

ANIMAL RESOURCES AUTHORITY

ANNUAL REPORT

30 JUNE 2008

ANIMAL RESOURCES AUTHORITY

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ANIMAL RESOURCES AUTHORITY

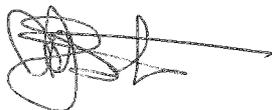
**STATEMENT OF COMPLIANCE
FOR THE YEAR ENDED 30 JUNE 2008**

Hon. JIM A McGINTY BA BJuris(Hons) LLB JP MLA,
MINISTER FOR HEALTH

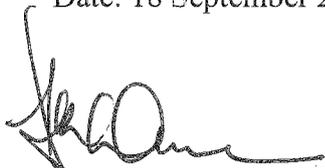
In accordance with Section 61 of the Financial Management Act 2006, we hereby submit for your information and presentation to Parliament the Report of the Animal Resources Authority for the financial year ended 30 June 2008.

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

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



T Tate
Chairman of Animal Resources Authority
Date: 18 September 2008



B Dare
Deputy Chairman of Animal Resources Authority
Date: 18 September 2008

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ANIMAL RESOURCES AUTHORITY

OVERVIEW FOR YEAR ENDED 30 JUNE 2008

Operational Structure

- **Enabling Legislation**

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

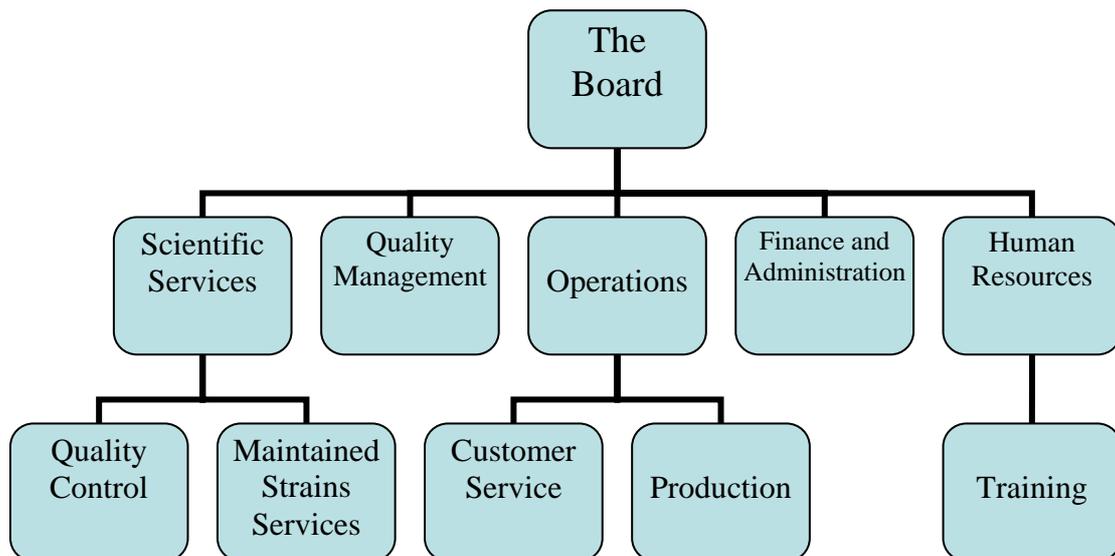
Responsible Minister

The Hon. Jim A McGinty BA BJuris(Hons) LLB JP MLA, Minister for Health

Mission

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

Organisational Structure



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

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

ANIMAL RESOURCES AUTHORITY

OVERVIEW FOR YEAR ENDED 30 JUNE 2008

Board of the Animal Resources Authority

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

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

Animal Resources Authority Board 2007/2008

Mr Anthony Tate (Chairman)	Director, Research & Development, Curtin University of Technology.
Dr Brian Dare (Deputy Chairman)	Consultant Occupational Health Physician.
Professor Jennet Harvey	Professor, School of Pathology and Laboratory Medicine, The University of Western Australia.
Mrs Leslie Chalmers	Director, Productive Edge.
Mr Peter Hawker	Senior Finance Analyst, Health Finance, Department of Health Western Australia.
Dr Campbell Thomson	Director, Research Services, The University of Western Australia.
Professor Piroska Rakoczy	Professor and Research Director, Lions Eye Institute, The University of Western Australia.
Professor Jacqueline Phillips	Director, Health Research Institute, Murdoch University.
Mrs Anne Woo	Manager, Health Finance, Department of Health Western Australia. Term completed.
Senior officers	
Mr Michael Hall	Chief Executive Officer
Mr Graham Freeth	Director Operations

ANIMAL RESOURCES AUTHORITY

OVERVIEW FOR YEAR ENDED 30 JUNE 2008

Administered Legislation

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

- Animal Resources Authority Act 1981

Legislation Impacting on the Authority's Activities

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

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

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

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

ANIMAL RESOURCES AUTHORITY

OVERVIEW FOR YEAR ENDED 30 JUNE 2008

Performance Management Framework

Outcome Based Management Framework

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

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

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

The ARA has maintained accreditation as a Registered Training Organisation to encourage a high level of skills and training of staff for the Animal Technology sector. All new production staff are employed on Traineeships to complete the Certificate III in Animal Technology. Eight staff gained the Certificate III qualifications in 2007-08. Three staff completed the Certificate IV in Frontline Management Training.

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

During 2007-08 the ARA expanded the number of animal holding rooms occupied by 22% and held gas usage to a 3.7% increase on 06-07 and a 14.8% increase in electricity consumption.

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

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

Changes to Outcome Based Management Framework

The Animal Resources Authority's Outcome Based Management Framework did not change during 2007-08.

Shared Responsibilities with Other Agencies

The Animal Resources Authority did not share any responsibilities with other agencies in 2007-08

**REPORT ON OPERATIONS
FOR YEAR ENDED 30 JUNE 2008**

Agency Performance – Report on Operations

Highlights of the Year

- The eight trainees qualified for the Certificate III in Animal Technology from the ARC RTO in 2007-08.
- The equipment and process changes introduced to eliminate major manual handling problems for staff have been successful.
- Maintaining *Pasteurella pneumotropica* free in the re-derived production strains and significant progress in elimination from the last of the production strains.
- The upgraded air handling systems in the animal production areas maintained ideal environmental conditions despite one of the hottest summers experienced at the ARA facility.
- The significant and ongoing increase in demand for maintained strains services from around Australia.
- The successful report from the External Triennial Review of the ARA Animal Ethics Committee and animal related facility operations.

Overview

The Animal Resources Centre is the major supplier of specified pathogen free (SPF) laboratory animals to biomedical research organisations and bio-pharmaceutical companies in Australia, New Zealand, Singapore, Korea and Hong Kong. The centre produces 34 strains of SPF mice and 10 strains of SPF rats for sale. In addition over 140 strains/lines of congenic, transgenic and targeted mutant mice are maintained for individual customers.

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

Trends in Operations

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

ANIMAL RESOURCES AUTHORITY

REPORT ON OPERATIONS FOR YEAR ENDED 30 JUNE 2008

Percentage of Total Revenue by Customer Group.

Customer Groups	2007-08	2006-07
WA Universities and Medical Research Organisations	20.16%	16.93%
Interstate Universities and Medical Research Organisations	64.95%	66.89%
Private Companies	7.08%	8.35%
Exports – Singapore, Hong Kong, South Korea, NZ.	7.81%	7.83%

WA increased the proportion of total sales largely due to the growth in maintained strains. Interstate Research Institutions continue to grow with NSW 24.48% and ACT 49.62% growth. Sales to South East Asia maintained the proportion of total sales with a 10.99% growth for the year.

Revenue and percentage change 2007-08 to 2006-07 by Revenue Group.

Revenue Group	2007-08	2006-07	Increase
Sale of Animals	\$4,292,500	\$4,069,785	5.47%
Services for Maintenance of Customer Strains	\$1,032,968	\$692,506	49.16%
Importation and Quarantine Services	\$184,347	\$173,970	5.96%

The revenue (ex GST) from sales of animals increased 5.47% overall, the trend to the major inbred mice strains continued.

The provision of technical and professional services for the maintenance of customer strains of mice and rats is now a significant function of the Animal Resources Centre. The revenue increased 49.16%. A lower rate of growth is expected in coming year.

The Animal Resources Centre provides an importation and quarantine service. Many of the strains that are imported are maintained as breeding colonies after they have been cleared from quarantine. Imports continue to grow as researchers seek very specific lines of animals. The total income increased 5.96% and growth is expected to continue.

The Environment

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

- All office waste paper is shredded and used in operations or recycled;
- All plastics, cardboard and recyclable packaging produced in considerable quantities from operational supplies are recycled;
- All used animal bedding is composted and recycled
- The upgraded large volume air conditioning/air handling systems for the animal facility limited the increase in gas to 3.7% and electricity 14% despite a 22% increase in number facility rooms utilized.

ANIMAL RESOURCES AUTHORITY

REPORT ON OPERATIONS FOR YEAR ENDED 30 JUNE 2008

Likely developments and forecast results of operations

Likely developments for the Authority in the 2008/2009 financial year will be to enhance its status as the leading laboratory animal supplier in Australia and the introduction of operational changes to cater to changing customer base requirements.

- Continuation of the re-derivation programme to become *Pasteurella pneumotropica* free in all production strains.
- Complete elimination of *Murine norovirus* from all production strains.
- Complete the facility re-organisation to cater to the increasing demand for services related to maintaining customer specific strains.
- Continue the upgrade of key strains to international standard genetics.
- Re-derive and relocate immune-compromised strains to isolator facilities.
- Successfully complete the triennial audit by SGS International Certification Services Pty Ltd confirming the AS/NZS ISO 9001:2000 status of the ARA.
- The Authority will maintain its self funding status.

Animal Ethics Committee (AEC)

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

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

Dr Mandie O'Hara, Researcher, Murdoch University.

Ms Cheryl Davenport, Member RSPCA.

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

Mr Graham Freeth Director Operations, Animal Resources Centre

The Committee is constituted and operates according to the Australian Code of Practice for the Care and Use of Animals for Scientific Purposes. The Committee approved the protocols under examination in 2007.

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

The External Triennial Review required under the Australian Code and State Legislation was completed during the year. The review panel was Chaired by Dr Geoff Dandie, Director ANZCCART, and found the AEC to be operating in a manner compliant with the Code. The panel also commented the RTO training and welfare training component were outstanding in the contribution to animal welfare.



Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

**ANIMAL RESOURCES AUTHORITY
FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2008**

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

The financial statements comprise the Balance Sheet as at 30 June 2008, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

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

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

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

Summary of my Role

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

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

Animal Resources Authority
Financial Statements and Key Performance Indicators for the year ended 30 June 2008

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Animal Resources Authority at 30 June 2008 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Authority provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Authority are relevant and appropriate to help users assess the Authority's performance and fairly represent the indicated performance for the year ended 30 June 2008.



GLEN CLARKE
ACTING AUDITOR GENERAL
22 September 2008

ANIMAL RESOURCES AUTHORITY

DISCLOSURES AND LEGAL COMPLIANCE
FOR THE YEAR ENDED 30 JUNE 2008

DISCLOSURES AND LEGAL COMPLIANCE

FINANCIAL STATEMENTS

Certification of Financial Statements

The accompanying financial statements of the Animal Resources Authority have been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2008 and the financial position as at 30 June 2008.

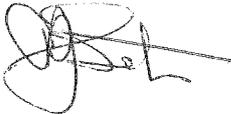
At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



M Hall
Chief Finance Officer
Date: 18 September 2008



P Hawker
Member of Animal Resources Authority.
Date: 18 September 2008



T Tate
Chairman of Animal Resources Authority
Date: 18 September 2008

ANIMAL RESOURCES AUTHORITY

INCOME STATEMENT

For the year ended 30 June 2008

	Note	2008	2007
		\$	\$
INCOME			
Sales	5	5,359,448	5,136,539
Provision of services	5	1,248,253	866,476
Interest revenue	6	96,372	74,219
Other revenue		109,222	83,181
Gains			
Net change in fair value of biological assets	7	127,430	239,040
Gains on disposal of non-current assets	8	12,360	
Total Income		<u>6,953,085</u>	<u>6,399,455</u>
EXPENSES			
Cost of sales and services	5	5,163,995	4,891,271
Employee benefits expense	9	718,657	556,106
Depreciation expense	10	42,876	53,854
Supplies and services	11	629,128	591,429
Total expenses		<u>6,554,656</u>	<u>6,092,660</u>
Profit for the period		<u>398,429</u>	<u>306,795</u>

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

ANIMAL RESOURCES AUTHORITY

BALANCE SHEET

As at 30 June 2008

	Note	2008	2007
		\$	\$
Current Assets			
Cash and cash equivalents	12	1,850,703	1,380,436
Inventories	13	115,491	113,136
Biological assets	14	2,388,823	2,261,393
Receivables	15	1,285,258	995,241
Total Current Assets		<u>5,640,275</u>	<u>4,750,206</u>
Non-Current Assets			
Property, Plant and Equipment	17	3,204,187	3,371,352
Total Non-Current Assets		<u>3,204,187</u>	<u>3,371,352</u>
TOTAL ASSETS		<u>8,844,462</u>	<u>8,121,558</u>
Current Liabilities			
Payables	19	565,320	298,745
Provisions	20	111,364	61,730
Total Current Liabilities		<u>676,684</u>	<u>360,475</u>
Non-Current Liabilities			
Provisions	20	154,637	146,369
Total Non-Current Liabilities		<u>154,637</u>	<u>146,369</u>
Total Liabilities		<u>831,321</u>	<u>506,844</u>
NET ASSETS		<u>8,013,141</u>	<u>7,614,714</u>
Equity			
Reserves	22	235,446	235,446
Retained earnings	22	7,777,695	7,379,268
TOTAL EQUITY		<u>8,013,141</u>	<u>7,614,714</u>

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

ANIMAL RESOURCES AUTHORITY

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2008

	2008	2007
	\$	\$
Balance of equity at start of period	7,614,714	7,790,889
RESERVES		
Asset Revaluation Reserve		
Balance at start of period	235,446	235,446
Revaluation decrement	-	-
Balance at end of period	<u>235,446</u>	<u>235,446</u>
RETAINED EARNINGS		
Balance at start of period	7,379,268	7,555,443
Change in accounting policy (a)		<u>(482,970)</u>
Restated balance at start of period	<u>7,379,268</u>	<u>7,072,473</u>
Profit for the period	<u>398,429</u>	<u>306,795</u>
Balance at end of period	<u>7,777,695</u>	<u>7,379,268</u>
Balance of equity at end of period	<u>8,013,141</u>	<u>7,614,714</u>
Total income and Expense for the period	<u>398,429</u>	<u>306,795</u>

(a) Change in the threshold for capitalising items of property, plant and equipment from \$1,000. to \$5,000. Refer Note 4.

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

ANIMAL RESOURCES AUTHORITY

CASH FLOW STATEMENT

For the year ended 30 June 2008

	Note	2008 \$	2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sale of goods and services		5,044,963	5,282,879
Provision of services		1,248,253	866,476
Interest Received		94,940	73,354
GST receipts on sales		615,476	552,260
Other receipts		135,122	83,181
Payments			
Employee benefits		(2,975,570)	(2,719,736)
Supplies and services		(3,088,496)	(3,372,062)
GST payments on purchases		(294,240)	(312,769)
GST payments to taxation authority		(260,003)	(269,748)
Net cash provided by operating activities	23	<u>520,445</u>	<u>183,835</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of non-current physical assets		75,600	-
Purchase of non-current physical assets		<u>(125,778)</u>	<u>(262,519)</u>
Net cash used in investing activities		<u>(50,178)</u>	<u>(262,519)</u>
Net increase/(decrease) in cash and cash equivalents		470,267	(78,684)
Cash and cash equivalents at the beginning of the financial year		1,380,436	1,459,120
CASH AND CASH EQUIVALENT ASSETS AT THE END OF THE PERIOD	12	<u>1,850,703</u>	<u>1,380,436</u>

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

**ANIMAL RESOURCES AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

Animal Resources Authority

Notes To The Financial Statements

For the year ended 30 June 2008

Note 1 Australian equivalents to International Financial Reporting Standards

The Authority's financial statements for the year ended 30 June 2008 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

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

Early Adoption of Standards

The Authority cannot early adopt an Australian Accounting Standard or Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Authority for the balance sheet date 30 June 2008.

Note 2 Summary of significant accounting policies

(a) General Statement

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

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

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

(b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for property, plant and equipment which has been measured at fair value.

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

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

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

(c) Reporting Entity

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

(d) Income

Revenue recognition

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

Sale of goods

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

Provision of services

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

Interest

Revenue is recognised as the interest accrues.

Gains

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

**ANIMAL RESOURCES AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

(e) Property, Plant and Equipment

Capitalisation / Expensing of assets

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

Initial recognition and measurement

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

Subsequent measurement

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

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

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

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

The revaluation of property, plant and equipment is an independent valuation carried out on three-yearly basis.

Refer to note 17 'Property, Plant and Equipment' for further information on revaluations.

Derecognition

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

Depreciation

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

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

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

Depreciation rates are reviewed annually.

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

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

(f) Impairment of Assets

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

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

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

(g) Leases

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

(h) Financial Instruments

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

1) Loans and receivables;

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2) Financial liabilities measured at amortised cost.

These have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Receivables
- Term deposits

Financial Liabilities

- Payables

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

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

(i) Cash and Cash Equivalents

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

(j) Biological Assets

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

(k) Inventories

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

(l) Receivables

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

(m) Payables

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

(n) Provisions

Provisions are liabilities of uncertain timing and amount and are only recognised where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date. See note 20 'Provisions'.

(i) Provisions - Employee Benefits

Annual and Long Service Leave

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

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

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

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

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Superannuation

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

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

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

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

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

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

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

(ii) Provisions - Other

Employment On-Costs

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

(o) Superannuation expense

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

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

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

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

(p) Accrued salaries

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

(q) Taxation

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

(r) Comparative figures

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

Note 3 Judgements made by management in applying accounting policies

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

Adoption of fair value versus cost basis for plant and equipment

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

Operating lease commitments

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

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Note 4 Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Authority has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2007:

1. AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]'). This Standard requires new disclosures in relation to financial instruments and while there is no financial impact, the changes have resulted in increased disclosures, both quantitative and qualitative, of the Authority's exposure to risks, including enhanced disclosure regarding components of the Authority's financial position and performance, and changes to the way of presenting certain items in the notes to the financial statements.

Voluntary changes in Accounting Policy

As from 1 July 2007, the Authority has adopted the policy of capitalising items of property, plant and equipment costing over \$5,000 in accordance with Treasurer's Instruction 1101. The previous capitalisation threshold was \$1,000. As required by AASB 108 (29), the change in accounting policy has been applied retrospectively by adjusting the opening balance of retained earnings for the year ended 30 June 2007 and by adjusting the 2007 comparative amounts for property, plant and equipment and depreciation expense.

Future impact of Australian Accounting Standards not yet operative

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

Title	Operative for reporting periods beginning on/after
AASB 101 'Presentation of Financial Statements' (September 2007). This Standard has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non owner changes in equity. The Authority does not expect any financial impact when the Standard is first applied.	1 January 2009
AASB Interpretation 4 'Determining whether an Arrangement Contains a Lease [revised]'. This Interpretation was revised and issued in February 2007 to specify that if a public-to-private service concession arrangement meets the scope requirements of AASB Interpretation 12 'Service Concession Arrangements' as issued in February 2007, it would not be within the scope of Interpretation 4. At balance sheet date, the Authority has not entered into any arrangements as specified in the Interpretation or within the scope of Interpretation 12, resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.	1 January 2008
AASB Interpretation 12 'Service Concession Arrangements'. This Interpretation was issued in February 2007 and gives guidance on the accounting by operators (usually a private sector entity) for public-to-private service concession arrangements. It does not address the accounting by grantors (usually a public sector entity). It is currently unclear as to the application of the Interpretation to the Authority if and when public-to-private service concession arrangements are entered into in the future. At balance sheet date, the Authority has not entered into any public-to-private service concession arrangements resulting in no impact when the Interpretation is first applied.	1 January 2008
AASB Interpretation 129 'Service Concession Arrangements: Disclosures [revised]'. This Interpretation was revised and issued in February 2007 to be consistent with the requirements in AASB Interpretation 12 'Service Concession Arrangements' as issued in February 2007. Specific disclosures about service concession arrangements entered into are required in the notes accompanying the financial statements, whether as a grantor or an operator. At balance sheet date, the Authority has not entered into any public-to-private service concession arrangements resulting in no impact when the Interpretation is first applied.	1 January 2008

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Note 5	Trading profit	2008	2007
		\$	\$
	Sale of goods (animals and freight)	5,359,448	5,136,539
	Services (colony maintenance)	1,248,253	866,476
		<u>6,607,701</u>	<u>6,003,015</u>
	Cost of sales and services:		
	Opening Inventory	113,136	77,330
	Purchases	1,738,616	1,429,361
	Overheads	3,427,734	3,497,716
	Closing Inventory	(115,491)	(113,136)
	Cost of sales and services	<u>5,163,995</u>	<u>4,891,271</u>
	Gross Profit	<u>1,443,706</u>	<u>1,111,744</u>

Note 6	Interest revenue		
	Interest revenue:		
	Bankwest	67,567	50,309
	Public bank account	28,805	23,910
		<u>96,372</u>	<u>74,219</u>

Note 7	Net change in fair value of biological assets		
	Animals on Hand – at Fair Value -opening balance	(2,261,393)	(2,022,353)
	Less: Animals on Hand – at Fair Value -closing balance	2,388,823	2,261,393
	Net change in fair value	<u>127,430</u>	<u>239,040</u>

Note 8	Gains on disposal of non-current assets		
	<u>Costs of Disposal of Non-Current Assets</u>		
	Plant and Equipment.	63,240	-
	<u>Proceeds from Disposal of Non-Current Assets</u>		
	Plant and Equipment.	75,600	-
	Net gain/(loss)	<u>12,360</u>	<u>-</u>
	See also Note 17 'Property Plant and Equipment'.		

Note 9	Employee benefits expense		
	Salaries	623,795	404,404
	Superannuation	64,776	59,739
	Annual Leave	60,174	40,960
	Long Service Leave	(30,088)	51,003
		<u>718,657</u>	<u>556,106</u>

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

Note 10	Depreciation expense		
	Motor Vehicles	875	875
	Plant & Equipment	107,712	95,129
	Buildings	121,116	119,413
		<u>229,703</u>	<u>215,417</u>
	Less depreciation directly charged to overheads	(186,827)	(161,563)
		<u>42,876</u>	<u>53,854</u>

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Note 11	Supplies and services	2008	2007
		\$	\$
	Advertising	22,865	8,360
	Insurance	40,051	54,178
	Vehicle Expenses	52,478	64,117
	Telephone	9,266	10,390
	Accounting/Audit	58,578	58,530
	Printing/Stationery	21,348	18,695
	Cleaning	32,429	37,176
	Materials & Equipment (a)	21,526	15,978
	Repairs & Maintenance	46,272	90,041
	Sundry	65,048	46,915
	Employment on-costs (b)	91,373	138,157
	Staff Training	47,760	17,469
	Other	120,134	31,423
		<u>629,128</u>	<u>591,429</u>

(a) The 2007 disclosure of \$9,661 adjusted for the change in accounting policy for asset recognition threshold from \$1,000 to \$5,000. The change added \$6,317 to the Materials & Equipment Expense for 2007.

(b) Includes workers' compensation insurance, payroll tax and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at Note 20 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

Note 12 Cash and cash equivalents

Management Account	1,079,257	766,692
Term Deposits (short term)	435,380	408,007
Cheque Account	335,966	205,637
Cash on hand	100	100
	<u>1,850,703</u>	<u>1,380,436</u>

Note 13 Inventories

Current		
Transport Boxes – at cost	115,491	113,136
	<u>115,491</u>	<u>113,136</u>

Note 14 Biological assets

Current		
Animals on Hand – at Fair Value	2,388,823	2,261,393
	<u>2,388,823</u>	<u>2,261,393</u>

Biological assets consist of 34 lines (2007:32 lines) of SPF mice and 10 lines (2007:14 lines) of SPF rats. Each line consists of breeder colonies and weaned offspring being grown to be sold or be used for breeder replacement. The breeding animals of each line are caged and maintained in specified mating ratios. Offspring of each line are weaned at three weeks into cages with defined numbers. Weekly wean number totals for each line is recorded in the Strains Database. Not all weaned animals are kept for sale as typically only one sex of weaned animals is required. Sales are removed from the stock cages at different ages and cage numbers adjusted on the cage label. Sales by line are invoiced through the Attache accounting system.

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

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

At 30 June 2008, animal stocks held for sale comprised 48,221 mice (2007: 48,301) and 7,658 rats (2007: 7,400). During the financial year ended 30 June 2008, the Authority sold 197,664 mice (2007: 195,040) and 27,813 rats (2007: 28,027), total 225,477 (2007: 223,067) animals. The significant assumptions made in determining the net market value of animal stocks in the current and previous balance sheet date are:

- a) The expected prices of livestock are as per the price list set 1 January 2008 and a 5% increase from 1 January 2009.
- b) Rats and mice will be sold continuously throughout the year.
- c) Weaners will be sold at ages three to eight weeks and breeders can be 8 to 34 weeks.
- d) The price of pedigree animals, breeders, replacement breeders and weaned animals (stock) are based on price lists as defined in the stocktake standard operating procedure.

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	\$
Balance at 1 July 2006	2,022,353
Decrease due to sales	(4,069,785)
Increase due to birth	4,201,140
Change in fair value less estimated point-of-sale costs	107,685
Balance at 30 June 2007	<u>2,261,393</u>
Current	2,261,393
Non-current	<u>2,261,393</u>
Balance at 1 July 2007	2,261,393
Decrease due to sales	(4,292,500)
Increase due to birth	4,306,177
Change in fair value less estimated point-of-sale costs	113,753
Balance at 30 June 2008	<u>2,388,823</u>
Current	2,388,823
Non-current	<u>2,388,823</u>

Note 15	Receivables	2008	2007
		\$	\$
	Current		
	Trade and Other Receivables	1,277,658	963,173
	Prepayment	-	25,900
	Accrued Interest	7,600	6,168
		<u>1,285,258</u>	<u>995,241</u>

Note 16 Other current assets

Nil

Note 17 Property, plant and equipment

Motor Vehicles- at Fair Value	8,750	8,750
Less: Accumulated Depreciation	(1,750)	(875)
Less: Accumulated impairment losses	-	-
	<u>7,000</u>	<u>7,875</u>
Plant & Equipment- at Fair Value	1,200,126	953,900
Less: Accumulated Depreciation	(202,842)	(95,130)
Less: Accumulated impairment losses	-	-
	<u>997,284</u>	<u>858,770</u>
Buildings- at Fair Value	2,440,431	2,397,137
Less Accumulated Depreciation	(240,530)	(119,413)
Less: Accumulated impairment losses	-	-
	<u>2,199,901</u>	<u>2,277,724</u>
Work-in-progress	-	226,983
Total	<u>3,204,187</u>	<u>3,371,352</u>

Buildings and Plant and Equipment were revalued as at 30 June 2006 by Australian Valuation Partners. The fair value of all buildings, plant and equipment has been determined by reference to recent market transactions. Refer Note 2(e) Property, Plant and Equipment. The valuation was made in accordance with a regular policy of revaluation every three years.

In accordance with Treasurer's Instruction 1101, the Authority changed its capitalisation threshold from \$1,000 to \$5,000 effective from 1 July 2007. As a result the prior comparatives have been adjusted as per AASB 108 (29). Refer Note 4.

Reconciliations

Reconciliation of the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are as follows:

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

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	Motor Vehicles	Plant and Equipment	Buildings	Work in Progress	Total
2007	\$	\$	\$	\$	\$
Carrying amount as per 2006 Annual Report	12,250	1,366,420	2,378,000	50,549	3,807,219
Adjustments taken to equity	(3,500)	(479,470)			(482,970)
Restated carrying amount at start of year	8,750	886,950	2,378,000	50,549	3,324,249
Additions as per 2007 Annual Report		130,118	19,137	176,434	
Adjustments taken to expenses		(63,169)			
Restated Additions		66,949	19,137	176,434	262,520
Transfers	-	-	-	-	-
Revaluation decrements	-	-	-	-	-
Depreciation as per 2007 Annual Report	(1,225)	(145,692)	(119,413)	-	(266,330)
Adjustments to depreciation	350	50,562	-	-	50,912
Restated depreciation for 2007	(875)	(95,130)	(119,413)	-	(215,418)
Restated carrying amount at end of year	<u>7,875</u>	<u>858,770</u>	<u>2,277,724</u>	<u>226,983</u>	<u>3,371,352</u>

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

Note 18 Impairment of assets

There were no indications of impairment to Property, plant and equipment and infrastructure at 30 June 2008.

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

All surplus assets at 30 June 2008 have either been classified as non-current assets held for sale or written-off.

Note 19 Payables	2008	2007
	\$	\$
Current		
Trade Payables	218,516	137,190
GST Payable	107,372	46,139
Accrued Expenses	149,759	66,635
Accrued Salaries	89,673	48,781
	<u>565,320</u>	<u>298,745</u>

Note 20 Provisions

Current:		
Annual Leave (a)	63,375	42,367
Long Service Leave (b)	22,073	5,818
Superannuation (d)	9,015	4,337
	<u>94,463</u>	<u>52,521</u>
Other Provisions		
Employment On-costs (c)	16,901	9,209
	<u>16,901</u>	<u>9,209</u>
	<u>111,364</u>	<u>61,730</u>
Non-current:		
Long Service Leave (b)	133,538	124,032
Superannuation (d)	12,018	11,168
	<u>145,556</u>	<u>135,200</u>
Other Provisions		
Employment On-costs (c)	9,081	11,168
	<u>9,081</u>	<u>11,168</u>
	<u>154,637</u>	<u>146,369</u>

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

Within 12 months of balance sheet date	63,375	42,367
	<u>63,375</u>	<u>42,367</u>

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

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	2008	2007
	\$	\$
Within 12 months of balance sheet date	22,073	5,818
More than 12 months after balance sheet date	<u>133,538</u>	<u>124,032</u>
	<u>155,611</u>	<u>129,850</u>

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

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

(e) Movement in employment on-cost provision

Carrying amount at start of year	27,276	27,839
Additional provisions recognised	(169,414)	137,423
Payments/other sacrifices of economic benefits	167,584	(138,157)
Unwinding of the discount	<u>536</u>	<u>171</u>
Carrying amount at end of year	<u>25,982</u>	<u>27,276</u>

Note 21 Other current liabilities

Nil

Note 22 Equity

Reserves:

Asset Revaluation		
Opening balance	235,446	235,446
Net revaluation (decrements)	-	-
Closing balance	<u>235,446</u>	<u>235,446</u>

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

Retained Earnings:		
Balance at start of year	7,379,268	7,555,443
Change in accounting policy (asset capitalisation)	-	(482,970)
Restated balance at start of period	<u>7,379,268</u>	<u>7,072,473</u>
Result for the period	398,429	306,795
Balance at end of year	<u>7,777,695</u>	<u>7,379,268</u>

Note 23 Notes to the Cash Flow Statement

Reconciliation of profit to net cash flows provided by/(used in) operating activities

Profit from Ordinary Activities	398,429	306,795
Non-cash items:		
Depreciation	229,703	215,417
Gains on disposal of non-current assets	(12,360)	
(Increase)/decrease in assets:		
Receivables	(314,485)	146,340
Accrued income and interest	(1,432)	(865)
Other financial assets	25,900	
Biological assets	(127,430)	(239,040)
Inventories	(2,355)	(35,806)
Increase/(decrease) in liabilities:		
Payables	205,340	(128,649)
Provisions	57,902	(73,592)
Other Liabilities		23,492
Change in GST receivables/payables	61,233	(30,256)
Net Cash provided by/(used in) Operating Activities	<u>520,445</u>	<u>183,836</u>

**ANIMAL RESOURCES AUTHORITY
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Note 24	Commitments	2008	2007
		\$	\$
	<u>Lease commitments</u>		
	Commitments in relation to non-cancellable operating leases contracted for at the balance sheet date but not recognised in the financial statements as liabilities are payable as follows:		
	Within 1 year	36,077	46,997
	Later than 1 year and not later than 5 years	8,328	29,633
	Later than 5 years	-	-
		44,405	76,630

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

Note 25 Contingent liabilities and contingent assets

Nil.

Note 26 Events occurring after balance date

Nil.

Note 27 Explanatory Statement

This statement provides details of any significant variations between estimates and actual results for 2008 and between the actual results for 2007 and 2008. Significant variations are considered to be those greater than 10% or \$15,000.

Significant variations between estimate and actual results for the financial year

	2008 Estimate \$	2008 Actual \$	Variances \$	Variances %	Ref.
Revenue					
Sales	5,173,559	5,359,448	185,889	4%	1
Provision of services	1,066,036	1,248,253	182,217	17%	2
Interest revenue	73,800	96,372	22,572	31%	3
Other revenue	75,000	109,222	34,222	46%	4
Gains					
Net change in fair value of biological assets	99,607	127,430	27,823	28%	5
Gains on disposal of non-current assets		12,360	12,360	100%	
Expenses					
Cost of sales and services	4,551,135	5,163,995	612,860	13%	6
Employee benefits expense	671,099	718,657	47,558	7%	7
Depreciation expense	72,000	42,876	-29,124	-40%	8
Supplies and services	582,080	629,128	47,048	8%	9

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

	2008 Actual \$	2007 Actual \$	Variances \$	Variances %	Ref.
Revenue					
Sales	5,359,448	5,136,539	222,909	4%	1
Provision of services	1,248,253	866,476	381,777	44%	2
Interest revenue	96,372	74,219	22,153	30%	3
Other revenue	109,222	83,181	26,041	31%	4
Gains					
Net change in fair value of biological assets	127,430	239,040	-111,610	-47%	5
Gains on disposal of non-current assets	12,360				
Expenses					
Cost of sales and services	5,163,995	4,891,271	272,724	6%	6
Employee benefits expense	718,657	556,106	162,551	29%	7
Depreciation expense	42,876	53,854	-10,978	-20%	8
Supplies and services	629,128	591,429	37,699	6%	9

1. Sales

Sales for the current year increased with sales of inbred mice \$220,772, outbred rats \$33,240, and charges for freight increasing by \$55,182. Freight is a cost recovery item from customers. Inbred mice was above estimates \$89,527, and freight \$46,582 above estimates. The remaining \$49,780 increase compared to estimates was spread across a range of products.

2. Provision of services

Revenue from the Provision of Services increased by \$381,777 due entirely to the growth in the number of animals maintained for customers. The estimates were for a \$182,217 increase, but the growth was far greater than anticipated.

**ANIMAL RESOURCES AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

3. Interest Revenue

Interest revenue was higher than estimates and the previous year as a result of higher cash management and treasury account balances throughout the year. Delays in the capital expenditure for construction and some capital items resulted in higher account balances. The higher interest rate environment provided greater returns than estimated.

4. Other Revenues

Other revenues were higher than estimates and the previous year with changes in the timing of the traineeship refunds increasing revenue by \$17,122, and the insurance refund increase of \$13,462 that was not anticipated.

5. Change in fair value of biological assets

The change in the fair value of biological assets was higher than estimate with an increase in the numbers of the high value strains to satisfy the growth in demand from our customers. The change in value was less than 2006-07 as the boost in animals required as part of the rederivation programme during that year was stabilised in 2007-08.

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

The cost of sales and services were higher than estimates mainly due to expenditure on equipment increasing \$303,449. This was a result of many racks and trolleys required to solve OS&H issues being expensed (\$150,000) and in addition the purchase of rat caging planned to be over 3-4 years needed to be purchased this year with the failure of the 28 year old caging (\$145,000). Many other items increased with the higher sales, and particularly with the large increase in maintained strains animals, bedding (\$22,000), freight (\$57,869), diet (\$31,135) and salaries (\$30,000). When the estimate was prepared the change in fair value of biological assets was included as a credit thus reducing the cost of sales estimate by \$100,000

These items were also the key reason for costs being higher than the prior year.

The change in the fair value of biological assets was higher than estimate by \$27,000, with an increase in the numbers of the high value strains to satisfy the demand by customers.

7. Employee Benefits Expense

The employee benefits expense was above estimate with extra staff members on workers compensation. The expense was higher than the previous year for the same reasons and an additional staff member as part of succession planning.

8. Depreciation Expense

The depreciation expense was lower than estimates with changes to the accounting policy for the asset threshold from \$1,000 to \$5,000 reducing the depreciation expensed.

9. Supplies and Services

The supplies and services expense was above estimate due to additional training associated with the development of a group of new middle managers (\$30,000) and travel expenses associated with the appointment of the new General Manager Production from the UK as a key part of succession planning. The expense was lower than previous year with reduced repairs and maintenance (\$43,385) and lower delivery van expenses (\$10,000) offsetting other increases.

Note 28 Financial instruments

(a) Financial Risk Management Objectives and Policies

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

Credit risk

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

Liquidity risk

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

(b) Financial Instrument disclosures

Interest Rate Risk Exposures.

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

2008	Weighted Average Effective Interest Rate	Variable Interest Rate \$	Non- Interest Bearing \$	Carrying Amount \$
<i>Financial Assets</i>				
Cash Assets	-		336,066	336,066
Receivables	-		1,285,258	1,285,258
Cash Management Acc	6.445	1,079,257		1,079,257
WA Treasury	6.910	435,380		435,380
		1,514,637	1,621,324	3,135,961
<i>Financial Liabilities</i>				
Payables	-		565,320	565,320
			565,320	565,320

**ANIMAL RESOURCES AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

2007	Weighted Average Effective Interest Rate	Variable Interest Rate \$	Non- Interest Bearing \$	Carrying Amount \$
<i>Financial Assets</i>				
Cash Assets	-		205,737	205,737
Receivables	-		995,241	995,241
Cash Management Acc	5.640	766,692		766,692
WA Treasury	5.860	408,007		408,007
		1,174,699	1,168,910	2,343,609
<i>Financial Liabilities</i>				
Payables	-		298,745	298,745
			298,745	298,745

Interest rate sensitivity analysis

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

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

	Carrying Amount \$	-1% change		+1% change	
		Profit \$	Equity \$	Profit \$	Equity \$
2007					
<i>Financial Assets</i>					
Cash Assets	205,737	-	-	-	-
Receivables	995,241	-	-	-	-
Cash Management Acc	766,692	(7,667)	(7,667)	7,667	7,667
WA Treasury	408,007	(4,080)	(4,080)	4,080	4,080
<i>Financial Liabilities</i>					
Payables	298,745	-	-	-	-
Total increase/(Decrease)		(11,747)	(11,747)	11,747	11,747

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

Note 29 Remuneration of members of the Accountable Authority and senior officers

Remuneration of Members of the Accountable Authority

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

	2008	2007
\$ 0-10,000	4	2

The total remuneration of the members of the Accountable Authority is \$2,730 (2007: \$1,470).

No members of the Accountable Authority are members of the Pension Scheme.

Remuneration of Senior Officers

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

\$		
100,001 - 110,000	-	-
110,001 - 120,000	-	-
120,001 - 130,000	1	1
130,001 - 140,000	1	1
140,001 - 150,000	-	-
	\$	\$
The total remuneration of senior officers is:	257,296	251,782

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

**ANIMAL RESOURCES AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

No Senior Officers are members of the Pension Scheme.

Note 30 Remuneration of auditors

	\$	\$
Remuneration to the Auditor General for the Financial year is as follows:		
Auditing the accounts, financial statements and performance indicators	49,895	44,155
The expense is included in Note 10 'Supplies and services'.		

ANIMAL RESOURCES AUTHORITY

KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2008

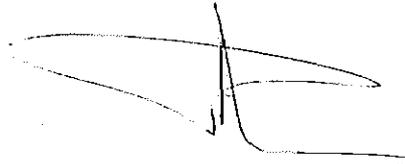
Key Performance Indicators

Certification of Key Performance Indicators

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Animal Resources Authority's performance, and fairly represent the performance of the Animal Resources Authority for the financial year ended 30 June 2008.



T Tate
Chairman
Animal Resources Authority
Date: 18 September 2008



P Hawker
Member
Animal Resources Authority
Date: 18 September 2008

ANIMAL RESOURCES AUTHORITY

KEY PERFORMANCE INDICATORS FOR YEAR ENDED 30 JUNE 2008

Detailed information in support of Key Performance Indicators

Outcomes

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

Efficiency indicators

The efficiency of production at the Animal Resources Centre can be measured by comparing the costs to produce animals from year to year. Comparison of figures for equivalent periods are the only figures available for use as there are no industry standards.

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

For the period ended 30 June 2008 the costs (based on full absorption costing methods) for areas of animal production at the Animal Resources Centre are as follows:

Category	Cost per weaned animal produced			
	2007/2008	2006/2007	2005/2006	2004/2005
	\$	\$	\$	\$
Mice	4.48	4.00	3.77	3.14
Target CPI – 4.5%	4.18			
Rats	14.77	13.26	12.21	10.19
Target CPI – 4.5%	13.86			

Difficulties with bacterial organisms in the mouse production colonies were the major factor in not meeting the CPI cost of production target for 07-08. The programme to eradicate *Pasteurella pneumotropica* was delayed due to *Staphylococcus aureus* in the colonies, this meant holding duplicated colonies much longer than planned. The *S.aureus* infection required maintaining up to twice the number of breeders in key strains to compensate for stock animals unsuitable for sale. Significant increases in labour were required to manage the problem. GOSAC award increases of 4% added \$0.097, the GM production appointed as part of succession planning added \$0.08 and duplication adding the remaining \$0.21 for labour to the cost of mice. The remaining \$0.09 was due to electricity and gas costs increasing 23% (\$0.037) and R&M 25% (\$0.086) offsetting reductions in a range of other costs.

The cost of producing rats is 11.4% higher with 15% fewer rats produced. The colony sizes were reduced where appropriate to minimise animal wastage as part of the Authority's ongoing animal welfare efforts. The same number of rats were sold with

ANIMAL RESOURCES AUTHORITY

KEY PERFORMANCE INDICATORS FOR YEAR ENDED 30 JUNE 2008

15% less animals produced. The cost per animal sold was \$26.00 in 2007-08 compared to \$27.50 in 2006-07 despite the cost pressures outlined for mice.

Effectiveness indicators

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

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

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

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

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

The results of testing in 2007/2008, 2006/2007 and 2005/2006 are in the following Quality Control Test Results Table. The results are expressed as the number of positive results over the number of tests conducted.

Quality Control Test Results Table.

Mice/Rats:	2007/2008		2006/2007		2005/2006	
	Actual	%	Actual	%	Actual	%
Viral serology	49/5973	0.82	0/5983	0	0/5716	0
MPV serology	0/588	0	0/675	0	0/750	0
Bacterial serology	0/1221	0	0/1236	0	0/521	0
Bacterial culture	40/3292	1.2	28/3195	0.9	60/2348	2.6
Parasitology	0/362	0	0/434	0	0/456	0
Protozoa/Fungi	0/456	0	0/595	0	0/473	0
Skin mycology	0/42	0	0	0	0	0
PCR Viral/Bacteria	0/404	0	0/488	0	0	0

ANIMAL RESOURCES AUTHORITY

KEY PERFORMANCE INDICATORS FOR YEAR ENDED 30 JUNE 2008

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

A new virus, mouse norovirus, has been identified and found to be present in most animal facilities throughout the world. A reliable diagnostic test became available in 2007 and the virus was detected in one of the four production areas and accounts for the 49 positives. The virus has no clinical effect on any of the strains of mice held in the facility and no significant detectable effect on research using these animals.

Bacterial culture results reflect *Pasteurella pneumotropica*, *Pasteurella ureae*, *Staphylococcus aureus* and *Pneumocystis carinii* that are present within some animals in the facility. They are ubiquitous in SPF colonies and do not constitute a threat. *Trichomonas muris* has been detected in some animals but these organisms are not

pathogenic and not part of routine screening. *Helicobacter bilis* still remains in the maintained strains area. These organisms are regarded as commensals in rats and mice and do not produce disease in normal animals.

During 2007-08 *Staphylococcus aureus* became a problem in the immune compromised Balb/c nude animals. This has required re-deriving of this strain and relocation to isolators to remove the risk of infection.

Genetic monitoring

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

Mice:

Twenty nine inbred lines were tested in November 2007 and May 2008 (419 animals) were checked for genetic purity by examining eleven genetic markers using the SNP genotyping technique through the Saturn Biotech laboratory, Murdoch University. The SNP technology is a sensitive method of detecting genetic contamination. There was no evidence of genetic contamination.

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

Rats: Thirteen inbred lines (71 animals) were checked for genetic purity by examining 16 genetic markers via Alloenzyme Electrophoresis by the South Australian Museum's Evolution Biology Unit. There was no evidence of genetic contamination.

ANIMAL RESOURCES AUTHORITY

KEY PERFORMANCE INDICATORS FOR YEAR ENDED 30 JUNE 2008

Pathology

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

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

Customer Survey

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

The ability to supply high quality animals was measured qualitatively in 2007/2008 by surveying the majority of customers who purchase laboratory rodents used in biomedical research. A five point Likert scale instrument (Cronbach's alpha = 0.938) comprising 13 items related to quality, range and availability and price was used. Twenty nine (29) of 87 customers surveyed responded.

Question Dimension	Response Rate		Response Mean \pm SEM	
	2008	2007	2008	2007
Quality	31.03%	32.3%	3.92 \pm 0.098	4.22 \pm 0.09
Range and availability	32.2%	34.3%	3.98 \pm 0.099	3.93 \pm 0.12
Price	33.3%	34.3%	4.21 \pm 0.097	4.25 \pm 0.10

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

The decline in the Quality dimension mean relates to the *Staphylococcus aureus* organism that impacted immune compromised animals. This is a risk where there is direct human contact with the animals. The ARA has decided to change the system and house these animals in isolator facilities to avoid the potential for contamination from staff in the future. This change will be viewed very favourably by customers.

ANIMAL RESOURCES AUTHORITY

KEY PERFORMANCE INDICATORS FOR YEAR ENDED 30 JUNE 2008

Internal Audit

In 2008 the accounting and financial controls of the customer orders, sales invoicing, receipting and debt collection were audited by the independent auditor. This is part of a 3 year rotational plan for evaluating internal controls of financial procedures.

The audit was generally favourable and the matters raised have been addressed or will be addressed in the coming twelve months.

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

ANIMAL RESOURCES AUTHORITY

**MINISTERIAL DIRECTIVES
FOR THE YEAR ENDED 30 JUNE 2008**

Ministerial Directives

No Ministerial directives were received during the financial year.

ANIMAL RESOURCES AUTHORITY

OTHER FINANCIAL DISCLOSURES FOR THE YEAR ENDED 30 JUNE 2008

Other Financial Disclosures

Pricing Policy of Sales of Products and Services

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

Capital Works

No major works.

Employment and Industrial Relations

Staff Profile

	2008	2007
Full-time permanent	35	33
Full-time contract	26	13
Part-time permanent	4.4	8.5
Part-time contract	<u>0.4</u>	<u>0.6</u>
	<u>65.8</u>	<u>55.1</u>

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

Staff Development

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

All new production employees receive training at the Certificate III level. Existing employees are also encouraged to take the opportunity for training to the Certificate III qualification. The Registered Training Organisation status continues to allow the Authority to offer Traineeships targeting the under 25 year olds, with 24 employees now representing this group.

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

ANIMAL RESOURCES AUTHORITY

GOVERNANCE DISCLOSURES FOR THE YEAR ENDED 30 JUNE 2008

Governance Disclosures

Contracts with Senior Officers

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

Insurance premiums paid to indemnify members of the Board

An insurance policy has been taken out to indemnify members of the Board against any liability incurred under sections 13 or 14 of the Statutory Corporations (Liability of Directors) Act 1996. The amount of the insurance premium paid for 2007/2008 was \$6,924.83.

ANIMAL RESOURCES AUTHORITY

**OTHER LEGAL REQUIREMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

Compliance with Public Sector Management Act Section 31(1)

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

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



Michael J Hall
Chief Executive Officer

18 September 2008

Electoral Act 1907 Section 175ZE

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

Details are as follows:

Expenditure with Advertising Agencies

Marketforce Productions	\$3,046.65
Seek Ltd	\$ 742.50
Expenditure with Market Research Agencies	\$0
Expenditure with Polling Agencies	\$0
Expenditure with Direct Mail Agencies	\$0
Expenditure with Media Advertising Agencies	\$0

TOTAL EXPENDITURE **\$3,789.15**

ANIMAL RESOURCES AUTHORITY

OTHER LEGAL REQUIREMENTS FOR THE YEAR ENDED 30 JUNE 2008

Compliance with Public Sector Standards and Ethical Codes 2007-2008

Compliance issues	Significant Action Taken to Monitor and Ensure Compliance
Public Sector Standards <ul style="list-style-type: none">• Nil breach claims	<ul style="list-style-type: none">• Information about Standards is included in ARC Employee Handbook.• Induction of all new employees includes a discussion about Public Sector Standards.• All Quality System Work Instructions relating to Public Sector Standards were reviewed in March 2008 and amended as appropriate.
WA Code of Ethics <ul style="list-style-type: none">• Nil reports of non compliance	<ul style="list-style-type: none">• Information on the Code of Ethics is included in Induction materials for all new employees.• Induction of new employees includes a discussion about the WA Code of Ethics.• The ARC's Code of Conduct is based on the Code.
Agency Code of Conduct <ul style="list-style-type: none">• No breaches of the Code of Conduct.	<ul style="list-style-type: none">• Information on the ARC's Code of Conduct is included in the Employee Handbook.• The ARC's Code is explained to all new employees at their Induction.• A review of the ARC's Code was planned for the latter part of 2007 however it was postponed until the new WA Code of Ethics was released. The ARC Code of Business Conduct will be revised, in consultation with staff, by December 2008.

ANIMAL RESOURCES AUTHORITY

OTHER LEGAL REQUIREMENTS FOR THE YEAR ENDED 30 JUNE 2008

Disability Access and Inclusion Plan Outcomes

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

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

Record keeping Plans

The Animal Resources Authority is committed to sound record keeping practices and has commenced implementation of its Recordkeeping Plan RKP 2004118 as prescribed by the State Records Commission.

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

- The evaluation of the efficiency and effectiveness of ARA's Recordkeeping Systems is proposed for the beginning of 2009, subject to resourcing.
- All new employees undergo an intensive induction program which includes recordkeeping requirements, as well as roles and responsibilities of all staff.
- Every employee received a copy of the ARC Employee Handbook which outlines our Records Management policy and procedures.
- The ARA's recordkeeping training system will be expanded to include a comprehensive follow up training for all staff by November 2008, subject to resourcing.
- The efficiency and effectiveness of the ARA's recordkeeping training program will be reviewed when the planned Training Program has been completed.

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

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

Freedom of Information Statement

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

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

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

ANIMAL RESOURCES AUTHORITY

GOVERNMENT POLICY REQUIREMENTS FOR THE YEAR ENDED 30 JUNE 2008

Corruption Prevention

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

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

Occupational Safety and Health

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

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

ARA's Injury Management Policy and Procedures were audited by RiskCover and deemed to be compliant with the injury management requirements of the Workers Compensation and Injury Management Act 1981. The ARA management is taking a much more proactive approach to injury management in order to reduce the amount lost time due to injury. In line with this the reporting process for Accidents and Incidents as well as Hazard Identification has been improved and all forms have been revised and reissued.

Report on ARA OSH Annual Performance for 2007/08

Indicator	Target 2007/08	Actual 2007/08
Number of fatalities	0	0
Lost time injury/diseases incidence rate	0	1
Lost time injury severity rate	0	0

ANIMAL RESOURCES AUTHORITY

**ESTIMATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2009
(Unaudited)**

ASSETS

Current Assets	\$
Cash Resources	1,727,500
Accounts Receivable	950,000
Animal Stocks	2,479,050
Non Animal Stocks	<u>108,000</u>
Total Current Assets	<u>5,264,550</u>

Non-current Asset	
Property, Plant and Equipment	<u>3,682,187</u>
Total Non-Current Asset	<u>3,682,187</u>

TOTAL ASSETS 8,946,737
=====

LIABILITIES

Current Liabilities	
Payables	450,000
Provisions	<u>140,000</u>
Total Current Liabilities	<u>590,000</u>

Non-Current Liability	
Provisions	<u>200,000</u>
Total Non-Current Liability	<u>200,000</u>

TOTAL LIABILITIES 790,000

NET ASSETS 8,156,737
=====

EQUITY

Reserves	235,446
Retained Earnings	<u>7,921,291</u>

TOTAL EQUITY 8,156,737
=====

ANIMAL RESOURCES AUTHORITY

**ESTIMATED STATEMENT OF FINANCIAL
PERFORMANCE
FOR YEAR ENDED 30 JUNE 2009
(Unaudited)**

INCOME

Revenue

Sales	5,664,955
Provision of Services	1,326,000
Interest Revenue	90,339
Other Revenues	<u>77,500</u>
Total Income	<u>7,158,794</u>

EXPENSES

Cost of sales and services	5,452,111
Employee benefits expense	750,000
Depreciation expense	45,000
Supplies and services	<u>650,000</u>
Total Expenses	<u>6,897,111</u>

Surplus for the period	<u>261,683</u>
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