

ANIMAL RESOURCES AUTHORITY

STATEMENT OF COMPLIANCE FOR THE YEAR ENDED 30 JUNE 2011

Hon Kim Hames MB BS JP MLA,
MINISTER FOR HEALTH

In accordance with Section 63 of the Financial Management Act 2006, we hereby submit for your information and presentation to Parliament the Report of the Animal Resources Authority for the financial year ended 30 June 2011.

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: 12 August 2011

C Thomson
Deputy Chairman of Animal Resources Authority
Date: 12 August 2011

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ANIMAL RESOURCES AUTHORITY

OVERVIEW FOR YEAR ENDED 30 JUNE 2011

Executive Summary

The Animal Resources Authority is a not-for-profit, self funding agency that has not required public funds for over 25 years. The Authority was established to supply laboratory animals to the biomedical sector and has become the major supplier of Specified Pathogen Free mice and rats throughout Australia.

The Authority employs 64 staff and provides employment and training opportunities for young Western Australians through the Registered Training Organisation (RTO) it established to deliver the Certificate III in Animal Technology. The RTO ensures staff members are comprehensively trained and support the quality objectives of the Authority. The training and career development opportunities have assisted the ARA to retain well trained staff in a challenging labour market.

A strong safety culture in a physically demanding environment has been developed. Only one minor lost time injury occurred in 2010-11. The continued good safety outcomes are a result of significant staff input to ensure safety in the workplace.

A significant downturn in sales of ten percent was experienced by the Authority during the first nine months of the year. Sales recovered some of the losses in the last three months of the year to be three percent down and limit the loss of income to four hundred thousand dollars. Expenses were reduced to minimise the overall impact on the result for the year.

The Authority enhanced the quality of the animals as measured by improvements in health status and genetic purity of the strains supplied. The agency continually introduces higher standards to maintain the leadership position it holds in the industry and meet changing expectations of the industry supplied.

Animal welfare is a high priority and is reflected in the Certificate III training. All activities are approved by the Animal Ethics Committee. The Animal Ethics Committee and the Authority animal facility operations received a favourable report from the External Triennial Review completed in 2010.

The Authority maintained the quality staff it has developed and the required financial position despite a significant decrease in sales and an increasing cost environment.

ANIMAL RESOURCES AUTHORITY

OVERVIEW FOR YEAR ENDED 30 JUNE 2011

Operational Structure

- **Enabling Legislation**

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

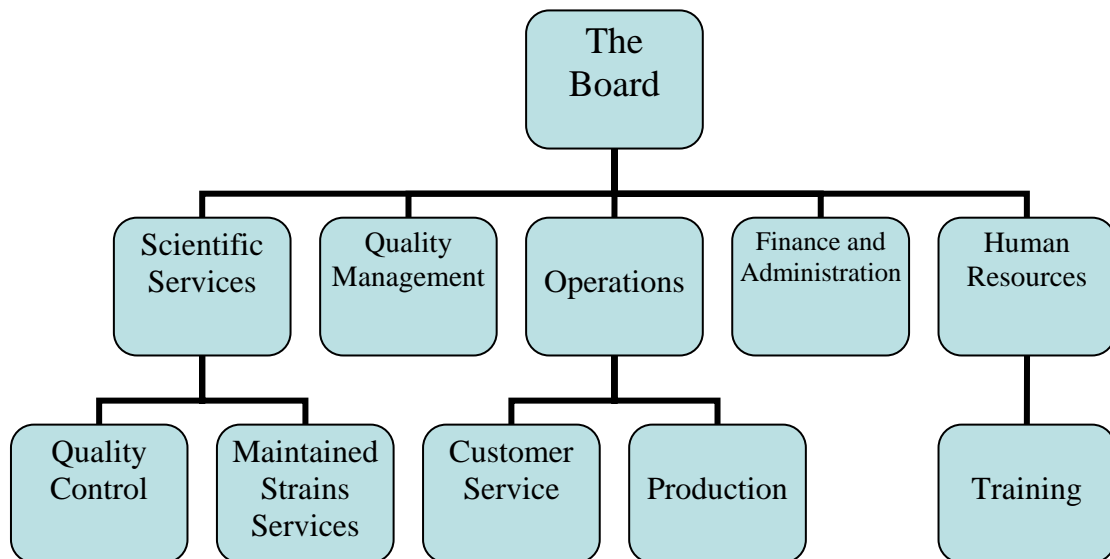
Responsible Minister

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

Mission

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

Organisational Structure



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

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

ANIMAL RESOURCES AUTHORITY

OVERVIEW FOR YEAR ENDED 30 JUNE 2011

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 2010/2011

| | |
|--|--|
| Mr Anthony Tate (Chairman) | Director, Research & Development, Curtin University of Technology. |
| Dr Campbell Thomson (Deputy Chairman) | Director, Research Services, The University of Western Australia. |
| 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. |
| Professor Piroska Rakoczy | Professor and Research Director, Lions Eye Institute, The University of Western Australia. |
| Dr Amanda O'Hara | Specialist Veterinary Pathologist Senior Lecturer, Murdoch University. |
| Dr Keith Shilkin | Consultant Pathologist, Clinical Professor of Pathology, The University of Western Australia. |
| Senior officers | |
| Mr Michael Hall | Chief Executive Officer |
| Mr Michael Bunce | Acting Director Operations |
| Dr Deborah Hopwood | Director Scientific and Veterinary Services |

ANIMAL RESOURCES AUTHORITY

OVERVIEW FOR YEAR ENDED 30 JUNE 2011

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.

Government Goals

The support the Authority provides for improved health outcomes from research aligns with the Government Goal:

'Outcomes Based Service Delivery – Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians'.

Changes to Outcome Based Management Framework

The Animal Resources Authority's Outcome Based Management Framework did not change during 2010-11.

Shared Responsibilities with Other Agencies

The Animal Resources Authority did not share any responsibilities with other agencies in 2010-11

ANIMAL RESOURCES AUTHORITY

REPORT ON OPERATIONS FOR YEAR ENDED 30 JUNE 2011

Agency Performance – Report on Operations

Highlights of the Year

- Only one minor LTI occurred during 2010-11.
- The four trainees qualified for the Certificate III in Animal Technology from the ARA RTO in 2010-11.
- Retention of our staff in a difficult employment market.
- Maintaining *Pasteurella pneumotropica* and *murine norovirus* free in the re-derived production strains.
- Maintaining the required financial position in a year of significant loss of sales.

Overview

The Animal Resources Authority is the major supplier of specified pathogen free (SPF) laboratory animals to biomedical research organisations in Australia. Animals are also exported to New Zealand, Singapore, Korea, Malaysia and Hong Kong. The Authority produces 31 strains of SPF mice and 10 strains of SPF rats for sale. In addition many strains of congenic, transgenic and targeted mutant mice are maintained for individual customers.

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

Trends in Operations

- Stable demand for maintained strains services and facilities.
- Energy cost increases continuing to significantly impact cost of production.
- Researchers seeking animals with genetics equivalent to that available internationally.
- Researchers requiring animals with an increasing number of organisms to be monitored and defined in the specified disease free status.
- Researchers requiring increasingly specialised imports.
- Researchers to continue their focus on total cost of delivered animals.

ANIMAL RESOURCES AUTHORITY

REPORT ON OPERATIONS FOR YEAR ENDED 30 JUNE 2011

Percentage of Total Revenue by Customer Group.

| Customer Groups | 2010-11 | 2009-10 |
|--|---------|---------|
| WA Universities and Medical Research Organisations | 16.92% | 14.81% |
| Interstate Universities and Medical Research Organisations | 66.68% | 68.52% |
| Private Companies | 5.75% | 5.54% |
| Exports– Singapore, Hong Kong, South Korea, NZ. | 10.65% | 9.76% |

Revenue from WA increased as a proportion of total sales during 2010-11 with a 2.5% increase in sales volume.

Interstate sales were down 4.5% in volume with large decreases in NSW and the ACT. Sales to Victoria and Queensland increased approximately 10% but not sufficient to compensate for the NSW and ACT result.

Sales to South East Asia increased 7%, continuing growth from prior years.

Revenue and percentage change 2010-11 to 2009-10 by Revenue Group.

| Revenue Group | 2010-11 | 2009-10 | Change |
|--|-------------|-------------|--------|
| Sale of Animals | \$4,736,987 | \$4,890,064 | -3.1% |
| Services for Maintenance of Customer Strains | \$1,211,002 | \$1,174,761 | 3.1% |
| Importation and Quarantine Services | \$62,760 | \$67,521 | -7.1% |

The revenue from sales of animals decreased 3.1% mainly due to NSW and the ACT. The decrease in sales to NSW is the result of The Garvan Moss Vale facility now supplying more of their own requirements and those of a number of affiliated Institutes. The ACT decrease was a return to normal levels after a surge in the prior year associated with restocking. Sales to Victoria and Queensland had substantial increases, mainly due to a surge in sales in the last three months of the year. Sales nationally were down nearly 10% in the first 9 months of the year, then increased dramatically after clarification of future medical research funding by the Federal Government. Overall sale of animals for the year ended down 3.1%.

The revenue from the provision of technical and professional services for the maintenance of customer strains increased in line with the price increases.

The demand for importation and quarantine services continued the decline from the prior year as researchers seemed to be still facing funding pressures. The quote activity for imports at the end of the year indicates a modest increase for 2011-12.

The Environment

The Authority has maintained the reduced impact on the environment from its operations through the following actions:

- All office waste paper is shredded and used in operations or recycled;

ANIMAL RESOURCES AUTHORITY

REPORT ON OPERATIONS FOR YEAR ENDED 30 JUNE 2011

- 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 provide heat and cold recovery depending on the season. This year with the extended and very hot summer the heat exchangers reduced incoming ambient air temperature from 43-45C to 29C, thus dramatically reducing the potential energy requirements.

Likely developments and forecast results of operations

Likely developments for the Authority in the 2011/2012 financial year will be to;

- enhance its status as the leading laboratory animal supplier in Australia.
- complete the operational changes to cater to changing customer requirements.
- Complete the re-derivation programme to become *Pasteurella pneumotropica* and *Helicobacter bilis* free in all maintained strains colonies.
- Complete the facility re-organisation to cater to the services related to maintaining customer specific strains.
- Continue the upgrade of key strains to international standard genetics.
- Add two new muscular dystrophy mouse models for researchers.
- The Authority will maintain its self funding status.

Animal Ethics Committee (AEC)

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

- A. Dr. Deborah Hopwood, Director Scientific and Veterinary Services, Animal Resources Centre.
 - B. Dr Amanda O'Hara, Researcher, Murdoch University.
 - C. Ms Cheryl Davenport, Member RSPCA.
 - D. Mr Anthony Pike, Community member.
- Mr Michael Bunce, A/Director Operations, Animal Resources Centre
- Dr Pip Milton AEC Executive Officer.

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 2010 and 2011.

The External Triennial Review of the ARA Animal Ethics Committee was undertaken in May 2010 as required under the Code and WA licence conditions. The report presented late 2010 was favourable and the committee was operating as required.

ANIMAL RESOURCES AUTHORITY

REPORT ON OPERATIONS FOR YEAR ENDED 30 JUNE 2011

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



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

ANIMAL RESOURCES AUTHORITY

Report on the Financial Statements

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

The financial statements comprise the Statement of Financial Position as at 30 June 2011, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Animal Resources Authority at 30 June 2011 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Animal Resources Authority

Report on Controls

I have audited the controls exercised by the Animal Resources Authority. The Board is responsible for ensuring that adequate control is maintained over the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

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

Opinion

In my opinion, the controls exercised by the Animal Resources Authority are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Animal Resources Authority. The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions.

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

Opinion

In my opinion, the key performance indicators of the Animal Resources Authority are relevant and appropriate to assist users to assess the Authority's performance and fairly represent indicated performance for the year ended 30 June 2011.

Independence

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



COLIN MURPHY
AUDITOR GENERAL
16 August 2011

ANIMAL RESOURCES AUTHORITY

DISCLOSURES AND LEGAL COMPLIANCE
FOR THE YEAR ENDED 30 JUNE 2011

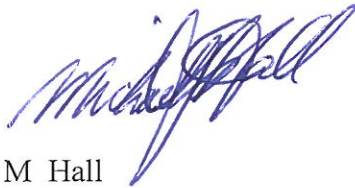
DISCLOSURES AND LEGAL COMPLIANCE

FINANCIAL STATEMENTS

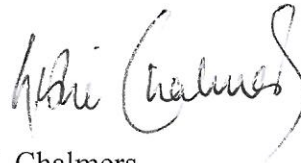
Certification of Financial Statements

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 2011 and the financial position as at 30 June 2011.

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: 12 August 2011



L Chalmers
Member of Animal Resources Authority.
Date: 12 August 2011



T Tate
Chairman of Animal Resources Authority
Date: 12 August 2011

ANIMAL RESOURCES AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011

| | Note | 2011 \$ | 2010 \$ |
|---|------|------------|------------|
| INCOME | | | |
| Revenue | | | |
| Sales | 5 | 5,937,381 | 6,110,639 |
| Provision of services | 5 | 1,273,762 | 1,242,282 |
| Commonwealth grants and contributions | 6 | 61,924 | |
| Interest revenue | 7 | 33,375 | 34,122 |
| Other revenue | | 24,086 | 47,034 |
| Gains | | | |
| Net change in fair value of biological assets | 8 | 410,508 | (124,781) |
| TOTAL INCOME | | 7,741,036 | 7,309,296 |
| EXPENSES | | | |
| Cost of sales and services | 5 | 6,226,559 | 6,159,880 |
| Employee benefits expense | 10 | 551,552 | 593,991 |
| Depreciation and amortisation expense | 12 | 57,588 | 50,960 |
| Supplies and services | 11 | 736,769 | 800,295 |
| Loss on disposal of non-current assets | 9 | | 2,844 |
| TOTAL EXPENSES | | 7,572,468 | 7,607,970 |
| PROFIT/(LOSS) FOR THE PERIOD | | 168,568 | (298,674) |
| OTHER COMPREHENSIVE INCOME | | | |
| Changes in asset revaluation surplus | | | |
| Gains/losses recognised directly in equity | | - | - |
| Total other comprehensive income | | - | - |
| TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD | | 168,568 | (298,674) |

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

ANIMAL RESOURCES AUTHORITY

STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

| | Note | 2011 | 2010 |
|--------------------------------------|-------------|-------------------------|-------------------------|
| | | \$ | \$ |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 13 | 1,217,708 | 1,192,237 |
| Inventories | 14 | 197,563 | 256,859 |
| Biological assets | 15 | 2,809,412 | 2,398,904 |
| Receivables | 16 | 945,718 | 969,808 |
| Other current assets | 17 | 11,467 | 24,791 |
| Total Current Assets | | <u>5,181,868</u> | <u>4,842,599</u> |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 18 | 4,346,877 | 4,354,655 |
| Intangible assets | 19 | 13,853 | 21,075 |
| Total Non-Current Assets | | <u>4,360,730</u> | <u>4,375,730</u> |
| TOTAL ASSETS | | <u><u>9,542,598</u></u> | <u><u>9,218,329</u></u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 21 | 574,407 | 554,024 |
| Provisions | 22 | 327,520 | 219,981 |
| Total Current Liabilities | | <u>901,927</u> | <u>774,005</u> |
| Non-Current Liabilities | | | |
| Provisions | 22 | 222,635 | 194,855 |
| Total Non-Current Liabilities | | <u>222,635</u> | <u>194,855</u> |
| TOTAL LIABILITIES | | <u><u>1,124,562</u></u> | <u><u>968,860</u></u> |
| NET ASSETS | | <u><u>8,418,036</u></u> | <u><u>8,249,469</u></u> |
| EQUITY | | | |
| Reserves | 23 | 1,239,250 | 1,239,250 |
| Retained earnings | 23 | 7,178,786 | 7,010,219 |
| TOTAL EQUITY | | <u><u>8,418,036</u></u> | <u><u>8,249,469</u></u> |

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

ANIMAL RESOURCES AUTHORITY

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2011

| | Reserves | Retained Earnings | Total equity |
|---|------------------|-------------------|------------------|
| Note | \$ | \$ | \$ |
| Balance at 1 July 2009 | 23 1,147,963 | 7,308,893 | 8,456,856 |
| Changes in accounting policy or correction of prior period errors | 91,287 | | 91,287 |
| Restated balance at 1 July 2009 | <u>1,239,250</u> | <u>7,308,893</u> | <u>8,548,143</u> |
| Total comprehensive income for the year | | (298,674) | (298,674) |
| Transactions with owners in their capacity as owners | | | |
| Capital appropriations | - | - | - |
| Other contributions by owners | - | - | - |
| Distributions to owners | - | - | - |
| Total | <u>-</u> | <u>-</u> | <u>-</u> |
| Balance at 30 June 2010 | <u>1,239,250</u> | <u>7,010,219</u> | <u>8,249,469</u> |
| | | | |
| Balance at 1 July 2010 | 1,239,250 | 7,010,219 | 8,249,469 |
| Changes in accounting policy or correction of prior period errors | - | - | - |
| Restated balance at 1 July 2010 | <u>1,239,250</u> | <u>7,010,219</u> | <u>8,249,469</u> |
| Total comprehensive income for the year | | 168,568 | 168,568 |
| Transactions with owners in their capacity as owners | | | |
| Capital appropriations | - | - | - |
| Other contributions by owners | - | - | - |
| Distributions to owners | - | - | - |
| Total | <u>-</u> | <u>-</u> | <u>-</u> |
| Balance at 30 June 2011 | <u>1,239,250</u> | <u>7,178,786</u> | <u>8,418,036</u> |

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

ANIMAL RESOURCES AUTHORITY

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2011

| | Reserves | Retained Earnings | Total equity |
|--|------------------|----------------------|------------------|
| Note | \$ | \$ | \$ |
| Balance at 1 July 2009 | 23 1,147,963 | 7,308,893 | 8,456,856 |
| Changes in accounting policy or correction of prior period errors | 91,287 | | 91,287 |
| Restated balance at 1 July 2009 | <u>1,239,250</u> | <u>7,308,893</u> | <u>8,548,143</u> |
| Total comprehensive income for the year | | (298,674) | (298,674) |
| Transactions with owners in their capacity as owners | | | |
| Capital appropriations | - | - | - |
| Other contributions by owners | - | - | - |
| Distributions to owners | - | - | - |
| Total | <u>-</u> | <u>-</u> | <u>-</u> |
| Balance at 30 June 2010 | <u>1,239,250</u> | <u>7,010,219</u> | <u>8,249,469</u> |
| Balance at 1 July 2010 | 1,239,250 | 7,010,219 | 8,249,469 |
| Changes in accounting policy or correction of prior period errors | - | - | - |
| Restated balance at 1 July 2010 | <u>1,239,250</u> | <u>7,010,219</u> | <u>8,249,469</u> |
| Total comprehensive income for the year | | 168,568 | 168,568 |
| Transactions with owners in their capacity as owners | | | |
| Capital appropriations | - | - | - |
| Other contributions by owners | - | - | - |
| Distributions to owners | - | - | - |
| Total | <u>-</u> | <u>-</u> | <u>-</u> |
| Balance at 30 June 2011 | <u>1,239,250</u> | <u>7,178,786</u> | <u>8,418,036</u> |

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

ANIMAL RESOURCES AUTHORITY

STATEMENT OF CASH FLOWS

For the year ended 30 June 2011

| | Note | 2011 \$ | 2010 \$ |
|---|------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts | | | |
| Sale of goods and services | | 5,962,791 | 6,185,326 |
| Provision of services | | 1,273,762 | 1,242,282 |
| Commonwealth grants and contributions | | 61,924 | - |
| Interest received | | 32,055 | 33,986 |
| GST receipts on sales | | 651,526 | 663,886 |
| Other receipts | | 24,086 | 47,034 |
| Payments | | | |
| Employee benefits | | (3,980,651) | (4,072,919) |
| Supplies and services | | (3,086,840) | (3,318,719) |
| GST payments on purchases | | (285,042) | (321,268) |
| GST payments to taxation authority | | (340,358) | (306,691) |
| Net cash provided by/(used in) operating activities | 24 | <u>313,253</u> | <u>152,917</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from sale of non-current physical assets | | - | 5,000 |
| Purchase of non-current physical assets | | <u>(287,782)</u> | <u>(337,553)</u> |
| Net cash provided by/(used in) investing activities | | <u>(287,782)</u> | <u>(332,553)</u> |
| Net increase/(decrease) in cash and cash equivalents | | 25,471 | (179,636) |
| Cash and cash equivalents at the beginning of period | | <u>1,192,237</u> | <u>1,371,874</u> |
| CASH AND CASH EQUIVALENT ASSETS AT THE END OF PERIOD | 13 | <u>1,217,708</u> | <u>1,192,237</u> |

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

Animal Resources Authority

Notes To The Financial Statements

For the year ending 30 June 2011

Note 1 Australian Accounting Standards

General

The Authority's financial statements for the year ended 30 June 2011 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to Standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

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

Early adoption of standards

The Authority cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements. No Australian Accounting Standards that have been issued or amended but not operative have been early adopted by the Authority for the annual reporting period ended 30 June 2011.

Note 2 Summary of significant accounting policies

(a) General Statement

The financial statements constitute general purpose financial statements that have 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 Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

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

(b) Basis of Preparation

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

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

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

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

(c) Reporting Entity

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

(d) Income

Revenue recognition

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

Sale of goods

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

Provision of services

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

Interest

Revenue is recognised as the interest accrues.

Gains

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

(e) Taxation

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

(f) Property, Plant and Equipment and Infrastructure

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 immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

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

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

Subsequent measurement

Subsequent to initial recognition as an asset, the revaluation model is used for the measurement of buildings, infrastructure, property, plant and equipment. All 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 revaluation of property, plant and equipment is an independent valuation carried out on three-yearly basis. Australian Valuation Partners have valued the property, plant and equipment on the basis of replacement with new value (for Insurance Purposes) and fair value (for financial reporting purposes).

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.

Derecognition

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

Asset Revaluation Surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets as described in note 18 'Property, Plant and Equipment'.

Depreciation

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

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

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

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

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

Intangible assets

Capitalisation/expensing of assets

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

All acquired and internally developed intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

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

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

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

| | |
|-------------|--------------|
| Software(a) | 3 to 5 years |
|-------------|--------------|

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

(g) Impairment of Assets

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

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

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

(h) Leases

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

(i) Financial Instruments

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

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

Financial Instruments have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Receivables
- Term deposits

Financial Liabilities

- Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

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

(j) Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash 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.

(k) Biological Assets

Animal stocks are reflected in the Statement of Financial Position as a current asset. Animal stocks are valued in accordance with AASB 141, Agriculture. The standard requires that biological assets and agricultural produce that relate to agricultural activity be measured at fair value less estimated point of sale costs with any resultant gain or loss recognised in the 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.

(l) Inventories

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

(m) Receivables

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

(n) Payables

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

(o) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period. See note 22 'Provisions'.

(i) Provisions - Employee Benefits

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

Annual Leave

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

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

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

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

Long Service Leave

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

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

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

Unconditional long service leave provisions are classified as current liabilities as the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Conditional long service leave provisions are classified as non-current liabilities because the Authority has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Superannuation

The Government Employees Superannuation Board (GESB) administers public sector superannuation arrangements in Western Australia in accordance with legislative requirements.

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

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension or the GSS became non contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). 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.

The Pension Scheme and the pre-transfer benefit for employees who transferred to the GSS are defined benefit schemes. These benefits are wholly unfunded and the liabilities for future payments are provided at the end of the reporting period. The 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 end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

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

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

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

(ii) Provisions - Other

Employment On-Costs

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

(p) Superannuation expense

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 Statement of Comprehensive Income.

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

(q) 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.

(r) Comparative figures

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

Note 3 Judgements made by management in applying accounting policies

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

Adoption of fair value versus cost basis for plant and equipment

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

Operating lease commitments

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

Note 4 Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

There are no Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2010 that have impacted on the Authority.

Future impact of Australian Accounting Standards not yet operative

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

| | | Operative for reporting periods beginning on/after |
|--------------|---|---|
| AASB 2009-11 | <i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12].</i> | 1 January 2013 |
| | The amendment to AASB 7 <i>Financial Instruments: Disclosures</i> requires modification to the disclosure of categories of financial assets. The Authority does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change | |
| AASB 2009-12 | <i>Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]</i> | 1 January 2011 |
| | This Standard introduces a number of terminology changes. There is no financial impact on the Authority resulting from the application of this revised Standard. | |
| AASB 1053 | <i>Application of Tiers of Australian Accounting Standards</i> | 1 July 2013 |
| | This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. | |
| | The Standard does not have any financial impact on the Authority. However it may affect disclosures in the financial statements of the Authority if the reduced disclosure requirements apply. DTF has not yet determined the application or the potential impact of the new Standard for agencies. | |

| | | |
|-------------|--|----------------|
| AASB 2010-2 | <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i> | 1 July 2013 |
| | This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities | |
| | The Standard is not expected to have any financial impact on the Authority. However this Standard may reduce some note disclosures in financial statements of the Authority. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies. | |
| AASB 2010-5 | <i>Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (October 2010)</i> | 1 January 2011 |
| | This Standard introduces a number of terminology changes as well as minor presentation changes to the notes to the Financial Statements. There is no financial impact on the Authority resulting from the application of this revised Standard. | |
| AASB 2010-6 | <i>Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]</i> | 1 July 2011 |
| | This Standard makes amendments to Australian Accounting Standards, introducing additional presentation and disclosure requirements for Financial Assets. | |
| | The Standard is not expected to have any financial impact on the Authority. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies. | |
| AASB 9 | <i>Financial Instruments</i> | 1 January 2013 |
| | This Standard supersedes <i>AASB 139 Financial Instruments: Recognition and Measurement</i> , introducing a number of changes to accounting treatments. | |
| | The Standard was reissued on 6 Dec 2010 and the Authority is currently determining the impact of the Standard. DTF has not yet determined the application or the potential impact of the Standard for agencies. | |

| Note 5 | Trading profit | 2011 | 2010 |
|---------------|-------------------------------------|------------------|------------------|
| | | \$ | \$ |
| | Sale of goods (animals and freight) | 5,937,381 | 6,110,639 |
| | Services (colony maintenance) | 1,273,762 | 1,242,282 |
| | | <u>7,211,143</u> | <u>7,352,921</u> |
| | Cost of sales and services: | | |
| | Opening Inventory | 256,859 | 228,903 |
| | Purchases | 1,430,519 | 1,535,649 |
| | Overheads | 4,736,744 | 4,652,187 |
| | Closing Inventory | (197,563) | (256,859) |
| | Cost of sales and services | <u>6,226,559</u> | <u>6,159,880</u> |
| | Trading Profit | <u>984,584</u> | <u>1,193,041</u> |

| Note 6 | Commonwealth grants and contribution | 2011 | 2010 |
|---------------|---|---------------|-------------|
| | | \$ | \$ |
| | Capital grants | 61,924 | - |
| | | <u>61,924</u> | <u>0</u> |

Capital grants for 2011 comprise a non-reciprocal grant of \$61,924 from the Australian Phenomics Network. The terms of the grant specify that it must be used to fund acquisition of Cryopreservation Equipment related to work carried out for the APN. The grant has been recognised in its entirety upon receipt as the only condition applying to its use is how it can be expended and it is not subject to performance measures in terms of service delivery. At 30 June 2011, \$18,677 of the grant has been spent.

| Note 7 | Interest revenue | 2011 | 2010 |
|---------------|-------------------------|---------------|---------------|
| | | \$ | \$ |
| | Interest revenue: | | |
| | Bankwest | 8,033 | 16,743 |
| | Public bank account | 25,342 | 17,379 |
| | | <u>33,375</u> | <u>34,122</u> |

| Note 8 | Net change in fair value of biological assets | 2011 | 2010 |
|---------------|--|----------------|------------------|
| | | \$ | \$ |
| | Animals on Hand – at Fair Value -opening balance | (2,398,904) | (2,523,685) |
| | Less: Animals on Hand – at Fair Value -closing balance | 2,809,412 | 2,398,904 |
| | Net change in fair value | <u>410,508</u> | <u>(124,781)</u> |

| Note 9 | Net gain/(Loss) on disposal of non-current assets | 2011 | 2010 |
|---------------|--|-------------|----------------|
| | | \$ | \$ |
| | <u>Costs of Disposal of Non-Current Assets</u> | | |
| | Plant and Equipment. | - | (7,844) |
| | <u>Proceeds from Disposal of Non-Current Assets</u> | | |
| | Plant and Equipment. | - | 5,000 |
| | Net gain/(loss) | <u>-</u> | <u>(2,844)</u> |

| Note 10 | Employee benefits expense | 2011 | 2010 |
|----------------|----------------------------------|----------------|----------------|
| | | \$ | \$ |
| | Salaries (a) | 460,438 | 463,016 |
| | Superannuation | 44,211 | 45,477 |
| | Long Service Leave | 13,556 | 34,761 |
| | Annual Leave | 33,347 | 50,737 |
| | | <u>551,552</u> | <u>593,991</u> |

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

| Note 11 | Supplies and services | 2011 | 2010 |
|----------------|------------------------------|----------------|----------------|
| | | \$ | \$ |
| | Advertising | 11,593 | 10,005 |
| | Insurance | 40,699 | 5,038 |
| | Vehicle Expenses | 62,502 | 57,867 |
| | Telephone | 6,442 | 7,431 |
| | Accounting/Audit | 59,728 | 60,345 |
| | Printing/Stationery | 19,329 | 21,540 |
| | Cleaning | 27,990 | 30,560 |
| | Materials & Equipment | 17,164 | 26,658 |
| | Repairs & Maintenance | 143,733 | 162,022 |
| | Sundry | 151,414 | 156,692 |
| | Employment on-costs (a) | 140,178 | 212,665 |
| | Staff Training | 25,190 | 19,985 |
| | Other | 30,807 | 29,487 |
| | | <u>736,769</u> | <u>800,295</u> |

(a) Includes workers' compensation insurance, payroll tax and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at Note 22 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

| Note 12 | Depreciation expense | 2011 | 2010 |
|----------------|--|----------------|----------------|
| | | \$ | \$ |
| | <u>Depreciation</u> | | |
| | Motor Vehicles | 500 | 500 |
| | Plant & Equipment | 123,628 | 116,024 |
| | Buildings | 171,432 | 166,015 |
| | Total depreciation | <u>295,560</u> | <u>282,539</u> |
| | <u>Amortisation</u> | | |
| | Intangible assets | 7,222 | 594 |
| | Total amortisation | <u>7,222</u> | <u>594</u> |
| | Total depreciation and amortisation | 302,782 | 283,133 |
| | Less depreciation and amortisation directly charged to overheads | (245,194) | (232,173) |
| | | <u>57,588</u> | <u>50,960</u> |

| Note 13 | Cash and cash equivalents | 2011 | 2010 |
|----------------|--------------------------------------|------------------|------------------|
| | | \$ | \$ |
| | Management Account | 441,894 | 529,863 |
| | Term Deposits (short term) | 505,541 | 481,519 |
| | Cheque Account | 226,826 | 180,655 |
| | Restricted cash and cash equivalents | 43,247 | 0 |
| | Cash on hand | 200 | 200 |
| | | <u>1,217,708</u> | <u>1,192,237</u> |

Restricted cash and cash equivalents is comprised of unspent funds from the Australian Phenomics Network. This grant for \$61,924 was for the acquisition of Cryopreservation Equipment related to work carried out for the APN. At 30 June 2011, \$18,677 of the grant has been spent.

| | | | |
|----------------|---------------------------|----------------|----------------|
| Note 14 | Inventories | 2011 | 2010 |
| | | \$ | \$ |
| | <u>Current</u> | | |
| | Transport Boxes – at cost | 197,563 | 256,859 |
| | | <u>197,563</u> | <u>256,859</u> |

| | | | |
|----------------|---------------------------------|------------------|------------------|
| Note 15 | Biological assets | 2011 | 2010 |
| | | \$ | \$ |
| | <u>Current</u> | | |
| | Animals on Hand – at Fair Value | 2,809,412 | 2,398,904 |
| | | <u>2,809,412</u> | <u>2,398,904</u> |

Biological assets consist of 31 lines (2010:29 lines) of SPF mice and 10 lines (2010:10 lines) of SPF rats. Each line consists of breeder colonies and weaned offspring being grown to be sold or be used for breeder replacement. The breeding animals of each line are caged and maintained in specified mating ratios. Offspring of each line are weaned at three weeks into cages with defined numbers. Weekly wean number totals for each line is recorded in the Strains Database. Not all weaned animals are kept for sale as typically only one sex of weaned animals is required. Sales are removed from the stock cages at different ages and cage numbers adjusted on the cage label. Sales by line are invoiced through the Attache accounting system.

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

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

At 30 June 2011, animal stocks held for sale comprised 47,108 mice (2010: 39,079) and 6,330 rats (2010: 7,872). During the financial year ended 30 June 2011, the Authority sold 186,125 mice (2010: 199,171) and 24,123 rats (2010: 28,132), total 210,248 (2010: 227,303) animals. The significant assumptions made in determining the net market value of animal stocks at the current and previous end of reporting period are:

- a) The expected prices of livestock are as per the price list set 1 January 2011 and a 4% increase from 1 January 2012.
- b) Rats and mice will be sold continuously throughout the year.
- c) Weaners will be sold at ages three to twelve weeks and breeders can be 8 to 34 weeks.
- d) The price of pedigree animals, breeders, replacement breeders and weaned animals (stock) are based on price lists as defined in the stocktake standard operating procedure.

| | |
|---|------------------|
| | \$ |
| Balance at 1 July 2009 | 2,523,685 |
| Decrease due to sales | (4,886,255) |
| Increase due to birth | 4,898,250 |
| Change in fair value less estimated point-of-sale costs | <u>(136,776)</u> |
| Balance at 30 June 2010 | <u>2,398,904</u> |
| Current | 2,398,904 |
| Non-current | - |
| | <u>2,398,904</u> |
| Balance at 1 July 2010 | 2,398,904 |
| Decrease due to sales | (4,736,987) |
| Increase due to birth | 4,751,034 |
| Change in fair value less estimated point-of-sale costs | <u>396,461</u> |
| Balance at 30 June 2011 | <u>2,809,412</u> |
| Current | 2,809,412 |
| Non-current | - |
| | <u>2,809,412</u> |

| | | | |
|----------------|-----------------------------|----------------|----------------|
| Note 16 | Receivables | 2011 | 2010 |
| | | \$ | \$ |
| | <u>Current</u> | | |
| | Trade and Other Receivables | 939,279 | 964,689 |
| | Accrued Interest | 6,439 | 5,119 |
| | | <u>945,718</u> | <u>969,808</u> |

| | | | |
|----------------|-----------------------------|---------------|---------------|
| Note 17 | Other current assets | 2011 | 2010 |
| | | \$ | \$ |
| | <u>Current</u> | | |
| | Prepayments | 11,467 | 24,791 |
| | | <u>11,467</u> | <u>24,791</u> |

| Note 18 | Property, plant and equipment | 2011 | 2010 |
|----------------|--------------------------------------|------------------|------------------|
| | | \$ | \$ |
| | Motor Vehicles- at Fair Value | 5,000 | 5,000 |
| | Less: Accumulated Depreciation | (1,000) | (500) |
| | Less: Accumulated impairment losses | - | - |
| | | <u>4,000</u> | <u>4,500</u> |
| | Plant & Equipment- at Fair Value | 1,195,256 | 1,183,433 |
| | Less: Accumulated Depreciation | (239,496) | (115,868) |
| | Less: Accumulated impairment losses | - | - |
| | | <u>955,760</u> | <u>1,067,565</u> |
| | Buildings- at Fair Value | 3,650,425 | 3,339,407 |
| | Less Accumulated Depreciation | (337,448) | (166,015) |
| | Less: Accumulated impairment losses | - | - |
| | | <u>3,312,977</u> | <u>3,173,392</u> |
| | Work-in-progress | 74,140 | 109,198 |
| | Total | <u>4,346,877</u> | <u>4,354,655</u> |

Buildings and Plant and Equipment were revalued as at 30 June 2009 by Australian Valuation Partners. The fair value of all buildings, plant and equipment has been determined by reference to recent market transactions. Refer Note 2(f) Property, Plant and Equipment. The valuation was made in accordance with a regular policy of revaluation every three years. No revaluations occurred in 2011.

Reconciliations

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

| | Motor Vehicles | Plant and Equipment | Buildings | Work in Progress | Total |
|---|----------------|---------------------|------------------|------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| 2011 | | | | | |
| Carrying amount at start of year | 4,500 | 1,067,563 | 3,173,393 | 109,197 | 4,354,655 |
| Additions | - | 11,823 | - | 275,959 | 287,782 |
| Transfers | - | - | 311,017 | (311,017) | - |
| Disposals | - | - | - | - | - |
| Revaluation increments/(decrements) | - | - | - | - | - |
| Depreciation | (500) | (123,628) | (171,432) | - | (295,560) |
| Carrying amount at end of year | <u>4,000</u> | <u>955,758</u> | <u>3,312,978</u> | <u>74,139</u> | <u>4,346,877</u> |
| | | | | | |
| 2010 | | | | | |
| Restated carrying amount at start of year | 5,000 | 796,937 | 3,268,000 | 259,216 | 4,329,155 |
| Additions | - | 119,362 | - | 196,522 | 315,884 |
| Transfers | - | 275,133 | 71,408 | (346,541) | - |
| Disposals | - | (7,845) | - | - | (7,845) |
| Revaluation increments/(decrements) | - | - | - | - | - |
| Depreciation | (500) | (116,024) | (166,015) | - | (282,539) |
| Carrying amount at end of year | <u>4,500</u> | <u>1,067,563</u> | <u>3,173,393</u> | <u>109,197</u> | <u>4,354,655</u> |

| Note 19 | Intangible assets | 2011 | 2010 |
|----------------|----------------------------------|---------------|---------------|
| | | \$ | \$ |
| | <u>Computer software</u> | | |
| | At cost | 21,669 | 21,669 |
| | Accumulated amortisation | (7,816) | (594) |
| | | <u>13,853</u> | <u>21,075</u> |
| | Reconciliation: | | |
| | Carrying amount at start of year | 21,075 | - |
| | Additions | - | 21,669 |
| | Amortisation expense | (7,222) | (594) |
| | Carrying amount at end of year | <u>13,853</u> | <u>21,075</u> |

Note 20 Impairment of assets

There were no indications of impairment to Property, plant and equipment and infrastructure at 30 June 2011.

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

All surplus assets at 30 June 2011 have either been classified as assets held for sale or written-off.

| Note 21 | Payables | 2011 | 2010 |
|----------------|------------------|----------------|----------------|
| | | \$ | \$ |
| | <u>Current</u> | | |
| | Trade Payables | 298,345 | 342,316 |
| | GST Payable | 108,213 | 82,087 |
| | Accrued Expenses | 167,849 | 129,621 |
| | Accrued Salaries | | |
| | | <u>574,407</u> | <u>554,024</u> |

| Note 22 | Provisions | 2011 | 2010 |
|----------------|------------------------------------|----------------|----------------|
| | | \$ | \$ |
| | <u>Current:</u> | | |
| | <i>Employee benefits provision</i> | | |
| | Annual Leave (a) | 96,785 | 103,296 |
| | Long Service Leave (b) | 188,064 | 87,198 |
| | Superannuation (d) | <u>24,832</u> | <u>16,400</u> |
| | | <u>309,681</u> | <u>206,894</u> |
| | <i>Other provisions</i> | | |
| | Employment On-costs (c) | <u>17,839</u> | <u>13,087</u> |
| | | <u>17,839</u> | <u>13,087</u> |
| | | <u>327,520</u> | <u>219,981</u> |
| | <u>Non-current:</u> | | |
| | <i>Employee benefits provision</i> | | |
| | Long Service Leave (b) | 192,371 | 166,795 |
| | Superannuation (d) | <u>17,543</u> | <u>15,558</u> |
| | | <u>209,914</u> | <u>182,353</u> |
| | <i>Other provisions</i> | | |
| | Employment On-costs (c) | <u>12,721</u> | <u>12,502</u> |
| | | <u>12,721</u> | <u>12,502</u> |
| | | <u>222,635</u> | <u>194,855</u> |

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

| | | |
|---|---------------|----------------|
| Within 12 months of the end of the reporting period | <u>96,785</u> | <u>103,296</u> |
| | <u>96,785</u> | <u>103,296</u> |

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

| | | |
|---|----------------|----------------|
| Within 12 months of the end of the reporting period | 61,971 | 32,489 |
| More than 12 months after the reporting period | <u>318,464</u> | <u>221,504</u> |
| | <u>380,435</u> | <u>253,993</u> |

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

| <u>(e) Movement in employment on-cost provision</u> | 2011 | 2010 |
|---|---------------|---------------|
| | \$ | \$ |
| Carrying amount at start of year | 25,589 | 20,715 |
| Additional provisions recognised | (129,800) | (116,702) |
| Payments/other sacrifices of economic benefits | 134,612 | 121,327 |
| Unwinding of the discount | <u>159</u> | <u>249</u> |
| Carrying amount at end of year | <u>30,560</u> | <u>25,589</u> |

Note 23 Equity

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

| | 2011 | 2010 |
|--|------------------|------------------|
| | \$ | \$ |
| Reserves | | |
| <u>Asset revaluation surplus</u> | | |
| Restated balance at start of year | 1,239,250 | 1,239,252 |
| Net revaluation increments/(decrements): | | |
| Motor Vehicles | - | - |
| Plant and Equipment | - | - |
| Buildings | - | - |
| Balance at end of year | <u>1,239,250</u> | <u>1,239,250</u> |
| Retained earnings | | |
| Restated balance at start of year | 7,010,219 | 7,308,893 |
| Result for the period | <u>168,568</u> | <u>(298,674)</u> |
| Balance at end of year | <u>7,178,786</u> | <u>7,010,219</u> |

Note 24 Notes to the Statement of Cash Flows

| | 2011 | 2010 |
|--|----------------|----------------|
| | \$ | \$ |
| Reconciliation of profit to net cash flows provided by/(used in) operating activities | | |
| Profit/(Loss) | 168,568 | (298,674) |
| <u>Non-cash items:</u> | | |
| Depreciation | 302,782 | 283,133 |
| Net (gain)/loss on disposal of non-current assets | - | 2,844 |
| <u>(Increase)/decrease in assets:</u> | | |
| Receivables | 25,410 | 74,687 |
| Accrued income and interest | (1,320) | (136) |
| Other financial assets | 13,324 | (24,791) |
| Biological assets | (410,508) | 124,781 |
| Inventories | 59,296 | (27,956) |
| <u>Increase/(decrease) in liabilities:</u> | | |
| Payables | (5,744) | (66,238) |
| Provisions | 135,319 | 49,340 |
| Net GST receipts/(payments) | | |
| Change in GST receivables/payables | 26,126 | 35,927 |
| Net cash provided by/(used in) operating activities | <u>313,253</u> | <u>152,917</u> |

Note 25 Commitments

The commitments below are inclusive of GST where relevant.

| | 2011 | 2010 |
|--|---------------|---------------|
| | \$ | \$ |
| Lease commitments | | |
| Commitments in relation to leases contracted for at the end of the reporting period but not recognised in the financial statements are payable as follows: | | |
| Within 1 year | 33,963 | 36,350 |
| Later than 1 year and not later than 5 years | 16,357 | 50,320 |
| Later than 5 years | - | - |
| | <u>50,320</u> | <u>86,669</u> |

The leases are non-cancellable vehicle operating leases of 30 month and 36 month terms with rent payable monthly.

Note 26 Contingent liabilities and contingent assets

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

Note 27 Events occurring after the end of the reporting period

There were no events that occurred after the Balance Sheet date which would affect this financial statement or disclosure.

Note 28 Explanatory statement

This statement provides details of any significant variations between estimates and actual results for 2011 and between the actual results for 2010 and 2011. Significant variations are considered to be those greater than 10% or \$15,000.

Significant variations between estimate and actual results for the financial year

| | 2011 Estimate | 2011 Actual | Variances | Variances |
|---|------------------|----------------|-----------|-----------|
| | \$ | \$ | \$ | % |
| <u>Revenue</u> | | | | |
| Sales | 6,325,412 | 5,937,381 | (388,031) | -6% |
| Provision of services | 1,281,739 | 1,273,762 | (7,977) | -1% |
| Commonwealth grants and contributions | 0 | 61,924 | 61,924 | 100% |
| Interest revenue | 56,026 | 33,375 | (22,651) | -40% |
| Other revenue | 13,375 | 24,086 | 10,711 | 80% |
| <u>Gains</u> | | | | |
| Net change in fair value of biological assets | 95,956 | 410,508 | 314,552 | 328% |
| <u>Expenses</u> | | | | |
| Cost of sales and services | 6,009,840 | 6,226,559 | 216,719 | 4% |
| Employee benefits expense | 623,690 | 551,552 | (72,138) | -12% |
| Depreciation and amortisation expense | 52,000 | 57,588 | 5,588 | 11% |
| Supplies and services | 860,000 | 736,769 | (123,231) | -14% |

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

| | 2011 Actual | 2010 Actual | Variances | Variances |
|---|----------------|----------------|-----------|-----------|
| | \$ | \$ | \$ | % |
| <u>Revenue</u> | | | | |
| Sales | 5,937,381 | 6,110,639 | (173,258) | -3% |
| Provision of services | 1,273,762 | 1,242,282 | 31,480 | 3% |
| Commonwealth grants and contributions | 61,924 | 0 | 61,924 | 100% |
| Interest revenue | 33,375 | 34,122 | (747) | -2% |
| Other revenue | 24,086 | 47,034 | (22,948) | -49% |
| <u>Gains</u> | | | | |
| Net change in fair value of biological assets | 410,508 | (124,781) | 535,289 | -429% |
| <u>Expenses</u> | | | | |
| Cost of sales and services | 6,226,559 | 6,159,880 | 66,679 | 1% |
| Employee benefits expense | 551,552 | 593,991 | (42,439) | -7% |
| Depreciation and amortisation expense | 57,588 | 50,960 | 6,628 | 13% |
| Supplies and services | 736,769 | 800,295 | (63,526) | -8% |
| Net loss on disposal of non-current assets | 0 | 2,844 | (2,844) | -100% |

Sales

Sales were dramatically lower than the prior year and estimates in the first half of the year in all States. Queensland and Victoria recovered in the second half to be well above prior year and estimates for the year. NSW did not recover and finished the year \$290K below prior year and \$302K behind budget. The ACT was also \$180K below the prior year. The net result was a decline compared to prior year and estimate.

Provision of services

Revenue from the Provision of Services were on estimate and above prior year by approximately the increase in prices.

Commonwealth grants and contributions

The capital grants is new for 2011 and comprises a non-reciprocal grant of \$61,924 from the Australian Phenomics Network to fund acquisition of Cryopreservation Equipment related to work carried out for the APN. The grant has been recognised in its entirety upon receipt. At 30 June 2011, \$18,677 of the grant has been spent. See Note 6 for further explanation. There was no estimate for this income in 2011.

Interest Revenue

Interest revenue for the treasury account was above estimate at 4.9% v 4.5% on the estimate balance. The Bankwest account weighted average interest rates were significantly lower than estimate at 2.42% v 4.5%. The average Bankwest balance was also significantly lower at \$332K as a result of the dramatic decrease in sales compared to estimate. The lower interest rate and balance for the Bankwest account combined to reduce interest revenue compared to estimate.

Other Revenues

Other revenues were higher than estimates with a number of trainees completing the Certificate III in Animal Technology earlier than estimated. Revenue was lower than the prior year with less trainees commencing and completing the traineeships.

Change in fair value of biological assets

The fair value of biological assets increased markedly above estimate and prior year with significantly more breeders and stock for two key strains. The increases in the colony size for each strain were as a result of the increased demand for the last three months of the year and anticipated ongoing demand.

Cost of sales and services

The cost of sales were above estimates and the prior year with higher electricity usage due to the extended hot summer, requiring an additional three months of higher level air conditioning demand. The increased usage and higher price per kw hour increased costs \$65K. Higher LSL provisions increased costs \$150K and animal bedding costs increased \$20K. Savings in many areas offset some of these key cost area increases.

Employee Benefits Expense

The employee benefits expense was below prior year with the reallocation of one employee to production.

Supplies and Services

Supplies and services were below estimate with lower expenditure on replacement computers of \$70K, and a \$40K reduction in effective workers compensation premiums as a result of rebates for continued good OS&H outcomes.

Depreciation Expense

The depreciation expense is above prior year and estimates with the completion of the strains database software project.

Note 29 Financial instruments

(a) Financial risk management objectives and policies

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

Credit risk

Credit risk arises when there is the possibility of the Authority's receivables defaulting on their contractual obligations resulting in financial loss to the Authority.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at Note 29(c) 'Financial Instruments Disclosures' and Note 16 'Receivables'.

The Authority has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Authority's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity risk

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

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

Market Risk

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

(b) Categories of financial instruments

In addition to cash, the carrying amounts of each of the following categories of financial assets and liabilities at the end of the reporting period are as follows:

| | | |
|--|-------------|-------------|
| | 2011 | 2010 |
| | \$ | \$ |
| <u>Financial Assets</u> | | |
| Cash and cash equivalents | 1,174,461 | 1,192,237 |
| Restricted cash and cash equivalents | - | - |
| Loans and receivables | 945,718 | 969,808 |
| Held-to-maturity investments | - | - |
| | 2011 | 2010 |
| | \$ | \$ |
| <u>Financial Liabilities</u> | | |
| Bank overdraft | - | - |
| Financial Liabilities measured at amortised cost (a) | 466,194 | 471,937 |

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

(c) Financial Instrument disclosures

Credit Risk and Interest Rate Exposures.

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

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

The Authority does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

Interest rate exposures and ageing analysis of financial assets

| | Weighted Average Effective Interest Rate | Interest rate exposure | | | Past due but not impaired | |
|-------------------------|---|--------------------------|------------------------------------|-----------------------------------|---------------------------|-------------------|
| | | Carrying Amount \$ | Variable Interest Rate \$ | Non- Interest Bearing \$ | Up to 3 months \$ | 3-12 months \$ |
| <u>Financial Assets</u> | | | | | | |
| 2011 | | | | | | |
| Cash Assets | | 227,026 | | 227,026 | | |
| Receivables | | 945,718 | | 945,718 | 206,832 | 2,904 |
| Cash Management Acc | 2.420 | 441,894 | 441,894 | | | |
| WA Treasury | 4.900 | 505,541 | 505,541 | | | |
| | | <u>2,120,179</u> | <u>947,435</u> | <u>1,172,744</u> | <u>206,832</u> | <u>2,904</u> |
| 2010 | | | | | | |
| Cash Assets | | 180,855 | | 180,855 | | |
| Receivables | | 969,808 | | 969,808 | 181,968 | 7,891 |
| Cash Management Acc | 2.750 | 529,863 | 529,863 | | | |
| WA Treasury | 3.670 | 481,519 | 481,519 | | | |
| | | <u>2,162,045</u> | <u>1,011,382</u> | <u>1,150,663</u> | <u>181,968</u> | <u>7,891</u> |

Interest rate exposure and maturity analysis of financial liabilities

| | Weighted Average Effective Interest Rate | Interest rate exposure | | | Maturity date | |
|------------------------------|---|--------------------------|------------------------------------|-----------------------------------|-------------------------|-------------------|
| | | Carrying Amount \$ | Variable Interest Rate \$ | Non- Interest Bearing \$ | Up to 3 months \$ | 3-12 months \$ |
| Financial Liabilities | | | | | | |
| 2011 | | | | | | |
| Payables | - | 466,194 | | 466,194 | | |
| | | 466,194 | | 0 | 466,194 | 0 |
| 2010 | | | | | | |
| Payables | - | 471,937 | | 471,937 | | |
| | | 471,937 | | 0 | 471,937 | 0 |

Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Authority's financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 100 basis point change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

| | Carrying Amount \$ | -100 basis points | | +100 basis points | |
|------------------------------|--------------------------|-------------------|--------------|-------------------|--------------|
| | | Surplus \$ | Equity \$ | Surplus \$ | Equity \$ |
| 2011 | | | | | |
| Financial Assets | | | | | |
| Cash Assets | 227,026 | | | | |
| Receivables | 945,718 | | | | |
| Cash Management Acc | 441,894 | (4,419) | (4,419) | 4,419 | 4,419 |
| WA Treasury | 505,541 | (5,055) | (5,055) | 5,055 | 5,055 |
| Financial Liabilities | | | | | |
| Payables | 466,194 | | | | |
| Total increase/(Decrease) | | (9,474) | (9,474) | 9,474 | 9,474 |

| | Carrying Amount \$ | -100 basis points | | +100 basis points | |
|------------------------------|--------------------------|-------------------|--------------|-------------------|--------------|
| | | Surplus \$ | Equity \$ | Surplus \$ | Equity \$ |
| 2010 | | | | | |
| Financial Assets | | | | | |
| Cash Assets | 180,855 | | | | |
| Receivables | 969,808 | | | | |
| Cash Management Acc | 529,863 | (5,299) | (5,299) | 5,299 | 5,299 |
| WA Treasury | 481,519 | (4,815) | (4,815) | 4,815 | 4,815 |
| Financial Liabilities | | | | | |
| Payables | 471,937 | | | | |
| Total increase/(Decrease) | | (10,114) | (10,114) | 10,114 | 10,114 |

Fair Values

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

Note 30 Remuneration of members of the accountable authority and senior officers

Remuneration of members of the accountable authority

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

| | | |
|-------------|-------------|-------------|
| \$ 0-10,000 | 2011 | 2010 |
| | 6 | 6 |

The total remuneration of the members of the accountable authority is \$6,460 (2010: \$3,744).

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:

| | | |
|-------------------|-------------|-------------|
| \$ | 2011 | 2010 |
| 100,001 - 120,000 | | 1 |
| 120,001 - 140,000 | 1 | |
| 140,001 - 160,000 | | 1 |
| 160,001 - 180,000 | 1 | |

| | 2011 | 2010 |
|---|---------|---------|
| | \$ | \$ |
| The total remuneration of senior officers is: | 294,243 | 267,853 |

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

No senior officers are members of the Pension Scheme.

| Note 31 | 2011 | 2010 |
|---|--------|--------|
| Remuneration of auditor | \$ | \$ |
| Remuneration payable to the Auditor General in respect to the audit for the current financial year is as follows: | | |
| Auditing the accounts, financial statements and performance indicators | 46,200 | 46,200 |

Note 32 **Related and affiliated bodies**
The Authority does not have any related or affiliated bodies.

Note 33 **Supplementary financial information**
The Authority had no write-offs of public property, no losses through theft or default and no gifts of public property occurred.

Note 34 **Schedule of income and expenses for services**
The Authority operations are integrated to such an extent the production of this schedule is impractical.

ANIMAL RESOURCES AUTHORITY

KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2011

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 2011.



T Tate
Chairman
Animal Resources Authority
Date: 12 August 2011



L Chalmers
Member
Animal Resources Authority
Date: 12 August 2011

ANIMAL RESOURCES AUTHORITY

KEY PERFORMANCE INDICATORS FOR YEAR ENDED 30 JUNE 2011

Detailed information in support of Key Performance Indicators

Outcomes

The Animal Resources Authority facilitates improved health outcomes for the community by providing high quality laboratory animals and technical advice to the biomedical research industry. The ARA services allow medical research to proceed without the potential disruption that could occur from animal health issues, genetic failure or unreliable animal availability.

The support for improved health outcomes from research aligns with the Government Goal:

‘Outcomes Based Service Delivery – Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians’.

Efficiency indicators

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

The cost per animal sold has been chosen as the unit against which costs have been apportioned. The 2010 results reported have been restated using the new methodology.

For the period ended 30 June 2011 the costs are based on full absorption costing for areas of animal production at the Animal Resources Centre are as follows:

| Category | Cost per animal sold | |
|-----------------------|----------------------|-----------|
| | 2010/2011 | 2009/2010 |
| | \$ | \$ |
| Mice | 21.10 | 22.45 |
| Target – <5% increase | 23.57 | |
| Number sold | 186,125 | 199,171 |
| Rats | 61.44 | 50.71 |
| Target – <5% increase | 53.25 | |
| Number sold | 24,123 | 28,132 |

The cost per mouse sold was lower than the prior year and the target price. The major impacts were electricity adding \$0.28, LSL \$0.20 and salaries \$0.13 per animal sold, these cost increases were offset by the planned decrease in repairs and maintenance by \$0.49 and the larger than anticipated increase in the value of the biological assets of

ANIMAL RESOURCES AUTHORITY

KEY PERFORMANCE INDICATORS FOR YEAR ENDED 30 JUNE 2011

\$2.50 as the colony size increased in the last three months of the financial year to meet the surprising surge in demand. The cost savings were made despite the unexpected decrease in sales over the year of 6.55%.

The cost of producing rats was significantly impacted by the unexpected decrease in sales of 14.25%. The colonies tend to be held at the normal size in case sales return to ensure researchers are not left without animals, but as sales did not return colonies were reduced throughout the year to be 25% less than at the start of the year. The slower reduction in colony size due to uncertainty results in a much higher costs per rat sold.

The cost increases for rats sold were electricity \$0.77, LSL \$0.75, Salaries \$0.37, and biological asset value reduction adding \$2.28 per rat sold. Lower repairs and maintenance reduced costs \$1.38. The significant increase is caused by the reduced sales volume. If all costs stayed constant year on year the cost per rat sold would increase \$7.23 to be \$57.93.

Please note expenses relating to the provision of services unrelated to the production of mice and rats for sale have been excluded in the cost to sell a mouse or rat. The expenses are incurred in servicing customer strains of mice held at the ARA and may include research support, standard husbandry practices, import services, re-derivation and cryopreservation. These services incurred expenses of \$1,753,634 in 2011 and \$1,831,041 in 2010.

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 (1) genetically uniform and (2) free of disease producing organisms.

The Quality Control and Genetic testing results that follow demonstrate the ARC has achieved these outcomes.

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. All tests are performed by independent bodies indicated below.

1. Rodent viral and bacterial serology is carried out by:
 - a. the *Murine Virus Monitoring Service*, Institute of Medical and Veterinary Science, South Australia and
 - b. *Cerberus Sciences*, South Australia.
2. Rodent bacteriology is carried out by:
 - a. the *Animal Health Laboratories*, Department of Agriculture WA and
 - b. the *School of Veterinary and Biomedical Sciences*, Murdoch University.

ANIMAL RESOURCES AUTHORITY

KEY PERFORMANCE INDICATORS FOR YEAR ENDED 30 JUNE 2011

Rodent bacteriology targets a standard panel of agents. An additional bacteriology panel was added to this year's health screening for the immunodeficient animals housed in isolators. Immunodeficient animals are more vulnerable to some bacteria than normal animals with a full immune system. The bacterial agents of importance to researchers have therefore been incorporated into the regular testing panels for these immunodeficient strains. This change reflects the increased demand for immunodeficient animals in research.

An ARC Health Report summarising the results of current tests for each production area is available to customers on the Animal Resources Centre website. The Health Report is updated after each health screening.

Genetic monitoring is carried out by the *Evolutionary Biology Unit*, South Australian Museum and *Saturn Biotech*, Murdoch University.

Quality Control

All areas of the facility are sampled and tested monthly for key pathogens and quarterly for a wide range of specified pathogens using serology, culture, PCR and microscopic examination. The collated results for the production areas for the year are shown as number of positives from the total number of samples for each group of pathogens.

Quality Control Test Results Table.

Note: results are shown as positives from total samples taken, for example 10/6750.

| Mice/Rats: | 2010/2011 | | 2009/2010 | | 2008/2009 | |
|--------------------|--|------|-----------|-----|-----------|-----|
| | Actual | % | Actual | % | Actual | % |
| Viral serology | 2/6116 | 0.03 | 0/6326 | 0 | 10/6750 | 0.1 |
| MPV serology | Incorporated into viral serology total | | 0/602 | 0 | 0/695 | 0 |
| Bacterial serology | 0/1325 | 0 | 0/1494 | 0 | 0/1590 | 0 |
| Bacterial culture | 63/5597 | 1.1 | 55/4732 | 1.2 | 101/4390 | 2.3 |
| Parasitology | 0/687 | 0 | 0/672 | 0 | 0/659 | 0 |
| Protozoa/Fungi | 11/585 | 1.9 | 0/558 | 0 | 0/557 | 0 |
| Skin mycology | 0/12 | 0 | 0/26 | 0 | 0 | 0 |
| PCR Viral/Bacteria | 0/453 | 0 | 0/534 | 0 | 4/511 | 0.8 |

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

ANIMAL RESOURCES AUTHORITY

KEY PERFORMANCE INDICATORS FOR YEAR ENDED 30 JUNE 2011

Viral Serology results

There were two positive serology results recorded from 6116 samples for the year. These results were recorded in the first month of the year, in the last mouse production colony being held in an isolated area while completing the eradication of Murine Norovirus (MNV) and *Pasteurella pneumotropica*. The eradication of MNV from all production colonies is a major achievement and is appreciated by the ARC customers.

Bacterial culture results

The 63 positive culture results from 5,597 samples were from two organisms ubiquitous in SPF colonies, either *Staphylococcus aureus* or β -haemolytic streptococci (*Group D enterococcus*). Both organisms are considered to be part of the normal microflora of mice and do not normally constitute a threat. β -haemolytic streptococci are bacteria tested as part of the additional bacteriological testing panel in immunodeficient animals.

The ARC has made a major improvement for customers by creating colonies of the immune compromised mice in isolators and maintaining them free of *S. aureus*.

Protozoa/Fungi

There were 11 positives from 585 samples are normally considered non-pathogenic. A fungus called *Pneumocystis carinii* is prevalent in the general environment and has been in the ARC colonies for many years without impact on the health of the animals. When rats free of this organism are available the ARC will work towards eradicating the organism from rat colonies, if possible considering its ubiquitous nature.

In addition to the routine testing programme discussed above, post mortem and histopathology investigations are completed on any animal with observed illness in the facility. The post mortems are considered to be a support for the normal QC testing to ensure diseases of significance are not present. 265 mice and rats in production areas were examined through post-mortem and no diseases or conditions of significance were identified, other than the findings reported in the QC programme.

In summary, the extensive QC testing and health monitoring indicates the ARC has achieved the desired outcome in relation to health and continues to improve health standards of the animals supplied by the agency.

Genetic monitoring

The ARA objective is to supply a range of true to type strains of mice and rats required by the biomedical research industry. Strains of mice and rats carrying a different genotype provide 'models' of human conditions for use in research to develop new treatments or understanding of the human condition. There are blood pressure, diabetes and cancer models to give but a few examples.

ANIMAL RESOURCES AUTHORITY

KEY PERFORMANCE INDICATORS FOR YEAR ENDED 30 JUNE 2011

Inbred rat and mouse strains are monitored to ensure that genetic contamination, genetic drift or gene mutations have not occurred and therefore the effectiveness of the strain as a research model has not been affected. Any genetic changes can usually not be identified visually. The genetic monitoring program consists of biannual testing with assessment of the pedigree colonies in May and the pooled production colonies in November.

Mice:

In November 2010, 21 inbred mouse strains were tested for genetic purity. 120 mice from the pooled production colonies for the 21 inbred strains were assessed for their genetic purity by SNP analysis of eleven genetic markers at the *Saturn Biotech* Laboratory, Murdoch University. SNP technology is a sensitive method for detecting genetic contamination. No genetic contaminations following SNP analysis were identified in any of the inbred mouse strains for the pooled production colonies.

In May 2011, retired pedigree pairs from 20 inbred mouse strains (129 mice) underwent SNP analysis by the *Saturn Biotech* Laboratory. No genetic contaminations or irregularities were identified.

Rats:

In November 2010, 50 rats from the pooled production colonies for 5 inbred and 2 outbred strains were tested by allozyme electrophoresis for 16 genetic markers at the South Australian Museum's Evolution Biology Unit. There was no evidence of genetic contamination.

In May 2011, 43 retired pedigree rats from 7 inbred strains were sent for allozyme electrophoresis analysis. There was no evidence of genetic contamination.

The results indicate the ARC has been successful in maintaining the genetic conformity of the strains expected.

ANIMAL RESOURCES AUTHORITY

KEY PERFORMANCE INDICATORS FOR YEAR ENDED 30 JUNE 2011

Customer Survey

A response rate of 33.98% was achieved with 53 responses from 156 customers surveyed. The survey was issued later in 2011 than prior years. Unfortunately the timing coincided with University and School holidays resulting in a lower response rate.

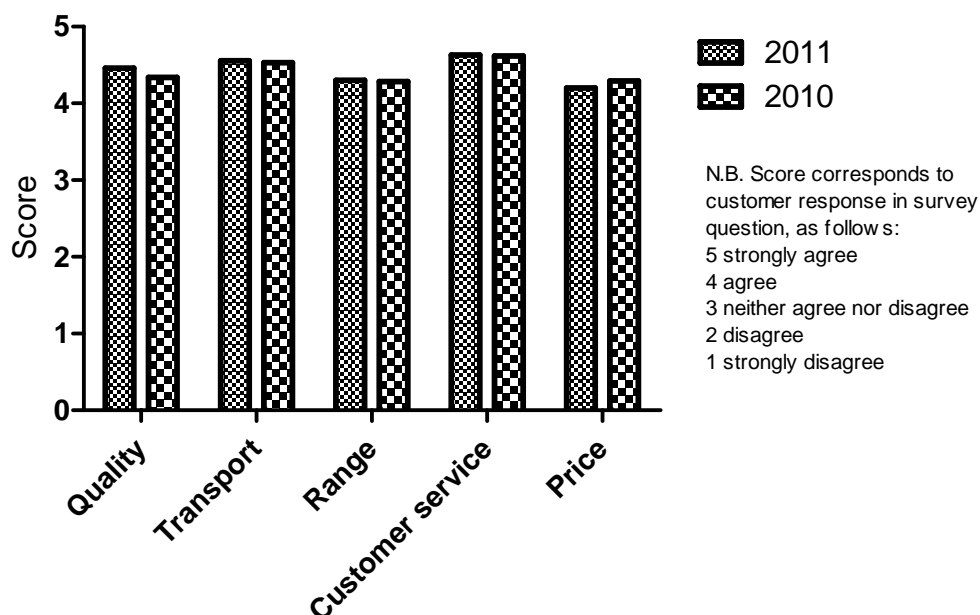


Figure 1: The average score of customer responses for questions relating to each survey category

| | Quality 2010 | Quality 2011 | Transport 2010 | Transport 2011 | Range 2010 | Range 2011 | Customer Service 2010 | Customer Service 2011 | Price 2010 | Price 2011 |
|---------|--------------|--------------|----------------|----------------|------------|------------|-----------------------|-----------------------|------------|------------|
| Average | 4.338 | 4.459 | 4.530 | 4.558 | 4.286 | 4.303 | 4.618 | 4.631 | 4.294 | 4.202 |

Results Commentary

The results shown in Figure 1 are consistent with the 2010 results for the customers who responded. The comments that follow are based on these results. Please note that due to the lower response rate in 2011 the survey responses taken may not be representative of the entire customer population. The results have a confidence interval of 95% and a sampling error rate of 10.94%.

The improvement in the response average for quality reflects the ongoing improvement in health of animal colonies and the elimination of the genetic contamination in two minor strains last year. Efforts in these areas are ongoing as part of the ARC continuous improvement programme.

ANIMAL RESOURCES AUTHORITY

KEY PERFORMANCE INDICATORS FOR YEAR ENDED 30 JUNE 2011

The continued high score for transport is very important to the ARC with the vast majority of sales being to eastern states. The ARC continually strives to ensure a trouble free transport solution.

The maintenance of a high score for customer service is essential as the ARC views this as a strong value added component of the overall product solution the ARC offers.

A slightly lower statistic for price reflects the increasing focus by customers on the total cost of delivered animals that has been evident over the last two years. The ARC is acutely aware of the need to reduce costs in an environment of increasing energy and transport costs.

The following graph provides an insight to the consistency of customer responses. The high percentage of customers with scores of 4 and 5 demonstrates a high level of consistency in the views of customers.

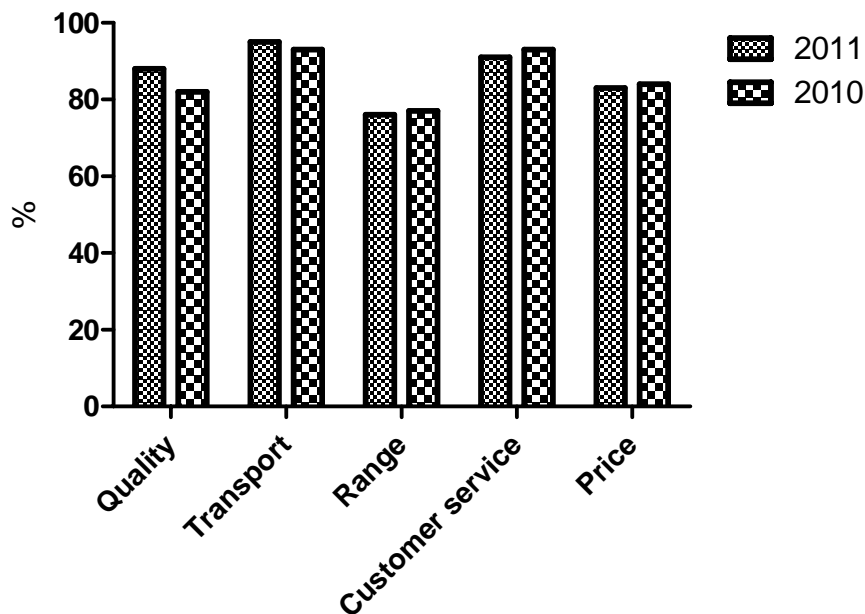


Figure 2: Percentage of customer responses of 4 or greater.

| | Quality 2010 | Quality 2011 | Transport 2010 | Transport 2011 | Range 2010 | Range 2011 | Customer Service 2010 | Customer Service 2011 | Price 2010 | Price 2011 |
|----------------|--------------|--------------|----------------|----------------|------------|------------|-----------------------|-----------------------|------------|------------|
| Percentage (%) | 82 | 88 | 93 | 95 | 77 | 76 | 93 | 91 | 84 | 83 |

ANIMAL RESOURCES AUTHORITY

KEY PERFORMANCE INDICATORS FOR YEAR ENDED 30 JUNE 2011

There has been no major change from the prior year, except for the Quality category that has increased by 6% points. This supports comments made in relation to the general ongoing improving quality of the ARC animals supplied.

In addition to this annual survey the ARC constantly monitors customer concerns and feedback as part of the quality programme associated with the ISO:9001 2008 accreditation the ARC maintains. The system of monitoring customer concerns provides rapid responses to customer concerns and allows ongoing improvement in ARC activities.

ANIMAL RESOURCES AUTHORITY

INDEPENDENT AUDITS FOR YEAR ENDED 30 JUNE 2011

Internal Audit

In 2011 the accounting and financial controls of the customer orders, sales invoicing, receipting and debt collection functions were audited by the independent auditor. This is part of a 3 year rotational plan for evaluating internal controls of financial procedures.

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

AS/NZS ISO 9001:2008

The Animal Resources Authority maintains AS/NZS ISO 9001:2008 certification. In maintaining this accreditation the Animal Resources Centre audits all operating procedures at least annually, is subject to annual surveillance audits and a triennial Certification audit by SGS International Certification Services Pty Ltd.

The successful surveillance audit this year confirmed the Animal Resources Authority continues to be registered under the SGS ICS Quality Assured Firm Scheme.

ANIMAL RESOURCES AUTHORITY

**MINISTERIAL DIRECTIVES
FOR THE YEAR ENDED 30 JUNE 2011**

Ministerial Directives

No Ministerial directives were received during the financial year.

ANIMAL RESOURCES AUTHORITY

OTHER FINANCIAL DISCLOSURES FOR THE YEAR ENDED 30 JUNE 2011

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 while maintaining the Authority's capacity to be sustainable and self funding.

Capital Works

No major works.

Employment and Industrial Relations

Staff Profile

| | 2011 | 2010 |
|---------------------|-------------|-------------|
| Full-time permanent | 45 | 39 |
| Full-time contract | 6 | 20 |
| Part-time permanent | 8.6 | 4.8 |
| Part-time contract | <u>0.5</u> | <u>0.6</u> |
| | <u>60.1</u> | <u>64.4</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. All existing employees were encouraged to complete the training to qualify for the Certificate III in Animal Technology and those who wanted to complete the study have now completed the training. The Registered Training Organisation status continues to allow the Authority to offer Traineeships to target potential staff 25 years and younger when new staff appointments are required. 14 employees now represent this age group. 4 staff members completed the Certificate III in Animal Technology during 2010-11.

Staff also received training in a wide range of management/supervision (frontline management), specialist scientific training, First Aid, Manual Handling, OS&H, EEO, Bullying and Harassment at work, Bullying and Harassment at work for managers and Animal Welfare related areas.

ANIMAL RESOURCES AUTHORITY

GOVERNANCE DISCLOSURES FOR THE YEAR ENDED 30 JUNE 2011

Governance Disclosures

Contracts with Senior Officers

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

Insurance premiums paid to indemnify members of the Board

An insurance policy has been taken out to indemnify members of the Board against any liability incurred under sections 13 or 14 of the Statutory Corporations (Liability of Directors) Act 1996. The amount of the insurance premium paid for 2010/2011 was \$6,699.

ANIMAL RESOURCES AUTHORITY

OTHER LEGAL REQUIREMENTS FOR THE YEAR ENDED 30 JUNE 2011

Compliance with Public Sector Standards and Ethical Codes 2010-2011

| 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 ARA 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 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 ARA Code of Conduct is based on the WA Code of Ethics. |
| 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 ARA Code of Conduct is included in the Employee Handbook.• The ARA Code is explained to all new employees at their Induction.• The ARA Code of Business Conduct was revised in December 2008, in consultation with staff. |

ANIMAL RESOURCES AUTHORITY

OTHER LEGAL REQUIREMENTS FOR THE YEAR ENDED 30 JUNE 2011

Disability Access and Inclusion Plan Outcomes

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

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

Record keeping Plans

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

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

- The revised RKP2010 has been approved by the State Records Commission.
- All new employees undergo an intensive induction program which includes recordkeeping requirements, as well as roles and responsibilities of all staff.
- The certificate III in Animal Technology requirements include the importance of record keeping as they relate to ARA activities.
- Every employee has received a copy of the ARA Employee Handbook which outlines our Records Management policy and procedures.

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

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

The OPSSC DVD, '*SPEAKING OUT – A guide to making a Public Interest Disclosure*' has been shown to all staff. All new employees view and discuss the issues during Induction.

Freedom of Information Statement

The Animal Resources Authority's mission, details of legislation administered and the agency structure are presented in Overview section 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 2011

Occupational Safety and Health

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

An Occupational Safety and Health Committee, which includes employee and management representation, meets as required or every three months to discuss and resolve OSH matters. Employee representatives on the Committee consult with staff and raise OSH issues identified.

Managers and staff conduct safety analyses for their work 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 OSH system that has been effective in reducing risks and hazards in the workplace. Significant investment in manual handling task removal was a direct outcome of staff input.

ARA Injury Management Policy and Procedures have been 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 team maintains a very proactive approach to injury management in order to reduce the amount of lost time due to injury and to achieve improved outcomes for the injured employee.

Report on ARA OSH Annual Performance for 2010/11

| Indicator | Target 2010/11 | Actual 2010/11 |
|--|-------------------|-------------------|
| Number of fatalities | 0 | 0 |
| Lost time injury/diseases incidence rate | 1.42 | 1.66* |
| Lost time injury severity rate | 0 | 0 |
| Percentage of injured workers returned to work within 28 weeks | 100% | 100% |
| Percentage of managers trained in occupational safety and health and injury management responsibilities. | 80% | 80% |

*Only one LTI occurred but less full time equivalent employees for the year has increased the incidence rate.