

ANNUAL REPORT

2016–17



Department of
Primary Industries
Food Authority

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ABOUT US



Our Minister



The NSW Government is committed to ensuring that food produced and sold in NSW is safe for human consumption and that people have access to the information necessary to inform their choices about the food they eat.

I am always proud to highlight the fact NSW is the only state in Australia with a single oversight body, responsible for regulating and monitoring every stage of the food production chain.

This means that from paddock to plate consumers can be confident the NSW Government is working with industry and other stakeholders to minimise foodborne illness, undertake important compliance and enforcement work and be the providers of the most up-to-date food safety information.

This year we have continued to work towards achieving the goals of the NSW Government's Food Safety Strategy 2015–2021 which are to:

- **Increase** food businesses' contributions to NSW's economic growth and prosperity,
- **Mitigate** risks and protect the safety of NSW consumers,
- **Improve** the clarity and accessibility of food information provided to NSW consumers and industry.

Through partnerships with industry, local councils and the community we are working to ensure food businesses do the right thing and consumers are assisted to make informed and healthier choices.

Through partnerships with industry, local councils and the community we are working to ensure food businesses do the right thing and consumers are assisted to make informed and healthier choices.

The work undertaken by the NSW Food Authority delivers important and beneficial outcomes for businesses and the community. This includes:

- Achieving the goal of a 95% compliance rate for NSW businesses including an average 95.1% audit and inspection compliance rate across food industry sectors,
- A 39% drop in foodborne illness caused by *Salmonella* Typhimurim,
- Our significant contribution to the approval process by the Australia and New Zealand Forum on Food Regulation legalising the sale of low THC hemp as food.

I acknowledge and thank the staff and management at the NSW Food Authority for their continued dedication and professionalism in consistently achieving such admirable results.

I invite you to read the NSW Food Authority's 2016–17 Annual Report to learn more about the positive outcomes the agency delivers for consumers and industry.



The Hon Niall Blair MLC

Minister for Primary Industries
Minister for Regional Water, and
Minister for Trade and Industry
Deputy Leader of the Government in the Legislative Council

Letter of submission



Department of
Primary Industries
Food Authority

13 October 2017

The Hon. Niall Blair MLC

Minister for Primary Industries
Minister for Regional Water, and Minister for Trade and Industry
Deputy Leader of the Government in the Legislative Council
Level 19, 52 Martin Place
Sydney NSW 2000

Dear Minister

I am pleased to submit the Annual Report and the financial statements of the NSW Food Authority for the year ended 30 June 2017.

The report was prepared under the provisions of the *Food Act 2003* (NSW) and the *Annual Reports (Statutory Bodies) Act 1984*.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Lisa Szabo'.

Lisa Szabo
Chief Executive Officer
NSW Food Authority

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Our charter

The NSW Food Authority contributes to the overall health and prosperity of the people of NSW because we work to ensure that food produced, manufactured and sold in NSW and exported is monitored and safe at each step it goes through from paddock to plate. Doing this keeps people safe, protected and knowledgeable about food safety and the potential risks to their health.

The Food Authority's primary objective is to provide consumers in NSW with safe and correctly labelled food, to inform and educate the state's food producers, manufacturers and retailers and to provide information and education to enable people to make informed choices about the food they eat.

We are responsible to the NSW Minister for Primary Industries, and we provide a single point of contact on food safety and regulation for industry, government and consumers.

Our objectives

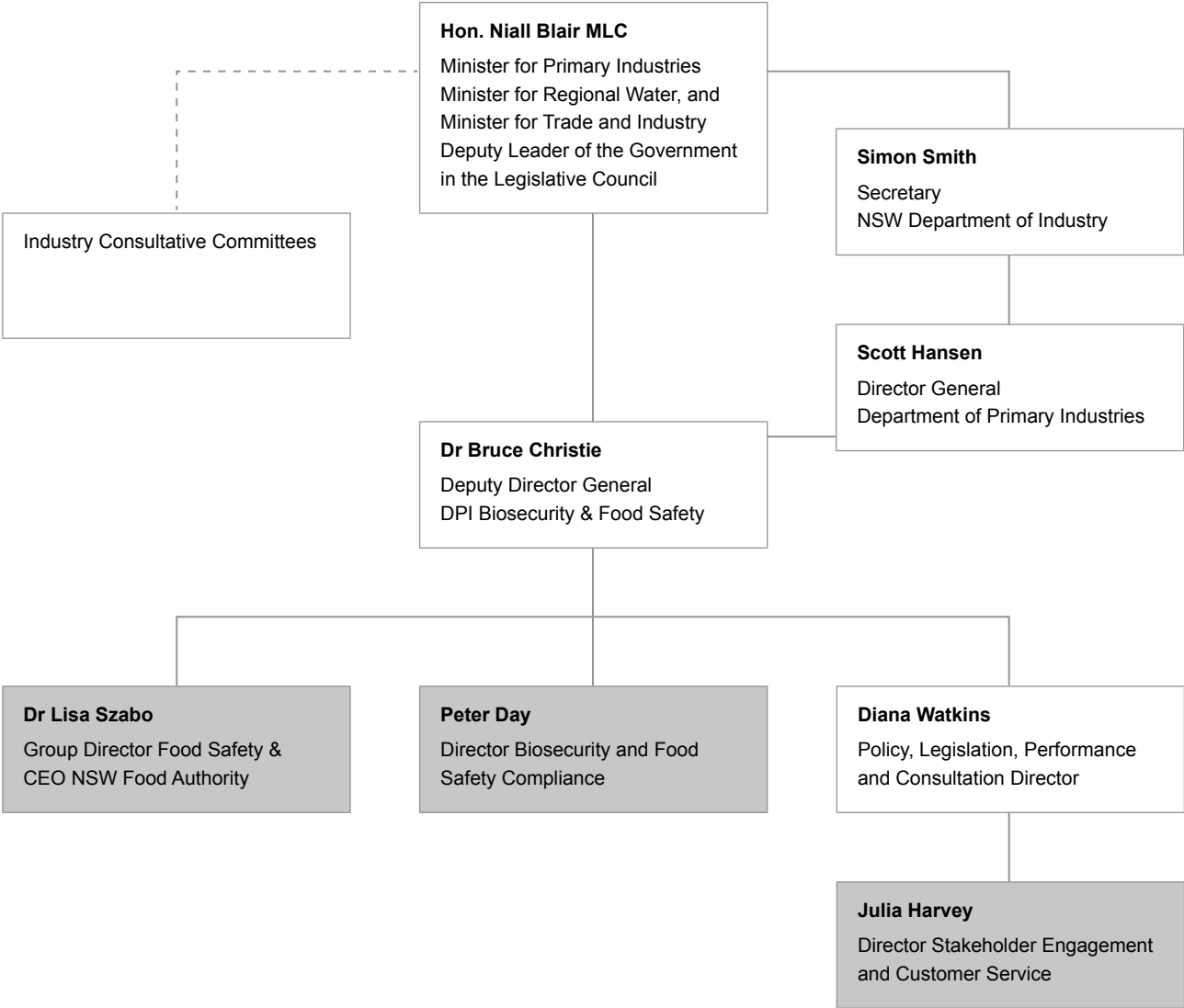
The NSW Food Authority has a coordinated and consistent approach to ensuring the people of NSW are safe and protected from risks to their health from food poisoning.

We work to protect NSW consumers by:

- monitoring food safety schemes for higher-risk foods and businesses through a process of evidence based science and risk analysis
- auditing and inspecting businesses to drive performance and compliance across the supply chain in partnership with local government
- educating consumers and businesses through easy to find information, advising them on good food handling practices and helping them understand their roles and responsibilities
- contributing to the development and implementation of trans-Tasman food standards, through Food Standards Australia New Zealand (FSANZ)
- actively reviewing applications and proposals to change the Food Standards Code
- leading the way on national policy initiatives such as reducing foodborne illness
- managing food related incidents such as food poisoning outbreaks to limit their impact and participating in safe food handling promotions – working hand in hand with other government agencies, industry and local councils.

Management & structure

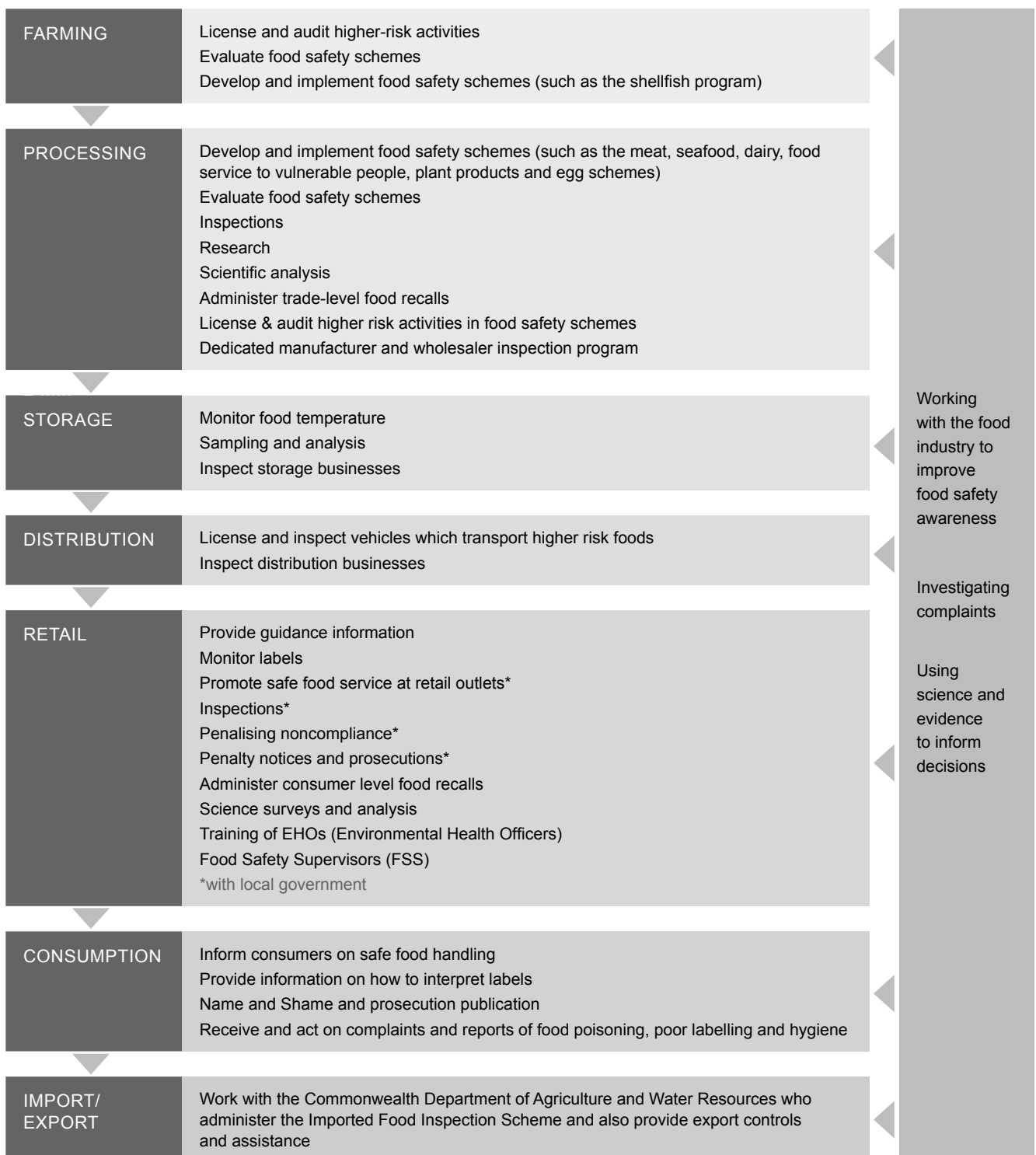
DPI Biosecurity & Food Safety Management Structure as at 30 June 2017



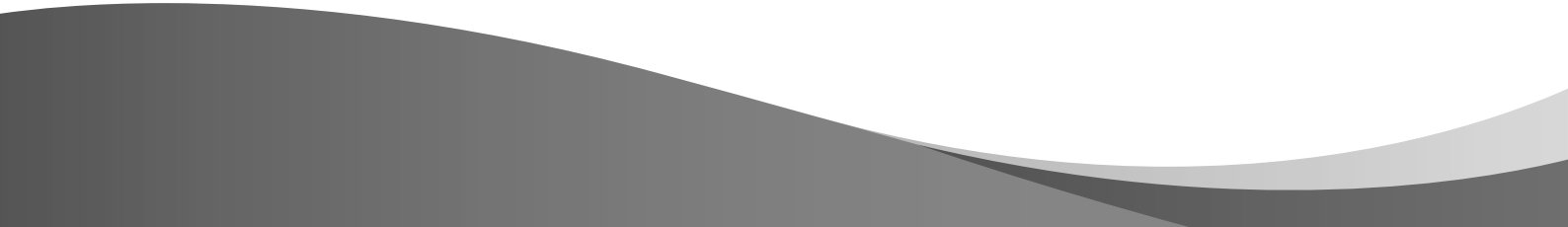
NB: shading indicates executive position funded by the NSW Food Authority

Our contribution to food safety

Keeping food safe is vital for NSW food businesses. At every stage to consumption, food safety is a serious matter. When food businesses don't do the right thing, the NSW Food Authority or local councils are there to act. Businesses that break the law can be fined or prosecuted.



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PERFORMANCE



Highlight summary

The Food Authority delivered confidence and certainty in the State's food safety to our stakeholders, the consumers of NSW and international markets during 2016–17. The NSW food industry contributes \$113 billion to the state's economy each year, accounting for 24 per cent of the Gross State Product.

By working in partnership with the food industry and the wider community to reduce food poisoning and its impacts on the health and economy of NSW communities, the Food Authority has delivered multiple benefits to the people of NSW, helping food businesses contribute to the state's economic growth and prosperity.

Highlights:

- continued to deliver on outcomes identified in the NSW Government Food Safety Strategy 2015–2021, a six-year plan to drive and further enhance NSW's reputation as a supplier of safe, quality food. The strategy, safe food from paddock to plate, has outlined priorities and opportunities for the state's food industry into the future including the reduction of foodborne illness by 30 per cent by 2021 and a 95% compliance rate with food safety requirements by NSW businesses. The 95% compliance goal was achieved in the 2016/17 financial year with an average 95.1% audit and inspection compliance rate across food industry sectors. Foodborne illness caused by *Salmonella* Typhimurim dropped by 39% in NSW
- significant contribution and role in the national work that resulted in the approval by the Australia and New Zealand Forum on Food Regulation of the sale of low THC hemp as food
- excellent compliance outcomes as part of the Fresh Noodle Project, an initiative implemented at a specific industry sector identified as underperforming as part of the Authority's ongoing monitoring activities to ensure industry meets compliance targets
- the remake of the Meat Industry (Meat Industry Levy) Regulation, that came into effect 1 September 2016 following extensive consultation and preparation into the remake of the Meat Industry Levy (MIL) 2006, to determine it would be remade without amendments

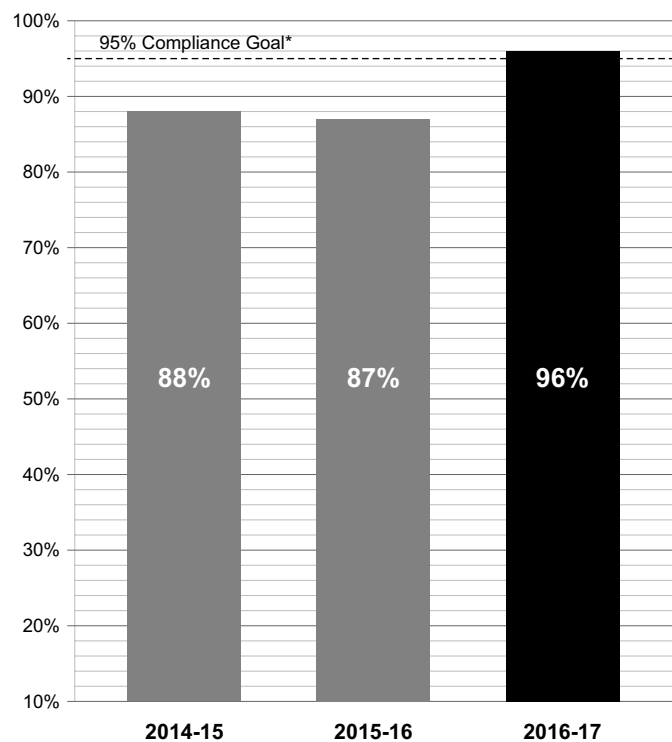
- the launch of the NSW Food Authority's interactive food labelling hub, designed to help consumers find easy to understand food labelling information and as an important regulatory labelling information resource for industry, a 'one stop shop' for both audiences
- consultative approach with egg, poultry, meat, plants, vulnerable persons, retail, seafood and shellfish industries as part of our statutory regulatory responsibilities and charter to inform and develop a food safety culture with industry
- significant role in the coordination and leadership of the Department of Primary Industries response to the presence of PFAS at various sites across NSW, providing sample collection, analysis of results, support and advice to the Expert Panel, industry and consumers
- supported food safety compliance in the retail sector through its Food Safety Supervisor, Name and Shame and Scores on Doors initiatives, and additional training requirements for Food Safety Supervisors with three focus areas on allergens, cleaning and sanitation, and raw eggs
- major sponsor of the 50th Annual Australian Institute of Food Science and Technology (AIFST) Convention, and delivered key presentations on investigation into foodborne diseases and managing future technologies and innovations advancing the food industry
- delivered steady improvement in reducing regulation, increased efficiency and greater enforcement consistency via the NSW Food Regulation Partnership with local government
- contributed to food safety management through the Food Authority's ongoing product recalls which result in prompt removal of products from the market place that pose a food safety risk
- completed the scheduled audits and inspections of licensed businesses and continue to monitor compliance and drive improved food safety outcomes
- undertook targeted enforcement action with businesses that do the wrong thing to ensure food safety and product integrity are a priority for all business

Meat

The NSW Food Authority licenses businesses across the supply chain in the meat sector. This includes 35 poultry and rabbit abattoirs, 31 red meat abattoirs, 392 meat processing plants, 410 poultry primary production premises, 1686 retail meat premises, 440 game meat harvest vehicles and 82 field depots. Of the 7843 food transport vehicles licensed with the NSW Food Authority, 5900 are authorised to transport meat products.

Compliance across the sector with food safety program requirements for the 2016–2017 financial period was 96%, a significant improvement in the average over the last 3 years.

Meat Sector Compliance Rate



*NSW Food Safety Strategy 2015–21 target

Country of Origin labelling

The national Country of Origin food labelling laws commenced on 1 July 2016.

The NSW Food Authority supported the Australian Competition and Consumer Commission (ACC) in the federal government's reforms to the laws.

The Authority worked to inform industry of the impending change in the lead up and continue to provide support by working with the sector to help them understand and apply the ACCC's guidelines.

There is a two-year grace period to allow businesses to change their food labels to comply with the new law before it becomes mandatory on 1 July 2018.

Sydney chicken producer prosecuted

In June 2017 a Sydney chicken producer was convicted and fined a total of \$34,000 and ordered to pay more than \$6,000 in professional costs after he pleaded guilty to twelve charges relating to failures in hygiene, maintenance and Food Safety Program monitoring in the Downing Centre Local Court.

The Moorebank man was fined under section 104 of the *Food Act 2003* for ten offences relating to handling and selling food in a manner that contravened the provision of a food safety scheme and monitoring the food safety program for the business.

He also pleaded guilty to two charges under section 21 of the Act for failing to comply with the Food Standards Code.

Remake of the Meat Industry Levy Regulation 2006

The Meat Industry Levy 2006 commenced on 1 September 2016, as per requirements of the NSW Government's automatic repeal process under the *Subordinate Legislation Act 1989*.

Following a comprehensive review process, including an exhibition period inviting comment from stakeholders, it was determined that the 2006 Regulation would be remade without amendments as the Meat Industry (Meat Industry Levy) Regulation 2016.

The Regulation, together with the Meat Industry Act 1978, is an effective regulatory framework that provides for the collection of an annual Meat Industry Levy to help fund food safety activities that benefit NSW meat producers.

This enables the Food Authority to continue to participate in food safety activities that underpin consumer confidence in the NSW meat industry and build on the strong reputation of Australia's domestic and export markets for supplying safe food, whilst minimising regulatory costs on businesses.

Targeted audit improvement training and education program

As part of its commitment to continually improving how the Authority engages with its licensees, during the 2016/17 financial year the Authority conducted a targeted audit improvement training and education program focussing on the retail meat sector. The program included a number of on-site sessions at retail meat premises to guide businesses through food safety and regulatory requirements specific to their operations with a focus on maintaining monitoring records using their food safety program and retail diary.

Retail Meat Food Safety guidance developed

A review of audit and inspection compliance data for the retail meat sector found that retail meat businesses did not fully understand the regulatory requirements needed to comply with their Food Safety Program (FSP), the lack of understanding consequently resulted in a high level of non-compliance for FSP specific breaches and subsequent audit failures.

The Authority delivered the *NSW Retail Meat Food Safety Program & Retail Diary* guidance documents to retail meat businesses over the course of the 2016–17 period. The guidance provides retail meat businesses with all the information they need to meet their regulatory requirements. The success of this guidance is reflected in the increase of 9% from 87% in the previous financial year to 96% compliance for the sector for 2016–17.

Supporting growth in the sector

The NSW Food Authority continues to partner with industry to support new business and technologies to encourage economic growth.

During the 2016–17 financial period, the Food Authority continued to provide advice relating to the construction of new abattoirs and meat processing facilities to ensure that all legislative requirements were met.

Meat Industry Consultative Council

The Meat Industry Consultative Council (MICC) membership is designed to bring expertise and new ideas to enhance strategic focus and issue resolution across the red meat and poultry meat sectors.

In 2016–17 the Council was integral to the Authority in consulting with industry to undertake the review of the Meat Industry Regulation 2006.

The MICC, meets approximately every six months and provides feedback to the NSW Food Authority and the Minister for Primary Industries on industry issues, including:

- meat and poultry meat food safety policy and practices
- discuss emerging food safety issues
- labelling, handling and hygiene
- investigating and prosecuting businesses and individuals engaged in deceptive or misleading conduct.

Consultative Council representation:

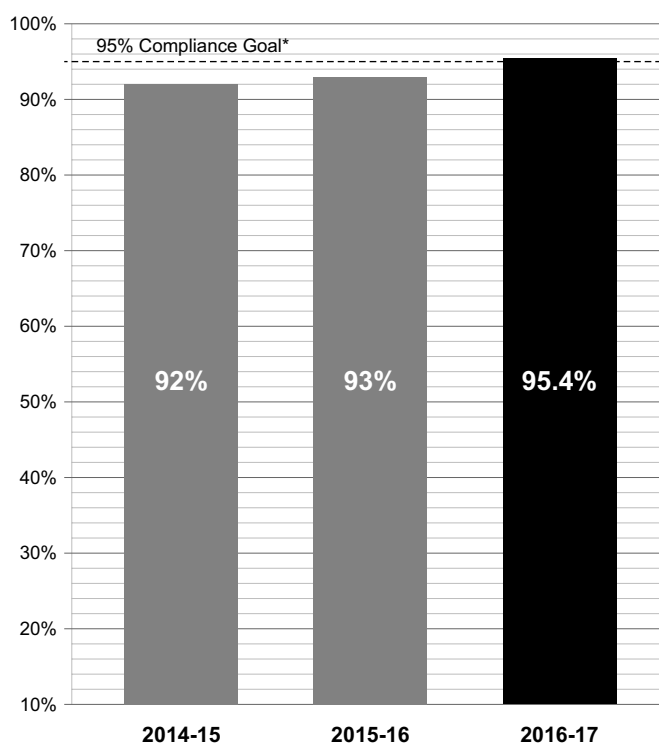
Chair: Dr Lisa Szabo, NSW Food Authority
 Australian Meat Industry Council (red meat processors)
 Australian Meat Industry Council (meat retailers)
 Australian Pork Limited
 NSW Farmers Association (livestock producers)
 NSW Farmers Association (poultry meat producers)
 Australian Chicken Meat Federation
 Duck Meat Industry
 Poultry Meat Industry Processors
 NSW Department of Primary Industries

Eggs

The Authority licenses businesses across the supply chain in this sector. This includes eight egg processors, 310 egg producers as well as cold food stores. Of the 7843 transport vehicles licensed with the NSW Food Authority approximately 2600 are authorised to transport egg products.

Compliance across the sector with food safety program requirements for the 2016–17 financial period was 95.4%, an improvement on the average over the last 3 years.

Egg Sector Compliance Rate



*NSW Food Safety Strategy 2015–21 target

Review of egg stamping implementation in NSW

During the 2016/17 period the NSW Food Authority undertook a review of the mandatory NSW egg stamping requirements introduced in November 2014.

The review considered implementation costs and egg producers' experiences and sentiments regarding egg stamping and its implementation. One hundred NSW egg producers representing more than 95% of NSW egg production capacity were surveyed and revealed overwhelming industry support for egg stamping.

The review found that the cost of implementation for hen eggs was generally between half to two thirds lower than estimated by the Commonwealth Productivity Commission. While implementation costs for duck and quail eggs were higher than anticipated, the Authority is undertaking further work in an effort to reduce those costs.

Another benefit identified by respondents was the improved product traceability in terms of both food safety and product integrity.

Salmonella Typhimurium on the decline

While the most recent data from NSW Health shows that overall cases of *Salmonella* continue to trend up nationally, a particular strain, *Salmonella* Typhimurium (*S. Typhimurium*), has been on the decline over the last three years.

S. Typhimurium has traditionally been the dominant subtype of *Salmonella* across Australia, typically

accounting for more than half of all salmonellosis cases up to 2014. It was commonly found on farm and had been linked to many raw egg outbreaks.

Recent data shows that nationally since 2014 *S. Typhimurium* has decreased by 24%, with an even stronger result in NSW with a 39% decrease in the same period.

Several initiatives introduced by the Authority may have factored into this improvement including the farm to fork approach to biosecurity and food safety, the development of safety guidelines for the preparation of raw egg products, training for local government Environmental Health Officers in raw egg guidelines and enforcement and revamped food Safety Supervisor modules focusing on raw egg products and cleaning and sanitising.

During the reporting period the NSW Food Authority continued to work on its *Salmonella* reduction strategy, specifically aimed at safe egg preparation in the retail food sector. This aligns with the NSW Government Food Safety Strategy 2015–2021's goal to reduce foodborne illness, including *Salmonella*, across the food chain by 30% by 2021.

Free range egg labelling – new national information standard

After a lengthy consultation period with industry and consumer groups, the new national free range egg information standard came into effect on 26 April 2017. The new information standard, under Australian Consumer Law, clarifies the meaning of free range eggs, stating they must be laid by hens that have meaningful and regular access to outdoors, able to roam and forage and subject to a stocking density of 10,000 hens or less per hectare.

The information standard has a 12-month transition period and commences on 26 April 2018.

Egg Industry Consultative Committee

The Egg Industry Consultative Committee (EICC) membership is designed to bring expertise and new ideas to enhance strategic focus and issue resolution across the egg industry sector.

The EICC meets approximately every six months and provides feedback to the NSW Food Authority and the Minister for Primary Industries on issues relating to egg industries, including:

- food safety policy and practices
- the Egg Food Safety Scheme
- labelling, food handling and hygiene

Consultative Committee representation:

Chair: Dr Lisa Szabo, NSW Food Authority

Australian Egg Corporation

NSW Farmers Association


Egg Farmers Australia

Pace Farm (representing large egg processors)

Pirovic Enterprises (representing large egg producers)

Manning Valley Free Range Eggs (representing free range egg producers)

NSW Department of Primary Industries

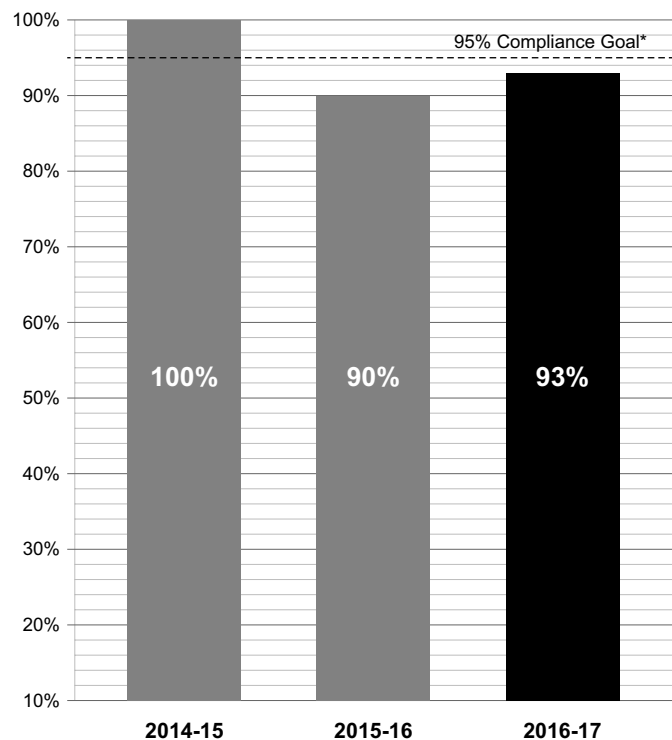


Shellfish

The Authority licenses approximately 299 businesses in this sector. This includes 245 oyster farmers and 54 shellfish wild harvest businesses.

Compliance across the sector with food safety program requirements for the 2016–17 financial period was 93%, below the average result over the last 3 years, but up 3% on the results from the previous financial year. The change in compliance in the 2015–16 financial year was due to changes to the shellfish audit model which required additional verification audits be conducted on licensees where inconsistencies are found in submitted paperwork. The result did not reflect an impact on food safety in this sector, but was a temporary fluctuation as licensees adapt to new audit model, the increase in compliance for this period is a positive sign of the industry adapting to the new requirements.

Shellfish Sector Compliance Rate



*NSW Food Safety Strategy 2015–21 target

Future Oysters Cooperative Research Centres to boost industry

An application for funding by the Future Oysters Cooperative Research Centres Program was successful, designed to encourage and facilitate small and medium enterprises (SME) participation in collaborative research, the Future Oysters project will see collaborative teams undertake research to rebuild and evolve the Australian oyster aquaculture industry.

The funding application was developed by leading industry aquaculture entities including representatives from NSW, Tasmania and South Australia and the NSW DPI as a major research partner.

Kalang River reopens

Following extensive remediation works and cooperation with the Kalang River Working Group, the Bellingen Shire Council and various other state government agencies, in November 2016 the NSW Food Authority was able to reopen the Kalang River for oyster harvest after an eight-year closure due to norovirus contamination.

The opening was achieved after Bellingen Shire Council advised the NSW Food Authority that all pollution sources impacting the Kalang River have been remediated, with all sewage management issues in the catchment resolved.

The Authority's Shellfish Program will continue to monitor and undertake annual reviews of the area.

Virus survey shows NSW oysters safe

Human viruses such as Hepatitis A and Norovirus are frequently associated with shellfish related foodborne disease outbreaks overseas. A national survey of oysters suitable for harvest was conducted to determine baseline levels of these viruses in Australia.

In August 2016 a report of the results of this survey of commercial Australian growing areas, represented by 33 oyster production regions in NSW, South Australia, Tasmania and Queensland. A total of 297 samples were collected during two rounds of sampling and tested for Hepatitis A and Norovirus, of which neither was detected in either sampling round, indicating an estimated prevalence for these viruses in Australian oysters of <2% with a 95% confidence interval based on the survey design.

The low estimated prevalence of foodborne viruses in Australian oysters was consistent with epidemiological evidence, with no oyster-related foodborne viral illness reported during the survey period.

In NSW shellfish safety is managed through the stringent requirements of the NSW Food Authority's Shellfish Program and the results show that the preventative systems in place are effectively managing viral risks.

Direct Harvest approval for Carrington Bay

In August 2016 the Carrington Bay harvest area in Port Stephens was successful in having its classification upgraded to Approved, bringing the number of Approved harvest areas in NSW to 39, equating to 52% of the state's shellfish harvest areas in total.

The approval means that ten oyster farmers operating out of the area are now able to market their product directly from their leases, a result of a number of years of strong compliance with sampling requirements to support the classification upgrade.

Twofold Bay Algal Toxin investigation

A sustained outbreak in the later months of 2016 of a certain toxic algae species, *Alexandrium fundyense*, in the Two Fold Bay area of southern NSW required ongoing monitoring, testing and communication to industry and consumers due to the algae that producing paralytic shellfish toxins that can cause Paralytic Shellfish Poisoning (PSP).

No illnesses were reported as a result of the stringent safety measures in place.

Revised reporting requirements for stock movement

In response to a number of incidents involving oyster farmers processing product from other estuaries the Authority has clarified reporting requirements surrounding stock movements in order to ensure traceability is maintained.

An oyster farmer selling oysters to another oyster farmer for processing must complete a NSW Food Authority Production record for that sale. The processing farmer is not required to complete a Production Record thereafter but must maintain records and sales advice.

Working with industry, NSW DPI Fisheries and other agencies

The Authority continued to work with various agencies on a number of joint initiatives this financial year in an effort to address issues facing the industry and provide business with confidence and certainty.

This includes participation in the regular Operation Trident activity that targets black market oyster sales. As a result of Operation Trident surveillance, in August 2016 a Murwillumbah found guilty of larceny in the Mullumbimby Local Court, after he was apprehended collecting more than 200 restaurant grade oysters in the Brunswick River. He was convicted and fined \$1000. Black market oysters pose a food safety risk to consumers because they're not subject to the stringent food safety tests and purification processes required by the NSW Food Authority's shellfish program.

The Authority also continued to provide input into the all of NSW government work into minimising the exposure to PFAS at various sites across NSW, staff have assisted through the provision of collection and sampling and dietary advice based on guidelines determined by Food Standards Australia New Zealand (FSANZ).

A working group has been established in order to better deal with conflict between recreational boaters, fishers and oyster leases. Made up of representatives of NSW DPI Fisheries (aquaculture and recreational fishing), Roads and Maritime Services, oyster farmers and the recreational fishing sector the working group will be seeking to resolve concerns around the interactions between oyster farmers and users of recreational vessels around oyster leases.

Shellfish program evaluation

During 2016–17 the Food Authority undertook work for evaluation of the NSW shellfish program.

The draft report for the evaluation of the NSW shellfish program was completed during 2016–17. This draft was circulated for internal comment within government. A presentation on key results of the evaluation was presented to the NSW shellfish committee on 17 August 2016. The results were well received by the committee. The Food Authority intends to publicly release the NSW shellfish program evaluation report during 2017–18.

NSW Shellfish Committee

The NSW Shellfish Committee membership is designed to bring expertise and new ideas to enhance strategic focus and resolution of issues resolution across the shellfish industry.

The committee meets quarterly and provides advice to the Minister and the NSW Food Authority on the operation and administration of the NSW Shellfish Program, including local level operation.

Consultative Committee representation:

Chair: Mark Boulter, Sydney Fish Market

NSW Food Authority

NSW Department of Primary Industries

Moonlight Flat Oysters
(representing south coast oyster farmers)

Kelvin and Caroline Henry Oysters
(representing south coast oyster farmers)

Ritchie oysters
(representing south coast oyster farmers)

Camden Haven Oysters
(representing mid north coast oyster farmers)

MS Verdich & Sons
(representing mid north coast oyster farmers)

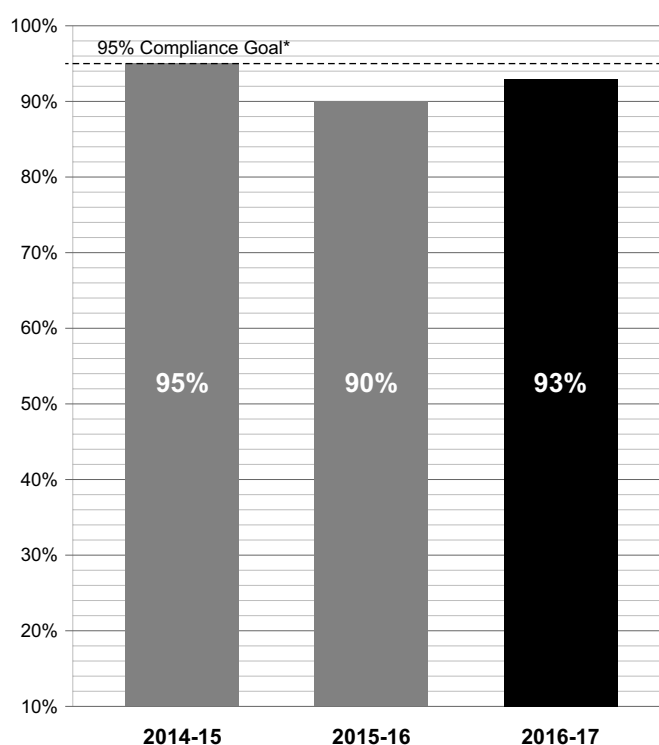
Myee Pipi Incorporated
(representing wild harvest oyster farmers)

Seafood

The Authority licenses businesses across the supply chain of this sector. This includes 223 seafood processing plants and 926 facilities that handle wild caught seafood as well as cold food stores. Of the 7843 food transport vehicles licensed with the NSW Food Authority approximately 4100 are authorised to transport seafood products.

Compliance across the sector with food safety program requirements for the 2016–17 financial period was 93%, in line with the average over the last 3 years.

Seafood Sector Compliance Rate



*NSW Food Safety Strategy 2015–21 target

Country of Origin labelling

The national Country of Origin food labelling laws commenced on 1 July 2016.

The NSW Food Authority supported the Australian Competition and Consumer Commission (ACC) in the federal government's reforms to the laws.

The Authority worked to inform industry of the impending change in the lead up and continue to provide support by working with the sector to help them understand and apply the ACCC's guidelines.

There is a two-year grace period to allow businesses to change their food labels to comply with the new law before it becomes mandatory on 1 July 2018.

White Spot

The detection of White Spot, a contagious viral disease of crustaceans, in a prawn farm in south east Queensland in December 2016 prompted an immediate response from NSW authorities to restrict importation of any uncooked decapod crustaceans into NSW from the affected areas.

While White Spot does not pose a human safety risk, the protection of the NSW prawn industry is a top priority and in conjunction with the NSW DPI the Authority has been proactively involved in minimising the risk of the virus being introduced into this state.

This includes surveillance and sampling from prawn farms, tests from these commercial farms and limited sampling of wild prawns in NSW have returned negative results (as at 30 June 2017).

Ciguatera research continues

Two more ciguatera fish poisoning (CFP) incidents occurred during the reporting period, reported in August 2016 and February 2017. This brings the number of incidents between 2015–17 to four, each occurred at different locations and involving Spanish Mackerel or other imported fish.

The NSW Food Authority continues to work with various agencies including NSW Health and the NSW DPI and Queensland authorities to identify and manage these events and continues its work in partnership with the University of Technology Sydney (UTS) in developing and refining risk management options. The Authority has prepared a number of scientific journal items designed to promote awareness of CFP and highlight knowledge gaps for food regulators and health professionals.

Inspection of Fishing Vessels

Ongoing challenges in accessing fishing vessels in continuous operation for routine inspection has been addressed with the development of a dedicated fishing vessel inspection program.

The new program means that licensed fishing vessels are being inspected at the required frequency, but at a time that is arranged to be suitable to all parties and without disruption of business operations.

At the close of the 2016–17 reporting period more than 330 vessels had been inspected, the inspections identified an excellent level of compliance with licensees maintaining their vessels to an extremely high standard and 99% achieving an acceptable result.

Contribution to Expert Panel on state wide PFAS incidents

The NSW Food Authority has continued to play a significant role in the provision of food safety analysis and advice to the Expert Panel convened by the NSW government and led by the NSW Chief Scientist and Engineer to response to the presence of PFAS at various sites across NSW that have subsequently been identified following the initial discovery of PFAS at the Williamstown RAAF base.

The contribution has included sample collection, analysis of results, support and advice to the Expert Panel, industry and consumers.

NSW Seafood Industry Forum

The NSW Seafood Industry Forum (SIF) membership is designed to bring expertise and new ideas to enhance strategic focus and issue resolution across the seafood industry sector.

The SIF meets approximately every six months and provides feedback to the Authority and the Minister for Primary Industries on issues relating to seafood industries, including:

- food safety policy and practices
- the Seafood Safety Scheme
- labelling, food handling and hygiene

Consultative Committee representation:

Chair: Dr Lisa Szabo, NSW Food Authority

Sydney Fish Market

Association of Fishermen's Cooperatives

Seafood Importers Association of Australasia

NSW Aquaculture Association

Professional Fisherman's Association

Seafood wholesale/processing sector

Master Fish Merchants Association of Australia

NSW Department of Primary Industries

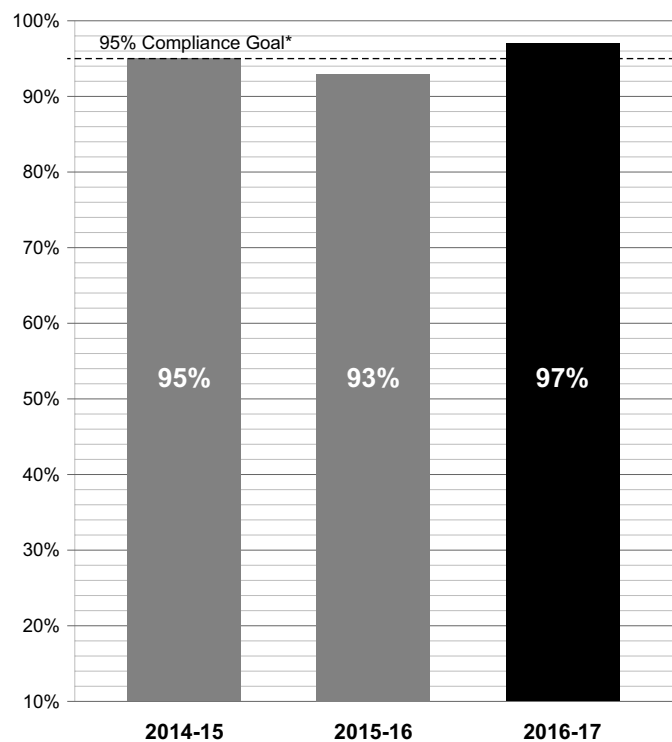


Dairy

The Authority licenses businesses across the supply chain in this sector. This includes 688 dairy farms, 211 dairy processing factories, 141 milk farm collectors as well as cold food stores. Of the 7843 food transport vehicles licensed with the NSW Food Authority 4200 are authorised to transport dairy products.

Compliance across the sector with food safety program requirements for the 2016–17 financial period was 97%, in line with the average over the last 3 years.

Dairy Sector Compliance Rate



*NSW Food Safety Strategy 2015–21 target

Country of Origin labelling

The national Country of Origin food labelling laws commenced on 1 July 2016.

The NSW Food Authority supported the Australian Competition and Consumer Commission (ACC) in the federal government's reforms to the laws.

The Authority worked to inform industry of the impending change in the lead up and continue to provide support by working with the sector to help them understand and apply the ACCC's guidelines.

There is a two-year grace period to allow businesses to change their food labels to comply with the new law before it becomes mandatory on 1 July 2018.

Prosecution for sale of raw milk

In June 2017 the NSW Food Authority successfully prosecuted a woman after she pleaded guilty to four charges relating to the sale of unpasteurised or 'raw' milk in Goulburn Local Court.

The southern tablelands woman was fined under section 104 of the *Food Act 2003* for selling milk which was not pasteurised in contravention of Food Regulation 2010, and for conducting a food business without a licence as required by the Regulation.

She also pleaded guilty to two charges under section 21 of the Act for selling unpasteurised milk that exceeded acceptable microbiological limits for standard plate counts and Listeria, she was fined a total of \$28,000 and ordered to pay professional costs of \$25,000.

The business was immediately shut down by the NSW Food Authority and a Prohibition Order remains in place, preventing the business from operating.

The Authority is continuing its work in this area of illegal under the counter sales of raw milk and NSW is committed to working with other states in an effort to find a national solution.

Raw Milk Cheese Decision Support Tool – app developed

Funded by the NSW Food Authority, Dairy Food Safe Australia and FSANZ, the Raw Milk Cheese app was developed by the University of Tasmania in order to assist cheese producers and food safety managers in assessing whether a particular raw milk cheese, and the process, satisfies Australian regulations for the safe production of raw milk cheeses.

The need followed FSANZ's decision in 2015 to allow Australian cheesemakers to produce a wider range of raw milk cheeses using cow, buffalo, sheep and goat milk.

The tool includes modules to check against requirements for milk quality and to evaluate cheese processing activities. Approval must be obtained from the food safety regulator in each jurisdiction before raw milk cheese can be produced.

Evaluation of the Dairy Food Safety Scheme

As part of its ongoing commitment to continual improvement and to ensuring the efficiency and effectiveness of its food safety schemes, the Authority undertakes regular evaluations of its operations.

The Authority has commissioned an independent research company to survey NSW dairy licensees in its evaluation of the Dairy Food Safety Scheme, the first formal evaluation of the Scheme.

The purpose of the evaluation is to document the current implementation of the Scheme, compare the Scheme's objectives with achievements and recommend improvements if required, to determine if efficiencies can be gained through risk analysis and to document benchmarks at key control points in the supply chain.

The results and outcomes of the evaluation will be available in the 2018–19 financial year.

Dairy Food Safety Consultative Committee

The NSW Dairy Food Safety Consultative Committee includes representation from across the dairy production, processing and supply chain and is designed to bring expertise and new ideas to enhance strategic focus and issue resolution across the dairy sector.

The committee meets approximately every six months and provides feedback to the NSW Food Authority and the NSW Minister for Primary Industries on industry issues including the dairy food safety scheme and management of food safety risks across the NSW dairy industry supply chain.

Consultative Committee representation:

Chair: Dr Lisa Szabo, NSW Food Authority

Dairy Connect (representing dairy producers)

NSW Farmers Association (representing dairy producers)

The Riverina Dairy (representing dairy processors)

Pecora Dairy (representing dairy processors)

Serendipity Icecream (representing dairy processors)

Parmalat (representing dairy processors)

Dairy NSW (representing dairy research)

Dairy Australia

NSW Department of Primary Industries

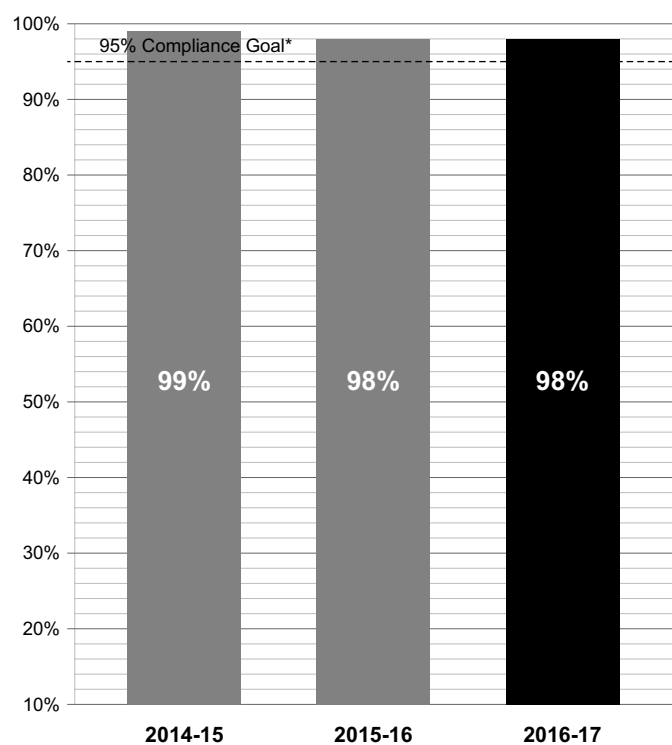
Vulnerable persons

The NSW Food Authority licenses 1218 businesses in food service to the Vulnerable Persons (VP) sector.

This includes hospitals, aged care facilities, same-day aged care services, respite services and certain delivered meal organisations such as Meals on Wheels.

Compliance across the sector with food safety program requirements for the 2015–16 financial period was 98%, consistent with the average of the last 3 years.

Vulnerable Persons Sector Compliance Rate



*NSW Food Safety Strategy 2015–21 target

Prosecution of director of company supplying to NSW and ACT aged care facilities

In January 2017 the NSW Food Authority successfully prosecuted the Director and General Manager of the company operating the corporation known as Bettamaid. The man pleaded guilty to four executive liability offences under section 122 of the NSW *Food Act 2003* for failure to comply with the Food Standards Code in relation to the accumulation of garbage, waste, dirt and other visible matter, failure to maintain premises/fixtures in a good state of repair for their use and not preventing pests from entering/failure to eradicate pests.

He was sentenced and fined a total of \$3,600.

The charges came in response to the NSW Food Authority's investigation into a *salmonella* outbreak in 10 aged care facilities on the NSW South Coast and ACT between January and March 2015.

Bettamaid supplied the facilities with bakery products, which were tested and found to be contaminated with a rare strain of *salmonella*, the same strain that was implicated in the *salmonella* outbreak at the aged care facilities.

This follows the successful prosecution of the company operating the corporation Bettamaid in April 2016, the corporation was sentenced for 10 offences relating to the handling and sale of unsafe food and breaches of food safety standards, and was convicted and fined \$63,000 and ordered to pay \$20,000 in professional costs.

Central Production Unit (CPU) Inspection Project outcomes

Following the significant foodborne illness outbreak affecting numerous aged care facilities across the state and ACT that were attributed to Bettamaid it was determined that a review of the policy and procedures implemented by both the NSW Food Authority and individual facilities should be conducted.

There are 11 facilities licensed with the NSW Food Authority as Central Processing Units (CPU) under the Vulnerable Persons Food Safety Scheme, between them these facilities produce approximately 90,000 meals per day which are distributed to various hospital and aged care facilities across NSW.

As part of the CPU inspection project the Authority conducted in depth inspections of all licensed facilities to determine if the food safety controls in place were adequate and effective.

The project found that while there was a very high level of compliance with food safety standards, there were a number of areas identified where improvements could be made to ensure the highest possible level of food safety for the sector.

These included the implementation of minimum audit times for Third Party Auditors to ensure they're allowing sufficient time to inspect larger facilities, conduct training sessions on allergens and labelling, develop and distribute a labelling cheat sheet, distributing copies of the Food Recalls and Withdrawals fact sheets as well as the Process Flow Chart.

The Authority is also considering the introduction of mandatory microbiological testing for CPU facilities producing extended shelf life cook chill products, vacuum packaged RTE meat and texture modified foods to ensure that these processes are routinely validated as producing safe food.

The findings and recommendations were welcomed by the industry sector and the Authority will continue working with the

industry to ensure compliance standards continue to be met, follow up inspections for those facilities that receive a marginal or unacceptable result will be scheduled and educational material developed.

Risk Assessment of the VP Food Safety Scheme

As part of its ongoing commitment to continual improvement and to ensuring the efficiency and effectiveness of its food safety schemes, the Authority undertakes regular assessment of its operations.

The Authority recently updated the risk assessment for food service to Vulnerable Persons by undertaking examination of scientific literature and information, considering feedback from industry on practical risk management measures, examining outbreak data and considering alternative approaches.

A variety of food preparation methods are used by the more than 1,200 VP facilities in NSW and the risk assessment examined the food safety hazards associated with each of the methods and control measures required, with a view to ensuring the right balance between protecting vulnerable populations from foodborne illness but maintaining a nutritionally balanced and interesting diet to encourage a good quality of life.

NSW Vulnerable Persons Food Safety Scheme Consultative Committee

The NSW Vulnerable Persons Food Safety Scheme Consultative Committee, or the VP Committee, membership is designed to bring expertise and new ideas to enhance strategic focus and issue resolution across the sector.

The Committee meets approximately every six months and provides feedback to the NSW Food Authority and the Minister for Primary Industries on industry issues, including:

- consultation on emergency management preparedness for the sector
- consultation on emerging and contentious issues and risks for food safety
- seeking input for provision into the development and implementation of national food safety standards
- consultation on other issues in which the industry has an interest such as industry based education, food preparation, food storage and food delivery, and
- regulatory effectiveness.

Consultative Committee representation:

Chair: Dr Lisa Szabo, NSW Food Authority

Aged and Community Services Association of NSW & ACT

NSW Meals on Wheels Association

Private Hospitals Association of NSW

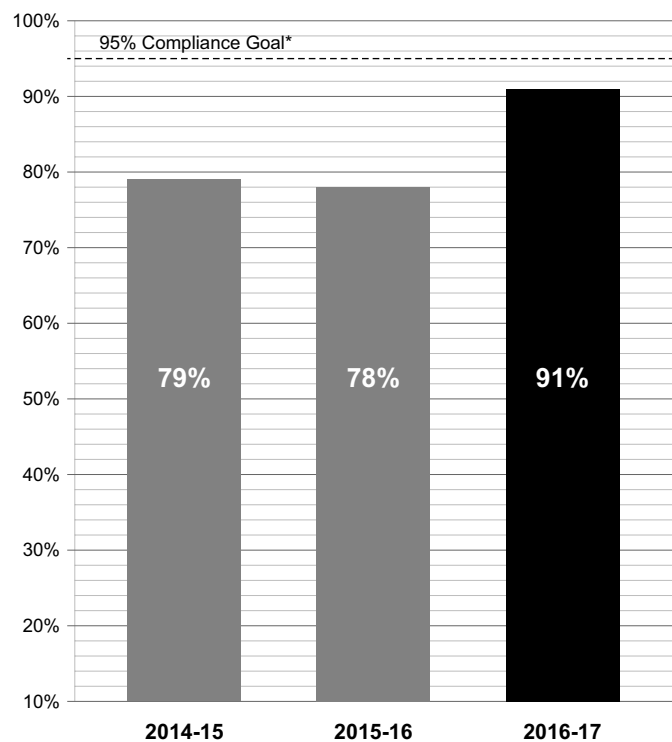
Healthshare NSW

Plant

The NSW Food Authority licenses 87 businesses in the plant processing sector as well as cold food stores. Of the 7843 food transport vehicles licensed with the NSW Food Authority approximately 2900 transport vehicles are authorised to transport plant products.

Compliance across the sector with food safety program requirements for the 2016–17 financial period was 91%, a significant improvement on the average of the last 3 years.

Plant Sector Compliance Rate



*NSW Food Safety Strategy 2015–21 target

Rockmelon triggers National Food Incident Response Protocol

In July 2016 the National Food Incident Response Protocol was activated in response to an outbreak of *Salmonella* associated with rockmelon that affected multiple state and territory jurisdictions, with more than 150 people reporting as ill following consumption of contaminated rockmelons.

The Authority, in conjunction with other jurisdictions were able to trace the source of the outbreak back to a Northern Territory grower and hygiene issues including the washing and handling of the melons were identified as contributing factors.

In response to this issue the Authority took proactive steps to assess the state of the industry in NSW and conducted food safety training workshop for rockmelon growers in Griffith, in the Riverina district of south western NSW, a primary melon growing area. The workshops were followed up by compliance inspections.

These inspections identified a number of issues of concern including a lack of sufficient sanitiser strength in wash water, high pH levels that would have rendered sanitiser ineffective, poor hygiene in packing equipment and sheds that may increase the risk of *Salmonella* contamination and a failure to have identified these issues.

Promisingly all growers took immediate steps to rectify these issues and there were no food safety incidents linked to NSW harvested rockmelons.

A follow up workshop with major food retailers, the Australian Melon Association and other key stakeholders to discuss the findings from the Griffith

experience resulted in an undertaking by retailers to take steps through their Harmonised Australian retailer Produce Scheme (HARPS) to effectively identify and manage key food safety risks, particularly in raising awareness for rockmelon producers in Australia and reduce the likelihood of a major incident.

Cut Melon Project

Cut melons and papaya are a popular and widely sold and consumed food in Australia and NSW, however they are also classified as a potentially hazardous food and as per the recent example outlined in the above section, have been linked to several notable foodborne illness outbreaks.

In February 2017 the Authority undertook a project specifically designed to better understand the risks, gather data on the prevalence of pathogenic bacteria on cut melons and papayas and assess the handling of these products at a retail level in order to better understand and minimise the food safety risks.

The outcome of the sampling of 191 products for microbial quality was extremely promising. *Salmonella* was not detected in any sample, *E. coli* was detected in one sample of watermelon and *L. monocytogenes* was detected in one sample of honeydew but with a level under the limit of enumeration. This result reflects the finding that many of the outbreaks have been caused by poor practices outside of the retail environment.

While cut melons and papaya are classified as potentially hazardous, the survey found that they are safe to be displayed at room temperature for a period of time, i.e. the day on which it is cut.

The Authority, in conjunction with local councils who are responsible for the retail food sector in NSW, will continue to provide education and guidance to the retail sector to ensure the safe handling, preparation and sale of cut melons.

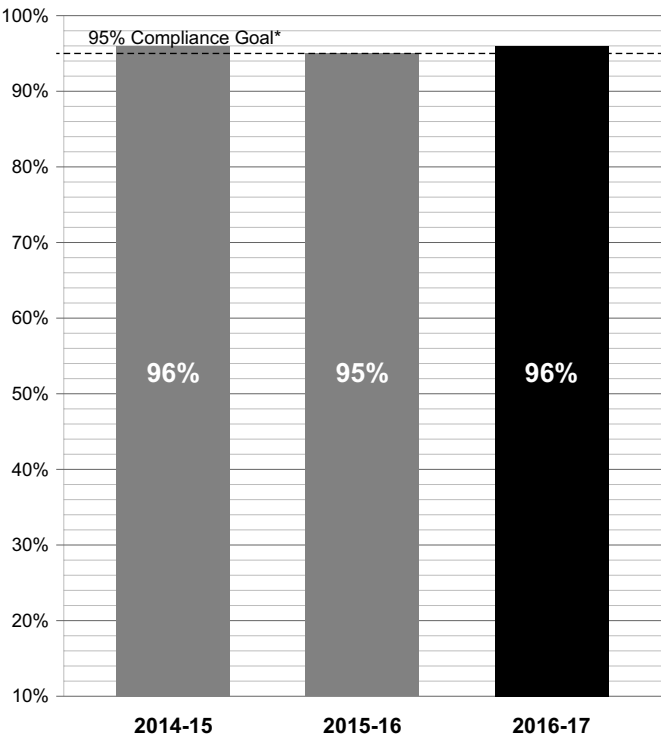
Consultation

The NSW Food Authority consults directly with each licence holder in the plant products industry.

Retail

Compliance across the retail food sector with food safety requirements for the 2016–17 financial period was 96%, consistent with the average over the last 3 years.

Retail Sector Compliance Rate



*NSW Food Safety Strategy 2015–21 target

RTO Forum

In September 2016 the Food Authority hosted its Annual Registered Training Organisation (RTO) Forum for approved training organisations and their staff. The focus of the forum was to consolidate RTO's understanding of the new training materials and provide an opportunity for the Food Authority to listen to current trends in the Vocational education and training sector. The forum was attended by nearly 80 people representing approved RTO's at the time.

In March 2016 the Australian Skills Quality Authority (ASQA) released updated retail and hospitality training packages, including the national units of competency used in the FSS program. The Food Authority continues to liaise with RTOs on transitioning to the new units of competency, which is ongoing until the end of ASQA's permitted transition period in October 2017.

Food Safety Supervisor program

The Food Authority saw the first anniversary of the roll out of the Food Safety Supervisor key focus areas training and assessment modules in late 2016. These modules, allergen management, cleaning and sanitising, and safe egg handling provide Food Safety Supervisors with practical skills and knowledge to control known commonly encountered high risk issues in the retail and food service sector.

The Food Authority consequently undertook an expanded audit of its approved RTOs during mid 2016 to review the extent of the key focus area roll out. The final RTO audit sample represented 65% of certificate volume issued in NSW over the preceding 12 months.

Audit results indicated 83% of FSS students were being taught to full course requirements for the new materials, and 91% of students were being exposed to the new materials to some degree. Subsequent enforcement actions against offending non-compliant RTOs in the audit sample lifted the whole sample cohort to 100% compliance with the full course requirements for the new materials.

Scores on Doors

2016–17 continued to see positive growth for the NSW Food Authority's voluntary Scores on Doors program, an initiative designed to improve food safety and reduce foodborne illness in NSW by improving food safety in the retail sector through public display of food safety inspection results.

As at 30 June 2017 there were 55 councils participating in the program, up from 53 in the previous financial year. These 55 councils represent 22,155 retail food businesses, capturing 57% of all eligible retail food businesses in NSW.

The NSW Food Authority will continue to work with councils to encourage the adoption of Scores on Doors, with a view to achieving a goal of 75% of NSW retail food business participating by 2021 as part of the NSW Government Food Safety Strategy 2015–2021.

Salmonella Reduction Strategy

The NSW Food Authority continued work in the 2016–17 period to reduce the rate of *Salmonella* outbreaks in the retail food sector through its *Salmonella* Reduction Strategy, specifically aimed at safe preparation of products containing raw egg.

The ongoing work aligns with the NSW Government Food Safety Strategy 2015–2021's goal to reduce foodborne illness including *Salmonella*, *Campylobacter*, *Listeria* and anaphylaxis across the food chain by 30% by 2021.

This reduction strategy has resulted in the development of various resources for local government and retailers, including checklists and guidelines. Training has been delivered throughout the period to council Environmental Health Officers across the state and at regional consultative meetings with local businesses to raise awareness and competency in how to reduce the risk of *Salmonella* in restaurants and cafes.

Name and Shame

In 2016–17 828 retail food businesses appeared on the NSW Food Authority's Name and Shame register, a register which names businesses that fail to meet food safety standards, and a total of 1575 penalty notices were published, representing less than 2% of NSW retail food businesses.

The most common food safety breaches under the Food Act 2003 in the retail sector during this period were:

- cleanliness of food premises (14%)
- pest control (10%)
- easily accessible and fully stocked hand wash basin (9%)
- fail to store food protected from contamination (7%)
- cleanliness of food fixtures, fittings and equipment (7%)

	2014-15	2015-16	2016-17
No. of penalty notices published	1504	1611	1575
No. of facilities that had penalty notices published	866	882	828

Food Regulation Partnership

The Food Regulation Partnership is a joint initiative of the Food Authority and local councils to work together to ensure retail food service businesses in NSW are inspected and comply with food safety regulations.

Data collected from councils for the 2016–17 period showed compliance levels in the retail food sector to be high as a result of the activities of the Food Regulation Partnership.

In the 2016–17 financial year 62,876 inspections were undertaken in the retail and food service sector and 95% of the high and medium risk food premises were inspected.

During the period the Food Regulation Partnership hosted three meetings with retail and food service businesses in Coffs harbour on the NSW mid north coast, as well as in the twin centres of Sydney in partnership with City of Sydney and City of Parramatta councils.

These were well received averaging approximately 100 local food retail businesses attending each event where they had the opportunity for face to face engagement with local council, the Food Authority and other retailers, and learn about food safety and the resources available to them.

Each meeting has included a presentation on food safety issues such as safe egg preparation (as part of the broader *Salmonella* reduction strategy) and the benefits of participation in Scores on Doors for food retail business. The City of Sydney event in November 2016 also saw Food Authority CEO Dr Lisa Szabo launch the revised *Be Prepared, Be Allergy Aware* brochure and other new allergy resources to assist the retail food sector in their duty of care.

Performance Audit conducted by NSW Auditor-General

NSW Audit Office conducted a performance audit of Food Authority in 2016 and tabled the report *“Monitoring food safety practices in retail food businesses”* in NSW Parliament on 15 September 2015. The report concluded that *“New South Wales has a lower rate of foodborne illness than the national average. This reflects some good practices in the NSW Food Authority’s approach to monitoring food safety standards. It also is a factor of the long-standing commitment by local councils’ to ensuring retail food businesses meet these standards.”*

Food Authority submitted a formal response and this was tabled as an attachment to the report to NSW Parliament on 15 September 2016. In the response, NSW Food Authority accepted the recommendations but not the timeframe set out by the Auditor General.

Food Authority has progressed work to address these recommendations within the 2016/17 period, and in May began consulting with councils and other stakeholders on our proposed changes to the Food Regulation Partnership agreement.

Supporting the sector through education and training for council officers

The Food Authority provides training to councils’ environmental health officers (EHOs) to enhance skills and knowledge, address priority topics and promote consistency in inspection and enforcement action.

During 2016–17 the Food Authority conducted three rounds of Regional Food Group meetings in 15 regions across NSW. These meetings consisted of a training session as well as updates regarding topical food safety matters. Each meeting contains opportunities to problem solve and seek regionally consistent approaches to local issues.

In 2016/17 the training addressed:

- Improving food safety culture in retail food businesses
- Practical risk assessment of food and food business types
- Inspection consistency and risk based enforcement

The Food Authority also recognised that many EHOs throughout NSW are unable to attend all the training that is delivered throughout the year. In response, work was undertaken to make the training more available online with each round of training also delivered through a webinar for those who couldn’t make the training in person.

In addition, in June 2017 the Food Authority delivered two one-day Authorised Officer Essentials Only training courses in Tamworth and Newington. These sessions focused on training EHOs in using the Food Premises Assessment Report (FPAR), enforcement tools and raw egg safety.

Food Regulation Partnership Forum Committee

The NSW Food Regulation Forum oversees the Food Regulation Partnership between councils and the Food Authority. The Food Regulation Forum brings expertise and new ideas to enhance strategic focus and issue resolution across the retail food industry sector.

The committee meets three times per year and provides advice to the NSW Food Authority on the regulation of the retail industry.

Committee representation:

Chair: Cr Paul Braybrooks OAM

NSW Food Authority – Dr Lisa Szabo and Peter Day

Elizabeth Gemes (representing Local Government NSW)

Clr Scott Lloyd (representing Local Government NSW)

Julie Kisa (representing the Development and Environmental Professionals' Association)

Corey Stoneham (representing the Development and Environmental Professionals' Association)

Jody Houston (representing Environmental Health Australia)

Stuart Nunn (representing Environmental Health Australia)

Alexandra Stengl (representing Local Government Professionals Australia)

Robyn Hobbs OAM NSW Small Business Commissioner (Independent)

Manufacturing and wholesale businesses

The NSW Food Authority conducts a compliance inspection program of manufacturing and wholesale food businesses in NSW. These businesses are generally manufacturers or wholesalers that handle food not covered by current council inspection programs, as they have limited or no retail sales component. There are 1407 businesses in this sector.

Over the 2016/17 period the Food Authority conducted 422 inspections under this program. This included:

- 16 unacceptable inspection results were recorded (subsequent follow-up inspections conducted achieved acceptable inspection result)
- 12 warning letters were issued for labelling and licensing breaches
- 24 improvement notices were issued
- 17 penalty notices were issued to manufacturers for continued non-compliance
- 3 prohibition orders were issued for breaches of hygiene and maintenance issues. These prohibition orders remained in place until sufficient corrective actions were taken by licensees. The issues were subsequently rectified and the orders lifted.

Inspection frequency is based on risk and performance in terms of the type of food being handled and sold (e.g. pre-packaged vs freshly made) and the previous compliance history of the business.

Information Pack for Food Manufacturers and Wholesalers

The Authority has developed information pack, designed to help those businesses who fall within the Authority's Manufacturing and Wholesale Inspection Program (MWIP).

These businesses aren't required to be licensed with the Authority but are required to have inspections and notify the Authority of their operations.

The Manufacturing and Wholesale Inspection Program Pack contains comprehensive information to advise businesses of what they need to do to be inspection ready and ensure their food safety obligations are met.

Country of Origin labelling

The national Country of Origin food labelling laws commenced on 1 July 2016.

The NSW Food Authority supported the Australian Competition and Consumer Commission (ACC) in the federal government's reforms to the laws.

The Authority worked to inform industry of the impending change in the lead up and continue to provide support by working with the sector to help them understand and apply the ACCC's guidelines.

There is a two-year grace period to allow businesses to change their food labels to comply with the new law before it becomes mandatory on 1 July 2018.

Compliance and enforcement

TARGETED FOOD SAFETY AND COMPLIANCE PROJECTS

Central Production Unit (CPU) Inspection Project outcomes

Following the significant foodborne illness outbreak affecting numerous aged care facilities across the state and ACT that were attributed to the Bettamaid company who supplied the centres it was determined that a review of the policy and procedures implemented by both the NSW Food Authority and individual facilities should be conducted.

There are 11 facilities licensed with the NSW Food Authority as Central Processing Units (CPU) under the Vulnerable Persons Food Safety Scheme, between them these facilities produce approximately 90,000 meals per day which are distributed to various hospital and aged care facilities across NSW.

In October 2016 the Authority commenced the CPU inspection project and conducted in depth inspections of all licensed facilities to determine if the food safety controls in place were adequate and effective.

The project found that while there was a very high level of compliance with food safety standards, there were a number of areas identified where improvements could be made to ensure the highest possible level of food safety for the sector.

These included the implementation of minimum audit times for Third Party Auditors to ensure they're allowing sufficient time to inspect larger facilities, conduct training sessions on allergens and labelling, develop and distribute a labelling cheat sheet, distributing copies of the Food Recalls and Withdrawals fact sheets as well as the Process Flow Chart.

The Authority is also considering the introduction of mandatory microbiological testing for CPU facilities producing extended shelf life cook chill products, vacuum packaged RTE meat and texture modified foods to ensure that these processes are routinely validated as producing safe food.

The findings and recommendations were welcomed by the industry sector and the Authority will continue working with the industry to ensure compliance standards continue to be met, follow up inspections for those facilities that receive a marginal or unacceptable result will be scheduled and educational material developed. See Vulnerable Persons section also (page 32).

Retail Meat Food Safety guidance developed

In November 2016 a review of audit and inspection compliance data for the retail meat sector found that retail meat businesses did not fully understand the regulatory requirements needed to comply with their Food Safety Program (FSP), the lack of understanding consequently resulted in a high level of non-compliance for FSP specific breaches and subsequent audit failures.

The Authority delivered the *NSW Retail Meat Food Safety Program & Retail Diary* guidance documents to retail meat businesses over the course of the 2016/17 period. The guidance provides retail meat businesses with all the information they need to meet their regulatory requirements. See also Meat section (page 16).

Cut Melon Project

Cut melons and papaya are a popular and widely sold and consumed food in Australia and NSW, however they are also classified as a potentially hazardous food and as per the recent example outlined in the above section, have been linked to several notable foodborne illness outbreaks.

In February 2017 the Authority undertook a project specifically designed to better understand the risks, gather data on the prevalence of pathogenic bacteria on cut melons and papayas and assess the handling of these products at a retail level in order to better understand and minimise the food safety risks.

The outcome of the sampling of 191 products for microbial quality was extremely promising. *Salmonella* was not detected in any sample, *E. coli* was detected in one sample of watermelon and *L. monocytogenes* was detected in one sample of honeydew but with a level under the limit of detection. This result reflects the finding that many of the outbreaks have been caused by poor practices outside of the retail environment.

While cut melons and papaya are classified as potentially hazardous, the survey found that they are safe to be displayed at room temperature for a period of time, i.e. the day on which it is cut.

The Authority, in conjunction with local councils who are responsible for the retail food sector in NSW, will continue to provide education and guidance to the retail sector to ensure the safe handling, preparation and sale of cut melons. See also Plant section (page 35).

Charter Vessels Project

Regular inspection of charter vessels, generally recognised as party boats where food is served - or water based food businesses, are undertaken by the Authority as part of its food safety compliance activities. Traditionally these inspections are undertaken as part of an annual multi-jurisdictional operation in the later months of the year ahead of the peak party boat season and data from 2013–15 revealed steadily decreasing compliance rates in the sector.

In March 2017 the Authority devised a project designed to address the trend and undertook a three phase project over 11 weeks where it targeted 34 active charter vessels operating in Sydney Harbour targeting the construction, maintenance and hygiene requirements for the sector with a view to increasing compliance to 95% in line with the NSW Government's Food Safety Strategy 2015–2021.

The project took a different approach to achieving an increase in compliance by commencing the inspection program well before the start of the traditional charter vessel season in the summer period, in doing so compliance levels increased. The educational component of the project was also acknowledged as a valuable factor in improving compliance.

Recommendations that came out of the implementation of the project include the development of a fact sheet specific to the requirements and responsibilities of charter vessel operators and a formal annual inspection regime is established.

Rice Based Desserts Project

During the reporting period the Authority undertook a project focused on rice based desserts, commonly known as rice cakes, and popular in Asian communities - specifically looking at home based and seasonal businesses. As part of the project 19 businesses were inspected over a five-month period.

These types of desserts are susceptible to microbial growth due to their make up and as such meet the criteria to be categorised as Potentially Hazardous Food (PHF) which are required to be stored under temperature control. However it is known that the products are often sold at room temperature, increasing likelihood of microbial growth and increasing the food safety risk, because low temperatures can cause the product to harden due to its high starch content, which is undesirable to consumers.

In addition to concerns about storage of the product, the Authority and councils, who are responsible for the enforcement of the retail food sector, often received complaints concerning non-compliant labelling for these products.

The outcome of the project was an increase in compliance in labelling of the product and also a determination that the products were suitable to be sold at room temperature subject to strict food safety control measures around the use of high quality ingredients, effective heat treatment and strict hygiene control measures to prevent post processing contamination, a good outcome for processors and consumers.

Following the project the Authority has undertaken follow up actions including the development of fact sheets in key languages, communication of the results to councils and the inclusion of businesses in the Authority's Manufacturing and Wholesale Inspection Program (MWIP).

SIGNIFICANT INVESTIGATIONS AND RESULTS

Sydney noodle manufacturer prosecuted

In October 2016 a Sydney noodle manufacturer was convicted and fined a total of \$11,000, the company's director was also convicted and fined \$2,800 and a total of \$8,000 in professional costs were ordered to be paid in relation to ten charges relating to failures in hygiene, construction matters, harbouring pests on food premises and an allergen labelling offence.

Prosecution of director of company supplying to NSW and ACT aged care facilities

In January 2017 the NSW Food Authority successfully prosecuted the Director and General Manager of the company operating the corporation known as Bettamaid. The man pleaded guilty to four executive liability offences under section 122 of the *NSW Food Act 2003* for failure to comply with the Food Standards Code in relation to the accumulation of garbage, waste, dirt and other visible matter, failure to maintain premises/fixtures in a good state of repair for their use and not preventing pests from entering/failure to eradicate pests.

He was sentenced and fined a total of \$3,600.

The charges came in response to the NSW Food Authority's investigation into a *salmonella* outbreak in 10 aged care facilities on the NSW South Coast and ACT between January and March 2015.

Bettamaid supplied the facilities with bakery products, which were tested and found to be contaminated with a rare strain of *salmonella*, the same strain that was implicated in the *salmonella* outbreak at the aged care facilities.

This follows the successful prosecution of the company operating the corporation Bettamaid in April 2016, the corporation was sentenced for 10 offences relating to the handling and sale of unsafe food and breaches of food safety standards, and was convicted and fined \$63,000 and ordered to pay \$20,000 in professional costs. See also Vulnerable Persons section (page 32).

Prosecution for sale of raw milk

In June 2017 the NSW Food Authority successfully prosecuted a woman after she pleaded guilty to four charges relating to the sale of unpasteurised or 'raw' milk in Goulburn Local Court.

The southern tablelands woman was fined under section 104 of the *Food Act 2003* for selling milk which was not pasteurised in contravention of Food Regulation 2010, and for conducting a food business without a licence as required by the Regulation.

She also pleaded guilty to two charges under section 21 of the Act for selling unpasteurised milk that exceeded acceptable microbiological limits for standard plate counts and Listeria, she was fined a total of \$28,000 and ordered to pay professional costs of \$25,000.

The business was immediately shut down by the NSW Food Authority and a Prohibition Order remains in place, preventing the business from operating.

The Authority is continuing its work in this area of illegal under the counter sales of raw milk and NSW is committed to working with other states in an effort to find a national solution. See also Dairy section (page 29).

Sydney chicken producer prosecuted

In June 2017 a Sydney chicken producer was convicted and fined a total of \$34,000 and ordered to pay more than \$6,000 in professional costs after he pleaded guilty to twelve charges relating to failures in hygiene, maintenance and Food Safety Program monitoring in the Downing Centre Local Court.

The Moorebank man was fined under section 104 of the *Food Act 2003* for ten offences relating to handling and selling food in a manner that contravened the provision of a food safety scheme and monitoring the food safety program for the business.

He also pleaded guilty to two charges under section 21 of the Act for failing to comply with the Food Standards Code. See also Meat section (page 16).

2016–2017 Compliance & enforcement statistics (enforcement actions)

ACTIVITY	ACTUAL 2014-15	ACTUAL 2015-16	ACTUAL 2016-17
Audits	4826	4884	4888
Failed audits	373 (7.7%)	429 (8.7%)	156 (3.2%)
Inspections of food businesses	7349	9328	7218
Failed inspections of food businesses	593 (8%)	718 (7.6%)	439 (6.1%)
Complaint investigations	1815	2123	1904
Investigations of foodborne disease incident (two or more people)	209	294	288
Labelling Compliance Surveillance Program investigations	287	352	128
Labelling Compliance Surveillance Program investigations resulting in enforcement action	59	95	124
Investigations of unlicensed businesses (resulting in enforcement action)	126	142	98
Written warning	120	113	86
Improvement notices	498	578	344
Penalty notices	120	252	116
Prohibition orders	5	29	19
Product seizures	13	19	14
Licence cancellations	0	0	0
Use of emergency orders	0	0	0
Prosecutions (finalised after hearing or plea of guilty)	26	19	40
Company instigated food recalls (nationwide)	58	94	62
Company instigated food recalls (NSW companies)	28	23	24
Shellfish harvest area closures	543	588	473

2016–17 Summary of product seizures undertaken as enforcement action*

COMMODITY	Estimated quantity	Reasons for seizure
Meat products		
Processed red meat	1,347 kg	Evidence that breaches NSW <i>Food Act 2003</i> in relation to operation of food business without required license, food safety program and adequate food control measures
Raw red meat	39 units	Evidence of unlicensed meat harvesting in contravention to the <i>Food Act 2003</i>
Processed red meat	54.66 kg	Evidence of unlicensed meat processing
Processed red meat (various type)	30 units	Sale of unsuitable food and evidence of unlicensed activity and manufacture of meat in contravention to the <i>Food Act 2003</i>
Other products		
Apricot kernels	227.4 kg	Sale of unsuitable food not suitable for human consumption
Cereals	43 units	Sale of unsuitable food and evidence that food sold is falsely described in the label
Caffeinated beverages	91 units	Not complying with compositional requirements of the Food Standards Code
Certificate of analysis	10 units	Evidence of offence under the <i>Food Act 2003</i> – false description of food and unlabelled product
Alcoholic beverages	27 units	Sale of unsuitable food and evidence that food sold is falsely described in the label

*Based on 14 individual seizures for 2016–2017 period.

2016–2017 Licence numbers

BUSINESS ACTIVITIES	No. of licensed facilities 2016-17
Animal food field depot	12
Animal food field harvesting	16
Animal food processing plants	21
Animal food processing and rendering plant	1
Abattoir - poultry	20
Abattoir - poultry & game meat processing	2
Abattoir - poultry & poultry primary production	12
Abattoir - poultry & red meat	1
Abattoir - red meat	29
Abattoir - red meat & rendering	1
Rendering	6
Knackery	7
Game meat primary processing plants	4
Game meat field depot	70
Game meat field harvesting	440
Meat retail	1686
Meat processing plants	324
Meat & seafood processing plants	37
Meat & dairy processing plants	8
Meat, dairy & seafood processing plants	5
Meat, dairy & plant product processing plants	4
Meat, seafood & egg product processing plants	3
Meat, seafood & plant product processing plants	4
Meat & plant product processing plants	2
Meat, dairy, seafood & plant processing plants	4
Meat, dairy, seafood, plant & egg product processing plants	1
<i>Table continues over page</i>	

2015–2016 Licence numbers (con't)

BUSINESS ACTIVITIES	No. of licensed facilities 2016-17
<i>continued from previous page</i>	
Dairy processing plants	159
Dairy & seafood processing plants	2
Dairy & plant product processing plants	8
Dairy & egg product processing plants	2
Plant Product processing plants	61
Seafood processing plants	129
Seafood & egg processing plants	0
Seafood & plant product processing plants	3
Oyster farmers	210
Oyster farmers & seafood processing	35
Shellfish wild harvest	54
Handling wild caught seafood	926
Egg Processing plants	2
Egg primary production	274
Egg & poultry primary production	35
Egg & dairy primary production	1
Poultry primary production	358
Poultry & dairy primary production	5
Dairy primary production	664
Dairy primary production and processings plants	18
Farm milk collectors (raw milk transport)	141
Food transport vehicles (meat, dairy, seafood, plant, egg products)	7843
Cold food storage (meat, dairy, seafood, plant & egg products)	555
Food service to vulnerable persons	1218
TOTAL number of licensed facilities	15423

Working with our stakeholders

Royal Easter Show

The 2017 Sydney Royal Easter Show saw the first combined DPI Biosecurity and Food Safety stand which proved to be a great success, with more than 920,000 visitors to the Show - the highest number since 2004 - the combined stand provided an excellent opportunity to engage directly with a large number of varied stakeholders.

Designed to represent the full 'paddock to plate' nature of food biosecurity and food safety, the stand was designed to represent a suburban backyard and kitchen to promote the message that biosecurity and food safety starts at home.

NSW Food Authority customer helpline

Through the Food Authority's customer helpline we assisted 21, 138 requests for advice, food complaints and transactions. Of those that were potentially resolvable by the helpline 86% were resolved during the first contact. Some 1,945 calls were food complaints investigated by the Food Authority and 2,796 food complaints about retail outlets were referred to the relevant local council.

The geographic breakdown of the origin of calls to the helpline was a fairly even split of NSW city to regional with 46.41% of calls originating from NSW City area, 46.18% of NSW regional areas and 7.4% of calls originating from interstate or overseas.

Of the food complaints investigated by the Food Authority, the most frequent issues related to allegations of foodborne illness (21%), food handling and hygiene (19%), foreign matter (15%), followed by various labelling issues (14%).

Educational and technical guidance materials

In 2016–17 the Food Authority identified a number of emerging issues requiring specific information targeting food businesses and consumers.

Shellfish

- NSW Shellfish Program evaluation
- Risk assessment of the seafood food safety scheme
- Ciguatera poisoning
- NSW Shellfish Program seasonal closure policy
- NSW Shellfish Program relay operational procedure
- Phytoplankton and biotoxins in NSW shellfish areas

Meat

- NSW retail meat premises – Combined food safety program and retail diary

Dairy

- Raw milk – advice to consumers

VP

- Risk assessment of the vulnerable persons food safety scheme

Eggs

- Food safety guidelines for the preparation of raw egg products

Retail food

- Home based food businesses – Background document
- Inspection frequency for retail food
- Cooling potentially hazardous food
- Be Prepared. Be Allergy Aware (brochure)
- The Usual Suspects (poster)
- Allergy Aware checklist (poster)

Food Safety Supervisor

- RTO Application form
- RTO compliance report 2016

Manufacturing and wholesale

- Controlling *Listeria monocytogenes* in the food processing environment – A guide for the development of an environmental monitoring program
- Manufacturing and Wholesale Inspection Program (MWIP) information pack

Science and surveys

- Cut melons survey
- Egg stamping survey
- Annual Food Testing Report 2015–2016

Compliance

- Biosecurity and Food Safety Compliance Policy
- Biosecurity and Food Safety Enforcement Policy
- Audit failure action required
- Inspection failure action required
- TPA app user manual
- Enforcement agency roles and responsibilities
- Adverse sampling compliance policy
- Foodborne illness reduction strategy
- Project outcomes (case study)
 - Imported confectionary labelling project outcomes (case study)
 - Fresh noodle project outcomes (case study)
 - NSW retail meat premises combined food safety program and retail diary project outcomes (case study)
 - Cut melons project outcomes (case study)
 - Charter vessels project outcomes (case study)
 - Central Processing Unit Inspection Project (case study)

FOOD TESTING AND SURVEYS

The Food Authority regularly conducts testing of food products to ensure compliance to regulatory requirements, gather information to identify and respond to food safety issues and complaints, and as part of foodborne illness investigations. Appropriate actions were carried out to rectify any issues identified. From 1 July 2016 to 30 June 2017, 4225 samples were submitted for testing.

Category	Number of samples
Verification programs	1394
Research including targeted surveys	945
Food Safety Compliance	1886
Total	4225

Science based surveys to assist the food industry

The Food Authority undertakes scientific surveys in order to better understand, identify and respond to food safety issues and risks in NSW. The data obtained in the surveys allow the Food Authority to identify key food safety issues and develop systems and processes to manage the prevention of food poisoning effectively and maintain food safety. During 2016/17 this included:

- ***Campylobacter* attribution study**

This project brings together *Campylobacter* isolates collected from humans, animals, and food sources in four states across Australia: NSW, ACT, QLD, and VIC. Samples from food and animal sources are collected, tested for *Campylobacter*, and if positive, forwarded for whole genome sequencing (WGS) to improve understanding on where *Campylobacter* came from and the relationship between food, human and animal isolates. In NSW, the sampling will be completed in April 2019.

- **Rice-based desserts sold at room temperature**

The primary purpose of this project was to review the manufacturing processes, gather information on the intrinsic properties and the microbiological quality of these products, gather information on the industry compliance with the Food Standards Code (including labelling) and develop a risk management approach to make sure that rice based desserts made and sold in NSW are safe for consumption. The project report and factsheets are available on the Food Authority's website.

- ***Campylobacter* in non-poultry**

The primary purpose of this survey was to gather information on the presence and level of *Campylobacter* in non-poultry food to inform the Authority's future risk assessment work. As of close of the 2016–17 reporting period the report is being drafted.

- **Undeclared allergens in food**

The primary purpose of this survey was to gather information on the presence of undeclared allergens in packaged and unpackaged food. As of close of the 2016–17 reporting period the report is being drafted.

Legislative changes and reduced regulatory burden

NSW food regulations are actively reviewed and updated to keep pace with changes in the food industry, and to minimise the burden of government regulation.

Food Regulation 2015

No changes to Food Regulation were made during 2016/17.

Meat Industry (Meat Industry Levy) Regulation 2016

The Meat Industry (Meat Industry Levy) Regulation 2016 came into effect on 1 September 2016.

This regulation replaced Meat Industry (Meat Industry Levy) Regulation 2006 which was repealed in accordance with the *Subordinate Legislation Act 1989* on 1 September 2016.

The intent of the Meat Industry Regulation is to reduce the rate of the Meat Industry Levy prescribed in the *Meat Industry Act 1978*. The levy funds a range of regulatory services in the meat industry safeguarding the industry's reputation for safe and suitable food.

Following review of several options, it was determined the Levy, as amended by the Regulation, was still fit for purpose.

A Regulation Impact Statement (RIS) prepared for the Meat Industry Regulation 2016 was provided for public exhibition from 23 May to 20 June 2016.

Nil submissions were received.

The 2016 Meat Industry Regulation, essentially re-makes the 2006 Meat Industry Regulation and it continues to fund the essential services identified in the RIS.

Participation in the national agenda

During 2016–17, the Food Authority contributed to the work of the Food Regulation Standing Committee (FRSC), and supported participation by the Minister for Primary Industries in the Australia and New Zealand Ministerial Forum on Food Regulation (the Forum).

Our bi-national food regulation framework operates with the support and cooperation of state and territory agencies responsible for food regulation.

Food Regulation System priorities for 2017–2021

Ministers identified three priority areas for 2017–2021 to further strengthen the food regulation system:

- To **reduce foodborne illness**, particularly related to *Campylobacter* and *Salmonella*, with a nationally-consistent approach. Ministers requested the development of a draft national strategy, noting New Zealand has an existing *Campylobacter* strategy, for consideration at the next Forum meeting that outlines specific interventions across the food supply chain to reduce foodborne illness associated with *Campylobacter* and *Salmonella*. This strategy is to be developed in collaboration with industry, includes improved transparency through monitoring across the food chain, be based on contemporary evidence, and engages the community.
- To **support the public health objectives** to reduce chronic disease related to overweight and obesity. This will include evaluating the effectiveness of existing initiatives and identify potential new initiatives, such as how the food regulation system can facilitate healthy food choices and positively influence the food environment.
- To **maintain a strong, robust and agile food regulation system** that gives confidence to consumers that their food is safe, and that the system can manage new and innovative industry approaches.

NSW Food Authority continues to be a key contributor to the development of a national foodborne illness reduction strategy.

Health Star Rating – Front of pack labelling

The NSW Food Authority and NSW Health continue to work together to encourage NSW food manufacturers to adopt the national Health Star Rating (HSR) system. The HSR is a voluntary front-of-pack labelling scheme that displays an easy to compare interpretive health rating for packaged foods. HSR helps consumers to quickly identify foods that offer better nutritional choices within each grocery line.

As at 30 June 2017 it is estimated that 7000 products nationally carry the label. This represents approximately 30-40% of packaged food products on major supermarket – exceeding the 2021 target of 20% in the NSW Government’s food safety strategy.

A 2-year progress report on the implementation of the HSR system was considered by Ministers at their 28 April 2017 meeting. The report highlighted the rapid uptake of the HSR system and good adherence to the HSR guidance documents by industry, and increasing awareness and use of the HSR system by consumers.

The report also indicated that the HSR system is encouraging manufacturers to reformulate their products to increase their HSR.

An Australian survey of 1,000 respondents was also considered by Food Ministers in April 2017. Key results indicate that 68% of people are aware of the HSR system; 44% of those aware of the HSR system having bought products with a higher HSR than their regular purchases, and 73% of these people continuing to purchase these products.

Terms of Reference for the five-year review of the HSR system have been agreed by Food Ministers. These are available on the HSR website. NSW Health is a member of the Technical Advisory Group (TAG), which will analyse and review the performance of the HSR system Calculator and respond to technical issues and related matters referred to it by the HSR Advisory Committee. The TAG is an important input to the 5-year review.

The NSW Food Authority is a member of the HSR Advisory Committee, which oversees the implementation of the HSR system. This committee will play an important role in the formal five-year review of the HSR system. It is anticipated that a report will be provided to Australia and New Zealand Ministerial Forum on Food Regulation (the Forum) in June 2019.

Low THC Hemp as a food

On 28 April 2016, Food Ministers supported the draft standard that will allow low-THC hemp seeds to be sold as a food. Significant work was undertaken by the FRSC on this proposal on marketing and labelling issues, legal and Trans-Tasman Treaty implications, maximum levels of cannabidiol(CBD) and potential effects of low THC products on road side drug testing.

The Low THC hemp as a food standard was gazetted on 3 May 2017, with a 6-month transition period.

NSW is now actively progressing changes to the *Drugs Misuse and Trafficking Act 1985* to provide for the introduction of low THC hemp as a food in late 2017.

Country of Origin Labelling

In March 2016, Australian Consumer Affairs Ministers reformed Country of Origin Labelling (CoOL) for food to streamline current arrangements and give Australian consumers clearer and more meaningful information about food they buy. In April 2016, the *Country of Origin Food Labelling Information Standard 2016* (the Information Standard) was published in the Australian Government gazette to legislate this decision. The Information Standard commenced on 1 July 2016, with a 24-month transition period. During this time the food industry could choose to comply with the Information Standard or the existing CoOL provision in the Australia New Zealand Food Standards Code (the Code). After the transition period compliance with the Information Standard would become the only choice.

On 1 September 2016, amendment notice no 165 of the Code was published in the Australian Government Gazette. This notice repealed Standard 1.2.11 of the Code (Country of Origin Labelling of Food). The commencement date for the repeal of Standard 1.2.11 is 24 months following the making of the Information Standard.

Publication of amendment notice no 165 completes this work. Industry will be required to comply with the Information Standard by 1 July 2018.

Free Range Eggs

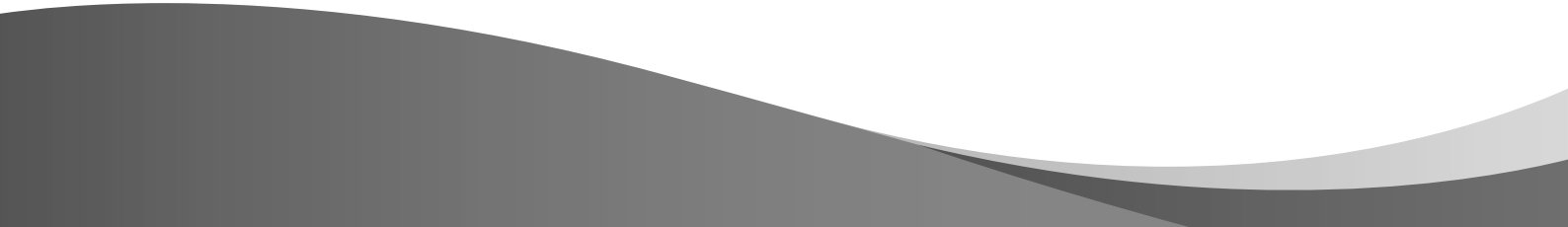
On 31 March 2016, Australian Consumer Affairs Ministers agreed to the introduction of an information standard that the NSW Food Authority provided significant input into.

The Commonwealth labelling regulation will require eggs labelled 'free range' to be laid by hens with an outdoor density stocking of 10,000 hens per hectare or less, and with meaningful and regular access to the outdoors and that stocking density numbers be prominently displayed on pack.

Australian Consumer Law (Free range egg labelling) Information Standard 2017 was registered as a legislative instrument of the Australian Government on 26 April 2017, legislating the decision of Consumer Affairs Ministers to regulate free range eggs. The standard commences 12 months from the date of publication of the information standard on the internet.

Enforcement of the free-range eggs information standard will be conducted by consumer affairs regulatory agencies (e.g. ACCC and NSW Fair Trading).

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STATUTORY REPORTING



Human resources

Staff numbers and breakdown

As at 30 June 2017, the NSW Food Authority had a complement of 97 FTE (full time equivalent) staff and 3 Senior Executive Service (SES) Officers – a total of 100 staff.

TABLE 1: Occupation Group			
	2014-2015	2015-2016	2016-2017
Clerical	15	15	14
Food Safety Officers	91	83	83
Total Staff (non-SE)	106	98	97
Senior Executive (SE)	2	2	3
TOTAL STAFF	108	100	100

TABLE 2: Number and level of senior executive by band and gender 2016-17													
Level	1	2	3	4	5	6	7	8	Band 1	Band 2	Band 3	Band 4	Total
Female	0	0	0	0	0	0	0	0	2	0	0	0	2
Male	0	0	0	0	0	0	0	0	1	0	0	0	1
TOTALS	0	0	0	0	0	0	0	0	3	0	0	0	3
Average						Band 1 Average: \$221,304.67							

TABLE 3: Number and level of senior executive by band and gender 2015-16													
Level	1	2	3	4	5	6	7	8	Band 1	Band 2	Band 3	Band 4	Total
Female	0	0	0	0	0	0	0	0	1	0	0	0	1
Male	0	0	0	0	0	0	0	0	1	0	0	0	1
TOTALS	0	0	0	0	0	0	0	0	2	0	0	0	2
Average						Band 1 Average: \$221,424.50							

TABLE 4: Average remuneration of senior executives

	Female		Male	
	2015-2016	2016-2017	2015-2016	2016-2017
Band 1	1	2	1	1
Remuneration range	\$195,385 - \$248,850	\$178,850 - \$255,050	\$195,385 - \$248,850	\$178,850 - \$255,050
Average remuneration	\$221,424.50	\$221,304.67	\$221,424.50	\$221,304.67

4.7% of the NSW Food Authority's employee related expenditure was related to senior executives, compared to 3.5% at the end of the previous reporting year.

The NSW Department of Industry Staff Payroll Centre (Orange) managed the Authority's payroll and leave administration.

Workforce diversity

NSW Department of Industry is committed to a culture of inclusion and diversity. The department is actively developing and maintaining a workforce made up of individuals from diverse backgrounds and with diverse experiences who are all included in a culture based on collaboration, innovation, ownership and improved customer experience.

The department's diversity initiatives are designed to take both a whole-of-department approach to cultural change and also support achievement of specific actions for gender equality, including LGBTI, disability, Aboriginal staff and young professionals.

The Government Sector Employment Act 2013 (GSE Act) preserves the focus on workforce diversity, including diversity in respect of:

- gender
- cultural and linguistic background
- Aboriginal people
- people with disability.

The GSE Act also provides flexibility to encompass a broader spectrum of diversity, including mature workers, young people and carers.

In December 2016, the department commenced development of a cultural transformation program to facilitate a culture that is inclusive and supportive of diversity. The program has engaged over 320 staff to co-design the attributes and behaviours to support our desired culture. The program has moved into a pilot phase with a formal launch in September 2017.

The department is a member of the Disability Council of Australia.

Key issues for the department to address in 2017–18 include:

- increased support for new managers and executives from diversity areas
- improved recruitment procedures to be more inclusive and accessible
- increased understanding of unconscious bias
- increased support for flexible working arrangements and agile working
- improved data and information about target groups and flexible working arrangements.

Gender equality

The department remains committed to actively providing opportunities for the employment and development of women. A key focus is supporting women to identify and achieve career goals and to encourage potential women leaders and managers to participate in leadership and management programs both within the department and in programs provided externally.

The Premier of NSW has set a target of 50% representation level of women in senior executive roles across the NSW Government sector.

A Gender Equality Steering Committee (GESC) was active during 2016–17, with representation from across the department. The GESC oversees and promotes implementation of the Gender Equality Action Plan (GEAP). Working groups were set up to address key issues affecting gender equality and to undertake actions in the GEAP. The guiding principle for the GESC is to strive for a gender inclusive workplace where diversity drives engagement, productivity and innovation.

The Gender Equality Action Plan has three focus areas with aligned outcomes:

- career development, with the outcome to meet and/or exceed the NSW Government targets where women are under-represented
- employment, with the outcome to establish NSW Industry as an employer that is supportive, flexible and respectful of all genders
- communication, with the outcome to ensure gender equality information and resources are available and accessible to all employees.

Actions identified in the GEAP are progressively being completed including Industry's 'flexible work package' on our intranet with fact sheets and case studies.

Another key achievement for 2016–17 has been the delivery of three Gender Equality Forums across the state. These are very well received and are supported by a dedicated intranet site with recordings of the forums. The forums include guest speakers and interactive panel discussions. The topics were:

- Be bold for change
- Career development opportunities for gender equality
- Gendered industries—Insights from industries traditionally of one gender.

The forums also provide opportunity for networking.

Aboriginal employment and inclusion

The department continued to progress work that supports employment, inclusion and retention of Aboriginal staff during 2016–17, with significant projects and activities.

An Aboriginal Training and Employment Initiative was undertaken within Training Services NSW, with 21 identified roles created across the state.

This initiative involved:

- developing culturally appropriate recruitment processes
- cultural awareness training for hiring managers
- cultural awareness workshops for work groups where new positions are located. The workshops raised participant's cultural knowledge for working with Aboriginal people.

Another important program was implementation of forums for Fisheries Compliance staff and local Aboriginal community members to participate in cultural awareness training and to resolve issues about fisheries compliance. These very successful forums are continuing in 2017–18.

A key activity for the department has been the Aboriginal Support Network (ASN) which has continued to grow during this period. ASN members have also participated in a number of sector-wide development and networking activities. A new ASN Strategic Plan has been developed to align to the department's Corporate Plan and was formally launched by the Secretary. Implementation of the actions will continue with a focus on employment, career development and support.

Disability employment

An Industry Disability Inclusion Action Plan (DIAP) is in place and the Secretary actively supports this work. A member of the executive team is the Executive Sponsor and Chair of the DIAP Steering Committee, with representatives from across the department as members. In 2016–17, actions identified in the DIAP were completed including:

- forming and continuing to operate a Disability Employee Network (DEN) for disabled staff, carers and advocates
- holding a Celebrating Diversity event during the Para Olympics with a former Para Olympian special guest
- presenting to the department's executive management committee to engage, inform and update on activities
- evaluating and assessing current recruitment processes and developing actions for improved recruitment of people with a disability.

The department has continued to participate in whole-of-sector initiatives, committees and working groups including participation in the 'Disability confident' e-learning project, reviewing the Jobs for People with a disability cabinet submission.

In addition, the department contributed to the publication *Equal Access, Equal Opportunity—the 25th Anniversary of the Disability Discrimination Act*, promoting our commitment to employment of people with a disability.

2017–18 will involve an evaluation of the DIAP, with development of the next plan building on the actions in the current one. A key undertaking for 2017–18 is the development of a workplace adjustment policy and resources including a communication campaign.

Trends in the representation of workforce diversity groups

Workforce Diversity Group	Benchmark/ Target	2015	2016	2017
Women	50%	52.0%	50.0%	52.3%
Aboriginal and/or Torres Strait Islander People	3.3%	0.0%	0.0%	0.0%
People whose First Language Spoken as a Child was not English	23.2%	21.8%	14.0%	13.1%
People with a Disability	N/A	2.6%	0.0%	0.9%
People with a Disability Requiring Work-Related Adjustment	N/A	0.0%	0.0%	0.9%

Note 1: The benchmark of 50% for representation of women across the sector is intended to reflect the gender composition of the NSW community.

Note 2: The NSW Public Sector Aboriginal Employment Strategy 2014–17 introduced an aspirational target of 1.8% by 2021 for each of the sector's salary bands. If the aspirational target of 1.8% is achieved in salary bands not currently at or above 1.8%, the cumulative representation of Aboriginal employees in the sector is expected to reach 3.3%.

Note 3: A benchmark from the Australian Bureau of Statistics (ABS) Census of Population and Housing has been included for People whose First Language Spoken as a Child was not English. The ABS Census does not provide information about first language, but does provide information about country of birth. The benchmark of 23.2% is the percentage of the NSW general population born in a country where English is not the predominant language.

Note 4: Work is underway to improve the reporting of disability information in the sector to enable comparisons with population data. For this reason, no benchmark has been provided for People with a Disability or for People with a Disability Requiring Work-Related Adjustment.

Trends in the distribution index for workforce diversity groups

Workforce Diversity Group	Benchmark/ Target	2015	2016	2017
Women	100	93	92	93
Aboriginal and/or Torres Strait Islander People	100	N/A	N/A	N/A
People whose First Language Spoken as a Child was not English	100	95	N/A	N/A
People with a Disability	100	N/A	N/A	N/A
People with a Disability Requiring Work-Related Adjustment	100	N/A	N/A	N/A

Note 1: A Distribution Index score of 100 indicates that the distribution of members of the Workforce Diversity group across salary bands is equivalent to that of the rest of the workforce. A score less than 100 means that members of the Workforce Diversity group tend to be more concentrated at lower salary bands than is the case for other staff. The more pronounced this tendency is, the lower the score will be. In some cases, the index may be more than 100, indicating that members of the Workforce Diversity group tend to be more concentrated at higher salary bands than is the case for other staff.

Note 2: The Distribution Index is not calculated when the number of employees in the Workforce Diversity group is less than 20 or when the number of other employees is less than 20.

Workplace health and safety

The Food Authority is committed to maintaining the health, safety and welfare of all our staff and visitors.

The Authority is committed to maintaining the health, safety and welfare of all our staff and visitors—in keeping with the safety mission of NSW Trade & Investment: ‘Everyone home safe and well, every day’.

- Total Lost Time Injury days was six, there were nil reports in the previous financial year
- Three notifications were reported to the insurer, there were nil reports in the previous financial year

Privacy management

The *Food Act 2003* imposes particular obligations on those administering or executing the Act not to disclose certain confidential information obtained by them in the course of their duties.

Matters relating to more general collection, disclosure and use of personal information by the Authority are governed by provisions of the *Privacy and Personal*

Information Protection Act 1998. Personal information which contains information or an opinion about an individual’s health or disability is also subject to provisions of the *Health Records and Information Privacy Act 2002*.

The Authority has a Privacy Management Plan in place, which has been agreed with the Office of the Information Commissioner.

Multicultural policies and services program

We have an ongoing commitment to the principles of multiculturalism, ensuring our services and facilities are accessible to everyone in New South Wales.

The Authority undertakes to:

- ensure our safety programs cater for the ethnic diversity of the state's consumers and food industry,
- service those from culturally and linguistically diverse (CALD) backgrounds,
- ensure that our employees are acknowledged for their cultural diversity and granted reasonable flexibility in their duties to:
 - accommodate culturally specific practices, and
 - utilise culturally specific skills,
- maintain consistency with Equal Employment Opportunity principles, ensuring that prospective employees are treated equally and not disadvantaged by virtue of any CALD community membership or cultural belief or practice.

This assists industry by ensuring that:

- food industry participants have appropriate access to the Food Authority's consultation processes, regulatory programs and advisory services,
- food industry participants have a better understanding of the Food Authority's role and practices relating to culturally diverse communities,
- our programs and services take account of culturally diverse and traditional methods of food preparation.

We have developed an implementation plan to give effect to these strategies.

ACTIVITIES DURING 2016–17 INCLUDED:

Ongoing activities

The Food Authority provides an accredited interpreter service free of charge to CALD community members for on-demand calls with our helpline and during regulatory compliance interviews between food inspectors and food businesses. This is supported by staff accredited with language skills and CLAS allowance available to assist food inspection and customer helpline staff.

A range of food safety compliance information for food businesses and consumers is produced in a range of community languages - Arabic, Chinese, Greek, Italian, Japanese, Khmer, Korean, Macedonian, Serbian, Spanish, Thai, Turkish and Vietnamese. Other resources are translated as needs are identified.

DEPARTMENTAL ACTIVITIES

NSW government agencies are required to plan for a culturally, linguistically and religiously diverse community. The current mechanism for doing this is the Multicultural Policies and Services Program (MPSP), which is a whole of government program overseen by Multicultural NSW.

The department is committed to the *Community Relations and Principles of Multiculturalism Act 2000* (the Act) and the NSW Government's aims and objectives for multiculturalism as set out in the MPSP. Each NSW Government agency is required to have a multicultural plan outlining how it will conduct

its business within a culturally, linguistically and religiously diverse society.

Multicultural NSW released the new MPSP framework in the second half of the 2016 calendar year. Owing to the machinery of government changes of early 2017, the department was not able to prepare a new multicultural plan before the end of the financial year. It is anticipated that this will occur during 2017–18.

Specific measures and strategies to address the needs of Aboriginal and Torres Strait Islander people are not reported through the MPSP in NSW.

The following is a summary of multicultural outcomes achieved by the department during 2016–17.

Human resources

A number of programs were undertaken by the department to promote workforce diversity and inclusion.

A major activity for the department has been around cultural change with a 'What will it take?' program designed to support a more collaborative, inclusive and diverse culture.

The department continues to identify and support the linguistic and inter-cultural skills needed within our client-facing positions, to ensure that business needs are serviced by appropriate human resourcing. Specific training needs are integrated into staff personal development plans.

The department has continued to reshape the capability within our recruitment team and our recruitment processes to promote transparency, diversity and inclusion in our recruitment and mobility practices.

The department has included multicultural awareness training and information about its equity policies in online training modules for existing and new staff.

The department is continuing to work to increase the accuracy of equal employment opportunity data in human resources systems.

Cultural diversity

Integrating multicultural considerations into the department's operations, and communicating these opportunities to staff, are important activities contributing to the department achieving cultural diversity outcomes.

The following is a summary of strategies and activities that are planned for implementation in 2017–18 to achieve our proposed multicultural outcomes:

A Cultural Diversity Steering Committee will be established by end 2017, with a range of activities undertaken to leverage current diversity and inclusion strategies.

- Employees will be invited to voluntarily update their equal employment opportunity data in the department's human resources systems.
- Dashboard reporting will be introduced to raise awareness within our business of the department's current diversity profile.
- Existing programs of work that are reshaping the capability within our recruitment team and our recruitment processes to promote transparency, diversity and inclusion in our recruitment and mobility practices will continue.
- The department will participate in the NSW Government's Refugee Employment Program, which involves employing 100 refugees across several different departments and agencies in the NSW Public Sector.

Multicultural provision in corporate accommodation

Multi-purpose rooms are available for private religious observation requirements for staff and visitors, as part of a broad range of accommodation improvements undertaken in metropolitan and regional office locations.

Multicultural community engagement

During 2016–17, the Department of Primary Industries – Fisheries undertook a range of community engagement and awareness-raising activities including:

- delivering community engagement workshops, events and presentations targeted at CALD (culturally and linguistically diverse) communities to raise awareness about safe and responsible fishing and conservation
- distributing fisheries and water safety resource material translated into community languages
- delivering, in partnership with the Lebanese Muslim Association, nine 'Off the Hook' programs to 160 newly-arrived refugees to raise awareness of responsible fishing and pathways to employment in the fishing industry
- delivering, with other relevant agencies, rock fishing safety awareness training to CALD audiences
- co-hosting, with a number of CALD organisations and CALD media outlets, a Water Safety Day at the Willoughby Leisure Centre
- distributing over 25,000 multilingual fishing brochures and DVDs through Fisheries offices
- providing over 170 face-to-face or telephone community language interpreting translation services
- installing or maintaining multilingual fisheries signs about fish and shellfish consumption in Sydney Harbour, Parramatta River and Sydney Basin tributaries.

Energy Accounts Payment Assistance Scheme

The Energy Accounts Payment Assistance (EAPA) Scheme helps people experiencing a short-term financial crisis or emergency to pay their electricity or gas bill. EAPA delivers assistance through a network of around 340 community organisations, known as EAPA providers. Twenty-eight of those organisations represent CALD communities.

In 2016–17, the department provided additional support to EAPA providers, with face-to-face training and other assistance to customers. Twenty-seven of the EAPA providers from CALD groups participated in this training.

Skills and education

Smart and Skilled is the NSW Government's reform of the Vocational Education and Training (VET) system. In 2016–17, 14.5% (22,631) of Smart and Skilled commencing students spoke a language other than English. In 2016–17 Adult and Community Education (ACE) colleges assisted 2,198 overseas-born students.

Fifteen per cent (7,097) of apprentices and trainees approved in NSW in 2016–17 were not born in Australia and 14% (6,644) indicated that English was not spoken at home.

In 2016–17, 48% (414) of applications for Trades Skills Recognition were from applicants who were not born in Australia.

The department continues to provide advice and support on Smart and Skilled and vocational education and training to CALD community groups. The department has partnered with a number of CALD

groups and training organisations to fund training for their clients including migrant job seekers.

Under the ACE program, approved ACE providers receive Community Service Obligation (CSO) funding to provide training for disadvantaged students and regional and remote communities that need assistance to access training under the Smart and Skilled entitlement program. This additional support is provided to migrants or refugees who are unemployed or underemployed.

Commencing on 1 January 2017, the department introduced fee-free training under Smart and Skilled for refugees and asylum seekers. This includes full qualifications up to Certificate IV, foundation skills courses and access to the Smart and Skilled part-qualifications program. Fee-free scholarships are also available to holders of humanitarian visas.

Total College provides targeted training for primary industry communities (including CALD groups) through its vocational education and training program developed under the Smart and Skilled framework.

Refugee Employment Support Program

In 2016–17, the department, in consultation with Professor Peter Shergold AC, Coordinator General of Refugee Resettlement, developed the Refugee Employment Support Program (RESP). Launched in May 2017 and intended to run for four years, the RESP is designed to assist up to 6,000 refugees and 1,000 asylum seekers to find sustainable and skilled employment.

The program will provide refugees and asylum seekers with opportunities to secure financial independence while resettling while also enhancing the contribution they can make to local communities and the NSW economy.

Following a four-stage procurement process, Settlement Services International was selected to deliver the RESP from

1 July 2017. The program will run in Western Sydney and the Illawarra where the majority of refugees have been resettled.

RESP is delivering services that include:

- working with multicultural employment specialists to provide tailored support based on a participant's skills, experience and goals and to address barriers in finding long term skilled employment
- providing vocational training through Smart and Skilled, work experience coordinated with employers and mentoring opportunities
- assisting in the process to gain recognition of overseas qualifications and/or skills in Australia with associated costs subsidised by the NSW Government.

Business and Skilled Migration Program

In 2016–17, the department delivered the NSW State Nominated Business and Skilled Migration program which attracts business people, entrepreneurs, investors, and skilled migrants to the state.

During the year, 3,730 prospective migrants from 92 countries were nominated by NSW for skilled visas under the State Skilled Nomination Migration Program. India, China, Pakistan, the United Kingdom and the Philippines were the top source countries for skilled visa nominations. In addition, 720 prospective migrants from 42 countries were nominated for skilled visas to locate in regional NSW. India, China, Pakistan, Nepal and Sri Lanka were the top source countries for regional skilled visa nominations.

In 2016–17, the NSW Government nominated 703 people for business or investor migration, including for the Significant Investor Visa. The majority of business and investor visa nominees were from mainland China, with other nominees coming from Vietnam, Hong Kong, India, Iran, South Africa and the United Kingdom.

Responsible Gambling Fund

To support at-risk and problem gamblers from CALD communities, the Responsible Gambling Fund provides gambling help counselling in more than 40 languages in 10 locations across Sydney and available by phone to all residents of NSW. In 2016–17, over 3,000 face-to-face counselling sessions were provided for CALD clients, representing 11% of sessions conducted for problem gamblers in NSW.

The Responsible Gambling Fund also provided translations for responsible gambling awareness campaigns to support CALD communities. During 2016–17, this included the Talkward campaign targeting family and friends to support problem gamblers by reducing stigma associated with gambling and asking for help.

Trade and investment

The department uses a variety of channels to harness the benefits of the state's cultural diversity, language skills and overseas links to increase the effectiveness of our provision of investment and export services to multicultural clients within NSW and overseas.

StudyNSW aims to increase the number of international students studying in NSW, improve the quality of their experience while in NSW and recognise their valuable contributions to our communities. Its website is available in nine languages including Mandarin, Japanese, Vietnamese, Thai, Arabic, Korean, Spanish and Portuguese.

StudyNSW also:

- delivers annual international student awards to recognise the contributions international students make to our communities and supporting inter-cultural understanding
- works closely with Multicultural NSW and other partners to build tolerance and understanding in our communities such as through supporting the AFL Multicultural round in the 2017 season
- coordinates an international student welcome desk at Sydney Airport where international students currently studying in NSW greet arriving students and other visitors in their first language.

The department continued to work with bilateral chambers of commerce and other international organisations to foster engagement and to profile trade and investment opportunities which drive business growth in NSW.

NSW Small Business Commissioner

The Office of the NSW Small Business Commissioner (OSBC) continued to deliver a number of key initiatives to support multi-cultural businesses, including:

- the OSBC website multicultural portal provides resources and information in Arabic, Cantonese, Mandarin, Korean and Vietnamese about retail and commercial leasing, key small business resources, compliance information and other small business issues
- fact sheets that are tailored to meet the needs of multicultural small businesses in Arabic, Cantonese, Mandarin, Korean and Vietnamese

- ongoing support for CALD small business owners affected by reform to their industry and ensuring they understand the changes.

Business Connect program

In 2016–17, 594 multicultural small businesses were supported through Business Connect, providing over 1,900 hours of practical face-to-face business support.

Future plans and directions

The following strategies and activities are planned for implementation in 2017–18 to achieve multicultural outcomes:

- republication of key small business resources and information for small businesses in Arabic, Cantonese, Mandarin, Korean and Vietnamese
- targeted workshops throughout 2017–18 for CALD small business operators
- working in partnership with the state-wide Multicultural Problem Gambling Service to develop self-help resources and tools in a range of languages and ensure content is sensitive to cultural considerations
- the establishment of an internal Cultural Diversity Steering Committee by the end of 2017, with a range of activities undertaken to leverage current diversity and inclusion strategies
- encouraging employees to voluntarily update their equal employment opportunity data in the department's human resources systems
- introducing dashboard reporting that will raise awareness within our business of the department's current diversity profile

- participation in the NSW Government's Refugee Employment Program, which involves employing 100 refugees across several different departments and agencies in the NSW public sector
- fully implement the Refugee Employment Support Program (RESP) to assist the additional refugees and asylum seekers from Syria and Iraq secure jobs and financial security.

Agreements with Multicultural NSW

The NSW Department of Industry has no formal agreements in place with Multicultural NSW.

Other statutory requirements

Consultants

Ten consultants were engaged by the NSW Food Authority consolidated entity in 2016–17 for a total cost of \$161,779.91.

No consultants were engaged for more than \$50,000.

Risk Management and Insurance Activities

Risk management principles are incorporated into the department, including in:

- work health and safety
- program and project management
- procurement and purchasing
- business continuity and emergency management planning
- environmental management systems
- fraud and corruption prevention
- internal audit.

The department's Enterprise Risk Management (ERM) framework has been developed in accordance with the NSW Treasury Internal Audit and Risk Management Policy for the NSW Public Sector (TPP 15-03). The ERM framework provides a systematic approach for implementing, monitoring, reviewing and continually improving our risk management processes in support of service and program delivery.

As part of the ERM framework, the department maintains divisional risk registers which consider strategic risks, as well as those risks inherent in the department's day-to-day business activities. Current controls and proposed additional treatments aimed at

minimising uncertainty, as well as for pursuing opportunities to enhance our programs and services are identified and monitored. The department's risk registers are also key inputs into the department's Internal Audit program, which is overseen by the Audit and Risk Committee. Work continues developing a methodology of incorporating risk management into the program management framework.

The 2017 machinery of government changes have altered the risk profile of the department and they offer the opportunity to review and improve the ERM framework. Improvements include enhanced risk reporting through a quarterly attestation process, risk aggregation from the departmental level to the enterprise level, a recasting of the department's fraud and corruption prevention strategy and the promotion of a cluster-wide approach to business resilience planning. These initiatives will result in a measurable improvement in the department's level of risk maturity as biennially measured by the NSW Audit Office. Work continues on developing a methodology of incorporating risk management into program management.

The department is insured through the Treasury Managed Fund (TMF), a self-insurance scheme administered by the GIO (general insurance) and Allianz (workers compensation insurance). The coverage provided by the scheme is all-inclusive and policies are held for workers compensation, motor vehicles, property, miscellaneous and public liability.

Public Interest Disclosures

The *Public Interest Disclosures Act 1994* was amended to require Agencies to report every six months to the Ombudsman on Public Interest Disclosures (PIDs) and to include this information in Annual Reports.

From 1 January 2014 the information required to be reported includes PIDs made by staff in performing their day-to-day functions.

Public Interest Disclosures for the NSW Food Authority are managed centrally by the Department of Industry.

The Department of Industry PID Reporting Policy and Procedure was developed in accordance with the requirements of the *Public Interest Disclosures Act 1994* and approved effective 1 October 2011. The Policy and Procedure are publicly available on the department's website as Open Access Information under the *Government Information (Public Access) Act 2009*.

The following action has been taken to ensure that staff are aware of the contents of the Policy and the protections available, as required under s6E(1)(b) of the *Public Interest Disclosures Act 1994*.

- PID information sessions were provided to Divisional and Branch management
- Training in PID management and awareness was provided by the Ombudsman to managers and staff in the metropolitan and regional offices.
- Information on PIDs was included in Staff Newsletters and circulars
- Information on PIDs, including the Policy and Procedures, is available on the internet and intranet

This report covers those PIDs received during the period from 1 July 2016 to 30 June 2017

	Made by public officials performing their day to day functions	Under a statutory or other legal obligation	All other PIDs
Number of public officials who have made a disclosure to the Agency			0
Number of the public interest disclosures received by the Agency:			0
Of public interest disclosures received, how many were primarily about: corrupt conduct maladministration serious & substantial waste government information contravention			0
No of public interest disclosures (received since 1 Jan 2012) that have been finalised in this reporting period			0

Digital Information Security Policy attestation

16 October 2017

ICT Board
c/- ICT Policy
Department of Finance & Services
Level 17, McKell Building
2-24 Rawson Place
SYDNEY NSW 2000



Department of
Primary Industries
Food Authority

Digital Information Security Annual Attestation Statement for the 2016–2017 Financial Year for the NSW Food Authority

Information Security is important to the NSW Food Authority and a risk-based approach is taken with regards to the implementation of security controls. A forward program of work is ensuring a consistent approach to information security is applied across the Authority. Some of the systems used by the Authority are operated by the Department of Industry on behalf of the cluster agencies. Attesting to the security of these systems is the responsibility of the Department of Industry.

I, Lisa Szabo am of the opinion that the security controls in place to mitigate risks to the digital information of the NSW Department of Industry, as part of its ICT shared services for the past year were adequate. There has been continuous effort and targeted investment in Digital Information Security and digital transformation to ensure that the Department progresses its digital government agenda. Information security management arrangements, in place during the financial year, were consistent with the core elements set out in the Digital Information Security Policy for the NSW Public Sector and ISO 27001 Standard. Given the scale and complexity of new types of cyber threats that have become prevalent, effort and investment will need to be ongoing to ensure reliable, secure and cyber resilient digital information. Specific work to address these areas is to be led by the NSW Department of Industry Chief Information Officer and the Digital Information Security Manager.

Yours sincerely

Lisa Szabo
Chief Executive Officer
NSW Food Authority

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ABN: 47 080 404 416

Overseas Travel

Four NSW Food Authority staff members undertook overseas travel 2016–17 in the course of their duty at a cost of \$12,567.39

Name Of Officer	Period of travel		Destination	Purpose of Travel	Source of Funds
	Date From	Date To			
Lisa Szabo Group Director Food Safety and CEO NSW Food Authority	29/07/2016	06/08/2016	USA	To provide an Australian perspective on mitigating the risks of foodborne illness at the invitation of the International Association for Food Protection	NSW Food Authority
Anthony Zammit Manager Shellfish Program	08/10/2016	15/10/2016	Vietnam	In conjunction with the NSW DPI and the Australian Centre for International Agricultural research, a project designed to continue to enhance mollusc production in northern Vietnam and NSW	NSW Food Authority
David Haslett CIE Systems Coordinator	16/10/2016	28/10/2016	New Zealand	Attend the Australia and New Zealand School of Government Managing Regulation, Enforcement and Compliance course	NSW Food Authority
Phillip Baker Senior Shellfish Operations Officer	13/05/2017	22/05/2017	Ireland	Attend and represent Australia and NSW at the 11th International Molluscan Shellfish Safety conference	NSW Food Authority

Annual Report production

There was no external cost for the production of the NSW Food Authority Annual Report 2016–17. No hard copies were printed. This report is available for download from foodauthority.nsw.gov.au

Formal access requests

GIPA (Government Information Public Access) applications for the NSW Food Authority are managed centrally and are included in the consolidated GIPA information published in the Annual Report for NSW Department of Industry. Further information about accessing documents under GIPA is on the Authority's website.

Internal Audit and Risk Management attestation



Department of
Primary Industries
Food Authority

Mr Sean Osborn
Director
Financial Management and Accounting Policy
The Treasury
PO Box 5469
SYDNEY NSW 2000

Dear Mr Osborn

**Internal Audit and Risk Management Attestation for the 2016–2017 Financial Year
for the NSW Food Authority**

Please find enclosed the abovementioned statement attesting compliance with *TPP15-03: Internal Audit and Risk Management Policy for the NSW Public Sector*, July 2015.

Should you wish to discuss this statement further please contact Effie Chen, Chief Audit Executive on tel. 9842 8034.

Yours sincerely

A handwritten signature in black ink that reads 'Craig Shadbolt'.

Dr Craig Shadbolt
Acting Chief Executive Officer

Encl.

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ABN: 47 080 404 416



Internal Audit and Risk Management Attestation Statement for the 2016–2017 Financial Year for the NSW Food Authority

I, Dr Craig Shadbolt, Acting Chief Executive Officer, am of the opinion that the NSW Food Authority has internal audit and risk management processes in operation that are materially compliant with the eight core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

Core Requirements	Compliant, non-compliant, or in transition
Risk Management Framework	
1.1 The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2 A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant
Internal Audit Function	
2.1 An internal audit function has been established and maintained	Compliant
2.2 The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3 The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
Audit and Risk Committee	
3.1 An independent Audit and Risk Committee with appropriate expertise has been established	Compliant
3.2 The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3 The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

Membership

The Chair and members of the Audit and Risk Committee during the 2016–2017 financial year were:

- Mr Ken Barker, appointed as Independent Chair from 18 January 2016 until 17 January 2019, and as an Independent Member from 13 October 2014 until 17 January 2016
- Ms Victoria Weekes, initially appointed as an Independent Member from 8 April 2013 until 7 April 2016 and subsequently re-appointed until 7 April 2021
- Mr Arthur Butler, appointed as an Independent Member from 25 November 2015 until 26 November 2018

Yours sincerely



Dr Craig Shadbolt
Acting Chief Executive Officer
NSW Food Authority

Payment of accounts

The tables below summarise the NSW Food Authority's performance in paying accounts during 2016–17.

Aged analysis at the end of each quarter

Below is a schedule of the dollar amount of payments made during 2016–17 by The Authority.

Also included is the time these documents were paid, in relation to due date.

QUARTER	Current (ie within due date)	Less than 30 days overdue	Between 30 and 60 days overdue	Between 60 and 90 days overdue	More than 90 days overdue
All suppliers	\$	\$	\$	\$	\$
September 2016	4,795,055	29,307	85,982	-	550
December 2016	3,319,919	90,556	9,780	16,280	-
March 2017	2,730,885	539,490	139,604	203,361	211,733
June 2017	3,676,362	109,095	17,413	-	-
Total all suppliers	14,522,220	768,448	252,778	219,641	212,283

QUARTER	Current (ie within due date)	Less than 30 days overdue	Between 30 and 60 days overdue	Between 60 and 90 days overdue	More than 90 days overdue
Small Business	\$	\$	\$	\$	\$
September 2016	-	-	12,425	-	-
December 2016	-	-	-	-	-
March 2017	-	-	-	-	-
June 2017	-	-	-	-	-
Total small business	-	-	12,425	-	-

Accounts paid on time within each quarter

All Suppliers	September 2016	December 2016	March 2017	June 2017	Full Year
Total no of accounts due for payment	637	663	594	555	2,449
Number of accounts paid on time	630	648	541	541	2,360
% of account paid on time (based on number of accounts)	98.9%	97.7%	91.1%	97.5%	96.4%
\$ amount of accounts due for payment	4,910,894	3,436,534	3,825,073	3,802,870	15,975,371
\$ amount of accounts paid on time	4,795,055	3,319,919	2,730,885	3,676,362	14,522,220
% of accounts paid on time (based on \$ amount of accounts)	97.6%	96.6%	71.4%	96.7%	90.90%
Number of payment for interest on overdue accounts	-	-	-	-	-
Interest paid on overdue accounts	-	-	-	-	-

Small Business	September 2016	December 2016	March 2017	June 2017	Full Year
Total no of accounts due for payment	1	-	-	-	1
Number of accounts paid on time	-	-	-	-	-
% of account paid on time (based on number of accounts)	-	N/A	N/A	N/A	0.0%
\$ amount of accounts due for payment	12,425	-	-	-	12,425
\$ amount of accounts paid on time	-	-	-	-	-
% of accounts paid on time (based on \$ amount of accounts)	0.0%	N/A	N/A	N/A	0.0%
Number of payment for interest on overdue accounts	-	-	-	-	-
Interest paid on overdue accounts	-	-	-	-	-

For the full 2016–17 financial year 96.47% (based on no. of accounts) of all accounts were paid on time.

All accounts for payment are directed to and processed in the Authority's outsourced service provider, NSW Department of Industry.

In addition:

- There were no instances of penalty interest being paid or incurred during 2016–17. No interest was paid on the breach noted in the small business table because this was due to the delay in the goods being received from the supplier.
- There were instances of supplier's enquiries regarding late payments.

These indicators will continue to be monitored during 2017–18 and future years to ensure the Authority's payment performance continues to improve.

Credit card use

I certify that credit card use in 2016–17 in the NSW Food Authority has been in accordance with Premier's Memoranda and Treasurer's Directions.



Lisa Szabo
Chief Executive Officer
NSW Food Authority

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FINANCIAL INFORMATION



Financial Information 2016–17

Statement by the Group Director Food Safety & CEO Food Authority

Pursuant to the requirements of section 41C(1C) of the *Public Finance and Audit Act 1983*, I, Lisa Szabo, Group Director Food Safety & CEO Food Authority declare that in my opinion:

1. The accompanying Financial Statements consisting of the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and the Notes thereto of the NSW Food Authority for the financial year ended 30 June 2017 exhibit a true and fair view of the financial position and transactions of the NSW Food Authority.
2. The Financial Statements have been prepared in accordance with applicable Australian Accounting Standards which include the Australian Accounting Interpretations and the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions.
3. Further, I am not aware of any circumstances which would render any particular included in the Statements to be misleading or inaccurate.



Lisa Szabo
Group Director Food Safety & CEO Food Authority

29 September 2017

Financial Information 2016–17



INDEPENDENT AUDITOR'S REPORT

NSW Food Authority

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of NSW Food Authority (the Authority), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Authority in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

Financial Information 2016–17

The Chief Executive Officer Responsibility for the Financial Statements

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer must assess the Authority's ability to continue as a going concern except where the Authority will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Authority carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



C J Giumelli
Director, Financial Audit Services

3 October 2017
SYDNEY

Financial Information 2016–17

START OF AUDITED FINANCIAL STATEMENTS

NSW FOOD AUTHORITY
ABN 47 080 404 416

Statement of Comprehensive Income for the Year Ended 30 June 2017

	Notes	Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000
Revenue				
Industry levies and licence fees	2	8,291	7,668	7,859
Grants and contributions	3	9,056	9,056	9,436
Acceptance by the Crown Entity of employee benefits and other liabilities	4	481	-	-
Miscellaneous income and fees for services	5	2,548	2,205	3,275
Investment revenue	6	333	450	382
Total revenue		20,709	19,379	20,952
Expenses excluding losses				
Personnel services	8	2,811	13,740	23,037
Other operating expenses	9	5,466	5,964	5,733
Depreciation and amortisation	10	918	1,073	1,215
Grants and subsidies		418	560	537
Total expenses excluding losses		9,613	21,337	30,522
Gain/(loss) on disposal & impairments	7	-	-	(16)
Net result		11,096	(1,958)	(9,586)
Other comprehensive income/(loss)				
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	13(a)	(876)	-	-
Total other comprehensive income/(loss) for the year		(876)	-	-
Total comprehensive income/(loss) for the year		10,220	(1,958)	(9,586)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Financial Information 2016–17

NSW FOOD AUTHORITY
ABN 47 080 404 416

Statement of Financial Position as at 30 June 2017

	Notes	Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000
ASSETS				
Current Assets				
Cash and Cash Equivalents	11	26,132	21,289	26,148
Receivables	12	2,485	1,204	2,399
Total Current Assets		<u>28,617</u>	<u>22,493</u>	<u>28,547</u>
Non-Current Assets				
Property, Plant and Equipment				
- Land and Buildings	13	9,874	10,595	10,385
- Plant and Equipment	13	473	323	668
Total Property, Plant and Equipment	13	<u>10,347</u>	<u>10,918</u>	<u>11,053</u>
Intangible Assets	14	2,488	2,760	2,164
Total Non-Current Assets		<u>12,835</u>	<u>13,678</u>	<u>13,217</u>
TOTAL ASSETS		<u><u>41,452</u></u>	<u><u>36,171</u></u>	<u><u>41,764</u></u>
LIABILITIES				
Current Liabilities				
Payables	16	1,472	954	2,502
Provisions	16	1,554	4,672	5,297
Other			495	-
Total Current Liabilities		<u>3,026</u>	<u>6,121</u>	<u>7,799</u>
Non-Current Liabilities				
Provisions	17	<u>20,029</u>	<u>19,783</u>	<u>29,905</u>
Total Non-Current Liabilities		<u>20,029</u>	<u>19,783</u>	<u>29,905</u>
TOTAL LIABILITIES		<u><u>23,055</u></u>	<u><u>25,904</u></u>	<u><u>37,704</u></u>
NET ASSETS / (LIABILITIES)		<u><u>18,397</u></u>	<u><u>10,267</u></u>	<u><u>4,060</u></u>
EQUITY				
Reserves		3,422	4,298	4,298
Accumulated Funds		<u>14,975</u>	<u>5,969</u>	<u>(238)</u>
Total Equity		<u><u>18,397</u></u>	<u><u>10,267</u></u>	<u><u>4,060</u></u>

The above statement of financial position should be read in conjunction with the accompanying notes.

Financial Information 2016–17

NSW FOOD AUTHORITY
ABN 47 080 404 416

Statement of Changes in Equity for the Year Ended 30 June 2017

	Accumulated Funds \$'000	Asset Revaluation Reserve \$'000	Total \$'000
Balance at 1 July 2016	<u>(238)</u>	<u>4,298</u>	<u>4,060</u>
Net result for the year	11,096	-	11,096
Other comprehensive income			
Net change in revaluation surplus of property plant and equipment	-	(876)	(876)
13(a) Total comprehensive income for the year	<u>11,096</u>	<u>(876)</u>	<u>10,220</u>
Transaction with owners in their capacity as owners			
Increase in net assets from equity transfers	26 <u>4,117</u>	-	<u>4,117</u>
Balance at 30 June 2017	<u>14,975</u>	<u>3,422</u>	<u>18,397</u>
Balance at 1 July 2015	<u>9,348</u>	<u>4,298</u>	<u>13,646</u>
Net result for the year	(9,586)	-	(9,586)
Other comprehensive income			
Net change in revaluation surplus of property plant and equipment	-	-	-
Total comprehensive income for the year	<u>(9,586)</u>	<u>-</u>	<u>(9,586)</u>
Balance at 30 June 2016	<u>(238)</u>	<u>4,298</u>	<u>4,060</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

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Statement of Cash Flows for the Year Ended 30 June 2017

	Notes	Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Payments to suppliers and employees		(21,523)	(21,554)	(21,013)
Grants and subsidies		(418)	(560)	(537)
Total payments		(21,941)	(22,114)	(21,550)
Receipts				
Industry levies, licences and other		13,947	11,668	13,911
Grants and contributions received		9,056	9,056	9,436
Interest received		333	450	382
Total receipts		23,336	21,174	23,729
NET CASH (OUTFLOW) INFLOW FROM OPERATING ACTIVITIES	19	1,395	(940)	2,179
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property, plant and equipment	7		-	206
Payment for property, plant and equipment	13	(566)	(550)	(342)
Payment for intangible assets	14	(845)	(950)	(764)
NET CASH (OUTFLOW) INFLOW FROM INVESTING ACTIVITIES		(1,411)	(1,500)	(900)
CASH FLOWS FROM FINANCING ACTIVITIES				
NET CASH (OUTFLOW) INFLOW FROM FINANCING ACTIVITIES		-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(16)	(2,440)	1,279
Opening cash and cash equivalents		26,148	23,729	24,869
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	11	26,132	21,289	26,148

The above statement of cash flows should be read in conjunction with the accompanying notes.

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Notes to the Financial Statements 30 June 2017

Note 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The NSW Food Authority (the Authority) was established on 5 April 2004 as a result of the proclamation of *the Food Legislation Amendment Act 2004*. It was established by merging Safe Food Production NSW (Safe Food) with the food regulatory activities of the NSW Department of Health. It is responsible for ensuring that food safety standards are implemented in an integrated and consistent way at all points in the food supply chain. The Authority is a statutory body under Schedule 2 of the Public Finance and Audit Act 1983 and is a not-for-profit entity as profit is not its principal objective.

These financial statements for the year ended 30 June 2017 have been authorised for issue by the Group Director Food Safety & CEO Food Authority on the date on which the accompanying statement by the Group Director Food Safety & CEO Food Authority was signed.

(b) Basis of preparation

The Authority's financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015* and
- Financial Reporting Directions mandated by the Treasurer.

Property, plant and equipment, assets held for sale and financial assets at 'fair value through profit or loss' and available for sale are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Grants and subsidies paid

Grants and subsidies are generally recognised as expense when the Authority relinquishes control over the assets comprising the grant / subsidies.

(e) Insurance

The Authority's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.

(f) Accounting for the Goods and services tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that:

- amount of GST incurred by the Authority as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

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(g) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Comments regarding the accounting policies for the recognition of income are discussed below.

(i) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the authority will comply with all attached conditions.

(ii) Contributions and grants from other bodies

Grants and contributions from other bodies are generally recognised as revenues when the Authority obtains control over the asset comprising the contribution. Control over grants and contributions are normally obtained upon receipt of the cash.

(iii) Investment revenue

Interest income is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

(iv) Sale of goods and services

Revenue from the sale of goods is recognised as revenue when the entity transfers the significant risks and rewards of ownership of the goods, usually on delivery of the goods.

(v) Industry levies and licence fees

Meat levies are recognised as revenue over the period of the levy. Industry levies and licence fees are recognised when invoiced and expected to receive the money before the year end or expiry of their current licence.

(vi) Infringement charges and fines

Infringement charges and fines are recognised as revenue when the revenue is received.

(h) Property, plant and equipment

(i) Acquisition of property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other AAS.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent; i.e. deferred payment amount is effectively discounted over the period of credit.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

(ii) Capitalisation thresholds

Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

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(iii) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(iv) Depreciation of plant and equipment

Depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Authority.

All material identifiable components of assets are depreciated separately over their useful lives.

Land is not a depreciable asset.

The depreciation rates the Authority uses are:

Plant and Equipment	10.00% to 25.00%
Buildings	2.00% to 6.67%

(v) Revaluation of property plant and equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement*, AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs.

Revaluations shall be made with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The Authority conducts a comprehensive revaluation at least every three years for its land and buildings where the market or income approach is the most appropriate valuation technique and at least every five years for other classes of property, plant and equipment. The last comprehensive revaluation was completed on 31 March 2017 and was based on an independent assessment

Non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value. The Authority has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

For other assets valued using other valuation techniques, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are recognised in other comprehensive income and credited to revaluation surplus in equity. However, to the extent that an increment reverses a revaluation decrement in respect of the same class of asset previously recognised as a loss in the net result, the increment is recognised immediately as a gain in the net result.

Revaluation decrements are recognised immediately as a loss in the net result, except to the extent that it offsets an existing revaluation surplus on the same class of assets, in which case, the decrement is debited directly to the revaluation surplus.

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As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated. Where the income approach or market approach is used, accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus in respect of that asset is transferred to accumulated funds.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

(vi) Impairment of plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

The entity assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the entity estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

(i) Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of the leased assets, and operating leases under which the lessor does not transfer substantially all the risks and rewards.

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

(j) Intangible assets

The Authority recognises intangible assets only if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. If there is no active market for the entity's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses. As there is no active market for the Authority's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

The Authority's intangible assets are amortised using the straight line method over their estimated useful lives. The rate the Authority uses are 20% to 50%.

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The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

(k) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in net result.

The Authority determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(i) Financial assets

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

- Receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount unless the effect of discounting is material.

- Impairment of financial assets

All financial assets, except those at fair value through profit and loss, are subject to an annual review for impairment. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

For certain categories of financial assets, such as trade receivables, the entity first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Assets are assessed for impairment on a collective basis if they were assessed not to be impaired individually.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

When an available-for-sale financial asset is considered to be impaired, the amount of the cumulative loss is removed from equity and recognised in the net result for the year, based on the difference

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between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. However, reversals of impairment losses on an investment in an equity instrument classified as 'available-for-sale' must be made through the revaluation surplus. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(ii) Financial liabilities

Payables represent liabilities for goods and services provided to the Authority and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(iii) De-recognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Authority transfers the financial asset:

- where substantially all the risks and rewards have been transferred; or
- where the Authority has not transferred substantially all the risks and rewards, if the entity has not retained control.

Where the entity has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the entity's continuing involvement in the asset. In that case, the entity also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the entity could be required to repay.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(I) Provisions

(i) Personnel services

• Personnel services arrangements

Under clause 8 (1) of the Administrative Arrangements Order 2014, effective from 24 February 2014, the staff employed by the Office of the NSW Food Authority to provide personnel services to the NSW Food Authority were transferred to The NSW Department of Industry (the Department). From this date all payments to employees and related obligations are done in the name of the Department and are classified as "Personnel Services Expense" in the financial statements.

• Personnel services for salaries and wages, annual leave and sick leave and on-costs

Provisions for personnel services are stated as liabilities to the service provider, the Department. Liabilities for salaries and wages (including non-monetary benefits) and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted).

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Actuarial advice obtained by Treasury has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (calculated using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Authority has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave. All annual leave is classified as a current liability even where the entity does not expect to settle the liability within 12 months as the entity does not have an unconditional right to defer settlement.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

- **Personnel services for long service leave and superannuation**

The Authority's liabilities for long service leave are assumed by the Crown Entity through Department of Industry as at 1 April 2017. The Authority accounts for the liability as having been extinguished; resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of employee benefits and other liabilities". Provisions for superannuation are stated as liabilities to the service provider, the Department.

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using Commonwealth government bond rate at the reporting date.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

- **Consequential on-costs**

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

- (ii) **Other Provisions**

Other provisions exist when: the Authority has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

- (m) **Equity and Reserves**

- (i) **Revaluation surplus**

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the Authority's policy on the revaluation of property, plant and equipment as discussed in note 1(h) (v).

- (ii) **Accumulated Funds**

The category 'Accumulated Funds' includes all current and prior period retained funds.

- (iii) **Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards (e.g. revaluation surplus and foreign currency translation reserve).**

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Notes to the Financial Statements 30 June 2017

(iv) Equity Transfers

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs / functions and parts thereof between NSW public sector entities and 'equity appropriations' are designated or required by AAS to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 and Australian Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.

Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the entity recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the entity does not recognise that asset.

(n) Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

A number of the Authority's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the entity categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- (i) **Level 1** - quoted (unadjusted) prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- (ii) **Level 2** – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- (iii) **Level 3** – inputs that are not based on observable market data (unobservable inputs).

The Authority recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer to Note 15 and Note 25 for further disclosures regarding fair value measurements of financial and non-financial assets.

(o) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in Note 21.

(p) Comparative Information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

(q) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2016-17

The accounting policies applied in 2016-17 are consistent with those of the previous financial year except as a result of the following new or revised AAS that have been applied for the first time in 2016-17:

- AASB 1057 Application of Australian Accounting Standards.
- AASB 2014-4 Acceptable methods of depreciation and amortisation.

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- AASB 2015-1 Annual Improvements to Australian Accounting Standards 2012-2014 cycle
- AASB 2015-2 Amendments to AASB 101 disclosure initiatives.
- AASB 2015-6 - Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities.
- AASB 2015-7 - Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities.
- AASB 2015-9 Amendments to Australian Accounting Standards - Scope and Application Paragraphs.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new AAS, unless Treasury determines otherwise.

The following new AAS have not been applied and are not yet effective. Those relevant to the Authority are listed below. The Authority has assessed the impact of these new standards and interpretations and considers the impact to be insignificant.

- AASB 9 - Financial Instruments (Operative date – 1 Jan 2018).
- AASB 15 - Revenue from Contracts with Customers (Operative date – 1 Jan 2018).
- AASB 16 Leases (1 July 2019)
- AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15
- AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15
- AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure initiative: Amendments to AASB 107; (1 Jul 2017)
- AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15 ; (1 Jul 2019)
- AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities (until 1 January 2019)
- AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities (1 July 2019)
- AASB 1058 Income of Not-for-profit Entities (1 July 2019)
- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014–2016 Cycle (1 July 2017)

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Notes to the Financial Statements 30 June 2017

Note 2. Industry levies and licence fees

	2017	2016
	\$'000	\$'000
Industry Levies	1,049	1,068
Licence Fees	7,242	6,791
Total Industry Levies and Licence Fees	8,291	7,859

Note 3. Grants and contributions

	2017	2016
	\$'000	\$'000
Grants and Contributions received from:		
NSW Department of Industry	9,056	9,436
Total Grants and Contributions	9,056	9,436

Note 4. Acceptance by the Crown Entity of employee benefits and other liabilities

As at 1 April 2017, the following expenses have been assumed by the Crown Entity:

	2017	2016
	\$'000	\$'000
Long service leave provision	481	-
Total Acceptance by the Crown Entity of employee benefits and other liabilities	481	-

Note 5. Miscellaneous income and fees for services

	2017	2016
	\$'000	\$'000
Audit and inspection fees (from the food industry)	1,961	2,165
Rent and Property Income (from sub-tenants)	123	100
Infringement charges and fines	193	354
Other income	271	656
Total Miscellaneous Income and Fees	2,548	3,275

Note 6. Investment revenue

	2017	2016
	\$'000	\$'000
Interest Revenue	333	382
Investment revenue	333	382

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Notes to the Financial Statements 30 June 2017

Note 7. Gain / loss on disposal & impairments

	2017 \$'000	2016 \$'000
Gain / (loss) on disposal of property, plant & equipment		
Proceeds from disposal	-	206
Written down value of assets disposed	-	(222)
Gain / (loss) on write off and impairments of intangible assets	-	-
Written down value of impaired assets	-	-
Gain / (loss) on disposal & impairments	-	(16)

Rationale for the write offs includes assets are obsolete or redundant, are idle and are to be replaced, no market value and will no longer generate future economic benefit.

Note 8. Personnel Services

	2017 \$'000	2016 \$'000
Salaries and wages (including annual leave)	9,915	9,652
Superannuation - defined benefit plans (a)	(9,591)	10,359
Superannuation - defined contribution plans	1,072	852
Long service leave	714	1,128
Workers compensation insurance	32	33
Payroll Tax and fringe benefit tax	669	699
Redundancy payments	-	314
Personnel Services	2,811	23,037

(a) Credit balance in superannuation - defined benefit plans was due to net valuation gain of \$9,704,014 as at 30 June 2017 (net valuation loss of \$10,228,000 as at 30 June 2016).

Note 9. Other operating expenses

	2017 \$'000	2016 \$'000
Contract laboratory services	812	1,162
Contractors	879	949
Travel & entertainment	862	911
Occupancy & maintenance	806	728
Information technology costs	623	519
Other operating expenses	215	328
Printing, consumable & stores	289	321
Other fees	228	223
Advertising & promotion	203	197
Consultants	162	102
Training & development	87	105
Audit fees	100	97
Legal Fees	200	91
Total Other Operating Expenses	5,466	5,733

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Notes to the Financial Statements
30 June 2017

Note 10. Depreciation and amortisation expense

	2017	2016
	\$'000	\$'000
Depreciation		
Buildings	196	215
Plant and equipment	200	229
Depreciation expense	396	444
Amortisation		
Intangibles	522	771
Amortisation expense	522	771
Total depreciation and amortisation	918	1,215

Note 11. Cash and cash equivalents

For the purposes of the Statements of Cash Flows, the Authority considers cash to be cash at bank, cash advances and short term deposits as follows:

	2017	2016
	\$'000	\$'000
Cash at Bank	26,132	26,148
Total Cash and cash equivalents	26,132	26,148

Note 12. Receivables

	2017	2016
	\$'000	\$'000
Receivables	2,537	2,658
Allowance for impairment of receivables	(52)	(259)
Total Receivables	2,485	2,399
	2017	2016
	\$'000	\$'000
Movement in the allowance for impairment of receivables		
Balance at 1 July	259	340
Amounts written off during the year	(31)	(67)
Increase/(decrease) in allowance recognised in profit or loss	(176)	(14)
Balance at 30 June	52	259

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Note 13. Property, plant and equipment

	2017 \$'000	2016 \$'000
Land at fair value		
At fair value	2,978	2,025
Net carrying amount	2,978	2,025
Buildings at fair value		
Gross carrying amount	7,598	8,874
Accumulated depreciation and impairment	(702)	(514)
Net carrying amount	6,896	8,360
Total Land and Buildings at fair value		
Gross carrying amount	10,576	10,899
Accumulated depreciation and impairment	(702)	(514)
Net carrying amount	9,874	10,385
Plant and Equipment at fair value		
Gross carrying amount	1,533	1,527
Accumulated depreciation and impairment	(1,060)	(859)
Net carrying amount	473	668
Net Carrying Amount	10,347	11,053

13 (a) Reconciliation

The following table shows reconciliation of carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial years.

2017	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Year ended 30 June 2016	10,385	668	11,053
Additions	561	5	566
Disposals	-	-	-
Transfers	-	-	-
Net revaluation increment less revaluation decrement	(876)	-	(876)
Depreciation expense	(196)	(200)	(396)
Depreciation written back on assets disposed	-	-	-
Net carrying amount at end of year	9,874	473	10,347
2016	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Year ended 30 June 2015	10,305	1,036	11,341
Additions	260	82	342
Disposals	-	(412)	(412)
Transfers	35	-	35
Net revaluation increment less revaluation decrement	-	-	-
Depreciation expense	(215)	(229)	(444)
Depreciation written back on assets disposed	-	191	191
Net carrying amount at end of year	10,385	668	11,053

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Notes to the Financial Statements 30 June 2017

Note 14. Intangibles

	2017 \$'000	2016 \$'000
Intangible Assets		
Software		
Cost (gross carrying amount)	4,648	3,995
Accumulated amortisation and impairment	(2,160)	(1,831)
Net Carrying Amount	2,488	2,164

14 (a) Reconciliation

The following table shows reconciliation of carrying amounts of intangibles at the beginning and end of the current and previous financial years.

	2017 \$'000	2016 \$'000
Opening net carrying amount	2,164	2,207
Additions	845	764
Write offs	(193)	(152)
Transfers	-	(36)
Impairment losses	-	-
Amortisation expense	(521)	(771)
Depreciation written back on assets written off	193	152
Closing net carrying amount	2,488	2,164

Note 15. Fair value measurement of non-financial assets

Valuation of Land and Buildings as at 31 March 2017 was performed by Opteon Property Group (OPG).

15 (a) Fair value hierarchy

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2017 Total \$'000
Property, plant and equipment				
Land and buildings (Note 13)		9,874	-	9,874
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2016 Total \$'000
Property, plant and equipment				
Land and buildings (Note 13)		10,385	-	10,385

There were no transfers between Level 1 or 2 during the period.

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Notes to the Financial Statements 30 June 2017

15 (b) Valuation techniques, inputs and processes

OPG have considered relevant general and economic factors and in particular have investigated recent sales and leasing transactions of comparable properties that have occurred in the subject market. A variety of approaches have been considered and details of principal approaches to value was provided. For Newington land and building, Direct comparison approach was the primary method of valuation used. The property is compared directly with sales of other properties in similar locations with reference to the rate per square metre of lettable area, and adjustments made for small points of difference. OPG also considered the Capitalisation approach as a check method. This method takes into account not only the initial return from the property but also rental growth and risk to income and capital value. The Income approach was the primary method of valuation used for Taree land and building given the property is a non-specialised type, which is regularly traded in the open market. The Depreciated Cost method has been used as a check method in deriving the valuation basis.

Management is of the view that the market value of the remaining assets is assessed as being the written down historical costs at 30 June 2017.

Note 16. Current liabilities

16 (a) Payables

	2017 \$'000	2016 \$'000
Creditors - Trade & Accruals	1,236	1,231
Accrued salaries, wages, on-costs and payroll tax - payable to the Department	236	1,271
Current liabilities - payables	1,472	2,502

16 (b) Provisions

	2017 \$'000	2016 \$'000
Annual leave	1,006	1,108
Long service leave	548	4,189
Total Personnel Services	1,554	5,297

The Authority's long service leave provisions and expenses have been assumed by the Crown Entity through the Department as at 1 April 2017 as disclosed in Notes 4 and 26.

Note 17. Non-current liabilities

Provisions	2017 \$'000	2016 \$'000
Other - Personnel services payable		
Superannuation	19,977	29,682
Non current long service leave	52	223
Total non-current liabilities - others	20,029	29,905

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Notes to the Financial Statements 30 June 2017

Note 18. Personnel services liabilities

The outstanding balances with the Department are for the supply of personnel services to the Authority as at 30 June 2017.

Outstanding balances

	2017 \$'000	2016 \$'000
<i>Current Liabilities</i>		
Accrued salaries, wages, on-costs, payroll tax & GST on personnel services	236	1,271
Current provisions - personnel services	1,554	5,297
<i>Non-current Liabilities</i>		
Non-current provisions - personnel services	20,029	29,905

Note 19. Reconciliation of cash flows from operating activities to net result

Reconciliation of cash flows from operating activities to net result as reported in the Statement of Comprehensive Income as follows:

	2017 \$'000	2016 \$'000
Net cash flows from operating activities	1,395	2,179
Depreciation and amortisation	(918)	(1,215)
Loss/(gain) on disposal & impairments of Non-Current Assets	-	(16)
Doubtful Debts Written Off/Decrease in doubtful debts provision	207	80
(Increase) / Decrease in Receivables	(120)	1,186
(Decrease) / Increase in Payables	1,030	(1,052)
(Decrease) / Increase in Current Provisions	3,743	(626)
(Decrease) / Increase in Non-Current Provisions	9,876	(10,121)
(Increase) / Decrease in Net Assets from Equity Transfers	(4,117)	-
Net result for the year	11,096	(9,585)

Note 20. Expenditure Commitments

20 (a) Operating lease commitments

	2017 \$'000	2016 \$'000
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	15	15
Total (including GST)	15	15

Representing non cancellable leases:

	2017 \$'000	2016 \$'000
Premises	15	15
Total (including GST)	15	15

The total expenditure commitments above include input tax credits of \$1,399 (\$1,399 in 2015/2016) that are expected to be recoverable from the Australian Taxation Office.

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Notes to the Financial Statements 30 June 2017

Note 21. Budget Review

The budget process is finalised prior to the beginning of each financial year. Events can arise after the end of financial year that necessitate variations to the planned activities of the Authority. This in turn may cause variations to the financial activities.

Net result

Net result budgeted for the year 2016-17 and as agreed with NSW Treasury is a deficit of \$1,958,000. Actual net result for the year is a surplus of \$11,096,000. The favourable variance of \$13,054,000 was primarily attributable to unbudgeted decrease in personnel services expense due to defined benefit superannuation net valuation gain of \$9,704,014 and unbudgeted revenues from Acceptance by the Crown Entity of employee benefits and other liabilities of \$481,000.

Assets and liabilities

Current assets are higher than budgeted mainly due to increase in cash attributable to the impact of previous year's actual savings and increase in income. Increase in receivable was attributable to unbudgeted reimbursement of Biosecurity expenses from the Department. Decrease in non current assets was mainly attributable to the impact of land & building revaluation.

Decrease in current and non-current liabilities was attributable to unbudgeted acceptance by the Crown Entity of employee benefits and other liabilities of \$4,117,000 and decrease in superannuation liabilities of \$9,704,014 due to valuation gains.

Cash flows

Net cash inflows from operating activities were higher than budgeted mainly attributable to increase in income and impact of actual savings in previous years. Net cash outflow from investing activities were below the budget mainly due to immaterial underspend in asset purchases.

Note 22. Contingent assets and contingent liabilities

The Authority has no contingent assets or contingent liabilities at 30 June 2017 (2016/2015 - nil).

Note 23. Segment information

The Authority operates predominantly in one industry, being the food safety industry and in one geographical location, being New South Wales.

Note 24. Related Party Disclosures

During the year, the Authority incurred \$235,625 in respect of the key management personnel services that were provided by the Department.

During the year, the Authority did not enter into transactions with key management personnel, their close family members and controlled or jointly controlled entities thereof.

During the year, the Authority entered into transactions with other entities that are controlled / jointly controlled / significantly influenced by NSW Government. The following transactions are in aggregate a significant portion of the Authority's rendering of services/receiving of services:

The Authority's long service leave provisions and expenses have been assumed by the Crown Entity through the Department as at 1 April 2017 as disclosed in Note 4 and Note 26.

Following are the list of NSW Government entities with whom the Authority had collectively, but not individually, significant transactions during financial year 2016-2017.

Entity	Nature of Transaction
Audit Office NSW	Provides independent audit services on the Authority's financial statements.
Department of Industry	Provision of personnel services to the Authority. The Authority's recurrent grants are also received through the Department.
NSW Self Insurance Corporation	Provides insurance services to the Authority.
Local Land Services	Collection of meat levy on behalf of NSW Food Authority.

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Notes to the Financial Statements 30 June 2017

Note 25. Financial instruments

The Authority's principal financial instruments are outlined below. These financial instruments arise directly from the entity's operations or are required to finance the entity's operations. The Authority does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Authority's main risks arising from financial instruments are outlined below, together with the entity's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Authority's Executive have overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Authority, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Committee on a continuous basis.

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	
			2017 \$'000	2016 \$'000
Class:				
Cash and cash equivalents	10	N/A	26,132	26,148
Receivables ¹	11	Loans and receivables (at amortised cost)	2,495	1,335
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
			2017 \$'000	2016 \$'000
Class:				
Payables ²	15	Financial liabilities measured at amortised cost	1,472	2,502

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).

2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

(b) Credit Risk

Credit risk arises when there is the possibility of the Authority's debtors defaulting on their contractual obligations, resulting in a financial loss to the Authority. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Authority, including cash, receivables, and authority deposits. No collateral is held by the Authority. The Authority has not granted any financial guarantees. Credit risk associated with the Authority's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

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Cash

Cash comprises cash on hand and bank balances within The NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to The Treasury. The TCorp Hour Glass cash facility is discussed in paragraph (d) below.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectibility of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions and the *Food Act 2003* are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the Authority will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 30 day terms.

The Authority is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2017:2,004,574; 2016: 693,736) and less than 3 months past due (2017: \$232,291 ; 2016: \$189,879) are not considered impaired and together these represent 88% of the total trade debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$'000	\$'000	\$'000
2017			
< 3 months overdue	232	232	-
3 months - 6 months overdue	25	25	-
> 6 months overdue	284	232	52
2016			
< 3 months overdue	190	190	-
3 months - 6 months overdue	41	41	-
> 6 months overdue	280	223	57

Notes

1. Each column in the table reports 'gross receivables'.

2. The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total recognised in the Statements of Financial Position.

The Authority Deposits

(c) Liquidity risk

Liquidity risk is the risk that the Authority will be unable to meet its payment obligations when they fall due. The Authority continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

During the current and prior years, there were no defaults or breaches of loans payable. No assets have been pledged as collateral. The Authority's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

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The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. The rate of interest applied during the year was nil % (2016 – nil).

The table below summarises the maturity profile of the Authority's financial liabilities, together with the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate	Interest Rate Exposure			Maturity Dates			
		Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non- interest bearing	< 1 yr	1-5 yrs	> 5 yrs
2017								
<i>Payables</i>		1,472	-	-	1,472	1,472	-	-
		<u>1,472</u>	<u>-</u>	<u>-</u>	<u>1,472</u>	<u>1,472</u>	<u>-</u>	<u>-</u>
2016								
<i>Payables</i>		2,502	-	-	2,502	2,502	-	-
		<u>2,502</u>	<u>-</u>	<u>-</u>	<u>2,502</u>	<u>2,502</u>	<u>-</u>	<u>-</u>

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Authority's exposures to market risk is very limited as it has no borrowings and all its deposits are at call. The Authority has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Authority operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the year end. The analysis is performed on the same basis for 2016. The analysis assumes that all other variables remain constant.

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Interest rate risk

Exposure to interest rate risk is minimal as the Authority has no interest bearing liabilities or borrowings. The Authority does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Authority's exposure to interest rate risk is set out below.

(i)	Parent Entity				
	Carrying Amount \$'000	-1% Result \$'000	Equity \$'000	1% Result \$'000	Equity \$'000
2017					
<i>Financial assets</i>					
Cash and cash equivalents	26,132	(261)	-	261	-
Receivables	2,495	-	-	-	-
<i>Financial liabilities</i>					
Payables	1,472	-	-	-	-
2016					
<i>Financial assets</i>					
Cash and cash equivalents	26,148	(261)	-	261	-
Receivables	1,335	-	-	-	-
<i>Financial liabilities</i>					
Payables	2,502	-	-	-	-

Other price risk – TCorp Hour-Glass facilities

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour-Glass Investment Facilities, which are held for strategic rather than trading purposes. The Authority has no direct equity investments. The Authority holds no units in the TCorp Hour-Glass investment trusts.

(e) Fair value measurement

Fair value compared to carrying amount

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the statements of financial position approximates the fair value, because of the short-term nature of many of the financial instruments.

Note 26. Increase in Net Assets from Equity Transfers

As at 1 April 2017, the Authority's liabilities for Long Service Leave of \$4,117,000 was assumed by the Crown Entity through the Department. The Authority accounted for the liability as having been extinguished; resulting in the amount assumed being shown as part of non-monetary Equity Transfers in the Statement of Changes in Equity.

Note 27. Events after the Reporting Period

The Authority's liability for defined benefit superannuation of \$19,977,487 was assumed by the Crown Entity through the Department as at 1 July 2017. The Authority will account for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary Equity Transfers in the 2017-18 financial statements.

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