



Department of  
Primary Industries  
Food Authority

# Annual Report 2014-15





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# **ABOUT US**



# Our Minister



The Hon Niall Blair MLC  
NSW Minister for Primary Industries, Lands and Water

**Safe food is big business in NSW - the food industry contributes \$113 billion to our state's economy every year and this is largely dependent upon NSW's excellent reputation for safe, hygienic and healthy produce.**

A highlight of the 2014-15 period for the NSW Food Authority was the delivery of the NSW Government Food Safety Strategy 2015-2021, a comprehensive blueprint outlining the government's commitment to food safety and quality management.

Our food industry operates in a competitive international market and with a six year strategy marking out the way forward, the community can have confidence and certainty in a solid plan to grow the state's food industry and ensure we continue to capitalise on opportunities both here and internationally.

The clear and defined goals of the strategy are to:

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

The NSW Food Authority plays a vital role in delivering that important economic contribution, and in protecting the health and wellbeing of the people of this great state.

This government provides protection of people's health through the provision of safe and correctly labelled food, clear and accessible information. This means people can make informed choices about the food they eat and supporting the state's food producers, manufacturers and retailers through education and information to achieve compliance and deliver safe healthy food, from paddock to plate.

Taking a consultative approach to working with stakeholders across the state's varied food industries including dairy, meat, egg, poultry, seafood and shellfish, plants, vulnerable population and retail sectors, the NSW Food Authority has been able to achieve low cost compliance with an excellent average rate of 94 per cent compliance with food safety requirements across all industry sectors, something we can all be proud of.

On the rare occasion things do go wrong, it is often with a very public consequence and food and food safety incidents were certainly prominent in the media during this period.

Among them was the widely reported Hepatitis A contamination of imported frozen berries that affected a number of people across Australia and had devastating consequences on the reputation of the brand involved, and a large outbreak of a *Salmonella* strain detected in a number of aged care facilities in the NSW Illawarra region and the ACT.

I am confident the food safety measures in this state ensure we see less and less of these types of incidences – and ensures we have confidence in the food in our supermarkets, in our restaurants and on our plates.

I am proud of the NSW Food Authority and the role it played in these matters, investigating and managing local incidents, and as part of a broader national response in the case of the imported food and national incidents.

Other highlights of the 2014-15 financial year include the:

- completion of nationally recognised training in poultry and rabbit domestic abattoir facilities in NSW, completing the state's animal welfare goals across red and non red meat abattoirs
- requiring egg stamping to uniquely identify egg producers to improve traceability in the event of a foodborne illness outbreak, part of a wider *Salmonella* reduction strategy to combat the national growth rate of *Salmonella* outbreaks
- implementation of the Harvest and Hold scheme for the state's shellfish farmers, part of a broader red tape reduction program that has already achieved \$6 million in savings through streamlined regulatory processing, with a further \$4.5 million earmarked
- positive growth in the Scores on Doors food safety and hygiene rating system, with one quarter of the state's 152 local councils now participating in the program that delivers confidence and certainty to consumers and the state's retail food sector
- working with the federal government and various other government agencies and industry partners in delivering the Health Star Rating front of pack labelling program, one of a suite of initiatives to provide consumers with information to inform better food choices and reduce the burden of overweight and obesity related issues on the state's health system.

I thank and acknowledge the staff and management of the Food Authority for their dedication and professionalism in achieving these results and anticipate its continued achievements in the coming year.

I look forward to working with the NSW Food Authority as we continue to build confidence and certainty in the state's food industry for consumers and business in NSW.



**The Hon Niall Blair MLC**

NSW Minister for Primary Industries, Lands and Water

## Letter of submission



Department of  
Primary Industries  
Food Authority

**16 October 2015**

The Hon. Niall Blair MLC  
Minister for Primary Industries  
Minister for Lands and Water  
Level 19, 52 Martin Place  
Sydney NSW 2000

Dear Minister

I am pleased to submit the Annual Report and financial statements of the NSW Food Authority for the year ended 30 June 2015.

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'.

Dr Lisa Szabo  
**Chief Executive Officer**  
NSW Food Authority

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# Our charter

The NSW Food Authority contributes to the overall health 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 so people are kept 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

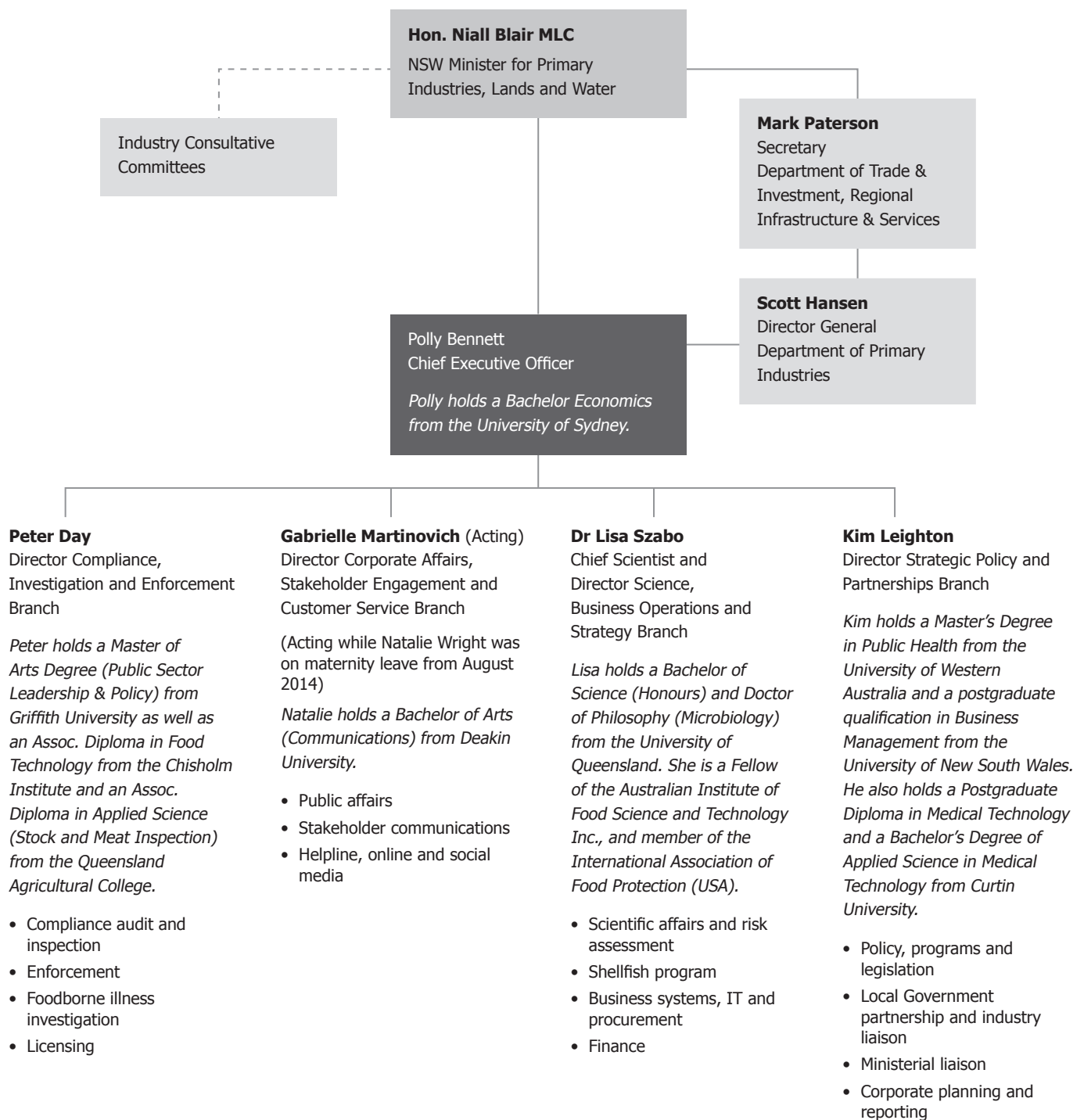
The NSW Food Authority has a coordinated and consistent approach to ensuring the people of NSW are safe and protected from risks to their health from food poisoning. We work to protect NSW consumers by:

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

The NSW Food Authority is established under the *Food Act 2003* (NSW) and administers the national Food Standards Code and a range of food safety schemes in the Food Regulation 2015.

# Management and structure

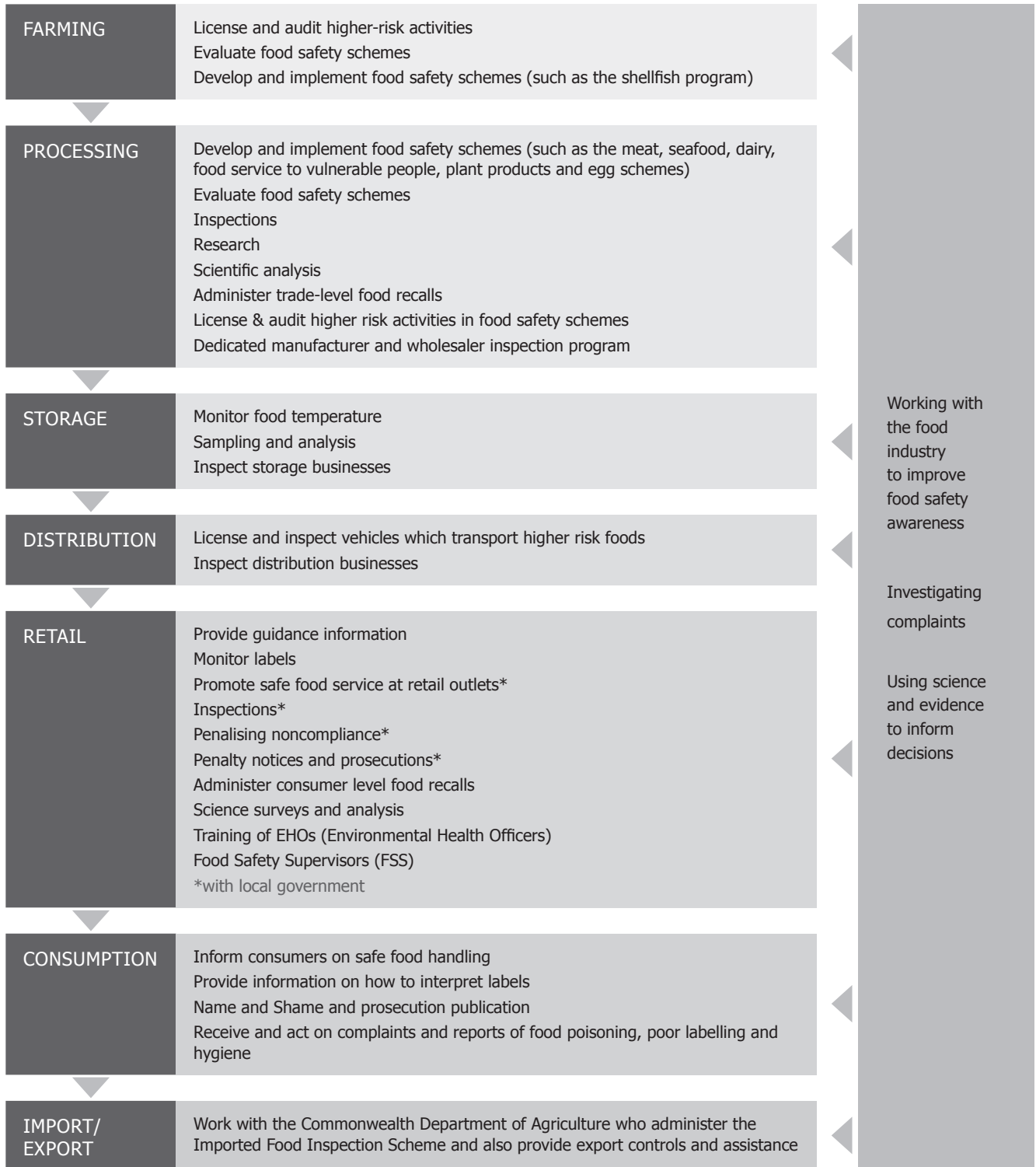
NSW Food Authority Management Structure as at 30 June 2015.



This financial year there were some changes to internal structure within the Department of Primary Industries. This saw the NSW Food Authority and Biosecurity NSW come together in one division, Biosecurity and Food Safety, led by the Deputy Director General, Dr Bruce Christie. This structural change provides opportunities for the two areas to work more closely together on safe food from paddock to plate.

# 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 2014-15. The NSW food industry contributes \$113 billion to the state's economy each year, accounting for 24 per cent of 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.

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## Highlights:

- delivered 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 plan for the future – 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 the reduction of red tape, with \$6 million in savings to industry already achieved and a target of a further \$4.5 million by 2021
- continued a 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
- completed nationally recognised training in poultry and rabbit domestic abattoir facilities in NSW, bringing them in line with the red meat sector to support compliance with the state's animal welfare requirements
- requiring egg stamping to uniquely identify egg producers in NSW to make the source of a foodborne illness outbreak easier to trace and contain as part of a wider *salmonella* reduction strategy to combat the national growth rate of *salmonella* outbreaks
- implemented the Harvest and Hold scheme to expand the window of opportunity of to harvest product during bad weather conditions, giving business more chance to continue operations. The scheme has been fully endorsed and supported by the NSW Farmer's Oyster Committee and is expected to generate red tape savings of \$ 3.3 million per year once fully implemented
- completed review and consultation for the making of Food Regulation 2015

- supported food safety compliance in the retail sector through its Food Safety Supervisor, Name and Shame and Scores on Doors initiatives, and introduced additional training requirements for Food Safety Supervisors with three focus areas on allergens, cleaning and sanitation, and raw eggs
- 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
- contributed to roll out of the federal government's Health Star Ratings initiative, a voluntary front of pack labelling system for packaged foods that supports consumers to make healthier food choices and contributes to alleviating the burden of chronic disease and obesity issues.

# Meat

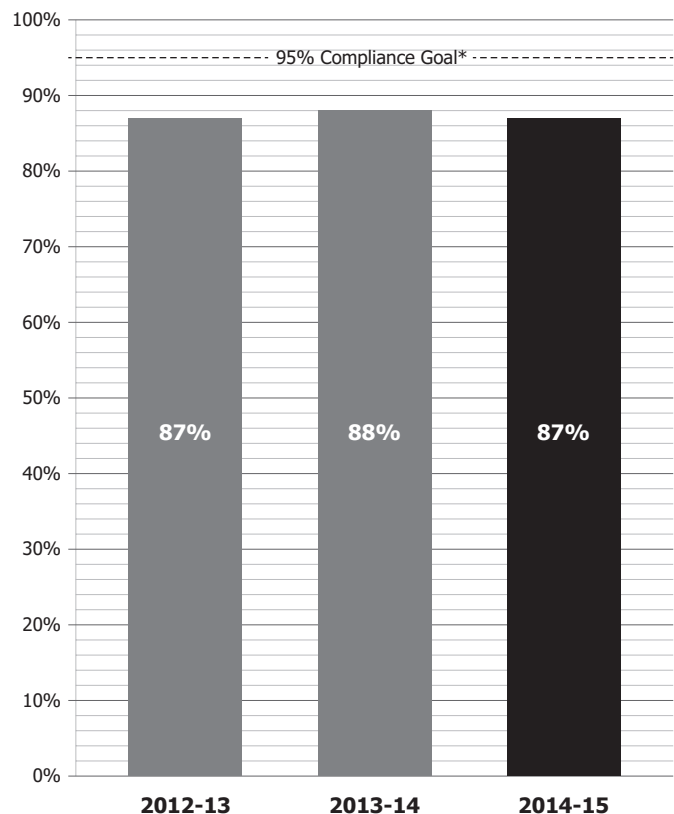
The NSW Food Authority licenses approximately 8000 businesses across the supply chain in the meat sector. This includes 35 poultry and rabbit abattoirs, 29 red meat abattoirs, 385 meat processing plants, 389 poultry primary production premises, 1757 retail meat premises and more than 5200 transport vehicles.

The NSW meat industry makes an important contribution to the state’s economy:

- nearly 6,500 meat businesses employ around 59,000 people in NSW with 96.4% of those small businesses
- by value, meat accounts for 29% of total agricultural production in NSW
- it is NSW’s 4th largest export product.

Compliance across the sector with food safety program requirements for the 2014-15 financial period was 87%, in line with the average over the last 3 years.

## Meat Sector Compliance Rate



\*NSW Food Safety Strategy 2015-21 target

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## **Improved animal welfare standards in poultry and rabbit abattoirs**

Following the improved animal welfare standards in domestic red meat abattoirs in NSW as a result of training initiatives in 2013-2014, the NSW Food Authority has now achieved similar success, completing nationally recognised training in poultry and rabbit domestic abattoir facilities in NSW.

All domestic abattoirs now have fully documented control systems in place and have undergone specialised training to improve animal welfare requirements within the sector.

Working in partnership with industry to ensure that compliance systems are fair and consistent, in addition to the training, conducted in partnership with Southern Queensland Institute of TAFE, guidance documents and procedures manuals were also developed as part of a \$30,000 investment by the Food Authority.

The Food Authority will undertake an assessment of all NSW poultry and rabbit domestic abattoirs throughout the 2015-16 financial year to ensure animal welfare systems have been satisfactorily implemented and are being maintained to an acceptable standard.

The development and implementation of nationally recognised training in the poultry and red meat domestic abattoir industry demonstrates a commitment to animal welfare in NSW and ensures the state's poultry meat industry is primed for future growth.

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## **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 2014-15 financial period, Food Authority officers provided licensing and food safety advice to the Crown State Meat Company to enable the reopening of an abattoir in Coonabarabran in regional NSW, which has resulted in approximately 20 new jobs and supports local producers by providing them with local

slaughter options, providing a boost for the local regional economy.

The Authority's work with the company is ongoing in an effort to investigate further opportunities including the potential to gain export accreditation.

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## **Simplifying Country of Origin labelling in meat products**

As part of the federal government's reforms to national requirements of country of origin food labelling laws, the Food Standards Code was extended to require raw unpackaged meat sold at retailers like butchers and supermarkets to be labelled with its country of origin so consumers are able to make more informed choices about the products they are buying. Meat sold for immediate consumption in restaurants and cafes are not required to label the country of origin.

The Food Authority has supported and led a national approach to the labelling of unpackaged meat with a single country of origin sign – with a view to simplifying the process and reducing the burden on retailers.

Working in conjunction with the Australian Competition and Consumer Commission (ACCC), signage implementation began in July 2015, with a 12 month roll out period.

The Food Authority has developed guidance materials to support industry with implementation.

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## **Improving sulphur dioxide compliance by butchers**

As part of its continued efforts in working with the industry to reduce the rate of sulphur dioxide being added to sausages and mince products in excess of prescribed limits, the Food Authority has introduced three targeted initiatives to its sulphur dioxide compliance project in an effort to further drive compliance, particularly targeting repeat offenders.

The focus of these three areas are:

- reinforcement of food safety requirements
- monitoring of compliance
- strengthening and targeting the enforcement response, especially in relation to repeat offenders.

In an effort improve wider consumer confidence, the Food Authority has enjoyed strong support from the Australian Meat Industry Council (AMIC) in relation to its commitment to addressing persistent offenders.

Similarly the Food Authority has committed to working with AMIC as part of a broader retail meat strategy, specifically to improve particular local government areas identified as having higher than normal audit failure rates. This targeted initiative will involve both education and enforcement programs designed to address major and critical failures.

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## **Food Regulation 2010 and Meat Food Safety Scheme risk review**

As part of the regular review of the Regulation to ensure it remains relevant and effective, the Food Authority undertook an assessment of the Meat Food Safety Scheme required to inform the Food Regulation 2010 Review.

The five year review of the Meat Food Safety Scheme was undertaken in the 2014-15 period and found the main findings of the 2009 risk assessment remained valid, with a small change in emerging issues, namely that:

- antimicrobial resistant bacteria were not considered in the 2009 risk assessment
- chicken meat is the most common meat consumed in Australia and is increasing in consumption, highlighting the need for *Salmonella* and *Campylobacter* safety knowledge for industry and consumers
- chicken and duck pate or parfait and non intact meat cuts were the cause of *Campylobacter* and 0157 STEC outbreaks in Australia and overseas.

The assessment of the Meat Food Safety Scheme identified a need for the Authority to review all current educational material regarding food handling and temperature control.

The Food Regulation review, which includes a public consultation period, is undertaken every five years, to

ensure it remains relevant and effective, it is an important tool for the NSW food industry because it sets the framework and food safety controls for the state's vital food industry sectors.

The risk assessment, consultation with industry and the regulatory impact statement have supported the decision to remake the regulation with only minor administrative changes.

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## **Working with industry to reduce pathogen loads in poultry meat**

As part of its ongoing work supporting the national Primary Production and Processing Standard (PPPS) for poultry, the Food Authority has revised Key Food Safety Indicator (KFSI) targets and implemented a monitoring program.

The PPPS was introduced to ensure poultry producers could effectively verify their processes and systems in place in order to reduce *Campylobacter* and *Salmonella* levels (the two most common types of foodborne illness bacteria) in producing poultry meat. This required them to regularly provide (KFSI) data.

In collaboration with industry the Food Authority reviewed its verification system in order to reduce unnecessary audit and reporting burdens on producers and to ensure that we are working with industry to target and support the most effective food safety mitigation measures.

This has been a collaborative process with strong contribution of time, effort and input from producers allowing the Food Authority to best support the industry.

This process will continue to be monitored and an evaluation of the revised program undertaken to keep industry informed of its effectiveness and progress.

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## **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 2015-16 the Authority will be 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.

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## **Consultative Council representation:**

Chair: Polly Bennett, NSW Food Authority

Australian Meat Industry Council – red meat processors

Australian Meat Industry Council – meat retailers

Australian Meat Processor Corporation

Australian Game Meat Producers Association

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

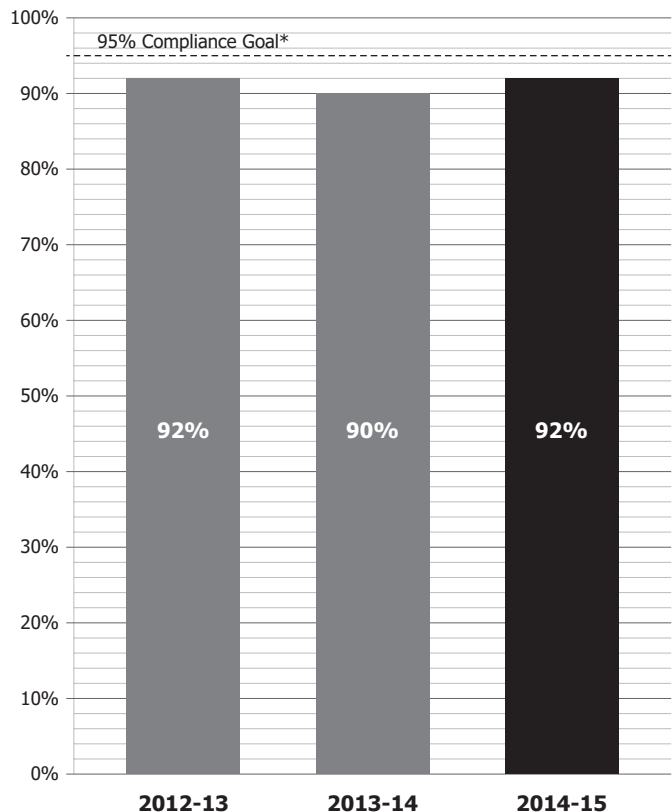
The Authority licenses approximately 272 businesses in this sector. This includes nine egg processors, 236 egg producers as well as cold food stores and transport vehicles.

The NSW egg industry makes an important contribution to the state’s economy:

- nearly 500 egg businesses employ around 900 people in NSW with 92% of those small businesses
- NSW is home to 34% of Australia’s total egg production
- of the eggs produced in NSW 69% are cage eggs, 21% are free range eggs and 10% are organic or barn laid eggs

Compliance across the sector with food safety program requirements for the 2014-15 financial period was 92%, consistent with the average over the last 3 years.

## Egg Sector Compliance Rate



\*NSW Food Safety Strategy 2015-21 target

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## **Retail *Salmonella* strategy to combat continued national *Salmonella* increase**

The 2014 OzFoodnet Annual Report (NSW Health) identified *Salmonella* as the most frequently reported enteric condition in NSW in 2014 with 4,317 notifications reported, being a 20% increase in notifications compared to 2013.

While a healthy source of nutrition, reports to health authorities shows eggs are a leading source of *Salmonella*, between 2010 and 2014 in NSW there were 40 food poisoning outbreaks associated with eggs, affecting more than 700 people.

In order to address the trend, and aligning 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, the NSW Food Authority introduced a *Salmonella* reduction strategy, specifically aimed at safe egg preparation in the retail food sector.

This reduction strategy has resulted in the development of various resources for local government and retailers, including checklists, guidelines and an egg safety video, produced as a practical demonstration guide that can be used in store for food retailers and consumers. Training was delivered to council Environmental Health Officers across the state to raise skills and competencies reducing the risk of *Salmonella* in restaurants and cafes.

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### **Egg stamping**

Another aspect of the Food Authority's *Salmonella* reduction program was the introduction of egg stamping.

From 26 November 2014, following a two year grace implementation period, all NSW egg producers were required to stamp their eggs in order to make the source of a foodborne illness outbreak easier to trace and contain.

In line with the national Food Safety Standard 4.2.5, Primary Production and Processing (PPP) Standard for Eggs, individual eggs and packaged egg pulp must be stamped with a unique identifying mark to enable trace back to the place of production.

In order to reduce the impact on smaller businesses, an exemption was provided for operators that produce less than 20 dozen eggs a week and sell those eggs direct from the farm gate or use those eggs for a fundraising purpose where the eggs will be cooked and consumed immediately. Free stamps were also provided to businesses producing less than 1000 eggs a day.

The Food Authority has been undertaking compliance monitoring projects to measure compliance with labelling requirements in the first 12 months of implementation. As part of this, the Food Authority conducted a compliance program in early 2015 at farmers markets in NSW to measure the effectiveness of the egg stamping program. The results for this program were encouraging, with the vast majority of egg producers found to be applying the appropriate traceability stamp.

Farmers that were found not stamping their eggs were provided with free egg stamps from the Food Authority and follow up inspections revealed that they had commenced stamping their eggs.

The Food Authority continues to issue manual stamps to small egg farmers at no cost with an average of 5 stamps issued per week.

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### **Industry working group formed**

In order to develop a comprehensive picture of egg associated salmonellosis and its management, a working group was formed consisting of representatives from the Food Authority, Australian Egg Corporation Ltd (AECL) and NSW Health.

The working group is currently undertaking a review of current risk management strategies both in Australia and internationally and will subsequently develop resources for government and industry on through-chain risk mitigation.

AECL and the Food Authority are jointly funding a comprehensive research study through the University of



Adelaide to examine best practice intervention strategies on-farm, including the use of vaccines and other measures to determine the best effects on *Salmonella* reduction.

Other work being funded includes the development of a *Salmonella* response plan which will provide guidance for producers in the event of an outbreak or *Salmonella* detections on farm.

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### **National free range egg information standard proposed**

The Food Authority worked with industry and stakeholders and is assisting NSW Fair Trading in developing a proposal for a national, legally enforceable information standard for free range eggs.

The proposed standard is due to be discussed through the Council of Australian Governments meeting in April 2016.

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### **Food Regulation 2010 review**

The Food Regulation 2010 review, which includes a public consultation period, is undertaken every five years and it is an important tool for the NSW food industry because it sets the framework and food safety controls for the state's vital food industry sectors.

As part of the regular review of regulation to ensure it remains relevant and effective for industry, the Food Authority conducted a user review survey where the majority of comments agreed that main areas of concern for the egg industry was the reduction of regulatory burden and the need for national consistency.

The risk assessment, consultation with industry and the regulatory impact statement have supported the decision to remake the regulation with only minor administrative changes.

One of the amendments in the Food Regulation 2015 relating to the egg sector was the repeal of the definition for broken egg and the reference to an

unbroken shell membrane from the definition for cracked egg. The Food Regulation 2015 will come into effect on 30 October 2015.

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### **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

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### **Consultative Committee representation:**

Chair: Polly Bennett, NSW Food Authority

Australian Egg Corporation

NSW Farmers Association

NSW Egg Farmers Association

Free Range Egg Producers Association of NSW

Pace Farm (representing large egg processors)

Pirovic Enterprises (representing large egg producers)

Tuscany Foods (representing small egg processors)

Tillgerry Organic Produce (representing small egg producers)

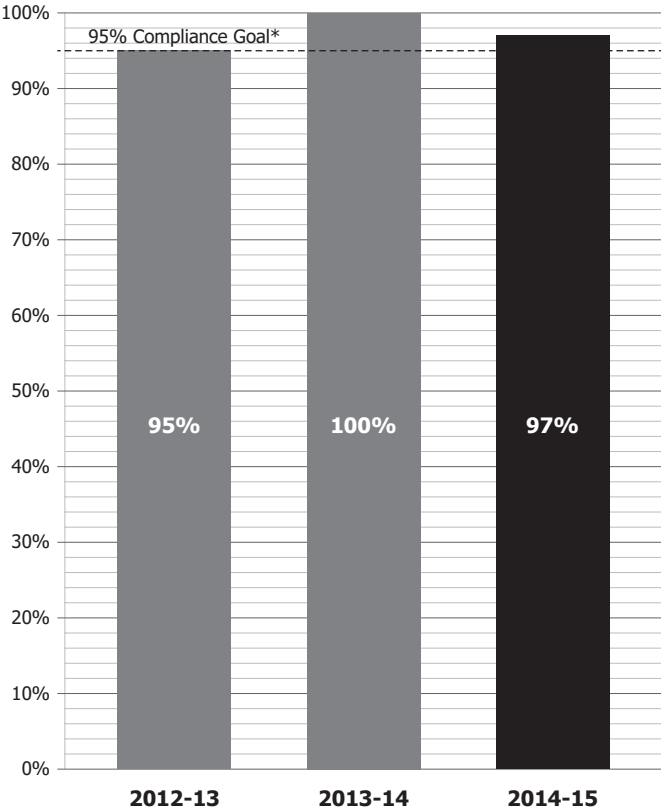
NSW Department of Primary Industries

# Shellfish

The Authority licenses approximately 283 businesses in this sector. This includes 245 oyster farmers and 38 shellfish wild harvest businesses.

Compliance across the sector with food safety program requirements for the 2014-15 financial period was 97.2%, consistent with the average over the last 3 years.

## Shellfish Sector Compliance Rate



\*NSW Food Safety Strategy 2015-21 target

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## Harvest and Hold scheme yields red tape saving

The Harvest and Hold scheme commenced in early 2015 and expands the window of opportunity to harvest product during bad weather conditions, giving business more chance to harvest product. The scheme has been fully endorsed and supported by NSW Farmers' Oyster Committee.

The scheme is being rolled out on an estuary by estuary basis over a 24-month implementation period within estuaries that meet the 90% performance requirement, and is expected to generate red tape savings of \$ 3.3 million per year once fully implemented.

Since its commencement, the scheme has been introduced in eight estuaries representing approximately 45% of the state's overall production.

During the 2014-15 financial year, the industry experienced almost 540 closures. While the closures are necessary for public safety they can create a financial burden on industry due to lost revenue. To mitigate this, the Food Authority developed the scheme to reduce the time required for producers to start operating again after an adverse environmental event.

The scheme allows shellfish farmers to harvest product in the period between sample collection (for a harvest area opening) and the reporting of results by laboratories.

Each closure period is now reduced by several days, allowing producers to prepare shellfish for market while clearing tests are being done, rather than waiting until after test results have been received.

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## Memorandum of Understanding with the Commonwealth Department of Agriculture

In June 2015, the Commonwealth Department of Agriculture expressed confidence in the Food Authority's ability to effectively undertake export audits

and inspections by reviewing and renewing its Memorandum of Understanding, where the Authority is responsible for the audit and inspection of specific types of licensed export facilities.

The review made special mention of the Food Authority's Shellfish Program for enabling shellfish harvest areas to gain export approval to secure access to export markets. Seventeen export shellfish harvest areas are currently approved, and an additional seven harvest areas are working towards export approval.

For further information on the MOU with the Commonwealth Department of Agriculture, please see the 'Working with our stakeholders' section of this report on page 48.

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## Food Regulation 2010 review retains licensing requirement for spat cultivators

As part of the regular review of the Regulation to ensure it remains relevant and effective, the NSW Food Authority undertook public consultation seeking feedback on the proposed NSW Food Regulation 2015 and Regulatory Impact Statement.

One of the amendments proposed within the draft Food Regulation 2015 was to remove the requirement for spat cultivators to be licensed with the Food Authority under the Seafood Safety Scheme on the basis that spat is not food for sale for human consumption.

The proposal was the result of a recent Independent Pricing and Regulatory Tribunal (IPART) licensing review that recommended the Food Authority evaluate the need for spat cultivators to hold a licence with the Food Authority.

The industry clearly identified their preference to retain a whole of supply chain licensing approach therefore, the requirement for spat cultivators to be licensed by the Food Authority will be retained in the Food Regulation 2015.

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## Seasonal re-opening requirements reviewed

In light of advanced technologies and in an effort to further reduce burden upon shellfish businesses and enhance

opportunities to harvest product, a review of the sampling requirements needed following a long term or seasonal closure of an estuary was undertaken by the Food Authority.

As a result, re-openings of long term or seasonal closures now require a less onerous testing procedure, where advancement in algal biotoxin analysis means just one round of biotoxin, one of phytoplankton and one of microbiological sampling needs to be undertaken to get an opening, where previously two were required.

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### **Shellfish traceability project**

A review project undertaken by the Food Authority to measure and test the traceability systems in place in the shellfish industry returned positive results for the majority of businesses, with most able to show traceability through the supply chain – from retail back to the harvest area. A follow up phase of this exercise will be undertaken in the 2015-2016 financial year to address any issues identified.

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### **New audit system reduces cost, rewards good performers**

The new audit system for the shellfish sector introduced in 2013-14 is delivering improved compliance outcomes and reduced costs for shellfish farmers as well as providing the Food Authority with better ability to identify trends and identify and address safety issues faster, reducing risk and improving confidence and certainty for the sector.

The new system allows for the automatic assessment of harvest information and provides immediate notification when a food safety measure hasn't been achieved.

The responsive and flexible system means annual audit of each licensed harvester is no longer required, reducing cost and rewarding those who have sustained good performance.

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### **Work with NSW DPI**

The Food Authority has worked with NSW DPI Fisheries on various joint initiatives this financial year in an effort to address issues facing the industry and provide business with confidence and certainty.

These programs include the development of an oyster industry strategy, driven by input of industry members which seeks to provide a blueprint for the industry's future growth, profitability and direction.

The Pacific Oyster Mortality Syndrome (POMS) response plan, developed by NSW Biosecurity has been endorsed by the NSW Shellfish committee as a means to increasing the industry's preparedness for any future instance of POMS in NSW estuaries.

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### **Authority shares its expertise with industry and the world**

The Food Authority's Shellfish Program had the opportunity to showcase its best management practices and expertise to the world as the co-chair of the 10th International Conference on Molluscan Shellfish Safety (ICMSS).

The ICMSS is the world's premier conference on shellfish safety and attracted attendance from stakeholders in the seafood, public health, seafood quality assurance and algal bloom management sectors from 30 countries.

A key outcome of the conference was the opportunity to share developments and information in the detection of toxic algal bloom events, new methods of paralytic shellfish toxins and methods of allowing faster re-opening of shellfish harvest areas after sewage spills.

This period, the Food Authority was also invited to present a paper on *Improving the management of the risk of human enteric virus in shellfish at harvest* to the World Aquaculture Conference 2014.

The invitation is an acknowledgment of the Food Authority's expert status in the aquaculture industry and is now forming the basis of the rewrite of the national standard for shellfish harvest area management being undertaken by the Australian Shellfish Quality Assurance Advisory Committee.

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## **NSW Shellfish Committee**

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

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.

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## **Consultative Committee representation:**

Chair: Mark Boulter, Sydney Fish Market

NSW Food Authority

Fisheries NSW

McAsh Oysters (representing south coast oyster farmers)

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

Camden Haven Oysters (representing mid north coast oyster farmers)

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

Primewater Oysters (representing north coast oyster farmers)

East Coast Pipis (representing wild harvest oyster farmers)

# Seafood

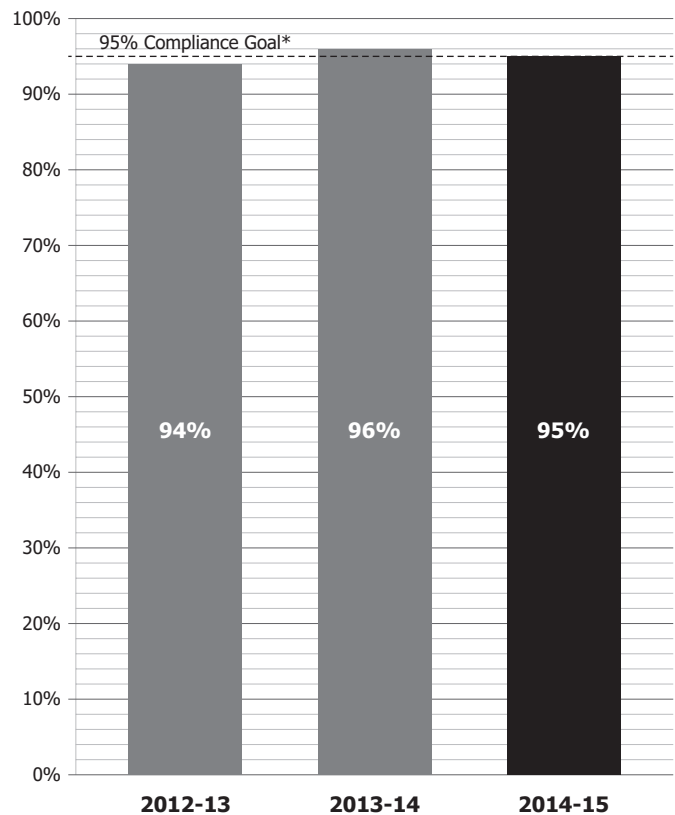
The Authority licenses approximately 2,300 businesses in this sector. This includes 138 seafood processing plants, 42 non shellfish aquaculture businesses, 1001 facilities that handle wild caught seafood as well as cold food stores and transport vehicles.

The NSW seafood industry makes an important contribution to the state's economy:

- Nearly 3,700 seafood businesses employ around 3,000 people in NSW with 99% of those small businesses (note some individuals may have multiple businesses)
- NSW accounts for around 32% of Australian wholesale value of seafood
- Hong Kong and Japan are NSW's top international seafood export markets

Compliance across the sector with food safety program requirements for the 2014-15 financial period was 95%, in line with the average over the last 3 years.

## Seafood Sector Compliance Rate



\*NSW Food Safety Strategy 2015-21 target

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## Histamine in tuna incidents

An incident investigated by the Food Authority in February 2015 where four people were affected with scombroid, or histamine poisoning, after eating tinned tuna imported from Thailand from a Sydney café saw widespread media interest.

The Food Authority worked with NSW Health, City of Sydney council and the company to manage the incident which involved the immediate withdrawal of the product from sale.

The Food Authority provided advice to consumers that histamine fish poisoning usually occurs when naturally occurring bacteria in certain species of fish produce an enzyme which converts histidine in the fish to histamine and that it generally occurs as a result of temperature abuse of product at the catching or processing stage. No food handling abuse was detected at the premises.

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## Pipi testing program

Working with the Professional Fishermen's Association (PFA), the Food Authority has provided further clarification to the industry about the pipi testing program and how the breadth, diversity and complexity of the industry requires unique organisation in order to reduce costs.

Now that it is better informed about the organisation of the program and its testing requirements by the Food Authority, the PFA has advised they will undertake a pipi workshop in the 2015-16 financial year with stakeholders including commercial fishers, recreational fishers and the NSW Department of Primary Industries Fisheries.

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## Ciguatera research

The Food Authority's partnership with the University of Technology Sydney (UTS) in the 'Safeguarding commercial fishing in NSW from ciguatera fish poisoning' continues with the Food Authority collecting samples, undertaking estuary work and providing

expert advice as part of the project in an effort to educate industry and consumers and prevent further episodes of ciguatera poisoning.

The Food Authority will continue this work with UTS and Sydney Fish Markets over the 2015-16 period.

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## Country of Origin labelling for seafood

The Food Authority has worked closely with industry to provide advice on the Country of Origin Labelling (CoOL) requirements for packaged and unpackaged seafood, in order to assist industry with understanding and compliance.

As part of these efforts to increase awareness of requirements and improve compliance, the Food Authority undertook a Country of Origin and fish names compliance project at retail seafood businesses.

The project inspected 152 seafood businesses selling unpackaged seafood and found good compliance with fish names (96%) and 67% compliance with CoOL. Many of the CoOL compliance problems were minor in nature and a follow up compliance project is proposed for 2015-16 to assess the impact of CoOL education and information upon business.

The Food Authority, with other branches in the NSW Department of Primary Industries, made a joint submission to a Senate inquiry into seafood labelling.

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## Labelling guidelines developed for frozen and thawed seafood

Working to address an industry identified need for guidelines on how to label thawed and frozen seafood product, the Food Authority developed a factsheet for businesses outlining the requirements of the Food Standards Code and providing best practice advice.

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## **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

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## **Consultative Committee representation:**

Chair: Polly Bennett, NSW Food Authority

Sydney Fish Market

Association of Fishermen's Cooperatives

Seafood Importers Association of Australasia

NSW Aquaculture Association

Seafood wholesale/processing sector

Master Fish Merchants Association of Australia

Professional Fishermen's Association

NSW Department of Primary Industries



# Dairy

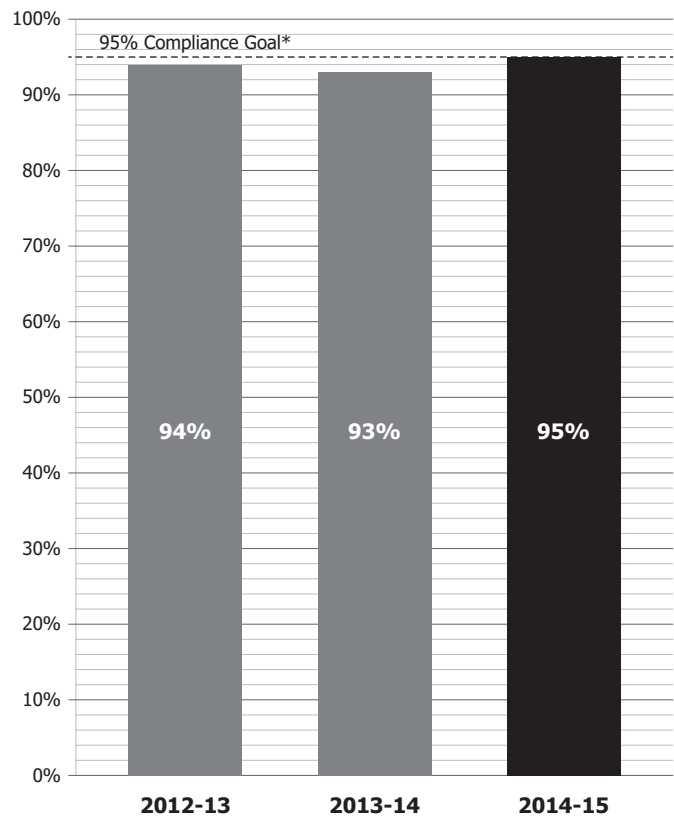
The Authority licenses approximately 2,500 businesses in this sector. This includes 725 dairy farms, 170 dairy processing factories, 121 milk farm collectors as well as cold food stores and transport vehicles.

The NSW dairy industry makes an important contribution to the state’s economy:

- Nearly 2,000 dairy businesses employ around 6,800 people in NSW with 95% of those small businesses.
- Around 68% of NSW’s raw milk is used to manufacture drinking milk
- Globally Australia is the fourth largest exporter of dairy products

Compliance across the sector with food safety program requirements for the 2014-15 financial period was 95%, an improvement on the average over the last 3 years.

## Dairy Sector Compliance Rate



\*NSW Food Safety Strategy 2015-21 target

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## Raw milk cheeses approved for production

A decision by the Australia and New Zealand Ministerial Forum of Food Regulation (FoFR) to grant permission for the production, transport and processing of a greater range of raw milk cheese products has resulted in a greater range of production options for local dairy licensees.

The national Food Standard 4.2.4, the Primary Production and Processing requirements for raw milk cheeses was amended in February 2015 to allow the manufacture of certain raw milk cheeses, that are identified as category 2 low risk products such as semi hard to hard and blue vein cheeses that do not support the growth of pathogenic bacteria.

The Food Authority is working in conjunction with a national technical committee to ensure national consistency across all jurisdictions in the approval of products to be sold in the marketplace.

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## Third Party Auditor program review

In an effort to ensure the Third Party Audit (TPA) system, utilised in more than 98% of NSW dairy farms, continues to deliver value to the dairy industry the Food Authority has undertaken a review of the system.

This review involved the Food Authority working closely with industry to determine they are satisfied with the level of service provided by TPAs and undertaking verification reviews of the TPAs to ensure they are being conducted to the highest standard.

Third party audits are undertaken to ensure that dairy farms have an effective Food Safety Program in place to provide confidence and certainty for both industry and consumers.

The review found the system was working well and industry was satisfied with the value the service delivered.

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## Food Regulation 2010 review

The Food Regulation 2010 review, which includes a public consultation period, is undertaken every five years, to ensure it remains relevant and effective, it is an important tool for the NSW food industry because it sets the framework and food safety controls for the state's vital food industry sectors.

As part of the regular review of regulation to ensure it remains relevant and effective for industry, the Food Authority conducted a user review survey where the majority of comments agreed that main areas of concern for the dairy industry was the reduction of regulatory burden, need for national consistency of audits and for more training and education provisions for industry.

The risk assessment, consultation with industry and the regulatory impact statement have supported the decision to remake the regulation with only minor administrative changes.

In implementing some of that feedback the Food Authority has engaged a training officer who will be working with industry towards improving compliance and streamlining business practices in an effort to help achieve cost savings.

The Food Regulation 2015 included two amendments relating to the dairy sector that aim to reduce red tape and improve clarity for businesses, with better alignment with the national legislation. These were to align the dairy food safety scheme with the Food Standards Code by removing the prohibition on the manufacture of raw milk cheese and to remove reference to obsolete publications: Australian Manual for Control of *Salmonella* in the Dairy Industry; and Australian Manual for Control of *Listeria* in the Dairy Industry.

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## Raw milk sold as cosmetic or bath milk

Following an incident in Victoria in late 2014 where the death of a young boy and the illness of a number of other children was linked to the consumption of raw milk, the Australia and New Zealand Ministerial Forum for Food Regulation (FoFR) sought to find a national approach to the solution of the sale of raw milk sold as cosmetic or bath milk.

The Food Authority is participating in the cross agency working group made up of the ACCC, Commonwealth Treasury and

food, health and agriculture regulators to further consider a national and consistent approach to best protecting the public's health.

As part of its work in this area, the Food Authority communicated with all NSW dairy licensees to remind them of their obligations under the *Food Regulation 2010*, to remind them that selling raw milk for consumption is illegal and that farmers must ensure they don't sell or supply raw milk unless they can be assured the milk will be pasteurised as required by the regulation.

The Authority has also undertaken survey work of farmers markets and health food stores to monitor the sale of raw bath milk in retail outlets and to determine where that product is sourced. This monitoring will continue to determine if there is an issue in NSW.

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## **New Dairy Industry Consultative Committee established**

Following the repeal of the Dairy Industry Act (2000) last financial year, the Food Authority worked with industry to form a new NSW Dairy Food Safety Consultative Committee in order to formalise consultation with dairy industry on the dairy food safety scheme.

The newly formed committee, which 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 held its inaugural meeting on 24 November 2014, will meet approximately every six months and provides feedback to the NSW Food Authority and the 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.

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## **Consultative Council representation:**

Chair: Polly Bennett, NSW Food Authority

Dairy Connect (representing dairy producers)

NSW Farmers Association (representing dairy producers)

Bega Cheese (representing dairy processors)

The Riverina Dairy (representing dairy processors)

Pecora Dairy (representing dairy processors)

Serendipity Ice Cream (representing dairy processors)

Parmalat (representing dairy processors)

Australian National Retailers Association (representing dairy retailers)

Dairy NSW (representing dairy research)

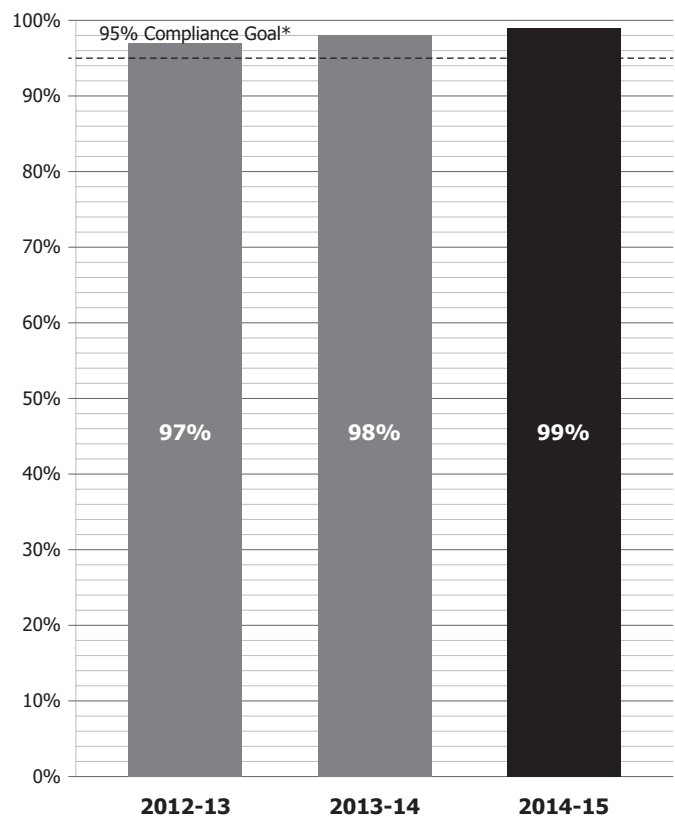
NSW Department of Primary Industries

# Vulnerable Persons

The NSW Food Authority licenses 1220 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 2014-15 financial period was 99%, slightly above the average over the last 3 years.

## Vulnerable Persons Sector Compliance Rate



\*NSW Food Safety Strategy 2015-21 target

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## Microbiological guidelines for *Listeria*

New microbiological limits for *Listeria monocytogenes* in ready to eat (RTE) food were introduced on 31 July 2014 in an effort to aid consistency of detection of *L.monocytogenes* and improve food safety, particularly for vulnerable persons. The revised standard includes a greater number of foods that the limits apply to.

The Food Authority worked with the sector to inform them of the new Standard and how it affects the food they buy and prepare for their clients.

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## Verification program update

In January 2014, the Food Authority introduced a verification program where 10% of facilities in the sector inspected by the Food Authority or its third party auditors are subject to an unannounced inspection.

Twenty six unannounced inspections were conducted in the first year of implementation, and the program has identified a need for knowledge, skills and training to be shared within an organisation to ensure all staff can adequately apply knowledge and respond to queries.

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## Food Authority traces source of *Salmonella* outbreak in South Coast aged care facilities

The Food Authority successfully identified the source of a *Salmonella* Bovismorbificans outbreak that affected numerous aged care facilities on the NSW South Coast and the ACT in early 2015.

The incident received intense media coverage for a sustained period. The investigation revealed a number of issues that contributed to the complexity of the investigation, including lack of records kept by the individual facilities of resident's daily food intake and absence of lot codes of foods that were supplied to prepare resident's meals.

In light of these findings, in 2015-16, the Authority will focus on improving record keeping at these facilities and also look at ensuring the compliance of manufacturers supplying them.

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## 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.

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## Consultative Committee representation:

Chair: Polly Bennett, NSW Food Authority

Aged and Community Services Association of NSW & ACT

NSW Meals on Wheels Association

Private Hospitals Association of NSW

Healthshare NSW

Institute of Hospitality in Healthcare (IHHC)

Leading Age Services Australia NSW-ACT

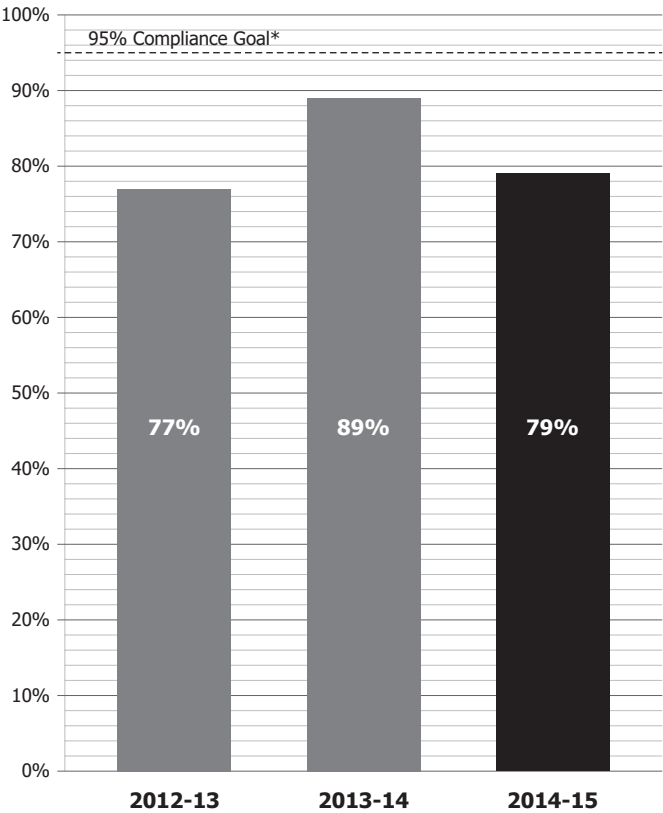
Council on the Aging (COTA) NSW

# Plant

The NSW Food Authority licenses 72 businesses in the plant processing sector.

Compliance across the sector with food safety program requirements for the 2014-15 financial period was 79%, slightly below the average of the last 3 years.

## Plant Sector Compliance Rate



\*NSW Food Safety Strategy 2015-21 target

## Horticulture food incident preparedness and response workshop

A key outcome of the inaugural National Food Incident Safety workshop held by the Food Authority in conjunction with Food Standards Australia New Zealand (FSANZ) was for the development of regular incident exercises between government and industry sectors to improve specific linkages and responses. The horticulture sector was the first to host such an exercise.

Working with FSANZ and the Fresh Produce Safety Centre in association with Produce Marketing Australia and New Zealand, in June 2015 the Food Authority hosted a horticulture incident response workshop, the first of these industry exercises.

The workshop was developed to give government agencies and industry the opportunity to review business continuity, preparedness and traceability within the horticulture supply chain and to look at the consequences and impact upon the industry if it were faced with a food safety event.

To strengthen the review of the current state of the sector's preparedness, the workshop involved the role play of a hypothetical horticulture produce incident to allow practical assessment and develop agreed approaches to management.

The strengthening of relationships and sharing of information between government and industry was a key outcome of the workshop, with a view to establish informal information sharing networks between government and industry to help identify and manage food safety incidents as early as possible.

## Assistance with national management of Hepatitis A outbreak in berries

An outbreak of Hepatitis A in February 2015 that was attributed to likely be from consuming frozen imported berries, affected 28 people across Australia, including eight from NSW.

The Food Authority worked with federal, state and territory food safety, health and agricultural departments in managing the outbreak, which involved recalls of multiple batches of a number of brands of imported frozen berry products.

As the products were imported by a Victorian company, the Victorian Health department was the lead agency, however the Food Authority provided advice to consumers, councils and other local stakeholders regarding the recalls and the risks of consumption on its website and social media channels.

## Mitigating food safety risks in the rockmelon industry

Building on earlier work done by the Food Authority in relation to foodborne illnesses linked to the consumption of rockmelons contaminated with *Salmonella species* and *Listeria monocytogenes* both in Australia and overseas, our horticulture and biosecurity partners in the NSW Department of Primary Industries have undertaken a research project into mitigating food safety risks in rockmelons by improving postharvest practices by the industry.

Rockmelons have a propensity for contamination with human pathogens due to their proximity to soil and their rough surface making effective sanitation difficult. The work undertaken by the horticulture unit's food safety research program that will be utilised by the Food Authority seeks to develop new sanitation technologies and practices and rate the effectiveness of a new fungicide to reduce the fungal contamination to control postharvest diseases and rots.

NSW is the largest melon producing state in Australia with an annual industry turnover of around \$88 million, and improving food safety risks will provide greater confidence and certainty to the sector.

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## **Support of fresh produce industry research**

The Food Authority has provided support for two research projects undertaken by the Fresh Produce Safety Centre over the 2014-15 period, *Understanding the gaps – a food safety literature review* and *Guidelines for fresh produce food safety*.

With food safety associated with fresh produce identified as an emerging issue both domestically and internationally the projects, due to be finalised later in 2015, both seek to improve food safety best practice in the industry and reduce the risk of foodborne illness and deliver revised food safety guidance and risk management solutions.



# Retail

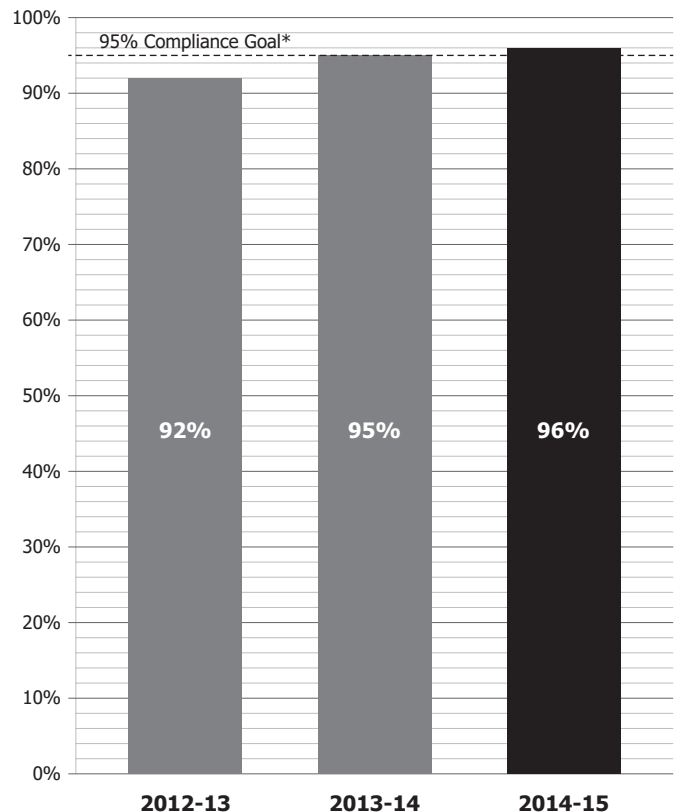
The Food Regulation Partnership (FRP) is a joint initiative of the Food Authority and 152 local councils to work together to ensure all retail food service businesses in NSW are inspected and comply with food safety regulations.

The NSW retail food industry makes an important contribution to the state’s economy:

- The food retail service sector in NSW is valued at more than \$45 billion per annum, the biggest contributor to the NSW food industry
- Food retailing is the biggest driver of growth in NSW’s retail industry
- There are 40,000 retail food service businesses in NSW
- 128,000 people in NSW are employed in cafes, restaurants and takeaway food services
- Supermarkets and grocery stores employ around 69,000 people

Compliance across the retail food sector with food safety program requirements for the 2014-15 financial period was 96%, slightly above the average over the last 3 years.

## Retail Sector Compliance Rate



\*NSW Food Safety Strategy 2015-21 target

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## Food Safety Supervisor refresher training and recertification

The NSW Food Authority's Food Safety Supervisor (FSS) certification is a mandatory program introduced in 2010 to safeguard NSW consumers from foodborne illness in the retail sector by training food handlers in food safety requirements and instilling a culture of food safety across the industry.

Recertification is due from 1 September 2015 and in preparation, the Food Authority has undertaken significant work including:

- working in partnership with Charles Sturt University to develop refresher training courses and in providing additional learning focus areas on allergen management, cleaning and sanitation, and using raw eggs
- hosting a Registered Training Organisation (RTO) Forum to ensure FSS approved RTOs are informed and prepared for retraining and recertification in the three key focus areas.

Since its introduction in 2010 more than 75,000 individuals in the NSW retail food service sector have been issued with a nationally recognised qualification. An evaluation of the program in February 2015 showed that businesses with a FSS showed greater improvement in overall food safety compliance than businesses without.

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## Scores on Doors

2014-15 has seen positive growth for the Food Authority's 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.

During the period, the Food Authority conducted a targeted promotion that resulted in growth in the number of councils joining the program. Thirty eight

of the state's 152 local government areas are now taking part, representing a council participation rate of 25% and representing more than a third of NSW retail businesses.

The Food Authority will continue to target growth in the Scores on Doors program with a goal of 75% participation of NSW retail food services by 2021 as part of the NSW Government Food Safety Strategy 2015-2021.

The Scores on Doors program is underpinned by the Food Premises Assessment Report (FPAR) and training provided to council Environmental Health Officers to ensure confidence and consistency in audits and inspections across New South Wales. Training has been provided to Council Environmental Health Officers on FPAR and Scores on Doors.

The Food Authority has implemented a Scores on Doors Users Forum, meeting monthly, to allow participating and adopting councils to share best practice and develop supplementary resources for the program. The User Forum has been well attended and an outcome has been the development and launch of an online Forum to allow councils to communicate between meetings and share documents.

In July 2014, the NSW Food Authority launched a video resource specifically produced for food retailers outlining the benefits of the Scores on Doors program, which helps businesses understand the benefits for consumers and their business in displaying their certificate.

The Food Authority held three regional training sessions for EHOs and line managers of councils adopting the Scores on Doors program in 2015-16. Representatives from 16 councils attended the sessions and the training is designed to ensure that council EHOs are fully prepared to roll out the program in their area.

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## Salmonella reduction strategy

Aligning with the NSW Government Food Safety Strategy 2015-2021's goal to reduce *Salmonella*, *Campylobacter*, *Listeria* and anaphylaxis across the food chain by 30% by 2021, the NSW Food Authority has continued its work to reduce the rate of *Salmonella* by implementing a *Salmonella* reduction strategy, specifically aimed at safe egg preparation in the retail food sector.

This reduction strategy has resulted in the development of various resources for local government and retailers, including checklists, guidelines and an egg safety video, produced as a practical demonstration guide that can be used in store for food retailers and consumers. Training was delivered to council Environmental Health Officers across the state to raise skills and competencies reducing the risk of *Salmonella* in restaurants and cafes.

## Name and Shame

2014-15 saw less than 2% of NSW businesses appearing on the Name and Shame register, a register which names businesses that fail to meet food safety standards.

In 2014-15, 866 food businesses appeared on the register, and a total of 1504 penalty notices published. The most common food safety breaches under the Food Act 2003 in the retail sector during this period were:

- cleanliness of food fixtures and equipment (18.7%)
- pest control (18.6%)
- cleanliness of food premises (16.7%)
- temperature control (13.3%)
- hygiene of food handlers (6.1%).

	2012-13	2013-14	2014-15
No. of penalty notices published	2036	1587	1504
No. of facilities that had penalty notices published	1154	913	866

## New retail section of NSW Food Authority website

Throughout the 2014-15 financial year, the Food Authority continued to improve the functionality and content of its website for stakeholders.

One of the noticeable improvements was the inclusion of a new retail section, a one stop shop of information relevant to 50,000 NSW retail food businesses.

The website is translated into 13 key languages including Arabic, Chinese (simplified and traditional), Greek, Italian, Japanese, Khmer, Korean, Macedonian, Serbian, Spanish, Thai, Turkish and Vietnamese.

## Food Regulation Partnership

The Food Regulation Partnership is a joint initiative of the Food Authority and 152 local councils who work together to ensure all retail food service businesses in NSW are inspected and comply with food safety regulations.

During the 2014-15 financial year the Food Regulation Partnership hosted three meetings with retail and food service businesses in Merimbula on the NSW south coast, Blacktown in Sydney and Dubbo in central west NSW.

These were well received with up to 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 safe egg preparation as part of a broader *Salmonella* reduction strategy and a presentation on the benefits of participation in Scores on Doors for food retail business

In order to ensure councils have met their duties under the NSW Food Act 2003, they are required to annually report their enforcement activities to the Food Authority.

Data collected from councils for the 2014-15 council activity report showed compliance levels in the retail food sector to be high as a result of the activities of the Food Regulation Partnership.

A total of 64,000 inspections and reinspections were undertaken in the retail and food service sector during 2014-15 and 97.2%, of the high and medium risk food premises were inspected during the period.

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## 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 2014-15 the Food Authority conducted three rounds of Regional Food Group meetings in 15 locations 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.

The training addressed:

- reducing outbreaks of *Salmonella* caused by retail businesses.
- Food Premises Assessment Report (FPAR) reporting.

In addition, the Food Authority conducted the Authorised Officer (Local Government) intensive training. This training covered 13 topics including inspections, enforcement policy and regulatory tools, cleaning and sanitising, investigations, labelling, and pest control. It was held over eight days in Newcastle and was attended by 20 EHOs from across the NSW Food Regulation Partnership Forum.

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.

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## Food Regulation Partnership Forum Committee Members

Chair: Clr Paul Braybrooks

NSW Food Authority – Polly Bennett and Peter Day

Noel Baum (representing Local Government NSW)

Clr Maria Woods (representing Local Government NSW)

Clr Scott Lloyd (representing Local Government NSW)

Les Green (representing the Development and Environmental Professionals' Association)

Julie Kisa (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

Over the last 12 months, the Food Authority conducted a compliance inspection program of 608 manufacturing and wholesale food businesses in NSW.

The 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.

Over the last twelve months, the Food Authority conducted 608 inspections under this program:

- 73 unacceptable inspection results were recorded (subsequent follow-up inspections conducted achieved acceptable inspection result)
- 50 improvement notices were issued
- 3 warning letters were issued for labelling and licensing breaches
- 12 penalty notices were issued to manufacturers for continued non-compliance.

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.

# Compliance and enforcement

## SIGNIFICANT INVESTIGATIONS AND RESULTS

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### **South coast aged care *Salmonella* outbreak**

Following notification of an illness in a south coast aged care facility in February 2015, the NSW Food Authority undertook a complex and ongoing investigation into a rare *Salmonella* Bovismorbificans outbreak that affected 33 residents across ten aged care facilities in NSW and the ACT.

This complex investigation involved the collection of more than 500 food and environmental swabs and involved significant cross agency efforts to meet the resource demands of the investigation.

This investigation is continuing and enforcement action is pending (as at 30 June 2015).

### **Sulphur dioxide use in sausage mince by butchers**

In December 2014 a south coast butcher was charged with 11 offences relating to the use of sulphur dioxide (SO<sub>2</sub>) in sausages and mince products in excess of prescribed limits. The butcher was fined a total of \$6,500 in penalty costs and ordered to pay professional and analysis costs of \$3,917.

Similarly, in March 2015, the Food Authority prosecuted a Sydney butcher for ten breaches of the Food Standards Code relating to the use of sulphur dioxide (SO<sub>2</sub>) in sausages and mince products in excess of prescribed limits. The butcher was fined a total of \$12,950 in penalty costs and ordered to pay professional and analysis costs of \$3,870.70.

Smaller prosecutions were also brought against two Penrith based butchers for sulphur dioxide offences. SO<sub>2</sub> is a chemical used as a preservative in some foods and is permitted in controlled doses in certain products such as sausages, but is not permitted at all in raw meat cuts or minced meat. Some people, particularly

asthmatics, are sensitive to SO<sub>2</sub> because when it is ingested it can cause symptoms similar to asthma attack.

In response to continued non compliance by a small section of the industry, the Food Authority has developed a targeted project to work with those offenders towards improving compliance in this area, see Meat sector (page 15).

## TARGETED FOOD SAFETY AND COMPLIANCE PROJECTS

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### **Country of origin labelling and fish name compliance**

In order to determine the current labelling compliance rates of country of origin labelling (CoOL) and the correct use of fish names by retail seafood businesses, the Food Authority undertook a project to obtain baseline data on current labelling compliance rates in the retail sector. The project targeted 152 businesses including supermarkets, seafood retailers and wholesalers and take away food stores.

The results showed reasonable level of compliance with 45 warning letters issued for non compliance with CoOL, one for fish name description and five warnings issued for a combination of both fish name description and CoOL.

The Food Authority will use this baseline data to develop programs to help drive compliance in the sector and a follow up compliance exercise will be conducted in the 2015-16 financial year.

### **Health Food Shops & Farmers' Market Project**

The Authority has observed a number of emerging trends and incidents involving the consumption of niche foods and food promoted as 'not for human consumption' in health food shops and at farmers' markets. Media interest, community concern and food recalls raised concern over three target foods promoted as NFHC, in particular:

- unpasteurised (raw) cows milk
- apricot kernels and
- hemp foods.

In March 2015 a two phase compliance project targeting retail health food businesses and farmers markets offering these foods was commenced. The purpose of the project was to identify and record suppliers of these niche foods, gather information about the availability and manner in which these foods are offered for sale.

The second phase of the project involved inspections at weekend farmers' markets. Sixteen metropolitan and two regional markets were visited with 103 inspections conducted. Significantly there were no raw milk products or other target foods detected at weekend markets. The joint inspections were valuable in detecting new manufacturers, unstamped eggs and unlicensed food businesses. Any compliance and enforcement matters noted were followed up in accordance with the escalated enforcement policy.

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## Nutrition and Health Claims Baseline Strategy

Many food items sold in the market place make nutritional or health claims and these claims need to be substantiated according to the Nutrition, Health and Related Claims Standard, in the national Food Standards Code.

In order to identify goods making nutrition content or health claims, the Food Authority undertook a study to identify specific commodity groups that were the highest risk and to better plan baseline survey work for the Food Authority and the Implementation Sub Committee for Food Regulation Health Claims Working Group.

The project found that some commodities carried a higher proportion of health claims than others. Many products carrying health claims were charged at a premium price, particularly in the premium bread or the health foods categories. Other significant categories carrying health claims included dairy products marketed at children.

The project recommended that the Authority prioritise its effort in relation to these particular food categories

because they present a higher risk of non-compliance and risk to the consumer may be higher than other food categories examined.

The second phase of this project undertaken during the 2014-15 financial year was to trial the health claims complaints tools on targeted food categories and to report on compliance. The chosen food categories were based on recommendations made in the 2014 market survey and specifically targeted dairy products and cereals.

A total of 41 products from both food categories were assessed. Overall compliance was recorded as 77.5% with the main areas of non-compliance being a failure to provide a dietary context statement, making a claim that is not permitted (due to no food-health relationship established) or not meeting applicable conditions.

The baseline compliance data gathered in this work will help inform ISFR's Health Claim Working Group with its project development.

## 2014–15 Compliance and enforcement statistics

ACTIVITY	ACTUAL 2012-13	ACTUAL 2013-14	ACTUAL 2014-15
<b>Audits</b>	5121	4595	4826
<b>Failed audits</b>	496 (9.6%)	335 (7.3%)	373 (7.7%) <sup>1</sup>
<b>Inspections of food businesses</b>	8608	7155	7349
Failed inspections of food businesses	568 (6.6%)	538 (7.5%)	593 (8%) <sup>2</sup>
Complaint investigations	1583	1447	1815
Investigations of foodborne disease incident (two or more people)	196	150	209
Labelling Compliance Surveillance Program investigations	271	290	287
Labelling Compliance Surveillance Program investigations resulting in enforcement action	108	95	59
Investigations of unlicensed businesses (resulting in enforcement action)	123	90	126
Written warning	88	105	120
Improvement notices	628	505	498
Penalty notices	205	147	120
Prohibition orders	7	8	5
Product seizures	25	13	13
Licence cancellations	1	0	0
Use of emergency orders	0	0	0
Prosecutions (finalised after hearing or plea of guilty)	100	49	26
Company instigated food recalls (nationwide)	44	66	58
Company instigated food recalls (NSW companies)	16	26	28
Shellfish harvest area closures	461	381	543

<sup>1</sup> Failed audits: The audit failure rate remained relatively steady and the Authority continues to work with industry sectors to implement programs that will further lower this failure rate.

<sup>2</sup> Failed inspections of food businesses: These figures include all inspections conducted on licensed facilities, complaint investigations requiring inspections and businesses captured by the manufacturer inspection program. The inspection failure rate for licensed businesses has remained steady over the previous reporting periods with the non compliance rate for unlicensed businesses recording a slight increase, due to an increase in complaint investigations requiring inspections and the identification and continued inspection of manufacturing businesses.



## 2014–15 summary of product seizures undertaken as enforcement action\*

COMMODITY	Estimated quantity (kg)	Reasons for seizure
<b>Dairy products</b>		
Haloumi Cheese	978g	Unlicensed dairy processor
<b>Meat products</b>		
Feral Pig Carcasses (Wild Boar)	18 carcasses	18 Wild boar carcasses not tagged with AQIS identification tags
Raw red meat & processed meat (various types)	131 Pork legs 7 Raw pork belly 17 sliced pork butt legs 1 box of sliced pork belly 5 pieces of pork leg 3 small tubs of raw salted pork belly 5 large tubs of pork legs 3 shopping bags of bones (waste) 1 small tub of bones (waste) 45 nos of salted pork (200-300gms)	Evidence of operation of meat processing plant without a license which contravenes Food Act 2003 and the requirements of the Meat Food Safety Scheme under the Food Regulation 2010
<b>Seafood products</b>		
Live Pipis	9.8 kg	Pipis harvested from a closed beach. Dunbogan beach
<b>Other food products</b>		
Canned & bottled products: Various canned foods including Coconut Cream, Ghee, Mackerel, Tuna, Mango, Lentils, sauces.	421 cans 3 bottles	Expiry date removed & altered. Rusty dented cans
Packaged flavoured milk-based beverages	2109 litres	Food originally destined for disposal was found to be offered for sale at two retail premises.

\*Based on 13 individual seizures for 2014 – 2015 period

## 2014–15 Licence numbers

<b>BUSINESS ACTIVITIES</b>	<b>No. of licensed facilities 2014-15</b>
Animal food field depot	8
Animal food field harvesting	14
Animal food processing plants	19
Animal food processing and rendering plant	1
Abattoir - poultry	21
Abattoir - poultry & game meat processing	2
Abattoir - poultry & primary production	12
Abattoir & rendering plant	1
Abattoir - poultry & red meat	1
Abattoir - red meat	28
Abattoir - red meat & rendering	1
Abattoir - red meat & knackery	1
Rendering	7
Knackery	5
Game meat primary processing plants	4
Game meat field depot	64
Game meat field harvesting	430
Meat retail	1770
Meat processing plants	339
Meat & seafood processing plants	33
Meat & dairy processing plants	8
Meat, dairy & seafood processing plants	2
Meat, dairy & plant product processing plants	4
Meat, seafood & egg product processing plants	1
Meat, seafood & plant product processing plants	5
Meat & plant product processing plants	2
Meat, dairy, seafood & plant processing plants	2
<i>Table continues over page</i>	

## 2014–15 Licence numbers (con't)

BUSINESS ACTIVITIES	No. of licensed facilities 2014-15
<i>continued from previous page</i>	
Meat, dairy, seafood, plant & egg product processing plants	2
Dairy processing plants	137
Dairy & seafood processing plants	2
Dairy & plant product processing plants	5
Dairy & egg product processing plants	1
Plant Product processing plants	58
Seafood processing plants	121
Seafood & plant product processing plants	3
Oyster farmers	195
Oyster farmers & seafood processing	50
Shellfish wild harvest	38
Non-shellfish aquaculture	42
Handling wild caught seafood	1001
Egg Processing plants	4
Egg Production and processing plants	1
Egg primary production	236
Egg & poultry primary production	26
Egg & dairy primary production	1
Poultry primary production	358
Poultry & dairy primary production	5
Dairy primary production	708
Dairy primary production and processings plants	17
Farm milk collectors (raw milk transport)	121
Food transport vehicles (meat, dairy, seafood, plant, egg products)	7250
Cold food storage (meat, dairy, seafood, plant & egg products)	524
Food service to vulnerable persons	1220
<b>TOTAL number of licensed facilities</b>	<b>14,911</b>

# Working with our stakeholders

## Memorandum of Understanding with the Commonwealth Department of Agriculture

In June 2015, the Commonwealth Department of Agriculture (DoA) expressed confidence in the Food Authority's ability to effectively undertake export audits and inspections by reviewing and renewing its Memorandum of Understanding (MOU), where the Authority is responsible for the audit and inspection of licensed export facilities.

The MOU benefits industry by reducing audit duplication and the DoA noted the comprehensive systems undertaken at the correct frequency and corrective action and feedback being provided in a timely manner.

A successful review is crucial to maintaining export market access for a number of food production industries and the key objectives are to:

- ensure that export legislative requirements are met and the Food Authority's assessment of export registered facilities is of the highest standard
- ensure food safety officers have appropriate training and qualifications to conduct audits at export registered facilities
- identify ways to improve the existing relationship between the two agencies
- ensure the Food Authority is operating in compliance with the MOU

NSW's well-deserved reputation for safe food helps maintain existing markets for the food industry attracting higher premiums on products and generating export growth, and this is supported by the Food Authority's consistent high standard of auditing food export industries.

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## Improved incident response procedures developed

The NSW Food Authority, in conjunction with Food Standards Australia New Zealand (FSANZ), hosted the inaugural National Food Safety Incident Response workshop with a view to bringing all stakeholders together to give government agencies and industry the opportunity to review business continuity, preparedness and traceability within the food supply chain and to look at the consequences and impact upon the industry if it were faced with a food safety event.

The November 2014 workshop brought together representatives from all industry sectors including producers, processors, wholesalers and retailers as well as representatives from state and territory food regulatory agencies and food and agricultural departments, to share and exchange ideas and strategies and determine:

- roles and positions within the supply chain
- responsibilities in a food safety incident
- trigger points for action
- effectiveness of recall process.

The goal was that improved preparedness and traceability will better protect public health and protect economic interests in domestic and international markets.

A key outcome of the workshop was for the development of regular incident exercises between government and industry sectors to improve specific linkages and responses and to strengthen relationships and information sharing.

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## Royal Easter Show

At the 2015 Sydney Royal Easter Show, the Food Authority hosted interactive displays and distributed safety tips on thorough hand washing to an estimated 40,000 people visiting over 14 days with 25,000 wrist bands promoting the food safety hygiene message of 'Hand washing and food safety go hand in hand' distributed to visitors.

## Educational videos

The Food Authority continued to increase its online educational resources with the production of consumer and industry targeted videos explaining the benefits of Scores on Doors, the food hygiene and safety program and a egg preparation and safety video developed for the retail food industry and consumers as part of the Food Authority's broader *Salmonella* reduction strategy.

## Customer helpline

Through the Food Authority's customer helpline we assisted 25,055 requests for advice, food complaints and transactions. Of those that were potentially resolvable by the helpline, 94% were resolved during the first contact. Some 1,725 calls were food complaints investigated by the Food Authority and 2,281 food complaints about retail outlets were referred to the relevant local council. Of the food complaints investigated by the Food Authority, the most frequent issues related to allegations of foreign matter (20%), followed by various labelling issues (17%), allegations of foodborne illness (17%) and food handling and hygiene (14%).

## Educational and technical guidance materials

In 2014-15 the Food Authority identified a number of emerging issues requiring specific information targeting food businesses and consumers.

### Animal welfare

- Non-red meat animal welfare systems report – for non-red meat abattoirs

### Consultation

- Food Regulation 2015 – Regulatory Impact Statement

### Corporate

- Food Safety Strategy

### Dairy

- Raw milk information sheet – for consumers
- Dairy food safety scheme risk assessment

### Eggs

- Safe preparation of raw eggs guideline and factsheet – for retail food businesses
- Egg use inspection checklist – for council EHOs
- Egg cleaning procedures – for egg producers and processors
- Egg stamping factsheets – for egg producers, council EHOs, butchers/grocers, retail food businesses

### Food Safety Supervisor re-certification

- FSS re-certification training guideline, factsheets and FAQs – for registered training organisations, council EHOs, retail food businesses

### Labelling

- Front of pack (FoP) labelling / health star rating factsheet – for manufacturers
- Labelling of frozen and thawed seafood factsheet – for retail food businesses

### Manufacturing and wholesale

- Declaring allergens factsheet
- Product recall and withdrawal flowchart

### Meat

- Meat vans factsheet – for transporters of meat carcasses and meat products
- Meat food safety scheme risk assessment

### Retail food

- Changes to notification requirements factsheet
- Donating food safely factsheet – for retail food businesses and charities/not-for-profit organisations

### Science surveys

- Soft serve and frozen yoghurt
- Toxoplasma and cryptosporidium in food

### Scores on Doors (star rating) program

- Translated brochures and factsheets – for retail food businesses and consumers

### Shellfish

- Harvest & Hold scheme food safety plan and guideline – for farmed shellfish with/without harvest & hold inclusions

### Vulnerable persons

- Preparation of texture modified and pureed foods factsheet – for aged care facilities

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 as part of foodborne illness investigations.

## FOOD TESTING AND SURVEYS

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From July 2014 to June 2015, a total of 3900 samples were tested for various microorganisms or chemical contaminants. Appropriate actions were carried out to rectify any issues identified.

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### **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 2014-15 this included:

- **Plant products not currently in the Food Safety Scheme.** Products tested include tofu, mixed salads, vegetable-based dips and fresh herbs. There was no food safety issue found with these products. Requirements set out in the Food Standards Code coupled with inspection of businesses are likely to provide adequate food safety control.
- **Soft serve and frozen yoghurt survey.** A total of 88.2% of samples were classified good or acceptable. The survey highlighted the importance of cleaning and sanitation of equipment, which will be addressed by local councils and the Authority's officers during inspections.

# Legislative changes and regulation burden reduction

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.

## Amendments to the Food Regulation 2010

The Food Regulation 2010 was amended in November 2014 to provide exemption for very small egg producers selling eggs directly from the farm gate from the national requirement to stamp their eggs. Standard 4.2.5, *Primary Production & Processing Standard for Eggs and Egg Products* of the Australia New Zealand Food Standards Code, provides that each individual egg for human consumption must be stamped. An exemption from this requirement was created for very small egg businesses for circumstances where traceability was certain.

This exemption provides that very small egg producers that produce less than 20 dozen eggs in any week, and sell those eggs direct from the farm gate, will not be required to stamp.

The exemption also applies to eggs that are used for fundraising purposes, where the eggs will be cooked prior to serving.

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## Food Regulation 2015

The Food Regulation 2010 is subject to staged repeal under the *Subordinate Legislation Act 1989*. The staged repeal process requires the Food Authority to determine whether the Regulation should lapse, be remade as it is or be remade with amendments. The preferred option was to remake it with amendments.

A significant review project was undertaken for the making of proposed Food Regulation 2015. Surveys of licensees, industry committee members and food safety officers were undertaken as well as a significant internal review project.

A draft Food Regulation 2015 was provided for public consultation from 29 May – 26 June 2015. The Food Regulation 2015 comes into effect on 30 October 2015.

# Participation in the national agenda

During 2014-15, the Food Authority contributed to the work of the Food Regulation Standing Committee, 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.

## **Front of pack labelling – Health Star Rating**

The Food Authority and NSW Health are working together to encourage NSW food manufacturers to adopt the national Health Star Rating system (HSR). 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. It will be implemented voluntarily over the next five years with a review of progress in 2016.

The Food Authority has supported implantation by collaborating with the Commonwealth Government to host HSR implementation workshops for NSW food manufacturers in August 2014 and May 2015. The Authority has also provided HSR factsheets to complement Commonwealth publications distributed at workshops, meetings and conferences over the past 12 months. These materials are also available on the Authority's website.

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## **Low THC Hemp as Food**

In 2009 Food Standards Australia New Zealand received an application to amend Standard 1.4.4, Prohibited and Restricted Plants and Fungi, in the Food Standards Code to permit the sale of low-THC Hemp as food. As a result, the Food Authority undertook significant investigation of issues relevant to this application including consultation with industry, NSW Government and Commonwealth agencies, and analysis of low-THC hemp product. While low-THC hemp was determined to be a safe and nutritious food, in January 2015 the Forum rejected the application for reasons unrelated to food safety and instructed the Food Regulation Standing Committee (FRSC) to investigate the information gaps responsible for the rejection.

The Food Authority is leading work on one of these information gaps and is investigating cannabidiol and other cannabinoid concentrations in low-THC hemp products. Work on other information gaps is being led by Victoria, the Commonwealth and New Zealand. Tasmania is coordinating these efforts across all four areas of work, with findings to be reported to the Ministerial Forum in 2016 to determine if a standard permitting low THC hemp as should be developed.



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## Raw 'Bath' Milk

The death of a young Victorian child and hospitalisation of several others in December 2014 was linked to the consumption of raw unpasteurised cow's milk which was sold as 'bath milk' and labelled as 'not for human consumption'. In response, NSW proposed the development of a consistent national approach to manage the sale of raw milk at the January 2015 meeting of the Forum. The Food Authority is actively involved in this work as a member of the national working group co-ordinating this approach.

NSW already has legislative instruments in place to manage sales of unpasteurised milk and recent surveys of farmers' markets have not identified any NSW producers selling raw milk.

# 3



# STATUTORY REPORTING



# Human resources

## Staff numbers and breakdown

As at 30 June 2015, the NSW Food Authority had a complement of 106 FTE (full time equivalent) staff and 2 Senior Executive Service (SES) Officer - a total of 108 staff.

OCCUPATION GROUP	2012-2013	2013-2014	2014-2015
Clerical	21	14	15
Food Safety Officers	95	91	91
Total Staff (non-SES)	116	105	106
Senior Executive Service	1	1	2
<b>TOTAL STAFF</b>	<b>117</b>	<b>106</b>	<b>108</b>

**TABLE 1: Number and level of senior executive staff by band and gender**

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	0	1	0	0	1
Male	0	0	0	0	0	0	0	0	1	0	0	0	1
<b>TOTALS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>2</b>

**TABLE 2: Employee related expenditure in reporting year**

Salary Level	\$0-\$41679	\$41679-\$54742	\$54742-\$61198	\$61198-\$77448	\$77448-\$100330	\$100330-\$128538	\$128538+ (Non SES)	\$128538+ (SES)	Total
Female	0	0	0	10	27	10	6	1	54
Male	0	0	0	2	24	18	9	1	54
<b>TOTALS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>51</b>	<b>28</b>	<b>15</b>	<b>2</b>	<b>108</b>

**TABLE 3: Average remuneration of senior executives**

	Female		Male	
	2013-2014	2014-2015	2013-2014	2014-2015
Band 2	1	1	-	-
Remuneration range	\$238,301-\$299,750	\$242,801-\$305,400	N/A	N/A
Average remuneration	\$299,750	\$305,400	N/A	N/A
Band 1	-	-	-	1
Remuneration range	N/A	N/A	N/A	\$170,250-\$242,800
Average remuneration	N/A	N/A	N/A	\$194,000

4.3% of the NSW Food Authority's personnel related expenditure was related to senior executives.

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

# Work health and safety

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

The Food Authority is committed to maintaining the health, safety and welfare of all our staff and visitors in keeping with the safety mission of the NSW Department of Industry: 'Every person home safe and well every day'.

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## Performance

- There were nine health and safety incidents reported during 2014-2015
- One of the incidents required minor medical treatment which was no change from the previous financial year
- There were no new workers compensation claims reported during 2014-2015.

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## Achievements

- The reporting period saw the completion of risk registers and health and safety operational plans across all branches within the NSW Department of Industry
- Notable achievements during the year included finalisation of the new safety management system, further functionality in the electronic WHS systems and the continued development of the WHS curriculum library through additional eLearning tools
- The department's Safety & Wellbeing Strategy 2012-15 was closed off in June 2015, marking the completion of all key improvement initiatives specified in the strategy
- The department's Safety & Wellbeing Strategy 2015-18 has been developed and endorsed by the department's executive and released to staff.

# Workforce diversity

The Food Authority, as part of the NSW Department of Industry, is committed to actively developing and maintaining a diverse workforce which is free of discrimination and reflective of the New South Wales community.

## **For the Department, workforce diversity initiatives are designed to:**

- build positive workplaces and provide support for all employees
- strengthen workforce planning capability to integrate workforce diversity strategies, and
- build a workforce which reflects the diversity of the wider community as identified in NSW Public Sector benchmarks and targets.

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## ***The Government Sector Employment Act 2013 (GSE Act) preserves the focus on existing diversity groups, being:***

- Aboriginal people
- Women
- People from culturally and linguistically diverse backgrounds (CALD), and
- People with disability.

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

## ACHIEVEMENTS:

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### **Women's employment and development**

A Gender Equality Steering Committee was established during 2014-15, with representation from across the department and a Deputy Secretary as executive sponsor. A number of working groups have been set up to address key issues affecting gender equality and a series of forums have been run to provide development and networking opportunities.

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### **Aboriginal employment**

The department continued to progress work that supports employment and retention of Aboriginal staff during 2014-15. The department also continued to promote its activities to Aboriginal communities through arts and cultural events and major business initiatives. In 2014-15 the department supported extension of the Aboriginal Support Network by inviting all Aboriginal and Torres Strait Island (ATSI) staff in the cluster to join.

A new Aboriginal Employment Strategy (AES) will be developed to coordinate current departmental activities and to build on the recommendations from the NSW Public Sector Aboriginal Employment Strategy 2014–2017.

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### **Proposed strategies for 2015-16**

In 2015-2016 the department will develop an overarching Diversity and Inclusion Framework to encompass programs addressing existing diversity groups. The framework will also identify strategies which address the diverse needs of all staff.

In addition, an overarching strategy for gender equality will be developed as part of the department's Diversity and Inclusion Framework during 2015-16.

Another focus for the department in 2015-16 will be development of inclusive and culturally appropriate recruitment options. The department will also be rolling out a new Cultural Awareness Program.

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### **National Disability Strategy**

As part of the NSW Department of Industry, the Food Authority continued its participation in the development of a whole-of-government National Disability Strategy to improve the lives of people with disability, promote participation and create a more inclusive society. It focuses on six policy areas, with strategies under each area which affect government departments and which have designated lead agencies.

Representatives of the department contributed to the development and finalisation of the NSW Disability Action Inclusion Plan (NSW DIP) and the department is developing a Disability Inclusion Action Plan (DIAP) from the NSW DIP. The DIAP will be in place by the end of 2015 and will align to a four year cycle to comply with the revised guidelines. The DIAP will be integrated into departmental business planning and strategic directions.

The department will be forming an internal disability employee group to provide advice and contribute to the development of the NSW Trade & Investment DIAP. In addition the department will be developing guides and resources for hiring managers to ensure equitable access through recruitment.

## Trends in the representation of workforce diversity groups

Workforce Diversity Group	Benchmark/ Target	2013	2014	2015
Women	50%	39.4%	41.4%	52%
Aboriginal People and Torres Strait Islanders	2.6%	0.5%	0.1%	0%
People whose First Language Spoken as a Child was not English	19.0%	8.5%	8.1%	13.7%
People with a Disability	N/A	1.9%	2.5%	2%
People with a Disability Requiring Work-Related Adjustment	1.5%	0.2%	0.5%	0%

Note 1: The benchmark figures and historical data of 2013 and 2014 reflect the NSW Department of Primary Industries of which the NSW Food Authority is a part, the 2015 figures are NSW Food Authority specific.

## Trends in the distribution of workforce diversity groups

Workforce Diversity Group	Benchmark/ Target	2013	2014	2015
Women	50%	43.7%	45.1%	45.9%
Aboriginal People and Torres Strait Islanders	2.6%	0.4%	0.1%	0.3%
People whose First Language Spoken as a Child was not English	19%	7.5%	7.2%	6.5%
People with a Disability	N/A	1.9%	2.3%	2.0%
People with a Disability Requiring Work-Related Adjustment	1.5%	0.1%	0.5%	0.4%

Note 1: A Distribution Index of 100 indicates that the centre of the distribution of the Workforce Diversity group across salary levels is equivalent to that of other staff. Values less than 100 mean that the Workforce Diversity group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the Workforce Diversity group is less concentrated at lower salary levels.

Note 2: The Distribution Index is not calculated where Workforce Diversity group or non-Workforce Diversity group numbers are less than 20.

# 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 plan

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.

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## **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 2014–15 INCLUDED:

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### Identifying causes of food recalls

Analysis of recalls of food products and outbreaks of foodborne illness has identified a proportion attributable to lack of allergen labelling which complies with Food Standards Code requirements. Not declaring the presence of allergen ingredients can have serious and devastating consequences for consumers living with food allergies and at risk of severe anaphylaxis. A large segment of the recalls are foods imported by small and medium businesses with cultural connections with the countries from which they import. A project has been formulated and development of resources begun in 2014-15 to support raising awareness among importers of labelling requirements and obligations. The project will begin pilot roll out and consultation in 2015-16.

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### Maintaining currency of CALD targeting

The Food Authority reviewed and updated its framework which guides decisions on translation of written resources for CALD audiences to keep it current. The review utilised Multicultural NSW's community profiles and advice on, for example, relevance of Simplified versus Traditional Chinese characters. We also developed a template to improve efficiency of publishing translated content online and changed the way translated web text is implemented to make it more mobile-device friendly.

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### Scores on Doors program accessible in nine languages

Scores on Doors is a hygiene and food safety ratings program for retail food outlets designed to reduce barriers to participation and make the program more accessible. Key resources which participating local council food inspection staff use with food businesses to explain the program and help businesses achieve higher rating results were distributed to councils and available on our website in nine languages throughout the year: Arabic, Simplified and Traditional Chinese, Greek, Japanese, Korean, Thai, Turkish and Vietnamese. Availability of these resources removes a potential barrier to CALD business participation in this positive NSW retail food industry program.

### 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 with three 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.

# Other statutory requirements

## Consultants

Five consultants were engaged by the NSW Food Authority consolidated entity in 2014-15 for a total cost of \$173,242.03.

One consultant was engaged for more than \$50,000:

KPMG Australia was engaged at a cost of \$64,865.67 for the development of financial modelling to assess the cost and value of delivering food regulation in NSW.

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## Enterprise Risk Management

The NSW Food Authority as part of the broader NSW Department of Industry'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 (TTP 15-03). It provides a systematic approach for implementing, monitoring, reviewing and continually improving our risk management processes.

As part of the ERM framework, the department maintains corporate and divisional risk registers. Each division identifies and evaluates its risks, documenting current controls and proposed mitigation strategies to minimise negative risks or enhance positive opportunities. The corporate and divisional registers are also used to inform the department's internal audit program, overseen by the Audit and Risk Committee.

To ensure continual improvement, the department undertook a review of its ERM framework during 2014-15 to more closely align it with the department's new strategic planning and performance reporting framework. As the business environment continues to change, the enterprise risk management framework will evolve and adapt, ensuring business risks are managed and mitigated accordingly.

## Internal Audit and Risk Management Attestation

The following Attestation Statement outlining compliance with the Treasury Circular TC 09-08 Internal Audit and Risk Management Policy, has been submitted to The Treasury on behalf of the Treasurer.

Trim Reference: D15/543

Mr Aryn Nathwani  
Principal Policy Analyst  
Fiscal Estimates & Financial Reporting Division  
The Treasury  
PO Box 5469  
SYDNEY NSW 2000



Department of  
Primary Industries  
Food Authority

### **Internal Audit and Risk Management Attestation for the 2014-2015 Financial Year for the NSW Food Authority**

I, Lisa Szabo am of the opinion that the NSW Food Authority has internal audit and risk management processes in operation that are, in all material respects, compliant with the core requirements set out in Treasury Circular TC 09/08 Internal Audit and Risk Management Policy. These processes provide a level of assurance that enables the senior management of the NSW Food Authority to understand, manage and satisfactorily control risk exposures.

I, Lisa Szabo am of the opinion that the Audit and Risk Committee is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the Audit and Risk Committee are:

- Independent Chair Mr Ian Neale, (appointed from 8 April 2013 to 7 April 2016)
- Independent Member Ms Victoria Weekes, (appointed from 8 April 2013 to 7 April 2016)
- Independent Member Mr Ken Barker, (appointed from 7 October 2014 to 6 October 2018)

This Audit and Risk Committee has been established under a shared arrangement with the NSW Department of Industry, Skills and Regional Development (NSW Department of Industry).

During 2014-2015 the NSW Food Authority's internal audit services were provided by external contractors and NSW Department of Industry Internal Audit Unit staff.

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

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Lisa Szabo', written in a cursive style.

Dr Lisa Szabo  
**Chief Executive Officer**  
NSW Food Authority

6 October 2015

NSW Food Authority  
6 Avenue of the Americas | Newington NSW 2127  
PO Box 6682 Silverwater NSW 1811  
T: 02 9741 4777 | F: 02 9741 4888 | [www.foodauthority.nsw.gov.au](http://www.foodauthority.nsw.gov.au) | F: /nswfoodauthority | T: @nswfoodauth  
ABN: 47 080 404 416

## Public Interest Disclosures

The *Public Interest Disclosures Act 1994* (PID Act) was amended to require Agencies to report every 6 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.

This report covers those PIDs received during the period from 1 July 2014 to 30 June 2015.

	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	0	0
Number of the public interest disclosures received by the Agency:	0	0	0
Of public interest disclosures received, how many were primarily about: <ul style="list-style-type: none"> <li>• corrupt conduct</li> <li>• maladministration</li> <li>• serious &amp; substantial waste</li> <li>• government information contravention</li> </ul>	0	0	0
No of public interest disclosures (received since 1 Jan 2012) that have been finalised in this reporting period	0	0	0

The NSW 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, and
- Information on PIDs, including the Policy and Procedures, is available on the internet and intranet.

## Digital Information Security Policy

12 October 2015

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 2014-2015 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 NSW Food Authority had an Information Security Management System in place during the 2014-2015 financial year that is consistent with the Core Requirements set out in the *NSW Government Digital Information Security Policy*.
- The controls in place to mitigate identified risks to the digital information and digital information systems of the NSW Food Authority are adequate.

There is no agency under the control of the NSW Food Authority which is required to develop an independent ISMS in accordance with the *NSW Government Digital Information Security Policy*.

The compliance with ISO 27001 Information technology - Security techniques - Information security management systems - Requirements was independently reviewed in June 2014 and the NSW Food Authority has adopted a risk-based approach to making adequate areas under the agency's control.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Lisa Szabo', written over a light grey background.

Lisa Szabo  
**Chief Executive Officer**

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ABN: 47 080 404 416

## Annual Report production

There was no external cost for the production of the NSW Food Authority Annual Report 2014-15.

No hard copies were printed.

This report is available for download from [www.foodauthority.nsw.gov.au](http://www.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.

## Overseas Travel

Five NSW Food Authority staff members undertook overseas travel 2014-15 in the course of their duty at a cost of \$17,970.

Name Of Officer	Period of travel		Destination	Purpose of Travel	Source of Funds
	Date From	Date To			
Anthony Zammit	13/03/15	22/03/15	Chile	International conference on Molluscan Shellfish Safety Registration	Food Authority
Mark Mackie	30/04/15	17/05/15	USA	To conduct Comparability review of IS food safety systems & review current food safety control system of USA	Food Authority
Polly Bennett	30/04/15	2/05/15	New Zealand	Food Regulation Standing Committee (FRSC) Meeting	Food Authority
Kim Leighton	30/04/15	2/05/15	New Zealand	FRSC Meeting	Food Authority
Hazel Farrell	26/10/14	1/11/14	New Zealand	International conference on Harmful Algae	Food Authority

# Payment of accounts

The table(s) below summarise the NSW Food Authority's performance in paying accounts during 2014-15.

## Aged analysis at the end of each quarter

Below is a schedule of the dollar amount of payments made during 2014-15 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
<b>All suppliers</b>	\$	\$	\$	\$	\$
September 2014	3,738,778	28,489	-	-	13,444
December 2014	3,801,112	659	46,954	-	707
March 2015	3,731,494	-	7,527	7,661	7,291
June 2015	3,002,145	516	-	-	-
<b>Total all suppliers</b>	14,273,529	29,664	54,481	7,661	21,442

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
<b>Small Business</b>	\$	\$	\$	\$	\$
September 2014	-	-	-	-	-
December 2014	3,980	-	-	-	-
March 2015	-	-	-	-	-
June 2015	-	-	-	-	-
<b>Total small business</b>	3,980	-	-	-	-

A small business must be a business registered with the Department of Finance and Services as a small business before it is recognised in the accounting system as a small business.

Due to the manner in which the financial management reports payment analysis, it is considered that payments in the 'less than 30 days overdue' are also paid on time.



## Accounts paid on time within each quarter

Below is a schedule indicating the percentage of payments paid 'on time'.

<b>All suppliers</b>	<b>September 2014</b>	<b>December 2014</b>	<b>March 2015</b>	<b>June 2015</b>
Total no of accounts due for payment	535	550	615	405
Number of accounts paid on time	530	542	611	401
% of account paid on time (based on number of accounts)	99.1%	98.5%	99.3%	99.0%
\$ amount of accounts due for payment	3,780,711	3,849,432	3,753,973	3,002,661
\$ amount of accounts paid on time	3,738,778	3,801,112	3,731,494	3,002,145
% of accounts paid on time (based on \$ amount of accounts)	98.9%	98.7%	99.4%	100.0%
Number of payment for interest on overdue accounts	-	-	-	-
Interest paid on overdue accounts	-	-	-	-

<b>Small business</b>	<b>September 2014</b>	<b>December 2014</b>	<b>March 2015</b>	<b>June 2015</b>
Total no of accounts due for payment	-	1	-	-
Number of accounts paid on time	-	1	-	-
% of account paid on time (based on number of accounts)	-	100.0%	-	-
\$ amount of accounts due for payment	-	3,980	-	-
\$ amount of accounts paid on time	-	3,980	-	-
% of accounts paid on time (based on \$ amount of accounts)	-	100.0%	-	-
Number of payment for interest on overdue accounts	-	-	-	-
Interest paid on overdue accounts	-	-	-	-

For the full 2014-15 financial year 98.99% (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 Trade & Investment.

In addition:

- There were no instances of penalty interest being paid or incurred during 2014-15.
- There were instances of supplier's enquiries regarding late payments.
- Invoices were generally entered into the accounting system within one week of receipt of the invoice by the Accounts Payable Section.

These indicators will continue to be monitored during 2015-16 and future years to ensure the Authority's payment performance continues to improve.

### **Credit card use**

I certify that credit card use in 2014-15 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

# 4



# FINANCIAL INFORMATION



# **NSW Food Authority**

## **Financial Information**

### **2014–15**



## Financial Information 2014-15

Statement by the Acting Chief Executive Officer of the NSW Food Authority

Pursuant to the requirements of section 41C(1C) of the *Public Finance and Audit Act 1983*, I, Bruce Christie, Acting Chief Executive Officer of the NSW 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 2015 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 2010*, and the Treasurer's Directions.
3. Further, I am not aware of any circumstances which would render any particulars included in the Statements to be misleading or inaccurate.

Bruce Christie  
Acting Chief Executive Officer

29 September 2015



### INDEPENDENT AUDITOR'S REPORT

#### New South Wales Food Authority

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of New South Wales Food Authority (the Authority), which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

#### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 30 June 2015, 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.

#### The Chief Executive Officer's Responsibility for the Financial Statements

The Chief Executive Officer is responsible for preparing financial statements that give a true and fair view 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 of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Financial Information 2014-15

My opinion does *not* provide assurance:

- about the future viability of the Authority
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- 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 other information which may have been hyperlinked to/from the financial statements.

### Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence 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, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



C J Giumelli  
Director, Financial Audit Services

1 October 2015  
SYDNEY

## Financial Information 2014-15

### START OF AUDITED FINANCIAL STATEMENTS

#### NSW FOOD AUTHORITY ABN 47 080 404 416

#### Statement of Comprehensive Income for the Year Ended 30 June 2015

	Notes	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000
<b>Revenue</b>				
Industry levies and licence fees	2	7,315	7,267	7,543
Grants and contributions	3	10,988	11,091	12,414
Miscellaneous income and fees for services	4	2,854	2,516	2,863
Investment revenue	5	624	800	786
<b>Total revenue</b>		<b>21,781</b>	<b>21,674</b>	<b>23,606</b>
<b>Expenses excluding losses</b>				
Personnel services	7	14,284	14,106	11,175
Other operating expenses	8	5,824	5,953	5,621
Depreciation and amortisation	9	1,128	1,030	981
Grants and subsidies		466	518	535
<b>Total expenses excluding losses</b>		<b>21,702</b>	<b>21,607</b>	<b>18,312</b>
Gain/(loss) on disposal & impairments	6	(1,047)	-	28
<b>Net result</b>		<b>(968)</b>	<b>67</b>	<b>5,322</b>
<b>Other comprehensive income/(loss)</b>				
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	12(a)	-	-	2,436
<b>Total comprehensive income/(loss) for the year</b>		<b>(968)</b>	<b>67</b>	<b>7,758</b>

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



## Financial Information 2014-15

**NSW FOOD AUTHORITY**  
**ABN 47 080 404 416**

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

	Notes	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	10	24,869	15,541	20,872
Receivables	11	1,133	1,416	2,664
<b>Total Current Assets</b>		<b>26,002</b>	<b>16,957</b>	<b>23,536</b>
<b>Non-Current Assets</b>				
Property, Plant and Equipment				
- Land and Buildings	12	10,305	9,566	10,335
- Plant and Equipment	12	1,036	1,730	1,902
Total Property, Plant and Equipment	12	11,341	11,296	12,237
Intangible Assets	13	2,207	3,213	2,987
<b>Total Non-Current Assets</b>		<b>13,548</b>	<b>14,509</b>	<b>15,224</b>
<b>TOTAL ASSETS</b>		<b>39,550</b>	<b>31,466</b>	<b>38,760</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	15	6,121	6,219	5,666
Other		-	700	-
<b>Total Current Liabilities</b>		<b>6,121</b>	<b>6,919</b>	<b>5,666</b>
<b>Non-Current Liabilities</b>				
Other	16	19,783	11,721	18,480
<b>Total Non-Current Liabilities</b>		<b>19,783</b>	<b>11,721</b>	<b>18,480</b>
<b>TOTAL LIABILITIES</b>		<b>25,904</b>	<b>18,640</b>	<b>24,146</b>
<b>NET ASSETS / (LIABILITIES)</b>		<b>13,646</b>	<b>12,826</b>	<b>14,614</b>
<b>EQUITY</b>				
Reserves		4,298	1,862	4,298
Accumulated Funds		9,348	10,964	10,316
<b>Total Equity</b>		<b>13,646</b>	<b>12,826</b>	<b>14,614</b>

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

## Financial Information 2014-15

**NSW FOOD AUTHORITY**  
**ABN 47 080 404 416**

**Statement of Changes in Equity for the Year Ended 30 June 2015**

	Acumulated Funds \$'000	Asset Revaluation Reserve \$'000	Total \$'000
Balance at 1 July 2014	10,316	4,298	14,614
Net result for the year	(968)	-	(968)
Other comprehensive income			
Other net increases in equity	-	-	-
Total comprehensive income for the year	(968)	-	(968)
Balance at 30 June 2015	9,348	4,298	13,646
Balance at 1 July 2013	4,994	1,862	6,856
Net result for the year	5,322	-	5,322
Other comprehensive income			
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	-	2,436	2,436
Total comprehensive income for the year	5,322	2,436	7,758
Balance at 30 June 2014	10,316	4,298	14,614

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

## Financial Information 2014-15

**NSW FOOD AUTHORITY**  
**ABN 47 080 404 416**

**Statement of Cash Flows for the Year Ended 30 June 2015**

	Notes	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Payments</b>				
Payments to suppliers and employees		(20,033)	(20,836)	(18,542)
Grants and subsidies		(466)	(518)	(535)
<b>Total payments</b>		<u>(20,499)</u>	<u>(21,354)</u>	<u>(19,077)</u>
<b>Receipts</b>				
Milk industry fund payments		-	-	1
Industry levies, licences and other		12,458	10,390	10,260
Grants and contributions received		12,009	11,091	11,293
Interest received		527	800	786
<b>Total receipts</b>		<u>24,994</u>	<u>22,281</u>	<u>22,340</u>
<b>NET CASH (OUTFLOW) INFLOW FROM OPERATING ACTIVITIES</b>	19	<u><u>4,495</u></u>	<u><u>927</u></u>	<u><u>3,263</u></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of property, plant and equipment	6	358	500	165
Payment for property, plant and equipment	12	(183)	(550)	(960)
Payment for intangible assets	13	(673)	(550)	(314)
<b>NET CASH (OUTFLOW) INFLOW FROM INVESTING ACTIVITIES</b>		<u>(498)</u>	<u>(600)</u>	<u>(1,109)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
		-	-	-
<b>NET CASH (OUTFLOW) INFLOW FROM FINANCING ACTIVITIES</b>		<u>-</u>	<u>-</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		3,997	327	2,154
Opening cash and cash equivalents		20,872	15,214	18,718
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	10	<u><u>24,869</u></u>	<u><u>15,541</u></u>	<u><u>20,872</u></u>

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

**NSW FOOD AUTHORITY**  
**ABN 47 080 404 416**

**Notes to the Financial Statements**  
**30 June 2015**

**Note 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Reporting Entity**

The NSW Food 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.

In the 2014 financial year, the Authority was the parent reporting entity and its operations were consolidated with the activities of the Office of the NSW Food Authority (the Office) to form the consolidated reporting entity. The Office was a special purpose entity established pursuant to Part 1 of Schedule 1 to the Public Sector Employment and Management Act 2002 and its objective was to provide personnel services to the Authority. The Authority administered and had dominant control of its day to day operation. On 24 February 2014, the new employment legislation, Government Sector Employment Act 2013 came into effect which abolished the Office and transferred employment of public servants to the Department of Trade and Investment, Regional Infrastructure and Services (NSW Trade & Investment).

In the last financial year, the Authority's consolidated financial statements included two columns: Consolidated and Parent Entity. The only difference between the two columns was the split in personnel services and employee expenses. Employee expenses for public servants who were employed by NSW Trade & Investment were included as personnel services, whereas public servants employed by the Office were classified as employee related expenses. For 2015 financial year, as the Office was abolished and all employees were employed by NSW Trade & Investment, only the Parent Entity columns are shown. Refer to prior year financial statements to obtain detailed information on the Consolidated Entity.

The financial statements were authorised for issue by the Acting Chief Executive Officer on the date on which accompanying statement by the Acting Chief Executive Officer was signed.

**(b) Basis of preparation**

The Authority prepares its financial statements as general purpose financial statements on an accrual basis to comply with:

- applicable Australian Accounting Standards (which includes Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010* and Treasurer's Directions;
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

The Authority uses historical cost convention to prepare its financial statements unless otherwise stated.

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

All amounts are rounded to the nearest one thousand dollars and 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 claim experience.

## Financial Information 2014-15

### NSW FOOD AUTHORITY ABN 47 080 404 416

#### Notes to the Financial Statements 30 June 2015

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

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

- the amount of GST incurred by the Authority as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset 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 is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

##### (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 revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

###### (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 assets.

###### (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) Assets

###### (i) Acquisition of assets

Assets acquired are initially recognised at cost. 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 specific requirements of other Australian Accounting Standards.

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

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



**NSW FOOD AUTHORITY**  
**ABN 47 080 404 416**

**Notes to the Financial Statements**  
**30 June 2015**

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.

**(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.

**(iii) 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.

The Authority revalues each class of property, plant and equipment at least every three years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last revaluation was completed on 31 March 2014 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.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated.

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 credited directly to revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the revaluation surplus in respect of the same class of assets, they are debited directly to the revaluation surplus.

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.

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.

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#### Notes to the Financial Statements 30 June 2015

**(iv) 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 the 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.

**(v) Depreciation of plant and equipment**

Depreciation is provided for on a straight-line basis for all depreciable assets 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 over their shorter 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%

**(vi) 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.

**(vii) Leased assets**

The leasing transactions of the Authority are restricted to an operating lease for office accommodation.

The nature of an operating lease is such that the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, the payments on which are included in the determination of the results of operations over the lease term.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

**(viii) 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.

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.

Intangible assets are subsequently measured at fair value only if there is an active market. 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.

The Authority amortises its intangible assets on a straight line basis over their estimated useful lives. The rate the Authority uses are 20% to 50% (2014: 10%).

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.

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**(ix) Receivables**

The Authority recognises receivables initially at fair value, based on the invoice amount. Because our receivables are due for settlement within 30 days from the date of the issue of the invoice, the Authority is not required to amortise or discount their value.

These receivables are reviewed on an ongoing basis. When there is objective evidence that the Authority will not be able to collect all amounts due, an allowance for doubtful debts is established. 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 effective rate. Bad debts are written off. All amounts due at 30 June 2015 are considered to be collectable other than the amounts provided for in the allowance for impairment at note 11.

**(x) Impairment of financial assets**

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the Authority will not be able to collect all amounts due.

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 effective interest rate. The amount of the impairment loss is 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. 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.

**(xi) 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 Authority has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Authority's continuing involvement in the asset.

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

**(i) Liabilities**

**(i) Payables**

These amounts represent liabilities for goods and services provided to the Authority and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

**(ii) Personnel services and other provisions**

**a) 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 NSW Trade & Investment. From this date all payments to employees and related obligations are done in the name of NSW Trade & Investment and are classified as "Personnel Services Expense" in the financial statements.



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##### b) Personnel Services for Salaries and wages, annual leave and sick leave and on-costs

Liabilities for personnel services are stated as liabilities to the service provider, NSW Trade & Investment. Liabilities for salaries and wages (including non-monetary benefits), annual leave 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.

Long-term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 - *Employee Benefits*.

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.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to the provision of personnel services by NSW Trade & Investment, are recognised as liabilities and expenses where the personnel services to which they relate have been recognised.

##### c) Personnel Services for Long service leave and superannuation

Liabilities for long service leave and superannuation are stated as liabilities to the service provider, NSW Trade & Investment.

The provision for long service leave is measured at present value in accordance with AASB 119 - *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC15/09) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The Superannuation Schemes for the Authority are:

- the State Superannuation Scheme (SSS)
- the State Authorities Superannuation Scheme (SASS)
- the State Authorities Non Contributory Superannuation Scheme (SANCS – Basic Benefits Scheme)
- the First State Super Scheme (FSS) and other schemes to receive Superannuation Guarantee Contributions (SGC).

The first three schemes are defined benefit schemes, which are closed to new entrants. AASB 119 – *Employee Benefits* requires the defined benefit obligation to be discounted using the government bond rate at each reporting date. Details of the reserves, overfunding, provisions and other disclosures provided by the scheme actuary are included in the financial statements of NSW Trade and Investments (Note 16). Calculation of the total liability for superannuation is based on actuarial advice.

NSW Trade & Investment has no ongoing liability for the First State Superannuation (FSS) and the other SGC schemes because they are accumulation schemes.

The superannuation liability is recognised in NSW Trade & Investment. It is the difference between the gross liabilities and the stake in the funds at reporting date in respect of employees. Superannuation liability for defined benefit funds for NSW state employees are actuarially assessed by Pillar Administration prior to each reporting date and are measured at the present value of the estimated future payments.

##### (iii) 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.

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**(j) Fair value hierarchy**

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 Authority categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- 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 14 and Note 25 for further disclosures regarding fair value measurements of financial and non-financial assets.

**(k) 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 entity's policy on the revaluation of property, plant and equipment as discussed in note 1(h) (iii).

**(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).**

**(l) 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 are designated or required by Australian Accounting Standards to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 *Contributions* 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.

**(m) 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.

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#### Notes to the Financial Statements 30 June 2015

##### (n) 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.

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

###### (i) Effective for the first time in 2014-15

The accounting policies applied in 2014-15 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have been applied for the first time in 2014-15:

- AASB 1055 - *Budgetary Reporting* (Operative date – 1 July 2014).
- AASB 2013-1 Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements (Operative date – 1 July 2014).

Not for profit entities were permitted by Treasury to early adopt AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities* for their 2014-15 financial statements. The Authority has early adopted the standard which means the Authority's property plant & equipment disclosures of quantitative information about the significant unobservable inputs used in fair value measurements and the sensitivity of certain fair value measurements to changes in unobservable inputs is no longer required.

###### (ii) Issued but not yet effective

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

The following new Australian Accounting Standards 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 2017).
- AASB 107- *Statement of Cash Flows* (Operative date - 1 Jul 2015).
- AASB 108 - *Accounting Policies, Changes in Accounting Estimates and Errors* (Operative date - 1 Jul 2015).
- AASB 110 - *Events after the Reporting Period* (Operative date - 1 Jul 2015).
- AASB 117 – *Leases* (Operative date - 1 Jul 2015).
- AASB 1053 - *Application of Tiers of Australian Accounting Standards* (Operative date - 1 Jul 2015).
- AASB 2010-7 - *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010) (Operative date – 1 Jan 2018).
- AASB 2014-1 - *Amendments to Australian Accounting Standards* (Operative dates: Part D – 1 Jan 2016; Part E – 1 Jan 2018).
- AASB 2014-4 - *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation* (Operative date – 1 Jan 2016).
- AASB 2014-5 - *Amendments to Australian Accounting Standards arising from AASB 15* (Operative date – 1 Jan 2017).
- AASB 2014- 7 *Amendments to Australian Accounting Standards arising from AASB 9* (Operative date – 1 Jan 2018).
- AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle* (Operative date – 1 Jan 2016).
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101* (Operative date – 1 Jan 2016).
- AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality* (Operative date – 1 July 2015).
- AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* (Operative date – 1 Jan 2016).

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**Note 2. Industry levies and licence fees**

	2015	2014
	\$'000	\$'000
Industry Levies	1,110	1,047
Licence Fees	6,205	6,496
<b>Total Industry Levies and Licence Fees</b>	<b>7,315</b>	<b>7,543</b>

**Note 3. Grants and contributions**

	2015	2014
	\$'000	\$'000
Grants and Contributions received from:		
NSW Trade & Investment	10,988	12,414
<b>Total Grants and Contributions</b>	<b>10,988</b>	<b>12,414</b>

**Note 4. Miscellaneous income and fees for services**

	2015	2014
	\$'000	\$'000
Audit and inspection fees (from the food industry)	1,959	1,856
Rent and Property Income (from sub-tenants)	98	84
Infringement charges and fines	143	213
Other income	654	710
<b>Total Miscellaneous Income and Fees</b>	<b>2,854</b>	<b>2,863</b>

**Note 5. Investment revenue**

	2015	2014
	\$'000	\$'000
Interest Revenue	624	787
<b>Less:</b>		
Interest allocation to:-		
- Dairy Deregulation Assistance Fund	-	(1)
<b>Net Interest Revenue</b>	<b>624</b>	<b>786</b>



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**Note 6. Gain / loss on disposal & impairments**

	2015	2014
	\$'000	\$'000
Gain / (loss) on disposal of property, plant & equipment		
Proceeds from disposal	358	165
Written down value of assets disposed	(485)	(137)
Gain / (loss) on write off and impairments of intangible assets		
Written down value of impaired assets (a)	(920)	-
<b>Gain / (loss) on disposal &amp; impairments</b>	<b>(1,047)</b>	<b>28</b>

(a) 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 7. Personnel Services**

	2015	2014
	\$'000	\$'000
Salaries and wages (including annual leave)	10,130	10,391
Superannuation - defined benefit plans	1,721	(1,543)
Superannuation - defined contribution plans	813	786
Long service leave	976	(321)
Workers compensation insurance	41	55
Payroll Tax and fringe benefit tax	603	684
Redundancy payments	-	1,123
<b>Personnel Services</b>	<b>14,284</b>	<b>11,175</b>

**Note 8. Other operating expenses**

	2015	2014
	\$'000	\$'000
Contractors	1,113	1,060
Other operating expenses	643	486
Contract laboratory services	896	1,291
Occupancy & maintenance	736	744
Travel & entertainment	646	570
Information technology costs	439	276
Advertising & promotion	382	223
Printing, consumable & stores	263	281
Other fees	201	160
Consultants	173	234
Training & development	136	81
Legal Fees	101	112
Audit fees	95	103
<b>Total Other Operating Expenses</b>	<b>5,824</b>	<b>5,621</b>

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**Note 9. Depreciation and amortisation expense**

	2015	2014
	\$'000	\$'000
<b>Depreciation</b>		
Buildings	209	185
Plant and equipment	324	257
<b>Depreciation expense</b>	<b>533</b>	<b>442</b>
<b>Amortisation</b>		
Intangibles	595	539
<b>Amortisation expense</b>	<b>595</b>	<b>539</b>
<b>Total depreciation and amortisation</b>	<b>1,128</b>	<b>981</b>

**Note 10. 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:

	2015	2014
	\$'000	\$'000
Cash at Bank	24,854	11,449
Cash Advances	15	36
<b>Total Cash</b>	<b>24,869</b>	<b>11,485</b>
Short Term Deposits	-	9,387
<b>Total Cash</b>	<b>24,869</b>	<b>20,872</b>

**Note 11. Receivables**

	2015	2014
	\$'000	\$'000
Receivables	1,473	2,938
Allowance for impairment of receivables	(340)	(274)
<b>Total Receivables</b>	<b>1,133</b>	<b>2,664</b>

	2015	2014
	\$'000	\$'000
<b>Movement in the allowance for impairment of receivables</b>		
Balance at 1 July	274	274
Amounts written off during the year	(35)	(54)
Increase/(decrease) in allowance recognised in profit or loss	101	54
<b>Balance at 30 June</b>	<b>340</b>	<b>274</b>

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## Note 12. Property, plant and equipment

	2015 \$'000	2014 \$'000
<b>Land at fair value</b>		
At fair value	2,025	2,025
Net carrying amount	2,025	2,025
<b>Buildings at fair value</b>		
Gross carrying amount	8,573	8,394
Accumulated depreciation and impairment	(293)	(84)
Net carrying amount	8,280	8,310
<b>Total Land and Buildings at fair value</b>		
Gross carrying amount	10,598	10,419
Accumulated depreciation and impairment	(293)	(84)
Net carrying amount	10,305	10,335
<b>Plant and Equipment at fair value</b>		
Gross carrying amount	1,857	2,812
Accumulated depreciation and impairment	(821)	(910)
Net carrying amount	1,036	1,902
<b>Net Carrying Amount</b>	<b>11,341</b>	<b>12,237</b>

## 12 (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.

2015	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
<b>Net carrying amount at 1 July 2014</b>	<b>10,335</b>	<b>1,902</b>	<b>12,237</b>
Additions	179	4	183
Disposals	-	(894)	(894)
Transfers	-	(61)	(61)
Net revaluation increment less revaluation decrement	-	-	-
Depreciation expense	(209)	(324)	(533)
Depreciation written back on assets disposed	-	409	409
<b>Net carrying amount at 30 June 2015</b>	<b>10,305</b>	<b>1,036</b>	<b>11,341</b>
2014	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
<b>Net carrying amount at 1 July 2013</b>	<b>7,745</b>	<b>1,675</b>	<b>9,420</b>
Additions	339	621	960
Disposals	-	(194)	(194)
Net revaluation increment less revaluation decrement	2,436	-	2,436
Depreciation expense	(185)	(257)	(442)
Depreciation written back on assets disposed	-	57	57
<b>Net carrying amount at 30 June 2014</b>	<b>10,335</b>	<b>1,902</b>	<b>12,237</b>

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**Note 13. Intangibles**

	2015	2014
	\$'000	\$'000
<b>Intangible Assets</b>		
<b>Software</b>		
Cost (gross carrying amount)	3,426	5,642
Accumulated amortisation and impairment	(1,219)	(2,655)
<b>Net Carrying Amount</b>	<b>2,207</b>	<b>2,987</b>

**13 (a) Reconciliation**

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

	2015	2014
	\$'000	\$'000
<b>Opening net carrying amount</b>	<b>2,987</b>	<b>3,213</b>
Additions	673	313
Write offs	(1,081)	-
Transfers	61	61
Impairment losses	(660)	-
Amortisation expense	(595)	(539)
Depreciation written back on assets written off	822	-
<b>Closing net carrying amount</b>	<b>2,207</b>	<b>2,987</b>

**Note 14. Fair value measurement of non-financial assets**

Valuation of Land and Buildings as at 31 March 2014 was performed by Australian Valuation Office (AVO).

**14 (a) Fair value hierarchy**

	Level 1	Level 2	Level 3	2015 Total
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment				
Land and buildings (Note 12)		10,305	-	10,305

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

**14 (b) Valuation techniques, inputs and processes**

Valuations were conducted with reference to the highest and best use of each asset in accordance with *para 27 of AASB13*. Further advice provided by *NSW TPP14-01* in relation to public sector assets, and instructions from NSW Trade & Investment (T&I), all assets were first valued on the basis that their current use reflected the highest and best use, given general restrictions placed on disposal and the mandate to continue to provide current services. Where an alternative use was clearly physically possible, legally permissible and economically feasible in the near term, the alternative use was considered appropriate. The AVO approach to valuing land and non-specialised buildings takes account of recent market sales for comparable assets. As this is open market data it can be assumed that this data would take into account reasonably foreseeable alternative uses of such assets by informed market participants and therefore using this data reflects the value of any higher or better use available at the time of the transaction.



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T&I have also undertaken their own review of the assets valued to confirm that any physically possible, legally permissible and economically feasible alternative use was accounted for in the valuations. Where the AVO identified assets that were considered to be no longer providing service or economic benefits to T&I cluster, the AVO advised T&I with a view to reviewing the asset for impairment. Otherwise, assets have been valued on the basis of continued use for the remainder of their useful lives.

In assessing the value of the property assets for financial accounting purposes, using the fair value approach, a number of elements have been included in the assessment to form an opinion of value. The land assets have been assessed based on property sales of similar type of land and regard has been had to location, area, zoning and development and/or yield potential. Where the property is non-specialised the property has been valued on a market value basis and the value apportioned between land and improvements. The Authority's premises at Newington or many of the depots and office buildings in regional areas are non-specialised and the values assessed had regard to the properties combined market value. The value has then been apportioned between land and improvements based on considered market value for the land and the balance being the depreciated value of the improvements. For consistency of the valuations, the values have been reported alongside the estimated cost of replacing and the depreciated value with a likely residual life based on the valuation guidelines.

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 2015.

#### Note 15. Current liabilities - payables

	2015 \$'000	2014 \$'000
Creditors	1,071	1,582
Personnel Services	5,050	4,084
<b>Current liabilities - payables</b>	<b>6,121</b>	<b>5,666</b>

#### 15 (a) Personnel Services

	2015 \$'000	2014 \$'000
Accrued salaries, wages, on-costs and payroll tax	379	225
Annual leave	1,092	1,040
Long service leave	3,579	2,819
<b>Total Personnel Services</b>	<b>5,050</b>	<b>4,084</b>

Under clause 8 (1) of the Administrative Arrangements Order 2014, effective on 24 February 2014, the Office of the NSW Food Authority was abolished and the public servants were transferred to the Department of Trade and Investment, Regional Infrastructure and Services (NSW Trade & Investment). Liabilities for accrued salaries & related expense, recreation and current long service leave on behalf of the public servants transferred are stated as liabilities to the service provider, NSW Trade and Investment. Details of financial information related to these liabilities are included in the financial statements of NSW Trade & Investment.

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**Note 16. Non-current liabilities - others**

	2015 \$'000	2014 \$'000
Other - Personnel services payable		
Superannuation	19,454	18,038
Non current long service leave	329	442
<b>Total non-current liabilities - others</b>	<b>19,783</b>	<b>18,480</b>

Under clause 8 (1) of the Administrative Arrangements Order 2014, effective on 24 February 2014, the Office of the NSW Food Authority was abolished and the public servants were transferred to the NSW Trade & Investment. Liabilities for the defined benefit superannuation and non current long service leave on behalf of the public servants transferred are stated as non current liabilities to the service provider, NSW Trade and Investment. Financial information details related to these liabilities are included in the financial statements of NSW Trade & Investment.

**Note 17. Personnel services liabilities**

The outstanding balances with the NSW Trade & Investment are for the supply of personnel services to the Authority as at 30 June 2015.

**Outstanding balances**

	2015 \$'000	2014 \$'000
<i>Current Liabilities</i>		
NSW Trade & Investment	5,050	4,084
<i>Non-current Liabilities</i>		
NSW Trade & Investment	19,783	18,480

**Note 18. Increase/Decrease in Assets and Liabilities due to Administrative Restructure and effect in the Statement of Comprehensive Income**

Financial year 2014 consolidated financial statements have been impacted by the abolition of the Office of the NSW Food Authority (the Office) as per the Administrative Arrangements Order 2014, effective on 24 February 2014 and the transfer of the public servants to NSW Trade & Investment. There is no impact on the Authority as Personnel Services arrangements continue unchanged with the new provider, NSW Trade & Investment. Upon deconsolidation the employee related payables and provisions previously reported in the consolidated accounts are now reported as Personnel Services payable and provisions as per the Authority's accounts.

## Financial Information 2014-15

**NSW FOOD AUTHORITY**  
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**Notes to the Financial Statements**  
**30 June 2015**

**Note 19. Reconciliation of net cash provided by operating activities to operating result**

	2015	2014
	\$'000	\$'000
Net result for the year	(968)	5,322
Depreciation and amortisation	1,128	981
Loss/(gain) on disposal & impairments of Non-Current Assets	1,047	(28)
Doubtful Debts Written Off	(35)	(54)
(Increase) / Decrease in Receivables	1,565	(1,158)
(Decrease) / Increase in Payables	455	(521)
(Decrease) / Increase in Industry Funds	-	(31)
(Decrease) / Increase in Other Non-Current Liabilities	1,303	(1,248)
<b>Net Cash Flows From Operating Activities</b>	<b>4,495</b>	<b>3,263</b>

**Note 20. Expenditure Commitments****20 (a) Operating lease commitments**

	2015	2014
	\$'000	\$'000
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	15	50
<b>Total (including GST)</b>	<b>15</b>	<b>50</b>

Representing non cancellable leases:

	2015	2014
	\$'000	\$'000
Premises	15	50
<b>Total (including GST)</b>	<b>15</b>	<b>50</b>

The total expenditure commitments above include input tax credits of \$1,333 (\$4,551 in 2013/2014) that are expected to be recoverable from the Australian Taxation Office.

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**30 June 2015**

**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 2014-15 and as agreed with NSW Treasury is a surplus of \$67,000. Actual net result for the year is a deficit of \$968,000. The actual net result was lower than budgeted by \$1,035,000 primarily due to unbudgeted loss in disposals and impairments of assets for \$1,047,000.

**Assets and liabilities**

Current assets are higher than budgeted mainly due to the impact of the movement of the superannuation liability in the budgeted cash offset by increased receivable collections for the year. Non current assets are lower than budgeted due to unbudgeted impairments and disposals of assets during the year.

Current liabilities are lower than budgeted mainly due to decrease in recreation leave and long service leave provisions (personnel services payable). Non current liabilities are higher than budgeted attributable to increase in defined benefit superannuation liabilities.

**Cash flows**

Net cash inflows from operating activities were higher than budgeted attributable mainly to savings in personnel services expense and receipt from Treasury reimbursement of redundancy payments for the Authority's 2013-14 change management process. Net cash outflow from investing activities were below budget mainly due to underspend in the capital projects during the year.

**Note 22. Contingent assets and contingent liabilities**

The Authority has no contingent assets or contingent liabilities at 30 June 2015 (contingent assets: 2013/2014-\$250,000, contingent liabilities: 2013/2014 - 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. Events subsequent to balance date**

There were no significant events subsequent to 30 June 2015 and prior to the date of these statements.

## Financial Information 2014-15

### NSW FOOD AUTHORITY ABN 47 080 404 416

#### Notes to the Financial Statements 30 June 2015

##### 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	
			2015 \$'000	2014 \$'000
<b>Class:</b>				
Cash and cash equivalents	10	N/A	24,869	20,872
Receivables <sup>1</sup>	11	Loans and receivables (at amortised cost)	951	2,262
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
<b>Class:</b>				
Payables <sup>2</sup>	15	Financial liabilities measured at amortised cost	1,071	1,582

##### Notes

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. Authority's deposits held with NSW TCorp are guaranteed by the State.



## Financial Information 2014-15

**NSW FOOD AUTHORITY**  
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**Notes to the Financial Statements**  
**30 June 2015**

*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 (2015: 743,000 ; 2014: 1,093,000) and less than 3 months past due (2015: \$188,000 ; 2014: \$543,000) are not considered impaired and together these represent 78% of the total trade debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

	Total <sup>1,2</sup>	Past due but not impaired <sup>1,2</sup>	Considered impaired <sup>1,2</sup>
	\$'000	\$'000	\$'000
<b>2015</b>			
< 3 months overdue	188	188	-
3 months - 6 months overdue	70	70	-
> 6 months overdue	185	185	-
<b>2014</b>			
< 3 months overdue	543	543	-
3 months - 6 months overdue	40	40	-
> 6 months overdue	230	230	-

*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.

## Financial Information 2014-15

### NSW FOOD AUTHORITY ABN 47 080 404 416

#### Notes to the Financial Statements 30 June 2015

##### NSW Food Authority Deposits

The Authority closed its funds on deposit with TCorp pursuant to NSW TC15/01 as at 30 June 2015.

##### (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.

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 % (2014 – nil).

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

	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
<b>2015</b>								
<i>Payables</i>		1,071	-	-	1,071	1,071	-	-
		<u>1,071</u>	<u>-</u>	<u>-</u>	<u>1,071</u>	<u>1,071</u>	<u>-</u>	<u>-</u>
<b>2014</b>								
<i>Payables</i>		1,582	-	-	1,582	1,582	-	-
		<u>1,582</u>	<u>-</u>	<u>-</u>	<u>1,582</u>	<u>1,582</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 2014. The analysis assumes that all other variables remain constant.

## Financial Information 2014-15

### NSW FOOD AUTHORITY ABN 47 080 404 416

#### Notes to the Financial Statements 30 June 2015

##### *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.

	Carrying Amount \$'000	-1% Result \$'000	Equity \$'000	1% Result \$'000	Equity \$'000
<b>2015</b>					
<i>Financial assets</i>					
Cash and cash equivalents	24,869	(249)	-	249	-
Receivables	951	-	-	-	-
<i>Financial liabilities</i>					
Payables	1,071	-	-	-	-
<b>2014</b>					
<i>Financial assets</i>					
Cash and cash equivalents	20,872	(209)	-	209	-
Receivables	2,262	-	-	-	-
<i>Financial liabilities</i>					
Payables	1,582	-	-	-	-

##### *Other price risk – TCorp Hour-Glass facilities*

The Authority's TCorp Hour-Glass facilities account was closed last June 2015 and all amounts transferred to the Treasury Banking System (TBS) as mandated by the Treasury pursuant to *NSW TC 15/01*

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 units in the following Hour-Glass investment trusts:

Facility	Investment Sectors	Investment Horizon	2015 \$'000	2014 \$'000
Cash facility	Cash, money market instruments	Up to 1.5 years	-	1,549

The unit price of the facility is equal to the total fair value of the net assets held by the facility divided by the number of units on issue for that facility. Unit prices are calculated and published daily.

NSW TCorp is trustee for the above facility and is required to act in the best interest of the unitholders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. TCorp has also leveraged off internal expertise to manage certain fixed income assets for the Hour-Glass facilities. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour-Glass facilities limits the Authority's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.



## Financial Information 2014-15

**NSW FOOD AUTHORITY**  
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**Notes to the Financial Statements**  
**30 June 2015**

NSW TCorp provides sensitivity analysis information for the investment facility, using historically based volatility information collected over a ten year period, quoted at two standard deviations (i.e. 95% probability). The TCorp Hour-Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity). A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass statement).

	Change in unit price	Impact on profit/loss	
		2015 \$'000	2014 \$'000
Hour Glass Investment - Cash facility	+/-1%	-	+/-15

**(e) Fair value measurement****(i) Fair value compared to carrying amount**

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value. As discussed, the value of the Hour-Glass Investments is based on the Authority's share of the value of the underlying assets of the facility, based on the market value. All of the Hour Glass facilities are valued using 'redemption' pricing.

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.

**(ii) Fair value recognised in the statement of financial position**

The Tcorp Hour-Glass facilities account was closed and transferred to the Treasury Banking System last June 2015 pursuant to NSW TC15/01.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2015 Total \$'000
<b>Financial assets at fair value</b>				
Tcorp Hour-Glass Invt. Facility	-	-	-	-
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2014 Total \$'000
<b>Financial assets at fair value</b>				
Tcorp Hour-Glass Invt. Facility	-	1,549	-	1,549

(The table above only includes financial assets, as no financial liabilities were measured at fair value in the statements of financial position.)

**END OF AUDITED FINANCIAL STATEMENTS**

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