO throughout the financial year and no payout of unused long service leave.
- 7) Other expenses increased by \$511K (78%)  
The increase was due to the impairment costs of \$556K in view of the impending wind up which caused an adverse effect on the buildings and improvements. The valuer had taken into account the impairment and the carrying value of Buildings and Improvements reduced from \$3,047K to \$468K. The downward adjustment was offset against asset revaluation reserve (\$2,023K) and the balance as an impairment loss (\$556K).
- 8) Accommodation expenses higher by \$120K (100%)  
Budget assumed that the Murdoch university lease would revert back to a peppercorn lease of \$1. However, there was an accrual of rental invoice unpaid this financial year of \$120K.

## NOTES TO THE FINANCIAL STATEMENTS

**Major Actual (2021) and Comparative (2020) Variance Narratives**a) Sales higher by \$697K (13%)

In 2020-21, there was an increase in Animal sales of \$808K compared to the previous financial year mainly due to Inbred mice (\$782K) which also increased freight by \$53K. COVID-19 lockdowns in April and May 2020 significantly affected sales in the 2019-20 financial year mainly due to the Eastern States customers, Universities remaining closed and research kept on hold. April 2021 and May 2021 against the same month last year increased by \$415K and \$254K respectively.

Average monthly sales of animals were \$660K compared to \$584K last year. However, this was offset by a decrease in Maintenance of animals (\$199K) of which mice contributed \$130K reduction as this was impacted by the COVID-19 travel restrictions and reduced lines from 62 strains in the beginning of the financial year to 38 at the end of the financial year.

b) Cost of Sales lower by \$237K (3%)

Cost cutting measures were put in place resulting in a decrease of Repairs & maintenance (\$96K), Equipment (\$75K) and Materials (\$33K). Further Quality control testing had reduced by \$51K due to the rederivation and reduction of animals in the Customs Strain Area and Production Area.

c) Employee benefits expenses reduced by \$178K (21%)

Last financial year, there was a full time Chief Executive Officer (CEO) and there was no large payout of unused long service leave for the CEO.

d) Other expenses increased by \$517K (80%)

Last financial year, there was an impairment loss of \$96K on the geothermal part of the chiller. This financial year, the impairment loss was much higher at \$556K because of the significant reduction in the valuation of the carrying value of buildings and improvements due to the impending wind up.

# CERTIFICATION OF THE KEY PERFORMANCE INDICATORS

Audited key performance indicators for the reporting period ended 30 June 2021.

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Animal Resources Authority's performance, and fairly represent the performance of the Animal Resources Authority for the financial year ended 30 June 2021.

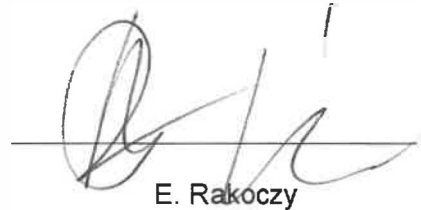


A. Tate, AM

Animal Resources Authority

Board Chair

September 3, 2021



E. Rakoczy

Animal Resources Authority

Deputy Board Chair

September 3, 2021



## **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 bio- medical research by minimizing pandemic-related transport and travel disruptions, deleterious agents, genetic contamination, 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.”

### *Discontinuation of key effectiveness indicators*

On 3 June 2021, the Under Treasurer approved the discontinuation of the following Key Effectiveness Indicators applicable from the 2020-21 reporting period:

- genetic monitoring; and
- customer service

This approval is in recognition of the ongoing impacts of COVID-19 on the Authority's key customers (low survey response rates) and acknowledging the need to refocus the business and staff on the wind-up of the Authority within a short timeframe.

## **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 in the 'Mouse Maintenance' and 'Rat Maintenance' tables below. This year's KPIs have continued to be impacted by the global COVID-19 pandemic. The request to modify the key performance indicators in recognition of the ongoing impacts of COVID-19 was approved, resulting in genetic monitoring and customer service effectiveness being discontinued.

For production mice and rats (i.e., Goods and Services Sales), priced and sold individually, the cost per animal sold was the production area's key efficiency indicator. Scientific Services (SS) maintained researchers' animals on a weekly fee-for-service basis. The animal box maintenance cost was SS's key efficiency indicator.

This year's rat and mouse production costs were calculated using actual cost inputs. Several expenses were paid directly by customers and were a revenue item; termed a Flow Through Expense (FTE). FTEs included The Jackson Laboratory Royalties (JAX, included in the JAX purchase price), import/export fees, freight, and transport boxes. The ARA was paid the full cost of these items, plus time (e.g., labour) and associated material expenses (e.g., syringes). FTEs and other expenses incurred and reimbursed (e.g., property insurance).

This year's Mouse Production KPI decreased when compared to last year, which the animal sales was impacted heavily by the global COVID-19 pandemic, particularly in the last two quarters of FYE 2020. The continuation of current and new breeding contracts continues to shift various production expenses to the customers and mitigate select ARA animal colony and transport risk. The customer sales have overall increased with sales being fragmented due to COVID-19 impacts and restrictions placed upon domestic and international customers throughout the financial year. Sales of the most commonly used mouse in biomedical re- search globally, the C57BL/6JArc (B6), increased by over \$230,000 compared to last year, which had unprecedented sales decreases seen in the later half of FYE 2020. Other notable increases were to Balb/c nu/nu and NSG and NRG mouse lines.

Custom Strains mouse colonies continued the trend of decline throughout the financial year, with custom strains customers not being able to afford their lines to be kept at the ARA as the main contributing factor for the decline. Additionally, custom strains customers reduced or stopped their lines when MKPV (mouse kidney parvovirus) was identified, and customers were given the option to rederive at their own cost or close their lines.

The Rat Production KPI was high last financial year as the ARA increased the rat capacity in FYE 2020 to remove *Pneumocystis carinii* from the inbred rat colony and start the process with the larger colony numbers required to eliminate the agent in outbred rats. During the rederivation process, it was necessary to maintain both 'clean' and 'dirty' animals for a prolonged period. The rat inbred lines are now complete, and focus is now on the larger rat outbred lines with one line almost complete, thus reducing this financial years Rat Production KPI.

With the Mouse Custom Breeding colonies continuing the trend of decline, there was a decrease compared to the Rat Custom Breeding which increased. This resulted primarily from fewer strains being maintained this year. The significant decrease in boxes maintained has ate away at the 'economy of scale'.

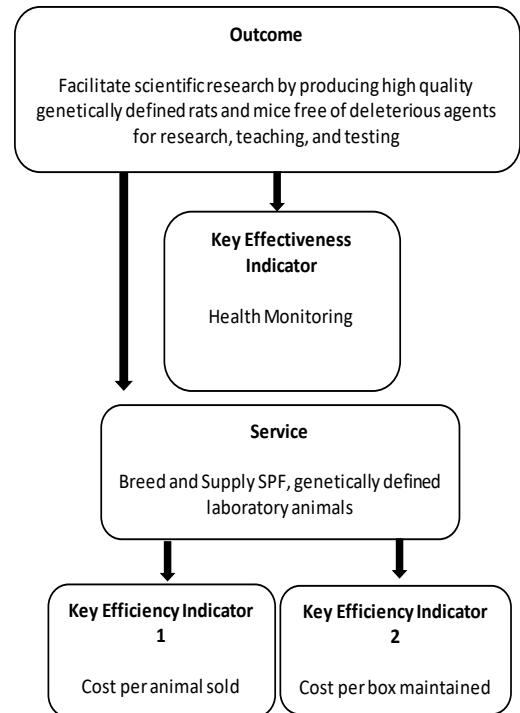


FIGURE 9. THE ARA'S KEY EFFECTIVENESS AND EFFICIENCY INDICATORS

Tables 8 and 9 provide the FYE 2021 KPI Mouse Maintenance and Rat Maintenance values (Production Breeding and Custom Breeding), respectively, and the KPI values for the three previous years. Major cost impacts were:

- Impairment costs of \$556K was incurred in view of the impending wind up which caused an adverse effect on the assessed fair value of the buildings and improvements. The valuer had taken into account the impairment and the carrying value of Buildings and Improvements reduced from \$3,047K to \$468K. The downward adjustment was offset against asset revaluation reserve (\$2,023K) and the balance as an impairment loss (\$556K).
- Matching normal 'seasonal' undulations with the unexpected COVID-19 pandemic influences seen throughout FYE 2021.
- Increased Production Mouse in immunocompromised, high revenue, and niche lines.
- Employee long service leave, leave without pay, and/or paid parental leave.
- Continued high Repair/Maintenance expense.
- Rising Depreciation expense to mitigate the Repair/Maintenance expense.
- ARA labour is a fixed cost.
- Inability to fully enact a series of cost saving measures due to the unresolved Murdoch University Land Lease.
- A large Custom Strains user moved their mouse colony overseas during FYE 2019.
- Mouse Custom Breeding revenue fell by 29%.
- Rat Custom Breeding revenue fell by 43%.
- The number of rat and mouse Custom Strains lines deceased in FYE 2021.

Custom Strains animal box maintenance charges involved standard husbandry practices plus customer requested procedures. The number of both Custom Strains mouse and rat customers have reduced steadily. Custom Strains staff continues to provide several customer-requested, fee-for- service procedures.

**TABLE 8. MOUSE MAINTENANCE KPI**

Item	Efficiency Indicator	2020/21	2019/20	2018/19	2017/18
<b>Production Breeding</b>	Number sold	142,243	137,338	149,616	144,188
	\$/mouse sold	\$30.76	\$29.28	\$19.08	\$28.20
	Target cost/mouse sold*	\$30.75	\$20.03	\$29.61	\$17.51
<b>Custom Breeding</b>	# boxes maintained	22,209	31,057	39,881	66,503
	\$/boxes maintained	\$33.55	\$33.36	\$22.03	\$13.84

\*5% increase from previous year's \$/mouse sold

**TABLE 9. RAT MAINTENANCE KPI**

Item	Efficiency Indicator	2020/21	2019/20	2018/19	2017/18
Production Breeding	Number sold	10,099	9,978	11,158	13,538
	\$/rat sold	\$145.81	\$164.60	\$124.33	\$95.46
	Target cost/rat sold*	\$172.83	\$130.55	\$100.23	\$58.64
Custom Breeding	# boxes maintained	4,324	7,346	6,614	12,264
	\$/boxes maintained	\$39.39	\$29.80	\$27.47	\$11.06

\*5% increase from previous year's \$/mouse sold

## **Effectiveness Indicators**

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

The HSP examined animals for deleterious viruses, bacteria, and parasites responsible for potential research altering clinical or subclinical disease. Independent bodies, indicated below, performed all tests.

- Rodent serology was performed by:
  - Cerberus Sciences, Adelaide, South Australia.
  - Compath, Adelaide, South Australia.
  - IDEXX BioAnalytics, Columbia, Missouri, USA
- Rodent bacteriology and mycology were performed by:
  - Vetpath Laboratory Services, Western Australia.
  - IDEXX BioAnalytics, Columbia, Missouri, USA
- Rodent parasitology was performed by:
  - The Department of Parasitology, School of Veterinary and Biomedical Sciences, Murdoch University
  - IDEXX BioAnalytics, Columbia, Missouri, USA.
  - Parasitology results may be confirmed in-house.
- Rodent histopathology was performed by:
  - Dr. Scott Trasti; Lubbock, Texas, USA.
  - Vetpath Laboratory Services, Western Australia
- Rodent genetic monitoring was performed by:
  - Cerberus Sciences, Adelaide, South Australia.
  - TransnetYX, Cordova, Tennessee, USA
  - Australian Genome Research Facility Ltd.

## Health Surveillance

All animal holding areas were regularly screened, using cutting edge diagnostic technologies, to identify deleterious agents. The HSP backbone targeted a recommended standard agent panel template (FELASA, 2014), with the ARA's HSP content, scope, and testing frequency meeting or exceeding the Guidelines. The combined Production and Custom Strains results are in Table 11. The ARA's website periodically updates Health Monitoring Reports with the new HSP results.

**TABLE 10. MOUSE AND RAT HEALTH MONITORING RESULTS**

Testing Method	FY 2020/2021		FY 2019/2020		FY 2018/2019		FY 2017/2018	
	Actual*	% Positive	Actual*	% Positive	Actual*	% Positive	Actual*	% Positive
<b>Serology</b>	127/8,923	1.40%	110/9,050	1.20%	108/9,285	1.20%	157/9,108	1.70%
<b>Pelt Exam</b>	0/264	0.00%	0/272	0.00%	0/250	0.00%	0/252	0.00%
<b>Faecal Exam</b>	3/858	0.40%	2/884	0.20%	6/806	0.70%	3/819	0.40%
<b>PCR</b>	95/5,142	1.50%	81/5,525	1.50%	89/5,117	1.70%	87/5,193	1.70%

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

The ARA's target is to maintain pathogen-free production units. While the HSP excluded many agents, it may be unnecessary to exclude all these organisms for each individual researcher. ARA customers use animal models for a continuum of research paradigms and animals are widely tested accordingly. This best applied to bacterial agents where the ARA's health reports divide agents into 'Organisms monitored and excluded' (pathogens) and 'Organisms monitored and NOT excluded' (commensals). This educated customers about 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** detects serum (blood) antibodies to viruses, certain bacteria, and a limited number of other organisms, such as *Encephalitozoon cuniculi*. Multiplex Fluorescent Immunoassay is the ARA's exclusive serologic screening methodology. Approximately 1% less serology tests were conducted this year, and this is mainly due to reduction in Customs Strain mouse colonies. The reduction in serology testing is not as great as the reduction in PCR testing, because some of the Mouse Kidney Parvovirus (MKP) PCR testing was replaced by MKP serology testing when this test became available in the last quarter of 2020.

Positive serology results occurred to *Pneumocystis carinii* (some Production and Custom Strains rats), Mouse Kidney Parvovirus (Custom Strains mice), and Mouse Astrovirus (some Production and Custom Strains mice). Astrovirus is a novel agent not known to be pathogenic; its research impact is unknown.

**Pelt Exams** are a direct detection method examining skin and fur for ectoparasites. Approximately 3% less pelt exams were conducted this year, and this is mainly due to reduction in Customs Strain colonies.

**Faecal Exams** detect endoparasites, including intestinal protozoa and helminths. Testing methods included faecal flotation, anal tape tests, and dissection with microscopic intestinal examination. Approximately 3% less faecal exams were conducted this year, and this is mainly due to reduction in Customs Strain mouse colonies.

**PCR** is a powerful diagnostic methodology used to detect the genetic material of viruses, bacteria, fungi and parasites. About 7% less PCR testing was performed this year, mainly due to conclusion of MKPV PCR testing in Customs Strain barrier (animals getting rederived), and to a lesser extent due to the overall reduction in mouse colonies in Customs Strain barrier and replacement of some of the MKPV PCR testing by MKPV serology testing.

Positive PCR results occurred for:

- Mouse Astrovirus (Production mice)
- *Staphylococcus aureus* in mice (Customs Strains) and rats (Production and Customs Strain).
- Beta haemolytic *Streptococcus* (Production rat)
- Mouse Kidney Parvovirus (Customs Strain area 4a).

**Post-mortem and Histopathology** are classic adjunct HSP methods. Post-mortem examination supports and complements health monitoring. This year 74 mice and rats underwent post-mortem examination while 385 mice and 145 rats were evaluated as part of the HSP. No diseases or significant conditions were identified, other than those reported in health monitoring program findings.

In summary, the extensive and additional health monitoring indicated the ARA achieved the desired HSP outcome and continues to improve animal health standards by incorporating new agents and testing methodologies. The ARA is currently rederiving Production rats and Customs Strain mice and rats to remove *Staphylococcus aureus*, Beta haemolytic *Streptococcus* and Mouse Kidney Parvovirus from barrier areas where the opportunist agents are present.

# INDEPENDENT AUDITS

The ARA underwent its 2021 Internal Audit as part of a three-year rotating schedule. This year's Internal Audit reviewed the Authority's purchasing, creditors and payment processes, which took place in March 2021 covering the time period from 1 July 2020 to 28 February 2021. There was one minor finding resulting from the internal audit.

The ARA's internal auditor was scheduled to perform last financial years Procurement Compliance Audit in May 2020. However, due to the pandemic, State Commission moved this to November 2020. This was for the procurement compliance period from 1 May 2019 to 30 April 2020 which resulted with two recommendations.

The ARA successfully maintained its heavily risk based AS/NZS ISO 9001:2015 certification. To maintain this accreditation, the ARA 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. This year the ARA underwent a Certification audit. There were three minor ISO Audit findings.

## MINISTERIAL DIRECTIVES

The ARA received no Ministerial Directives during FY 2021

## OTHER FINANCIAL DISCLOSURES

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

The ARA's 2021 fees and charges were made available on the ARA's website and took effect 11 January 2021 and run through the calendar year 2021. Customers are advised the prices are subject to changes should supplier, domestic, regional, or overseas circumstances adversely impact business costs; the ARA aims to provide customers' advance notice. The ARA's fees and charges are available online: [www.arc.wa.gov.au](http://www.arc.wa.gov.au).

## STAFF DEVELOPMENT

The ARA's staff development commitment is critical to our Quality System, exceeding our customer expectations in a competitive and dynamic environment, and sustaining a stable, knowledgeable, contemporarily skilled, and committed workforce. Staff have qualifications in the Certificate III Animal Technology at Australian and New Zealand recognized level, and AALAS Animal Technician Certifications at an internationally recognized level. This has set the high professional standard, to allow staff to be trained in-house through individual professional development training programs and refreshed in skilled techniques through the ongoing annual Current Competency Training Programs.

**TABLE 11. STAFF PROFILE**

<b>Employment Status</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Full-time Permanent</b>	46	43	40	45	31
<b>Full-time Contract</b>	4	5	6	3	9.64
<b>Part-time Permanent</b>	10.53	11.29	10.72	6.61	8.06
<b>Part-time Contract</b>	0	0	0	0.88	9.52
<b>Total FTE</b>	60.53	59.29	56.72	55.49	58.22



## GOVERNANCE DISCLOSURES

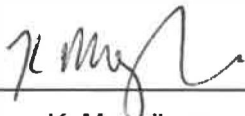
### SENIOR OFFICER CONTRACTS

Other than standard 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.

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



---

K. Moynihan

Animal Resources Authority  
Acting Chief Executive Officer  
September 3, 2021

An insurance premium was paid to indemnify ARA Board members against liability incurred under the Statutory Corporations (Liability of Directors) Act 1996 §13 or 14; the premium was \$ 2982.30 (excluding GST). Table 11 provides the 2021 ARA Board remuneration.

**TABLE 12. ANIMAL RESOURCES AUTHORITY BOARD REMUNERATION**

<b>Position</b>	<b>Name</b>	<b>Remuneration</b>	<b>Payment</b>
Chair	Anthony Tate	Per Meeting	\$1,380
Deputy Chair	Elizabeth Rakoczy	Per Meeting	\$600
Member	Leslie Chalmers	Per Meeting	\$0
Member	Jennet Harvey	Per Meeting	\$600
Member	David Morrison	Per Meeting	\$0
Member	Michael Robins	Per Meeting	\$0
Member	Catherine Gangell	Per Meeting	\$0
<b>TOTAL</b>			<b>\$2,580</b>

**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 organisations, polling organisations, direct mail organisations and media advertising organisations. Product and services advertising expenditures were \$ 8,524; staff recruitment totalled \$ 23,589. No monies went towards Market Research, Polling, or Direct Mail.

**TABLE 13. ANIMAL RESOURCES AUTHORITY'S OSH ANNUAL PERFORMANCE**

Compliance Item	Significant Action Taken to Monitor and Ensure Compliance
<b>Public Sector Standards</b> Nil breach claims	<ul style="list-style-type: none"> <li>• Continue to review the Employee Handbook to ensure PSC compliance.</li> <li>• Updated working from Home Policy related to COVID-19</li> </ul>
<b>WA Code of Ethics</b> Nil non-compliance reports	<ul style="list-style-type: none"> <li>• Refreshers undertaken for staff to complete AEDM (Accountable Ethical Decision Making)</li> </ul>
<b>Agency Code of Conduct</b> Nil Code of Conduct Breaches	<ul style="list-style-type: none"> <li>• Continue to review Excessive Leave Balances management of Leave Plans</li> </ul>

### **DISABILITY ACCESS AND INCLUSION PLAN OUTCOMES**

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

### **PUBLIC INTEREST DISCLOSURE ACT 2003; § 23 (01)(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 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. The PID officer completed the PID Officer course.

### **SUBSTANTIVE EQUALITY**

The ARA is not required to report on Substantive Equality.

### **OCCUPATIONAL HEALTH AND SAFETY**

The ARA is committed to occupational safety and health (OSH) and hazard and injury management. Up-to-date policies and procedures are widely communicated to support a strong workplace safety culture. The committed OSH team, including two current qualified Safety and Health Representatives (SHR), five current qualified First Aid Officers (FAO's), OSH Committee members of varying organizational levels, OSH Coordinator and OSH Manager all worked in cohesion to resolve OSH matters as they arose. All OSH issues or risks are reported, rated, acted upon and recorded as part of the ARA's OSH management system.

The Vocam ARA Training Portal and American Association for Laboratory Animal Science Learning Library reinforced this proactive approach. This year all staff were assigned courses specific to current ARA requirements for specific OSH needs such as COVID-19 Hygiene Practices and Workplace Mental Health for Employees. These training platforms were also used to develop specific in-house tailored courses for OSH needs never before introduced to staff, such as Compassion Fatigue and laboratory animal technician specific husbandry tasks manual handling and ergonomics.

The OSH committee met every four months to report on and discuss workplace peers' feedback and to close out previous agenda meeting topics and had further meetings in between when urgent matters arose. This year all technical staff were supplied safety shoes as an outcome of an OSH Committee affirmative ballot and had put in a formal request to management for staff safety.

Staff conducted workplace area risk assessments twice in the year and issues raised were discussed in OSH Committee meetings and rectified as appropriate. Improvements were made to the chemical hazard register, and all chemicals were stored and labelled using the Globally Harmonized System (GHS).

The ARA maintained and improved on a proactive injury management approach to reduce injury-related lost time and achieve improved outcomes for injured employees. Improvements were made to OSH reporting documents and recording processes, which further strengthened the OSH management system by refreshing the staff on correct reporting procedures and ensuring prompt feedback and satisfactory close-out through improved investigation reporting.

Laboratory Animal Allergy (LAA) questionnaires were conducted as part of the Preventive Health Program annual allergy monitoring, and those identified with allergy symptoms were further assessed by a clinical respiratory physician and recommendations on protecting affected staff were implemented. Personal protective equipment was provided to further LAA affected staff, and procedures were developed to ensure correct use and care of the powered air purifying respirator equipment. Further protective PPE was also provided to staff working in areas with potentially higher ammonia levels.

New processes were introduced for non-staff entering the facility. An online Contractor's Induction course was developed, and all service providers and contractors complete the course before entering the facility.

**TABLE 14. ANIMAL RESOURCES AUTHORITY'S OSH ANNUAL PERFORMANCE**

Measure	Base Year Results	Previous Year Results	Current Year Results	Target	Target
	2018/2019	2019-2020	2020-2021	2020-2021	Comment
Fatalities	0	0	0	0	
Lost time injury (LTI) /disease incidence rate	5.36	1.69	4.77	3.18	
Injured workers returning to work...					
Within 13 weeks (%)	33	100	100	100	
Within 26 weeks (%)	0	0	0	0	
Manager training (%)	60	60	64	80	

# GLOSSARY

Acronym/Word	Meaning
<b>AGRF</b>	Australian Genome Research Facility
<b>ANZLAA</b>	Australia New Zealand Laboratory Animal Association
<b>ARC</b>	Animal Resources Centre, the business 'arm' of the Animal Resources Authority
<b>AS/NZS ISO 9001, 'ISO'</b>	Australia Standard/New Zealand Standard International Organization for Standardization; world's most recognized quality management system towards meeting customer expectations and needs
<b>BALB/c</b>	A common highly inbred, albino mouse line
<b>C57BL/6, B6</b>	A common highly inbred, pigmented (black) mouse line
<b>Deleterious Agents</b>	Those bacteria, virus, parasites, protozoa, etc. that may confound research paradigms
<b>FTE</b>	Full-time Equivalent
<b>FTE</b>	Flow Through Expense; an expense that either becomes, or is part of, a revenue item
<b>GAHVAC</b>	Geothermal Assisted Heating, Ventilation, and Air Conditioning
<b>HSP</b>	Health Surveillance Program: program used to detect deleterious agents
<b>JAX</b>	The Jackson Laboratory; world's largest mouse repository.
<b>LAT</b>	Laboratory Animal Technician
<b>LATg</b>	Laboratory Animal Technologist
<b>NSG</b>	A highly immunocompromised mouse line
<b>OGS</b>	Other Goods and Services; portion of the ARA's business other than Production Animals
<b>OSH</b>	Occupational Safety and Health
<b>PCR</b>	Polymerase Chain Reaction: a molecular biology technique that copies a DNA segment
<b>SS</b>	Scientific Services
<b>SNP</b>	Single Nucleotide Polymorphism; a single genetic variation, at a specific genomic location, affecting a subset of the population.
<b>SPF</b>	Specific Pathogen Free; free of select, deleterious agents
<b>SSC</b>	State Supply Commission
<b>WATC</b>	Western Australia Treasury Corporation

# ESTIMATED COMPREHENSIVE INCOME STATEMENT

As of June 30, 2022  
(Unaudited)

	<b>2022</b>
	<b>\$</b>
<b>INCOME</b>	
<b>Revenue</b>	
Sales	7,501,946
Provision of services	1,126,446
Interest revenue	1,508
Other revenue	60,120
<b>Gains</b>	
Gain on fair value of biological assets	380,000
<b>TOTAL INCOME</b>	<u>9,070,020</u>
<b>EXPENSES</b>	
Cost of sales and services	7,671,778
Employee benefits expense	767,363
Depreciation and amortisation expense	96,033
Finance Costs	1,211
Accommodation expense	1
Supplies and services	614,402
Other Expenses	575,905
<b>TOTAL EXPENSES</b>	<u>9,726,693</u>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<u>(656,673)</u>



# ANIMAL RESOURCES AUTHORITY



**This Annual Report is available on request in alternative formats**

[info@arc.wa.gov.au](mailto:info@arc.wa.gov.au)  
[www.arc.wa.gov.au](http://www.arc.wa.gov.au)