



Food  
Authority

# Annual Report 2013-14





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# **ABOUT US**



# Our Minister



## **NSW enjoys an enviable reputation as a global food supplier and a large part of that is its prominence for being safe, clean and healthy.**

Safe food keeps people healthy, reduces pressure on our State's health services and is an economic driver through domestic and export markets. The food industry is a significant contributor to the NSW economy, representing close to \$70 billion GDP and employing more than 200,000 people.<sup>1</sup>

The NSW Government is committed to protecting the wellbeing of the people of NSW by bringing consumers safe and correctly labelled food, providing information and education to enable people to make informed choices about the food they eat, and informing and educating the State's food producers, manufacturers and retailers about how they can best deliver the food we love, safely.

1. Australian Bureau of Resources and Energy Economics (2013), *Resources and Energy Statistics – December quarter 2012*.

People buying food in NSW can be assured that from paddock to plate, the NSW Government is working hand in hand with industry and stakeholders to ensure safe food is a priority and the risk of food poisoning is minimised.

The NSW Food Authority has people on the ground every day inspecting and auditing food processors and manufacturers across the State and, through its Food Regulation Partnership with local government, that reach is extended into retail food premises.

People dining in NSW can be assured their food comes to their plate after a long line of coordinated and consistent safety measures, the benefit of having a single through chain agency responsible for regulating and monitoring food safety.

This year has seen many achievements of which the NSW Food Authority and its partners can be proud. These achievements have delivered important and beneficial outcomes for NSW businesses and the wider community.

These include:

- **Supporting business growth in NSW**

Through its risk mitigation work, the Food Authority provides support and enables the growth of food businesses in NSW. During the 2013-14 financial year the Food Authority gave technical advice, guidance and assistance to 790 new food businesses who joined our Food Safety Schemes. Our industry and community activities aid in driving the reputational benefits characterised by safe, high-quality food such as domestic and export market growth, fewer food incidents and increased consumer confidence in food safety and purchasing choices. In supporting the broader growth of the food industry in NSW, the Food Authority has sought to achieve a balance between maximising food safety outcomes for consumers while minimising costs of regulation on complying business.

- **Educational and technical information for non-red meat abattoirs to support compliance with animal welfare requirements**

Following improvements to animal welfare standards in domestic red meat abattoirs in NSW, the Food Authority undertook a review of the State's non-red meat abattoirs. While this review found good compliance, it also found that there was room for improvement in terms of how they provide evidence of their systems and compliance. As a result, the Food Authority developed educational and technical information for non-red

meat abattoirs in order to support compliance with animal welfare requirements. The Food Authority has also invested \$60,000 in the roll out of animal welfare training across the state.

- **Increased participation in refreshed Scores on Doors program by councils and businesses to improve food safety across NSW**

Through its Food Regulation Partnership shared with local government, the NSW Food Authority continues to support compliance in the retail food sector through the Scores on Doors program. This program provides consistency for businesses across the State through the use of the standard assessment checklist, and makes consumers aware of the hygiene result of the last inspection. Key changes rolled out in early 2014 have prompted an increase in the state wide participation rate of businesses taking part.

- **Two new harvest areas classified for NSW oyster industry**

The Food Authority's classification of two new oyster harvest areas, Mullet Creek in the Hawkesbury River and South Channel in the Manning River, has opened up opportunities for oyster farming in those areas and complements the 72 areas already classified. The economic value of the oyster industry in these two new estuaries contributes more than \$10 million to their local economies and supports 85 jobs.

- **Improved customer service delivery via mobile iPad audit**

The introduction of the mobile iPad audit resulted in a streamlined, consistent assessment approach for NSW food businesses. It has improved resource management, and enabled more than 14,000 food safety audits and inspections to be completed, with results delivered on site each year. This supports licensees by allowing the Food Authority to work with them to develop improvement strategies and act promptly to rectify any issues.

- **Pregnancy warning labelling on alcohol**

Consumers are already benefiting from an improved level of labelling of pregnancy warnings on alcohol products due to voluntary uptake by industry following previous efforts by the Ministerial Forum of Food Regulation. In light of the industry's efforts, in June 2014 Ministers agreed to extend the existing trial on voluntary uptake of pregnancy health warnings on alcohol product labels, and to undertake a review in two years. The NSW Food Authority will continue its work with industry to ensure increased uptake particularly with companies where the uptake is lower, such as the ready-to-drink industry.

- **Front of Pack labelling system for packaged food**

Following extensive collaboration with stakeholders an agreement has been reached to introduce an Australian voluntary interpretive Health Star Rating front-of-pack labelling system for packaged food to indicate which foods are better nutritional choices. The new Health Star Rating system will form part of the NSW Government's wider contribution to addressing the burden of overweight and obesity issues by helping consumers make more informed food choices.

I thank and acknowledge the staff and management of the NSW Food Authority for their dedication and professionalism in achieving these results and look forward to the achievements of the coming year.

The primary industries in our State play an important part in people's lives, of which food and food safety are integral. I look forward to continuing to work with the Food Authority to ensure food safety for the people of NSW.



**The Hon Katrina Hodgkinson MP**

Minister for Primary Industries

Assistant Minister for Tourism and Major Events

## Letter of submission



**15 October 2014**

The Hon. Katrina Hodgkinson MP  
Minister for Primary Industries  
Assistant Minister for Tourism and Major Events  
Level 15, 52 Martin Place  
Sydney NSW 2000

Dear Minister

I am pleased to submit the Annual Report and consolidated financial statements of the NSW Food Authority and its controlled entity, Office of the NSW Food Authority for the year ended 30 June 2014.

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 that reads 'Polly Bennett'.

**Polly Bennett**  
Chief Executive Officer  
NSW Food Authority



# Our charter

The NSW Food Authority's 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.

The NSW Food Authority contributes to the overall health of the people of NSW because we work to ensure 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 safe, protected and knowledgeable about food safety and the potential risks to their health.

The Food Authority's 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 Minister for Primary Industries, and we provide a single point of contact on food safety and regulation for industry, government and consumers.

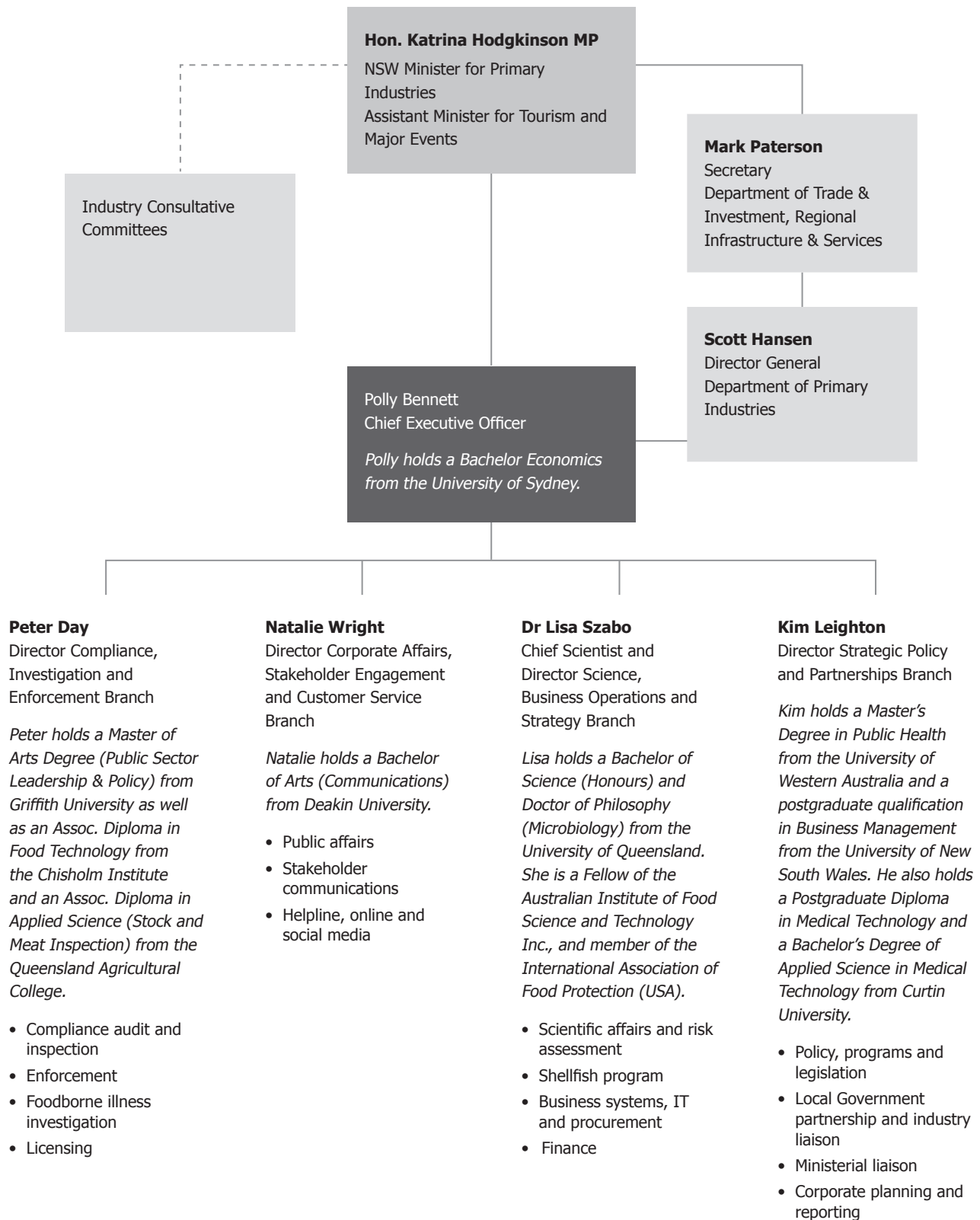
## Our objectives

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:

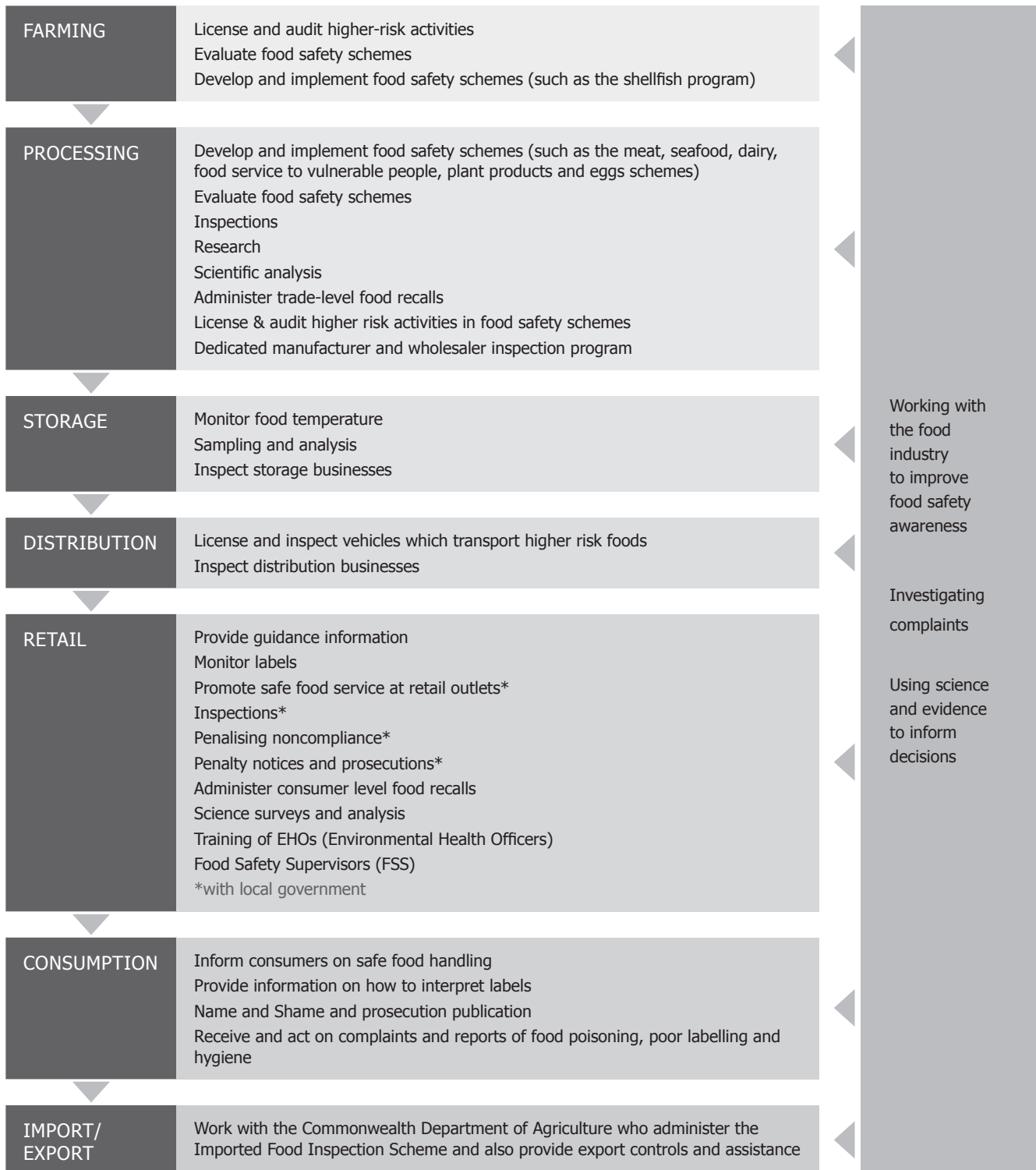
- managing food related incidents such as food poisoning outbreaks and participating in safe food handling promotions – working hand in hand with other government agencies, industry and local councils
- contributing to the development and implementation of trans-Tasman food policies, through Food Standards 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 compliance performance
- supporting economic growth in NSW by providing support and enabling the development of food businesses across the state.

# Management and structure



# 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 has delivered to stakeholders and the consumers of NSW and in international markets confidence and certainty in our food safety programs during 2013-14.

The Food Authority has delivered confidence and certainty in our food safety programs to stakeholders and the consumers of NSW national and international markets during 2013-14. During the year the Food Authority has worked in partnership with the food industry and the wider community to facilitate a safe, healthy and economically successful environment.

By reducing food poisoning and its impacts on the health and economy of NSW communities, ensuring consumers and industry are well informed the Food Authority has delivered multiple benefits to the people of NSW.

## Highlights:

- Continued a consultative approach with egg, poultry, meat, plants, vulnerable population, retail, seafood and shellfish industries as part of its statutory regulatory responsibilities and its charter to inform and develop a food safety culture with industry.
- Developed educational and technical information and advice for the non-red meat domestic abattoirs in order to support compliance with the state's animal welfare requirements.
- Worked with the state's oyster industry, through best practice food safety and sustainable practices, and through classifying two new oyster harvest areas in the Hawkesbury and Manning Rivers, representing an economic value in excess of \$10 million to local economies and supporting 85 new jobs.
- Supported food safety compliance in the retail sector through its Food Safety Supervisor, Name and Shame and Scores on Doors initiatives.
- Delivered steady improvement, increased efficiency and greater enforcement consistency via the NSW Food Regulation Partnership with local government.
- Ongoing responsibility for managing product recalls which results in prompt removal of products from the market place that pose a food safety risk.
- Completed the scheduled audits and inspections of licenced 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 the Australian Food Minister's agreement to 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 Authority licenses approximately 8000 businesses in this sector. This includes 64 abattoirs, 358 meat processing plants, 1800 retail meat premises, 390 poultry primary production premises, as well as cold stores and more than 4,500 food transport vehicles.

## **Support compliance with animal welfare requirements for non-red meat abattoirs**

Following significant improvements to animal welfare standards in domestic red meat abattoirs in NSW, the Food Authority undertook a review of the state's non-red meat abattoirs and found good compliance however there was room for improvement in terms of how they provide evidence of their systems and compliance. As a result, the Food Authority developed educational and technical information for non-red meat abattoirs in order to support their compliance with the state's animal welfare requirements. The Food Authority will be investing \$30,000 in the roll out of animal welfare training across the state.

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## **Improved audit performance of meat processors and retailers**

The Food Authority's Performance Audit Program for high risk meat processors and retailers has yielded results with 11 of the 13 businesses identified as poor performers in the program in 2013-14 returned to the regular audit process.

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## **Implementation of Poultry Primary Production Standard (PPPS)**

The Food Authority has continued its implementation of the national Poultry Primary Production and Processing Standard (PPPS) on farms. The standard, introduced in 2013 is designed to strengthen food safety and traceability from paddock to plate and reduce the incidence of *Campylobacter* and *Salmonella* in raw poultry.

A verification program of poultry farms growing more than 100 birds licensed with the Food Authority commenced on 1 July 2013 which requires growers to have a Food Safety Management Statement (FSMS) and be subject to an inspection program assessing various areas including construction and maintenance, hygiene and sanitation and pest control to ensure they are meeting the requirements of the standard.

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## **Reduced Salmonella and Campylobacter in poultry**

As part of the national Primary Production and Processing Standard for Poultry Meat, processors are required to verify that effective systems are in place to manage *Campylobacter* and *Salmonella* levels, the two most common types of bacteria associated with foodborne illness in Australia and commonly sourced from poultry, during growing and processing of birds.

Following the proposal presented to the Meat Industry Consultative Council (MICC) in March 2014, processors will soon be required to supply the Food Authority with regular Key Food Safety Indicator (KFSI) data, including microbiological test results, to demonstrate compliance with the poultry meat standard. A meeting was held in May 2014 with technical representatives from major NSW poultry producers to develop a 12 month industry trial.

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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.

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
- labelling, handling and hygiene
- investigating and prosecuting businesses and individuals engaged in deceptive or misleading conduct

### *Consultative Council representation:*

Chair: Polly Bennett, NSW Food Authority

- Australian Meat Industry Council – red meat processors and meat retailers
- Australian Meat Processor Corporation
- Australian Game Meat Producers Association
- NSW Farmers Association – livestock producers and poultry meat producers
- Australian Chicken Meat Federation
- Duck Meat Industry
- Poultry Meat Industry Processors
- NSW Department of Primary Industries

# Eggs

The Authority licenses approximately 215 businesses in this sector. This includes 4 egg processors, 210 egg producers and one egg production and processing business.

## National salmonella increase in the retail sector

The NSW Food Authority has a number of measures in place to address the challenge of a 13% increase in the rate of Salmonella poisoning, with 2,975 cases reported in NSW, as identified in the 2013-14 OzFoodNet Annual Report. These measures include the NSW Egg Food Safety Scheme designed to reduce Salmonella levels on egg farms and processing plants, as well as targeted programs in the retail sector.

In the retail sector the Food Authority is targeting correct food handling and hygiene, particularly with raw egg products. The NSW Food Authority is working closely with local government to combat this issue, with the development of an education and training program for environmental health officers and retailers. This program is a priority for the NSW Food Authority and will be implemented over the next three years.

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## Through-chain risk management strategy for salmonella

The NSW Food Authority has a through chain risk management strategy for salmonella. The management strategy identifies the hazard, evidence and the point in the chain it occurs and current actions and possible interventions undertaken by the Authority.

This work assists the Authority and its industry partners in addressing priority areas and to develop innovative programs to target key risk areas.

Using this information, the Food Authority has introduced a number of interventions across the chain including egg grading, egg pulping, packaging and labelling, with stamping due to commence in NSW in November 2014, as well as initiatives in the retail sector and in the home.

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## Egg stamping preparation ahead of November 2014 implementation

In an effort to reduce the risk of foodborne illness associated with eggs, the national Primary Production and Processing Standard for eggs and egg products was introduced in NSW in 2010, which required that eggs and egg pulp packages sold in NSW have a unique stamp to improve traceability.

This introduction of the stamping requirement was deferred in NSW until November 2014 to allow industry adequate time to implement.

The Authority has been working closely with industry and stakeholders to prepare, this includes the distribution of 270 free egg stamps to small producers to minimise any cost impact upon their operations.

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## Free range egg labelling

Being responsible for ensuring food for sale in NSW is safe and correctly labelled, the Food Authority assisted NSW Fair Trading in its response to a Choice complaint regarding lack of national consistency in labelling of free range eggs. As a result of the subsequent Fair Trading investigation, state and territory leaders have agreed to develop a National Information Standard



for free range eggs. In NSW information regarding the various egg labelling accreditation schemes is available on our website.

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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.

### *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 284 businesses in this sector. This includes 250 oyster farmers and 34 shellfish wild harvest businesses.

## Two new harvest areas classified for NSW oyster industry

The NSW Food Authority's classification of two new oyster harvest areas, Mullet Creek in the Hawkesbury River and South Channel in the Manning River has opened up opportunities for oyster farming in those areas which complements the 70 areas already available for oyster harvesting across the state. The economic value of the oyster industry in these two new estuaries contributes over \$10 million to the local economies and supports up to 85 jobs.

These two new estuaries support 17 oyster farming businesses with an annual farm gate value of \$2.4 million in 2012/13. The oyster industry is an eminently sustainable industry with oyster farming one of the few production systems that has a net positive impact on the environment, producing a healthy food product and providing important employment opportunities in regional communities.

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## Shellfish heavy metal and chemical survey

Every three years the Food Authority carries out a shellfish heavy metal and chemical survey in shellfish harvest areas in NSW. The survey analysed shellfish for a range of heavy metals, pesticides, polychlorinated biphenyl (PCB) and polycyclic aromatic hydrocarbon (PAH) to determine whether shellfish in NSW harvest areas are within the maximum limits set out in the Food Standards Code.

Surveys undertaken over the last decade have consistently found that shellfish have been under the required limits. A survey commenced in the reporting period and will continue throughout 2014. Results from the samples collected during this survey will be available in early 2015.

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## Assistance in research into unexplained oyster deaths in Port Stephens

Since January 2013, local farmers have experienced a mortality rate of 90% of crops throughout the Port Stephens estuary which resulted in a number of unexplained deaths from oysters in the Port Stephens area. The Food Authority assisted in the investigation of these deaths through the provision of environmental monitoring data collected under the NSW Shellfish Program. This data helped to rule out a number of possible causes such as harmful algal blooms and all Pacific Oyster Mortality Syndrome (POMS) samples returning negative results and no evidence of a known transmissible or infectious agent.

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## New audit system for shellfish

In 2013-14 the Food Authority developed a new audit system for the NSW shellfish industry in an effort to deliver increased compliance outcomes. The new system allows for the automatic assessment of harvest information and provides notification when a food safety measure has not been achieved. As a result, this system removes the need for an annual audit of each licensed harvester which reduces audit costs and rewards sustained performance. The Food Authority will continue to conduct estuary verification activities to ensure that all harvesters are correctly maintaining their plants and equipment.

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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.

*Consultative Committee representation:*

Chair: Mark Boulter, Sydney Fish Market

- NSW Food Authority
- Fisheries NSW
- Kevin McAsh (representing south coast oyster farmers)
- Caroline Henry (representing south coast oyster farmers)
- Tony Troup (representing mid north coast oyster farmers)
- Steven Verdich (representing mid north coast oyster farmers)
- Matthew Wassnig (representing north coast oyster farmers)
- Mark Phelps (representing wild harvest oyster farmers)

# Seafood

The Authority licenses approximately 2,300 businesses in this sector. This includes 140 seafood processing plants, 40 non-shellfish aquaculture businesses, 1028 businesses that handle wild caught seafood as well as cold food store and transport vehicles.

## Assisted investigation of ciguatera incidents

During 2013-14 the Food Authority assisted in the investigation of two cases of ciguatera food poisoning reported to NSW Health. The incidence of ciguatera in NSW is quite rare as it has previously occurred in warmer waters in northern states of Australia. Two individual outbreaks were identified where people became ill after consuming Spanish Mackerel, first in Evans Head in northern NSW in February 2014 and then in March 2014 when a fish caught in Scotts Head near Coffs Harbour NSW were found to be contaminated. Following the incidents, the Food Authority issued revised food safety advice which was supported by the commercial industry, including the Sydney Fish Markets who have subsequently revised their ciguatera risk controls and no longer accept large mackerels of more than 10kg in weight, where the risk of ciguatera is greater. Testing of those larger sized fish has returned levels of up to 100 times the safe level for ciguatera toxin.

In cooperation with the NSW Department of Primary Industries, the Food Authority has provided food safety advice directly to NSW recreational fishers in order to educate and prevent further episodes.

In addition, the Food Authority partnered with the University of Technology Sydney to undertake research into ciguatera prevalence in NSW waters, investing \$20,000 as seed funding to kick start the 'Safeguarding commercial fishing in NSW from ciguatera fish poisoning' project.

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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.

### *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
- Professional Fishermen's Association
- Seafood wholesale/processing sector (represented by De Costi Seafoods)
- Master Fish Merchants Association of Australia
- NSW Department of Primary Industries

# Dairy

The Authority licenses approximately 2,200 businesses in this sector. This includes 717 dairy farms, 150 dairy processing factories, 118 farm milk collectors as well as cold food stores and transport vehicles.

## **Dairy Industry Conference Network (DICON) review**

As part of NSW Trade & Investment's governance review, the Food Authority reviewed the Dairy Industry Conference (DICON) & DICON Fund Management Pty Ltd in line with government policy to streamline government entities.

As the dairy industry has undergone considerable change since 2000 the objectives and structures established under the Dairy Industry Act 2000 were no longer required. A new dairy industry consultation framework has been created to enable more effective consultation with the dairy industry regarding safety of product.

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## **NSW Dairy Food Safety Industry Consultative Committee**

As per the information regarding the repeal of the Dairy Industry Act (2000) and the subsequent amendment of the Food regulation (2010) to provide for alternate consultation arrangements at the time of writing, October 2014, the process of developing a new dairy industry consultative committee was still underway.

# Vulnerable Persons

The Authority licenses approximately 1217 businesses that serve food to vulnerable persons. This includes hospitals, aged care facilities, same-day aged care services, respite services and certain delivered meal organisations such as Meals on Wheels.

## Review of audit process for Vulnerable Persons facilities

Changes to the audit process were introduced in November 2013. Following a review of the Food Authority's existing audit process for the Vulnerable Persons (VP) sector, industry feedback as to whether unannounced audits were a preferred method for maintaining the integrity of the audit process indicated that current system of regularly scheduling audits with Vulnerable Persons' facilities was to be maintained

In January 2014, a verification program was introduced where each year 10% of facilities inspected by the Food Authority, or its third party auditors, will be subject to unannounced inspections focusing on hygiene and processing areas and ensure that all third party audits have been completed correctly.

## 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 VP 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
- regulatory effectiveness.

### *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 55 businesses in the plant product processing sector.

## **Food Safety Scheme desktop review of plant products**

As a result of the expansion and change of the plant based product industry in Australia over recent years, the Food Authority undertook a desktop review of plant products not currently regulated under the Food Safety Scheme.

Overall findings determined that food safety issues with products outside of the Food Safety Scheme such as soy products (e.g. tofu), fermented vegetables (e.g. kim chi), vegetable based dips (e.g. baba ghanoush), prepared salads, fresh herbs and edible seaweed are very rare and sporadic and as food safety issues in this segment are well managed no further regulation is warranted.

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## **Plant product risk assessment**

As part of the review of NSW Food Regulation 2010, the Food Authority carried out a risk assessment of the plant food safety scheme which incorporates fresh cut fruit and vegetables, seed sprouts, vegetables in oils and unpasteurised juice. The review found there was no evidence to support any specific hazards that would require the expansion or change to the current scope of the plant products food safety scheme.

# 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.

## Food Regulation Partnership

In order to ensure councils have met their duties under the NSW Food Act, they are required to report their enforcement activities to the NSW Food Authority. Data collected from local councils for the 2013 – 14 council activity report showed compliance levels in the retail sector to be high as a result of the activities of the FRP.

A total of 64, 677 inspections and reinspections were undertaken in the retail and food service sector and 97%, or 36,394, of the 37, 583 high and medium risk food premises were inspected during the period. The compliance rate of the sector remains high at 95.6% and consistent with previous years.

The Independent Pricing and Regulatory Tribunal (IPART)'s Local Government Compliance and Enforcement Regulation Review – Draft Report October 2013 highlights the Food Regulation Partnership as a leading engagement model between states and local governments.

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## Scores on Doors

2013-14 has seen positive growth for the Food Authority's Scores on Doors program, designed to improve food safety and reduce foodborne illness in NSW by improving food safety in the retail sector. During the period, the Food Authority conducted a targeted promotion that resulted in growth in businesses joining the program.

The program is underpinned by the Food Premises Assessment Report (FPAR) and training is provided to council Environmental Health Officers to ensure consistency in audits and inspections.

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## Removal of Food Safety Supervisor notification requirements

From January 2014, approximately 40,000 NSW food businesses required to have Food Safety Supervisor (FSS) certification, were no longer required to notify the NSW Food Authority or their local council of their FSS details. Removing this requirement achieves approximately \$400,000 in administrative cost saving for businesses.



## Name and Shame

2013-14 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 2013-14, 913 food businesses appeared on the register and a total of 1587 penalty notices were issued. The most common food safety breaches under the Food Act 2003 were:

- Cleanliness of food premises (22.1%)
- Cleanliness of food fixtures and equipment (11.6%)
- Storage and temperature control (12.5%)
- Pest control (17.3%)
- Hygiene of food handlers (17.2%).

This is a decrease from 2012–13 penalty results as shown in the following table:

	2011-12	2012-13	2013-14
No. of penalty notices published	1137	2036	1587
No. of facilities that had penalty notices published	785	1154	913

## Food Regulation Partnership Forum Committee Members

*Chair: Clr Paul Braybrooks*

- NSW Food Authority
- 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)
- Mathew Ganderton (representing the Development and Environmental Professionals' Association)
- Jody Houston (representing Environmental Health Australia)
- Stuart Nunn (representing Environmental Health Australia)
- Alexandra Stengl (representing Local Government Managers 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 533 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 12 months, the Food Authority inspected 533 businesses:

- 85 businesses recorded an unacceptable inspection result (subsequent audits conducted achieved acceptable inspection result)
- 41 improvement notices were issued
- 12 warning letters were issued for labelling and licensing breaches
- 3 penalty notices were issued to a manufacturer 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.

## Innovation

The introduction of the mobile iPad audit resulted in a streamlined, consistent assessment approach for NSW food businesses.

### **iPad delivers mobile auditing system**

The introduction of the mobile iPad audit resulted in a streamlined, consistent assessment approach for NSW food businesses. It has improved resource management, and enabled more than 14,000 food safety audits and inspections to be completed in the field by the Food Authority each year and audit results provided on the spot to our licensees.

# Compliance and enforcement

## SIGNIFICANT INVESTIGATIONS

### **Sydney cake manufacturer Sunfield Australia fined for undeclared allergens**

In July 2013 a Sydney cake manufacturing business and its director who sold food containing undeclared allergens on multiple occasions, one time resulting in a child suffering an allergic reaction, were convicted and fined a combined \$48,000 plus \$21,000 in professional costs following successful prosecution by the Food Authority.

### **Sibutramine detected in unsafe slimming foods fines for weight loss coffees, jelly and dried fruit**

In August 2013 the Food Authority successfully prosecuted the directors of the deregistered company Bruce Imports who were each convicted of 32 charges relating to the sale of imported weight loss coffees, dried fruit and jelly. The products contained Sibutramine which was withdrawn from sale as a prescription drug in Australia. Studies in the United States and Europe found there were higher rates of cardiovascular problems such as heart attacks or strokes in overweight patients who were using Sibutramine. It was also found that Sibutramine could interact with many other commonly prescribed medications such as anti depressants and pain relievers. The directors were fined a total of \$9,840.

### **Sunrise Meats, Sydney fined for unsafe food production**

In October 2013, the Food Authority successfully prosecuted Sydney food manufacturing company Sunrise Meats for various breaches of the Food Act 2003. The company, licensed under the Food Authority to operate a meat processing business, pleaded guilty to 11 charges following a series of breaches of hygiene regulations that led to the issuing of a prohibition order.

The company was fined a total of \$41,250 and ordered to pay professional costs of \$10,000.

### **Sulphur dioxide use in sausages and mince by Sydney butcher**

In December 2013, the Food Authority successfully prosecuted a Sydney butcher for various 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. 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> as when ingested it may trigger typical asthma symptoms. The butcher was fined \$5,100 and ordered to pay professional and analysis costs of \$2,239.50

### **Kebab shop *E.coli* outbreak**

In January 2014 an outbreak of Shiga-toxin producing *E. coli* (STEC), a rare bacterial gastroenteritis strain, was traced back to a Sydney kebab shop. As a result the Food Authority inspection which identified a number of food handling and preparation concerns, a prohibition order was issued which prevented the business from trading until it could show compliance with food safety standards and placed the business on the Name and Shame register.

### **Formulated Supplementary Sports Foods (FSSF) and caffeinated beverages – dexaprine XR recall**

In May 2014 the Food Authority coordinated a recall of a caffeinated beverage product known as Dexaprine XR due to prohibited levels of caffeine, prescription only substances and an amphetamine like substance contained in the product. Prior to the recall there had been one report of a reaction requiring hospitalisation in Victoria. This work is part of the Food Authority's wider focus on identifying and addressing risks posed by ingredients in imported FSSF considered to be a public health and safety concern.

In line with the Quality Regulatory Services Initiative (QRSI) the Food Authority employs an outcomes and risk-based approach to regulation.

## TARGETED FOOD SAFETY PROJECTS

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In line with the Quality Regulatory Services Initiative (QRSI), the Food Authority employs an outcomes and risk-based approach to regulation. This assists industry to improve performance and ensures the Food Authority's resources are applied at the right time, where they are most needed to achieve the greatest benefit for the community.

### **Shellfish traceability**

In an effort to improve safety in the shellfish sector through improved traceability of product, the Food Authority undertook a snapshot compliance survey of the supply chain from retailers to harvester. Businesses were asked to provide evidence of trace back of their produce using information from the label which showed a high level of compliance.

### **Sulphur dioxide repeat offenders**

The use of Sulphur Dioxide (SO<sub>2</sub>), in mince has been an ongoing and targeted area of effort for the Food Authority. The illegal and unidentified use of SO<sub>2</sub> can pose a risk to allergy sufferers. A project focussed on repeat offender butchers using SO<sub>2</sub>, included targeted testing of raw mince meat and sausages for preservative use to ensure mince meat sold in NSW is free from preservatives. Sixty seven percent of samples obtained during the operation were compliant and upon follow up inspection this compliance rate had improved to 72%. In line with the Food Authority's enforcement policy for SO<sub>2</sub> preservative use, eight of the businesses were recommended for prosecution, five were issued penalty notices and one was issued a warning letter.

### **Protein powder composition**

The growing market of the sale of protein powders, commonly used by bodybuilders as a dietary supplement, has been the subject of the Food Authority's attention for a number of years due to labelling non-compliance and wider health concerns. This year, the Food Authority developed a project to identify and address misleading conduct in the production and supply

of protein powders and ensure that suppliers of protein powders comply with requirements of the Dairy Food Safety Scheme as the products contain milk powder. Suppliers that were found to be non-compliant were issued with a written warning and continue to be followed up.

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### **Egg stamping for eggs going to Queensland**

From November 2014, NSW egg producers will need to meet egg stamping requirements. To ensure cross-border implementation is maintained, the Food Authority has been working with Queensland authorities to address issues regarding NSW producers selling unstamped eggs across the border. More targeted investigations similar to this will be undertaken once the regulation has commenced in NSW to ensure ongoing compliance by egg businesses.

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### **Imported foods**

During 2013-14 the Food Authority contributed to the work of the national Imported Foods Labelling Compliance Working Group and conducted 21 inspections of identified importers. No enforcement was necessary and overall, compliance was found to be very high at 92.3%.

Previously imported foods had labelling compliance issues i.e. in 2011-12 33% of the 218 warning letters issued by the NSW Food Authority and 14% of 238 penalty notices issued by the NSW Food Authority were for labelling breaches on imported foods.

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### **Country of Origin Labelling**

During 2013-14 the Food Authority undertook Country of Origin Labelling (CoOL) investigations into meat retailers and fruit and vegetable retailers in order to determine the understanding of requirements and compliance levels. For both sectors the purpose of the investigation was to understand the level of knowledge of retailers when it came to CoOL requirements and

in both sectors it was determined that a single sign Country of Origin statement would be the most practical and effective means of informing consumers of the origin of the goods.

In May 2014 the Food Authority made a submission to the House of Representatives Standing Committee on Agriculture and Industry's inquiry into Country of Origin Labelling with respect to food. In its submission the Food Authority outlined the practical compliance limitations of various foods and made recommendations that improvements could be made to simplify the current system and reduce the compliance burden by making the key ingredient of labelling more clearly clarified and introducing education campaigns to improve food business and consumer understanding of CoOL requirements.

## 2013–14 Compliance and enforcement statistics

ACTIVITY	ACTUAL 2011-12	ACTUAL 2012-13	ACTUAL 2013-14
<b>Audits</b>	5527	5121	4595
<b>Failed audits</b>	515 (9% )	496 (9.6%)	335 (7.3%)
<b>Inspections of licensed facilities</b>	4604	7298	4561
Failed inspections of licensed facilities	64 (1.4% )	63 (1.35)	40 (1%)
<b>Inspections of non-licensed facilities</b>	2580	1310	2594
Failed inspections of non-licensed facilities	499	414	498
Complaint investigations	1039	1583	1447
Investigations of foodborne disease incident (two or more people)	475	100	150
Labelling Compliance Surveillance Program investigations	254	271	290
Labelling Compliance Surveillance Program investigations resulting in enforcement action	93	108	95
Investigations of unlicensed businesses (resulting in enforcement action)	125	123	90
Written warning	218	88	105
Improvement notices	677	628	505
Penalty notices	238	205	147
Prohibition orders	7	7	8
Product seizures	20	25	14
Licence cancellations	2	1	0
Use of emergency orders	0	0	0
Prosecutions (finalised after hearing or plea of guilty)	32	100	49
Company instigated food recalls (nationwide)	66	44	66
Company instigated food recalls (NSW manufacturers)	23	16	26
Shellfish harvest area closures	544	461	381

## 2013–14 summary of product seizures undertaken as enforcement action

COMMODITY	Estimated quantity (kg)	Reasons for seizure
<b>Dairy products</b>		
Nil		
<b>Meat products</b>		
Wallaroo carcasses	286 kg	Unidentified harvester
Raw non red meat (various types)	1712.21 kg	Evidence of conducting an unlicensed abattoir and a poultry processing business. Evidence that a food business breached a prohibition order.
Raw red meat (various types)	590 kg	Meat was unfit for human consumption. Evidence of meat not slaughtered in a licensed abattoir.
Processed red meat products	14.5 kg	Evidence of food sold past its 'use by' date.
<b>Plant products</b>		
N-kitchens traditional chicken pickles	2.25 kg	Sale of unsuitable food and evidence that the food was not labelled in accordance with the Food Standards Code.
<b>Seafood products</b>		
Nil		
<b>Other food products</b>		
Sesame butter	5.7 kg	Evidence that the food was not labelled in accordance with the Food Standards Code, in that an allergen (peanuts) was not declared on the label.
Turmeric (powdered spice)	2 kg	Evidence of conducting an unlicensed poultry processing and wholesale food business. The Turmeric powder was being used as an ingredient in the processing of the poultry.
Processed packaged food (various types)	9.8 kg	Potentially hazardous food was not stored under temperature control and evidence that the food was not labelled in accordance with the Food Standards Code.
Alcoholic beverages	8.75 litres	Evidence that the food was not labelled in accordance with the Food Standards Code, in that it did not contain information to identify; the lot code (production batch), name and address of the Australian supplier of the food, number of standard drinks.
<i>Table continues over page</i>		

## 2013–14 summary of product seizures undertaken as enforcement action (con't)

COMMODITY	Estimated quantity (kg)	Reasons for seizure
<b>Other food products</b> <i>continued from previous page</i>		
Caffeinated beverage	41.4 kg	Not complying with compositional requirements of the Food Standards Code, as the beverage contained isopropyl octopamine, being an ingredient that is not permitted in food.
<b>Equipment</b>		
<ol style="list-style-type: none"> <li>1. Slaughter/kill rack drain</li> <li>2. Boiler with basket</li> <li>3. De-featherer</li> <li>4. Process benches</li> <li>5. Bath tubs on mobile racks</li> <li>6. Boiler – For tumeric dip</li> <li>7. Bench/rack with scales</li> <li>8. Ice machine &amp; tub</li> <li>9. Plastic bags (open &amp; steamer range)</li> </ol>	1 item of each	Evidence that equipment was used to conduct slaughtering and poultry processing activities, in an unlicensed abattoir and a poultry processing business.



## 2013–14 Licence numbers

BUSINESS	No. of licensed facilities 2012-13	No. of licensed facilities 2013-14
Animal food field depot	10	9
Animal food field harvesting	17	17
Animal food processing plant	17	19
Cold food store (dairy, meat, seafood, plant)	490	506
Dairy primary production	726	701
Dairy primary production and processing	15	16
Dairy processing factories	134	134
Egg processing	4	4
Egg production	206	210
Egg production and processing	1	1
Farm milk collectors	121	118
Food service to vulnerable persons	1217	1217
Food transport (dairy, meat, seafood, plant)	6847	7015
Game meat field depot	79	69
Game meat field harvesting	577	469
Game meat primary processing plant	3	3
Handling wild caught seafood	1021	1028
Knackery	7	7
Meat processing plant	356	358
Meat retail	1824	1800
Non-shellfish aquaculture	41	40
Oyster farmer	260	250
Plant product processing plant	49	55
Poultry abattoir	36	35
Red meat abattoir	25	29
Rendering	7	6
Seafood processing plant	141	140
Shellfish wild harvest	33	34
Poultry primary production	304	359
Egg & Poultry Primary Production		31
<b>TOTAL number of licensed facilities</b>	<b>14,568</b>	<b>14,680</b>

# Working with our stakeholders

## Food safety messaging during Avian Influenza (AI) outbreak

The Food Authority supported the work of the NSW Department of Primary Industries' management of two Avian Influenza (AI) outbreaks at bird farms located in the Young region of south western NSW, in late 2013 by providing food safety messaging to assure consumers of confidence in egg safety. During this time there was consumer uncertainty as to whether the particular strain of bird flu H7 Avian Influenza (AI) posed a risk to human health.

## Participation in Fonterra whey incident

In August 2013 a whey protein concentrate contamination scare occurred in New Zealand affecting infant formula products. The affected consumer products imported into NSW were traced and put under the supervision of the Food Authority to ensure the product was not released into the market and involved substantial coordination with jurisdictional counterparts.

## Review of the Food Regulation 2015 stakeholder surveys

During 2013-14 the Food Authority engaged relevant stakeholders to inform the review of the Food Regulation 2010 due to take effect on 1 September 2015. Feedback from 1016 businesses surveyed demonstrated a high level of satisfaction with current requirements, with 90% of respondents agreeing that food safety regulations are necessary to ensure safer food production, and 75% agreeing the current requirements are appropriate.

## Royal Easter Show - hand washing stand

At the 2014 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.

## Food Safety Week video

The Food Authority continued to increase its online educational resources with the development of a consumer video that was released to coincide with the national Food Safety Week. The video - 'Shopping food safety' - provided consumers with tips on how best to do their grocery shop safely.

## Customer helpline

Through the Food Authority's customer helpline we assisted 25,513 calls. Of these 89% were resolved during the first contact. 1,655 calls were food complaints investigated by the Food Authority and 2,451 were food complaints about retail outlets that were referred to the relevant local council. Of the complaints received, the most frequent complaint related to allegations of foreign matter (21%), followed by various labelling issues (20%), allegations of foodborne illness (18%) and food handling and hygiene (13%).

## Technical guidance materials

In 2013-14 the Food Authority identified a number of emerging issues requiring specific information to be published:

- Triennial survey results of heavy metals in shellfish from NSW harvest areas
- Risk assessment of plant products not regulated under the NSW Plant Products Food Safety Scheme
- A guide to potential food safety hazards associated with artificial colours in local and imported food products - confectionery (imported only) / sauces and pastes (local and imported)
- Abattoir plans for the construction of red meat, large poultry, small poultry and mobile poultry abattoirs
- Scores on Doors (star rating) program for participating food businesses and for consumers
- Retail Food Safety Supervisor requirements.

Survey data from both labelling and microbiological studies allow the Food Authority to identify key food safety issues and develop systems and processes to manage the risk of food poisoning effectively and maintain food safety.

## FOOD TESTING AND SURVEYS

### Food testing services tender

Following advice to the NSW Food Authority from NSW Health Pathology that it would be closing its food testing laboratories at NSW Forensic and Analytical Science Services, the NSW Food Authority went to market with a tender for services for food safety analysis and research. The tender process was finalised on 7 October 2014.

### Scientific surveys to assist the food industry

The Food Authority regularly undertakes scientific surveys in order to better understand, identify and respond to food safety issues and risks in NSW. The data retrieved in the survey of both labelling and microbiological studies allow the Food Authority to identify key food safety issues and develop systems and processes to manage the risk of food poisoning effectively and maintain food safety.

During 2013-14 this included:

- **Microbiological quality and preservatives in Asian fresh noodles.** The survey resulted in the development of information for manufacturers, retailers and consumers to assist with the correct production and storage of noodles. Local councils were provided with information to ensure retailers stored them correctly and consumer information was disseminated via Asian media outlets.
- **Artificial colour in imported confectionary and sauces.** This survey was conducted over a three year period from August 2010 to August 2013 and found there was 86% compliance with the Food Standards Code. Products that were non-compliant did not pose a food safety risk.
- **Genetically modified foods survey.** The purpose of this national survey was to look at the methods and processes businesses have in place to demonstrate their compliance with GM labelling requirements of the Code and to guide and assist jurisdictions in determining the focus of future monitoring and surveillance of GM food in the Australian food supply. The Food Authority conducted a follow up survey of NSW products and found that of the 26 products tested all were compliant with the Australia New Zealand Food Standards Code 1.5.2 in relation to GM labelling.
- **Soft serve ice cream.** The outcome of this survey was under review at the time of writing this report.
- **Labelling survey of imported confectionary, pre packaged ready to eat meats, fresh noodles.** The outcome of this survey was under review at the time of writing this report.

# 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 Act 2003**

As of 3 January 2014, the *Food Act 2003* was amended to remove a requirement for proprietors of certain food businesses in the retail and hospitality sector to give notice of the appointment of their food safety supervisor or give notice of change of their food safety supervisor details to the relevant enforcement agency. This requirement was removed as the information required for notification is verified upon inspection of a food premise thereby making food safety supervisor notification an unnecessary burden on businesses.

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## **Amendments to the Food Regulation 2010**

In line with amendments to the *Food Act 2003*, the Food Regulation 2010 was also amended to remove the sections in the Regulation that related to food safety supervisor notification requirements. The amendments, including the removal of associated penalties, took effect from 3 January 2014.

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## **Repeal of the Dairy Industry Act 2000**

As part of a broad review of governance arrangements across NSW Trade & Investment, the Food Authority reviewed the operation of the Dairy Industry Conference (DICON) established by the Dairy Industry Act (2000).

Industry no longer needs or uses functions authorised under the Dairy Industry Act (2000). As a result, the Dairy Industry Act (2000) was repealed on 30 June 2014 and the Food Regulation (2010) was subsequently amended to provide for alternative consultation arrangements.

The new dairy food safety industry consultative committee will align with other industry sector consultative committees established under NSW food safety schemes.

# Participation in the national agenda

During 2013-14, the Food Authority contributed to the work of the Food Regulation Standing Committee, and supported our Minister's participation in the Forum on Food Regulation. This national framework is complemented by state and territory agency cooperation.

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

Committed to ensuring NSW consumers can find easily understood and accessible nutritional information on packaged food, the Food Authority is part of the Health Star Rating Advisory Committee overseeing the Australian voluntary interpretive Health Star Rating front-of-pack labelling system for packaged food as per the agreement of Australian and New Zealand Ministers in June 2014.

The Health Star Rating system which indicates which foods offer better nutritional choices will be implemented voluntarily over the next five years with a review of progress in 2016.

## **Pregnancy warning labelling on alcohol**

Consumers are already enjoying an improved level of labelling of pregnancy warnings on alcohol products due to voluntary uptake by industry following previous efforts by the Forum of Food Regulation. In light of the industry's efforts, in June 2014 Ministers agreed to extend the existing trial on voluntary uptake of pregnancy health warnings on alcohol product labels, and to undertake a review in two years. The Food Authority will continue its work with industry to ensure increased uptake particularly with companies where the uptake is lower such as the ready to drink industry.

## **Food-medicine interface protocol**

Food medicine is an emerging regulatory issue that involves food represented as, or containing, a therapeutic good. The food-medicine protocol demonstrates the agreement between regulators on how complaints about these particular types of products will be assessed and managed. During the implementation of the protocol the Food Authority worked with various other jurisdictions including the Therapeutic Goods Administration, the Commonwealth Department of Health and Food Standards Australia New Zealand.

**3**



# **STATUTORY REPORTING**



# Human resources

## Staff numbers and breakdown

As at 30 June 2014, the NSW Food Authority had 105 FTE (full time equivalent) funded staff and 1 Senior Executive Service (SES) Officer – a total of 106 staff.

OCCUPATION GROUP	2011-2012	2012-2013	2013-2014
Clerical	21	21	14
Frontline	94	96	92
Total Staff (non-SES)	115	116	105
Senior Executive Service	2	1	1
<b>TOTAL STAFF</b>	<b>117</b>	<b>117</b>	<b>106</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	1	0	0	0	0	0	0	0	1
Male	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTALS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</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>

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

Salary Level	\$0-\$41679	\$41679-\$54742	\$54742-\$61198	\$61198-\$77441	\$77441-\$100145	\$100145-\$125181	\$125181> (Non SES)	\$125181> (SES)	Total
Female	0	0	0	10	25	12	6	1	54
Male	0	0	0	3	18	16	8	0	45
Vacant funded positions	0	0	0	0	4	3	0	0	7
<b>TOTALS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>47</b>	<b>31</b>	<b>14</b>	<b>1</b>	<b>106</b>

**TABLE 3: Average remuneration of senior executives 2013-2014**

Band 2	Female	Male
Band 2 (Chief Executive Officer)	1	0
Remuneration range	\$238,301 – 299,750	N/A
Average remuneration	\$299,750	N/A

2.21% of the NSW Food Authority's employee related and personnel related expenditure was related to senior executives.

The NSW Trade & Investment Staff Payroll Centre (Orange) managed the Authority's payroll and leave administration.

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### **Workforce diversity**

As a small agency, the Authority is required to report on workforce diversity triennially, and will next report in 2014-2015.

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### **Change Management Plan**

The NSW Government requires its agencies to continuously revisit their operations and activities and ensure that these are delivered in the most efficient and cost-effective way.

As part of the NSW Government requirement for government agencies to review their operations and deliver budget targets the Food Authority implemented a change management plan in 2013/2014, which was completed in February 2014.

## Work health and safety

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

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

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### **Performance**

- Total Lost Time Injury days was nil, down from 1 day in the previous financial year
- 1 notification was reported to the insurer, down from 3 in the previous financial year

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### **Achievements**

- Work health and safety consultation arrangements compliant with the new legislation were implemented
- The new risk rating framework developed by NSW Trade & Investment was applied to all areas of operation
- The agency's risk register was reviewed and updated
- A draft operational plan for 2013-14 supporting the key objectives within the NSW Trade & Investment Safety and Wellbeing Strategy 2012-15 was developed



# 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.

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## **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 diverse 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 Authority's consultation processes, regulatory programs and advisory services
- food industry participants have a better understanding of the 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 2013–14 INCLUDED:

### **Food safety targeting Bankstown bakeries and Sydney restaurants serving fried ice cream**

In a continuation of the work with Bankstown City Council on raising food safety awareness in bakeries using raw egg products, training sessions were held in the year with identified hot bread shops. Interpreters were on hand and translated food safety factsheets on relevant topics in Chinese and Vietnamese. Follow-up inspections highlighted substantial improvement in food safety awareness and inspection results. A second round of follow-up inspections is continuing.

In partnership with City of Sydney Council, the Food Authority targeted restaurants serving fried ice cream which, like bakery products with raw egg components, has been associated with outbreaks of Salmonellosis because the inside layer of the batter remains uncooked after the frying process. Food safety inspections, training and a range of educational factsheets in Chinese were provided to support this initiative.

### **Translated material made easy for CALD website users**

In recognition of CALD communities, the Food Authority has generated an increasing number and range of translated food safety resources for participants in the food industry and consumers. To assist, the Food Authority incorporated a more user friendly and language-based navigation path and CALD website users are now able to directly find relevant resources in their own language without having to go through English menus and content.

### **Linking in to the Scores on Doors program**

Scores on Doors is a hygiene and food safety ratings program for retail food outlets. Enhancements included new materials which local council food inspection staff can use with food businesses to explain the program and help businesses achieve higher rating results. Brochures were also developed for consumers and translated into nine languages - Arabic, simplified and traditional Chinese, Greek, Japanese, Korean, Thai, Turkish and Vietnamese - these resources have been distributed to participating councils for their use and included on the Food Authority website.

### **Ongoing activities**

The Food Authority provides an accredited interpreter service free of charge to CALD community members for on demand calls to our helpline and during regulatory compliance interviews between food inspectors and food businesses. In addition this is supported with two accredited staff with language skills and CLAS allowance being available to assist with recruitment interviews for 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 required.

# Other statutory requirements

## Consultants

Five consultants were engaged by the NSW Food Authority consolidated entity in 2013–14 for a total cost of \$234,350.

Three consultants were engaged for more than \$50,000:

KPMG Australia was engaged at a cost of \$94,300 for the development of an evidence base to demonstrate the value of food regulation to the economy and society.

KPMG Australia was engaged at a cost of \$66,110 to estimate the financial sustainability of the revenue base to deliver food regulation in NSW.

Ajilon Australia was engaged at a cost of \$50,540 for the purpose of an ICT and business process review.

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## Enterprise Risk Management

The Authority has an Enterprise Risk Management Policy, Procedures, Risk Register and treatment plans for all significant risks identified, based on Australian/ New Zealand Standard Risk Management Principles & Guidelines AS/NZS ISO 31000:2009.

These documents are regularly reviewed by our Executive, the NSW Trade & Investment Audit and Risk Committee and the Divisional Risk Coordinators' Network and updated as appropriate.

The purpose of the plan, risk register and treatment plans are to:

- establish an overarching risk management framework that incorporates and links to existing program risk management plans
- identify and assess risks to overall service delivery and corporate strategies
- inform the Authority's internal audit program
- develop strategies and risk treatment plans to mitigate the most serious risks, both at the corporate and divisional level, and incorporate these into corporate planning and reporting
- establish a governance structure to manage corporate risks.

The Authority is a member of the NSW Treasury Managed Fund (TMF) which is a self insurance scheme owned and underwritten by the NSW Government. TMF provides a full range of insurance cover for us, including workers compensation, property, public liability, comprehensive motor vehicle and miscellaneous risks.

The Authority is also provided certain protection under the Food Act 2003. It is committed to using risk management principles to minimise risk exposure and insurance premium costs.

The management of risk has been a key consideration in the development of our strategic plan. The Authority has a Business Continuity Plan and Disaster Recovery Plan. Both comprise a set of processes and procedures that are updated quarterly and tested annually. This ensures that critical business functions can continue during, and after, a disaster, minimising the disruption of services to the public.

## Public Interest Disclosures

The *Public Interest Disclosures Act 1994* 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.

Public Interest Disclosures for the NSW Food Authority are managed centrally by NSW Trade & Investment.

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

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

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

This report covers those PIDs received during the period from 1 July 2013 to 30 June 2014.

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

## Digital Information Security Policy

17 October 2014

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



### **Digital Information Security Annual Attestation Statement for the 2013-2014 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 NSW Trade and Investment on behalf of the cluster agencies. Attesting to the security of these systems is the responsibility of NSW Trade and Investment.

I, Polly Bennett, am of the opinion that the NSW Food Authority had a developing Information Security Management System in place during the financial year being reported on consistent with the Core Requirements set out in the Digital Information Security Policy for the NSW Public Sector.

I, Polly Bennett, am of the opinion that the security controls in place to mitigate identified risks to the digital information and digital information systems of the NSW Food Authority are adequate or are being made adequate in the foreseeable future. A review was performed during the year and identified areas requiring improvement. The NSW Food Authority will adopt a risk-based approach to making adequate areas under the agency's control by December 2015.

There are no other agencies under the control of the NSW Food Authority with a risk profile sufficient to warrant an independent Information Security Management System. I, Polly Bennett, am of the opinion that, where necessary in accordance with the Digital Information Security Policy for the NSW Public Sector, readiness to comply with AS/NZS ISO/IEC 27001 Information technology - Security techniques - Information security management systems - Requirements has been made by the NSW Food Authority.

Yours sincerely

A handwritten signature in black ink that reads 'Polly Bennett'.

**Polly Bennett**  
Chief Executive Officer

NSW Food Authority  
6 Avenue of the Americas, Newington NSW 2121  
PO Box 6682, Silverwater NSW 1811  
Tel: 02 9741 4777 Fax: 02 9741 4888 [www.foodauthority.nsw.gov.au](http://www.foodauthority.nsw.gov.au) ABN: 47 080 404 416

## Equal Employment Opportunity

As a small statutory body, the Authority is required to report on Equal Employment Opportunity, Disability Plans and Waste triennially and will next report on these items in 2014-15.

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## Overseas Travel

Nil for 2013-14.

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## Annual Report production

There was no external cost for the production of the NSW Food Authority Annual Report 2013–14. No hard copies were printed. This report is available for download from [www.foodauthority.nsw.gov.au](http://www.foodauthority.nsw.gov.au).

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## Formal access requests

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

## 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.

Mr Narayan Mukkavilli  
Principal Advisor  
Financial Management Policy  
The Treasury  
Level 24 Governor Macquarie Tower  
1 Farrer Place  
SYDNEY NSW 2000



### **Internal Audit and Risk Management Attestation for the 2013-2014 Financial Year for the NSW Food Authority**

I, Polly Bennett 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, Polly Bennett 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 2011 to 6 October 2014)

This Audit and Risk Committee has been established under a shared arrangement with the following department and statutory body:

- NSW Department of Trade and Investment, Regional Infrastructure and Services
- Screen NSW

I, Polly Bennett declare that this Internal Audit and Risk Management Attestation is made on behalf of the Office of the NSW Food Authority, a controlled entity of the NSW Food Authority up to the date of its abolition on 24 February 2014.

During 2013-2014 the NSW Food Authority's internal audit services were provided under a cosourced arrangement by an external contractor and by NSW Trade & Investment Internal Audit Unit staff. This model was chosen after a review of the internal audit function which included consultation with stakeholders, management and the Committee.

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 that reads 'Polly Bennett'.

**Polly Bennett**

Chief Executive Officer

NSW Food Authority  
6 Avenue of the Americas, Newington NSW 2121  
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# Payment of accounts

The table(s) below summarise the Authority's performance in paying accounts during 2013-2014.

## Aged analysis at the end of each quarter

Below is a schedule of the dollar amount of payments made during 2013-14 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 2013	3,904,666	104,821	18,092	14,381	4,931
December 2013	2,818,335	200,220	70,634	5,572	125,969
March 2014	1,837,140	453,212	591,153	221,862	337,285
June 2014	2,845,255	392,851	66,535	694	29,569
<b>Total all suppliers</b>	11,405,396	1,151,104	746,414	242,509	497,754

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 2013	-	-	-	-	-
December 2013	-	-	-	-	-
March 2014	-	-	-	-	-
June 2014	-	-	-	-	-
<b>Total small business</b>	-	-	-	-	-

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. As such, it is noted that there were no small business suppliers for the Authority registered with the Department of Finance and Services for the year. 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 2013</b>	<b>December 2013</b>	<b>March 2014</b>	<b>June 2014</b>
Total no of accounts due for payment	696	353	472	574
Number of accounts paid on time	635	288	383	454
% of account paid on time (based on number of accounts)	91%	82%	81%	79%
\$ amount of accounts due for payment	4,046,891.00	3,220,730.00	3,440,652.00	3,334,904.00
\$ amount of accounts paid on time	3,904,666.00	2,818,335.00	1,837,140.00	2,845,255.00
% of accounts paid on time (based on \$ amount of accounts)	96%	88%	53%	85%
Number of payment for interest on overdue accounts	-	-	-	-
Interest paid on overdue accounts	-	-	-	-

<b>Small business</b>	<b>September 2013</b>	<b>December 2013</b>	<b>March 2014</b>	<b>June 2014</b>
Total no of accounts due for payment	-	-	-	-
Number of accounts paid on time	-	-	-	-
% of account paid on time (based on number of accounts)	-	-	-	-
\$ amount of accounts due for payment	-	-	-	-
\$ amount of accounts paid on time	-	-	-	-
% of accounts paid on time (based on \$ amount of accounts)	-	-	-	-
Number of payment for interest on overdue accounts	-	-	-	-
Interest paid on overdue accounts	-	-	-	-

For the full 2013-14 financial year 83.25% (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 service provider, NSW Trade & Investment - Corporate Services.

In addition:

- There were no instances of penalty interest being paid or incurred during 2013-14.
- 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 2014-15 and future years to ensure the Authority's payment performance continues to improve.

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# 4



# FINANCIAL INFORMATION



# **NSW Food Authority**

## **Financial Information**

### **2013–14**

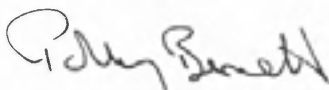


## Financial Information 2013-14

### Statement by 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, Polly Bennett, Chief Executive Officer of the NSW Food Authority declare that in my opinion:

1. The accompanying Consolidated Financial Statements consisting of the Statements of Financial Position, Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows and the Notes thereto of the NSW Food Authority and its group, consisting of the NSW Food Authority, its controlled entity, the Office of the NSW Food Authority, for the financial year ended 30 June 2014 exhibit a true and fair view of the financial position and transactions of the economic entity and NSW Food Authority.
2. The Consolidated 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 Consolidated Statements to be misleading or inaccurate.



Polly Bennett  
Chief Executive Officer

19 September 2014



### 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 the New South Wales Food Authority (the Authority) which comprise the statements of financial position as at 30 June 2014, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Authority and the consolidated entity. The consolidated entity comprises the Authority and the entities it controlled at the year's end or from time to time during the financial year.

#### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority and the consolidated entity as at 30 June 2014, and of their financial performance and 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* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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 the preparation of the 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 that 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 the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation 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 Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial statements.



## Financial Information 2013-14

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

My opinion does *not* provide assurance:

- about the future viability of the Authority or consolidated entity
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- 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 that 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.



Peter Barnes  
Director, Financial Audit Services

22 September 2014  
SYDNEY

## Financial Information 2013-14

### START OF AUDITED FINANCIAL STATEMENTS

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

#### Statements of Comprehensive Income for the Year Ended 30 June 2014

	Notes	Consolidated		Parent Entity	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Revenue</b>					
Industry levies and licence fees	2	7,543	8,122	7,543	8,122
Grants and contributions	3	12,414	12,235	12,414	12,235
Miscellaneous income and fees for services	4	2,863	3,815	2,863	3,797
Investment revenue	5	786	720	786	717
<b>Total revenue</b>		<b>23,606</b>	<b>24,892</b>	<b>23,606</b>	<b>24,871</b>
<b>Expenses excluding losses</b>					
Employee related expenses	7	9,433	13,567	-	-
Personnel services	7	8,618	-	11,175	2,587
Other operating expenses	8	5,621	6,322	5,621	6,301
Depreciation and amortisation	9	981	1,061	981	1,061
Grants and subsidies		535	545	535	545
<b>Total expenses excluding losses</b>		<b>25,188</b>	<b>21,495</b>	<b>18,312</b>	<b>10,494</b>
Gain/(loss) on disposal of plant, equipment and furniture	6	28	(288)	28	(288)
<b>Net result</b>		<b>(1,554)</b>	<b>3,109</b>	<b>5,322</b>	<b>14,089</b>
<b>Other comprehensive income/(loss)</b>					
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	12(a)	2,436	-	2,436	-
Actuarial gains/(losses) defined benefit superannuation	17	6,876	10,980	-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>7,758</b>	<b>14,089</b>	<b>7,758</b>	<b>14,089</b>

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

## Financial Information 2013-14

NSW FOOD AUTHORITY  
ABN 47 080 404 416

## Statements of Financial Position as at 30 June 2014

	Notes	Consolidated			Parent Entity		
		2014 \$'000	2013 \$'000	2012 \$'000	2014 \$'000	2013 \$'000	2012 \$'000
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash and Cash Equivalents	10	20,872	18,718	15,853	20,872	18,718	15,653
Receivables	11	2,664	1,451	1,264	2,664	1,451	1,264
<b>Total Current Assets</b>		<b>23,536</b>	<b>20,169</b>	<b>17,117</b>	<b>23,536</b>	<b>20,169</b>	<b>16,917</b>
<b>Non-Current Assets</b>							
Property, Plant and Equipment							
- Land and Buildings	12	10,335	7,745	8,030	10,335	7,745	8,030
- Plant and Equipment	12	1,902	1,675	1,996	1,902	1,675	1,996
Total Property, Plant and Equipment	12	12,237	9,420	10,026	12,237	9,420	10,026
Intangible Assets	13	2,987	3,213	3,113	2,987	3,213	3,113
Other Financial Assets :							
Investment in Controlled Companies	13	-	-	-	-	-	198
<b>Total Non-Current Assets</b>		<b>15,224</b>	<b>12,633</b>	<b>13,139</b>	<b>15,224</b>	<b>12,633</b>	<b>13,337</b>
<b>TOTAL ASSETS</b>		<b>38,760</b>	<b>32,802</b>	<b>30,256</b>	<b>38,760</b>	<b>32,802</b>	<b>30,254</b>
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
Payables	14	5,666	864	1,476	5,666	6,187	7,669
Provisions	15	-	5,323	6,195	-	-	-
Other	18	-	31	30	-	31	30
<b>Total Current Liabilities</b>		<b>5,666</b>	<b>6,218</b>	<b>7,701</b>	<b>5,666</b>	<b>6,218</b>	<b>7,699</b>
<b>Non-Current Liabilities</b>							
Superannuation Provision	15(b)	-	19,728	29,788	-	-	-
Other	16(c)	18,480	-	-	18,480	19,728	29,788
<b>Total Non-Current Liabilities</b>		<b>18,480</b>	<b>19,728</b>	<b>29,788</b>	<b>18,480</b>	<b>19,728</b>	<b>29,788</b>
<b>TOTAL LIABILITIES</b>		<b>24,146</b>	<b>25,946</b>	<b>37,489</b>	<b>24,146</b>	<b>25,946</b>	<b>37,487</b>
<b>NET ASSETS / (LIABILITIES)</b>		<b>14,614</b>	<b>6,856</b>	<b>(7,233)</b>	<b>14,614</b>	<b>6,856</b>	<b>(7,233)</b>
<b>EQUITY</b>							
Reserves		4,298	1,862	1,862	4,298	1,862	1,862
Accumulated Funds		10,316	4,994	(9,095)	10,316	4,994	(9,095)
<b>Total Equity</b>		<b>14,614</b>	<b>6,856</b>	<b>(7,233)</b>	<b>14,614</b>	<b>6,856</b>	<b>(7,233)</b>

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

## Financial Information 2013-14

### NSW FOOD AUTHORITY ABN 47 080 404 416

#### Statements of Changes in Equity for the Year Ended 30 June 2014

		Accumulated Funds \$'000	Consolidated Asset Revaluation Reserve \$'000	Total \$'000
<b>Balance at 1 July 2013</b>		7,808	1,862	9,670
Changes in accounting policy	1(o)	(2,814)	-	(2,814)
<b>Restated total equity at 1 July 2013</b>		<u>4,994</u>	<u>1,862</u>	<u>6,856</u>
<b>Net result for the year</b>		(1,554)	-	(1,554)
<b>Other comprehensive income</b>				
Net increase/(decrease) in property, plant and equipment asset revaluation reserve		-	2,436	2,436
Actuarial gains on defined benefit superannuation		6,876	-	6,876
<b>Total comprehensive income for the year</b>		<u>5,322</u>	<u>2,436</u>	<u>7,758</u>
<b>Balance at 30 June 2014</b>		<u>10,316</u>	<u>4,298</u>	<u>14,614</u>
<b>Balance at 1 July 2012</b>		(4,793)	1,862	(2,931)
Changes in accounting policy	1(o)	(4,302)	-	(4,302)
<b>Restated total equity at 1 July 2013</b>		<u>(9,095)</u>	<u>1,862</u>	<u>(7,233)</u>
<b>Net result for the year</b>		3,109	-	3,109
<b>Other comprehensive income</b>				
Net increase/(decrease) in property, plant and equipment asset revaluation reserve		-	-	-
Actuarial gains on defined benefit superannuation		10,980	-	10,980
<b>Total comprehensive income for the year</b>		<u>14,089</u>	<u>-</u>	<u>14,089</u>
<b>Balance at 30 June 2013</b>		<u>4,994</u>	<u>1,862</u>	<u>6,856</u>

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

## Financial Information 2013-14

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

**Statements of Changes in Equity for the Year Ended 30 June 2014**

		Parent Entity Asset Revaluation Reserve	Total
	Acumulated Funds \$'000	\$'000	\$'000
<b>Balance at 1 July 2013</b>	7,808	1,862	9,670
Changes in accounting policy	1(o) (2,814)	-	(2,814)
<b>Restated total equity at 1 July 2013</b>	<u>4,994</u>	<u>1,862</u>	<u>6,856</u>
<b>Net result for the year</b>	5,322	-	5,322
<b>Other comprehensive income</b>			
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	-	2,436	2,436
Actuarial gains on defined benefit superannuation	-	-	-
<b>Total comprehensive income for the year</b>	<u>5,322</u>	<u>2,436</u>	<u>7,758</u>
<b>Balance at 30 June 2014</b>	<u>10,316</u>	<u>4,298</u>	<u>14,614</u>
<b>Balance at 1 July 2012</b>	(4,793)	1,862	(2,931)
Changes in accounting policy	1(o) (4,302)	-	(4,302)
<b>Restated total equity at 1 July 2013</b>	<u>(9,095)</u>	<u>1,862</u>	<u>(7,233)</u>
<b>Net result for the year</b>	14,089	-	14,089
<b>Other comprehensive income</b>			
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	-	-	-
Actuarial gains on defined benefit superannuation	-	-	-
<b>Total comprehensive income for the year</b>	<u>14,089</u>	<u>-</u>	<u>14,089</u>
<b>Balance at 30 June 2013</b>	<u>4,994</u>	<u>1,862</u>	<u>6,856</u>

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

## Financial Information 2013-14

### NSW FOOD AUTHORITY ABN 47 080 404 416

#### Statements of Cash Flows for the Year Ended 30 June 2014

	Notes	Consolidated		Parent Entity	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Payments</b>					
Payments to suppliers and employees		(18,542)	(19,971)	(18,542)	(19,950)
Grants and subsidies		(535)	(545)	(535)	(545)
<b>Total payments</b>		<b>(19,077)</b>	<b>(20,516)</b>	<b>(19,077)</b>	<b>(20,495)</b>
<b>Receipts</b>					
Milk industry fund payments		1	1	1	1
Industry levies, licences and other		10,260	11,267	10,260	11,269
Grants and contributions received		11,293	12,235	11,293	12,235
Interest received		786	720	786	717
<b>Total receipts</b>		<b>22,340</b>	<b>24,223</b>	<b>22,340</b>	<b>24,222</b>
<b>NET CASH (OUTFLOW) INFLOW FROM OPERATING ACTIVITIES</b>	19	<b>3,263</b>	<b>3,707</b>	<b>3,263</b>	<b>3,727</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sale of property, plant and equipment	6	165	160	165	160
Payment for property, plant and equipment	12	(960)	(404)	(960)	(404)
Payment for intangible assets	13	(314)	(598)	(314)	(598)
Liquidation of non-current investment		-	-	-	180
<b>NET CASH (OUTFLOW) INFLOW FROM INVESTING ACTIVITIES</b>		<b>(1,109)</b>	<b>(842)</b>	<b>(1,109)</b>	<b>(662)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>NET CASH (OUTFLOW) INFLOW FROM FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>2,154</b>	<b>2,865</b>	<b>2,154</b>	<b>3,065</b>
Opening cash and cash equivalents		18,718	15,853	18,718	15,653
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	10	<b>20,872</b>	<b>18,718</b>	<b>20,872</b>	<b>18,718</b>

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



## Financial Information 2013-14

### NSW FOOD AUTHORITY ABN 47 080 404 416

#### Notes to the Financial Statements 30 June 2014

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

###### (a) Reporting Entity

The Financial Statements are consolidated financial statements and incorporate the financial statements of the NSW Food Authority (the Authority) and entities controlled by the Authority (referred to as "the entity" in these financial statements). The Authority is a statutory body under Schedule 2 of the *Public Finance and Audit Act 1983*. The Authority is a not-for-profit entity as profit is not its principal objective.

The Authority was established on 5 April 2004 as a result of the proclamation of the *Food Legislation Amendment Act 2004*. It was established by merging Safe Food Production NSW (Safe Food) with the food regulatory activities of the NSW Department of Health. It is responsible for ensuring that food safety standards are implemented in an integrated and consistent way at all points in the food supply chain.

The Authority as a reporting entity, comprises all the entities under its control, namely:

- Pacific Analysis Pty Limited was incorporated on 16 December 1994 and commenced operations on 1 March 1995. It changed its name to Pacific Industry Services Corporation Pty Limited (PISC) on 9 July 1996. The company was established for the purpose of providing laboratory services. These were discontinued in February 2000. On 15 May 2000 all assets except land and buildings were sold to Microtech Laboratories (NSW) Pty Ltd in consideration for a 35% share in that entity. On 1 May 2001, the company's interest in Microtech Laboratories (NSW) Pty Ltd was sold. The company was liquidated on 28 June 2013. An exemption from The Treasury was received last 28 June 2013 relieving the company from its reporting obligations under the *Public Finance and Audit Act 1983* pursuant to section 4(1A) and section 43A(5). The Treasury determined that the company is no longer required to prepare financial reports as of 30 June 2013 and no longer required to prepare a final financial report. Due to this determination and direction, PISC has no further reporting obligations under the *Public Finance and Audit Act 1983*.
- The Office of the NSW Food Authority commenced operations on 5 April 2004. It assumed all responsibility for the employees and employee-related liabilities of the Authority on that date with funding provided by the Authority. Under clause 8 (1) of the *Administrative Arrangements Order 2014*, effective on 24 February, the Office of the NSW Food Authority was abolished and the staff transferred to the Department of Trade and Investment, Regional Infrastructure and Services (NSW Trade & Investment). In accordance with clause 11 (4) of this order no separate financial statements have been prepared for the former Office of the NSW Food Authority for 2014. However, financial information relating to its operations during the relevant period before its abolition has been included in the notes to the financial report of NSW Trade & Investment.

In the process of preparing the consolidated financial statements for the economic entity consisting of the controlling and controlled entity, all inter-entity transactions and balances have been eliminated.

The consolidated financial statements were authorised for issue by the Chief Executive Officer on the date on which accompanying statement by the 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);
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010* and Treasurer's Directions.

Where these requirements are inconsistent, the Authority applies the legislative provisions. There were no inconsistencies in the years covered in these financial statements.

Where there was no specific Accounting Standard, other authoritative pronouncements of the AASB or Australian Accounting Interpretations, the Authority considered the hierarchy of other pronouncements as outlined in AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

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

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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.

**(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) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Authority recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Authority and specific criteria have been met for each of the Authority's activities as described below. The Authority bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the business activities as follows:

**(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.

Government grants relating to costs are deferred and recognised in surplus or deficit over the period necessary to match them with the costs that they are intended to compensate.

**(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*.



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#### Notes to the Financial Statements 30 June 2014

**(iv) Sale of Goods and Services**

Revenue is recognised when the significant risks and rewards of ownership have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery to the customer.

**(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.

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 at an asset-specific rate.

**(ii) Capitalisation thresholds**

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

**(iii) Revaluation of 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*.

Plant and equipment is measured at the highest and best use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost. It is also based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs.

Land and buildings are valued at their fair value in accordance with AASB 116 *Property, Plant & Equipment* and AASB 13 *Fair Value Measurement*. The Authority re-values each class of property, plant and equipment at least every five 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 valuation of land and buildings was in regard to Authority's properties at Newington and Taree as at 31 March 2014.

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Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

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.

**(iv) Impairment of plant and equipment**

As a not-for-profit entity with no cash generating units, AASB 136 *Impairment of Assets* effectively is not applicable. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, where an asset already measured at fair value, impairment can only arise if selling costs 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 separately 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%

Depreciation rates are reviewed and determined on an annual basis.

**(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.

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#### Notes to the Financial Statements 30 June 2014

Operating lease payments are charged to the statement of comprehensive income in the periods in which they are incurred.

#### (viii) Intangibles

The Authority uses computerised software and has capitalised the licences and associated costs. The Authority has classified these items as intangible assets in accordance with AASB 138 *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. 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.

The Authority amortises its intangible assets on a straight line basis over their estimated useful lives. The rate the Authority uses is:

Intangibles	10.00%
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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 2014 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.

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**(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) Employee benefits and other provisions**

**a) Personnel Services Arrangements**

Under clause 8 (1) of the Administrative Arrangements Order 2014, effective from 24 February, 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.

**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 NSWTC14/04) 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



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bond rate at each reporting date. Note 15(b) details the reserves, overfunding, provisions and other disclosures provided by the scheme actuary. Calculation of the total liability for superannuation is based on actuarial advice.

NSW Trade & Investment has an 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 and Investment. It is the difference between the gross liabilities and the stake in the funds at reporting date in respect of employees (refer to Note 15). 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.

#### (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 Note 12 and Note 24 for further disclosures regarding fair value measurements of financial and non-financial assets.

#### (k) Income Tax

Pacific Industry Services Corporation Pty Limited was, in prior years, the only Corporation in the Economic Entity subject to income tax. It has been ruled to be a State/Territory body (STB) exempt from Commonwealth Income Tax pursuant to section 24AM Income Tax Assessment Act 1936 in Private Ruling Authorisation Number 6968 for the purposes of Part IVAA of the Taxation Administration Act 1953. The ruling was given on 1 October 2001 and had retrospective application from the year ended 30 June 1995 to the year ending 30 June 2004.

Private Ruling for exemption from Commonwealth income tax for the years ending 30 June 2005 to 30 June 2013 lodged with the Australian Taxation Office was granted.

#### (l) 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.

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**(m) 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.

Refer to Note 17 for details of Equity Transfers relating to Administrative Arrangements Order 2014, the abolition of the Office of the NSW Food Authority and the transfer of staff to NSW Trade & Investment.

**(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 2013-14**

The accounting policies applied in 2013-14 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 2013-14:

- AASB 119 *Employee Benefits*.
- AASB 13 *Fair Value Measurement*.
- AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119.
- AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13.

The Authority has adopted the revised AASB 119 *Employee Benefits* with an application date of 1 July 2013.

The main changes to accounting policy as a result of changes to AASB 119 'Employee Benefits' are:

- The interest income component has replaced the expected return on assets. Interest income is calculated using a different discount rate to expected return on assets, which has led to an increase to the expense reported in the Statement of Comprehensive Income
- The standard does not allow investment credits to be netted off against the superannuation contributions tax. This has changed the calculation of the defined benefits liability/asset presented in the statement of financial position. As a result the Defined Benefit liability and the expense related to the Defined Benefit Cost have increased.

As a result of Administrative Arrangements Order 2014 effective on 24 February 2014, staffs employed by the Office of the NSW Food Authority were transferred to NSW Trade & Investment as mentioned in Note 1(a). Financial information related to the impact of these Standards in the period of initial application for the year 2013-14 have also been included in the notes to the financial statements of NSW Trade & Investment.

The impact of the restatement of prior year Provisions, Employee related and Personnel services expense, as well as the impact of the change in accounting standard on current year are summarised below.

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Impact on statement of comprehensive income for the year ended 30 June 2013			
	Consolidated		
	30 June 2013	AASB 119	30 June 2013
	previously	adjustments	as restated
	reported		
	\$'000	\$'000	\$'000
<b>Expenses</b>			
Employee related expenses	11,294	2,273	13,567
<b>Total expenses excluding losses</b>	<b>11,294</b>	<b>2,273</b>	<b>13,567</b>
<b>Other Comprehensive Income</b>			
Actuarial gains/(losses) defined benefit superannuation	7,219	3,761	10,980
<b>Total comprehensive income/(loss) for the year</b>	<b>12,601</b>	<b>1,488</b>	<b>14,089</b>

Impact on statement of comprehensive income for the year ended 30 June 2013			
	Parent		
	30 June 2013	AASB 119	30 June 2013
	previously	adjustments	as restated
	reported		
	\$'000	\$'000	\$'000
<b>Expenses</b>			
Personnel services	4,075	(1,488)	2,587
<b>Total expenses excluding losses</b>	<b>4,075</b>	<b>(1,488)</b>	<b>2,587</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>12,601</b>	<b>1,488</b>	<b>14,089</b>

Impact on statement of comprehensive income for the year ended 30 June 2014		Consolidated
		AASB 119
		adjustments
		\$'000
<b>Expenses</b>		
Increase/(decrease) in Employee related expenses		125
Increase/(decrease) in Personnel services		710
<b>Increase/(decrease) in Total expenses excluding losses</b>		<b>835</b>
<b>Other Comprehensive Income</b>		
Increase/decrease in actuarial gains/(losses) defined benefit superannuation		1,067
<b>Increase/(decrease) in Total comprehensive income/(loss) for the year</b>		<b>232</b>

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#### Notes to the Financial Statements 30 June 2014

##### Impact on statement of comprehensive income for the year ended 30 June 2014

	Parent AASB 119 adjustments
	\$'000
<b>Expenses</b>	
Increase/(decrease) in Personnel Services	232
<b>Increase/(decrease) in Total expenses excluding losses</b>	<b>232</b>
Increase/(decrease) in Total comprehensive income/(loss) for the year	232

##### Impact on assets, liabilities and equity as at 1 July 2012

	As at 1 July 2012 as previously reported	Consolidated AASB 119 adjustments	As at 1 July 2012 as restated
	\$'000	\$'000	\$'000
<b>Non-Current Liabilities (extract)</b>			
Superannuation Provision	25,486	4,302	29,788
<b>Total Non-Current Liabilities</b>	<b>25,486</b>	<b>4,302</b>	<b>29,788</b>
<b>TOTAL LIABILITIES</b>	<b>33,187</b>	<b>4,302</b>	<b>37,489</b>
<b>NET ASSETS / (LIABILITIES)</b>	<b>(2,931)</b>	<b>(4,302)</b>	<b>(7,233)</b>
<b>EQUITY</b>			
Accumulated Funds	(4,793)	(4,302)	(9,095)
<b>Total Equity</b>	<b>(2,931)</b>	<b>(4,302)</b>	<b>(7,233)</b>

##### Impact on assets, liabilities and equity as at 1 July 2012

	As at 1 July 2012 as previously reported	Parent AASB 119 adjustments	As at 1 July 2012 as restated
	\$'000	\$'000	\$'000
<b>Non-Current Liabilities (extract)</b>			
Other	25,486	4,302	29,788
<b>Total Non-Current Liabilities</b>	<b>25,486</b>	<b>4,302</b>	<b>29,788</b>
<b>TOTAL LIABILITIES</b>	<b>33,185</b>	<b>4,302</b>	<b>37,487</b>
<b>NET ASSETS / (LIABILITIES)</b>	<b>(2,931)</b>	<b>(4,302)</b>	<b>(7,233)</b>
<b>EQUITY</b>			
Accumulated Funds	(4,793)	(4,302)	(9,095)
<b>Total Equity</b>	<b>(2,931)</b>	<b>(4,302)</b>	<b>(7,233)</b>



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30 June 2014

## Impact on assets, liabilities and equity as at 1 July 2013

	Consolidated		
	As at 30 June 2013 as previously reported	AASB 119 adjustments	As at 30 June 2013 as restated
	\$'000	\$'000	\$'000
<b>Non-Current Liabilities (extract)</b>			
Superannuation Provision	16,914	2,814	19,728
<b>Total Non-Current Liabilities</b>	<b>16,914</b>	<b>2,814</b>	<b>19,728</b>
<b>TOTAL LIABILITIES</b>	<b>23,132</b>	<b>2,814</b>	<b>25,946</b>
<b>NET ASSETS / (LIABILITIES)</b>	<b>9,670</b>	<b>(2,814)</b>	<b>6,856</b>
<b>EQUITY</b>			
Accumulated Funds	7,808	(2,814)	4,994
<b>Total Equity</b>	<b>9,670</b>	<b>(2,814)</b>	<b>6,856</b>

## Impact on assets, liabilities and equity as at 1 July 2013

	Parent		
	As at 30 June 2013 as previously reported	AASB 119 adjustments	As at 30 June 2013 as restated
	\$'000	\$'000	\$'000
<b>Non-Current Liabilities (extract)</b>			
Other	16,914	2,814	19,728
<b>Total Non-Current Liabilities</b>	<b>16,914</b>	<b>2,814</b>	<b>19,728</b>
<b>TOTAL LIABILITIES</b>	<b>23,132</b>	<b>2,814</b>	<b>25,946</b>
<b>NET ASSETS / (LIABILITIES)</b>	<b>9,670</b>	<b>(2,814)</b>	<b>6,856</b>
<b>EQUITY</b>			
Accumulated Funds	7,808	(2,814)	4,994
<b>Total Equity</b>	<b>9,670</b>	<b>(2,814)</b>	<b>6,856</b>

## Impact on assets, liabilities and equity as at 30 June 2014

	Consolidated/Parent	
	As at 30 June 2014 as restated	
	\$'000	
<b>Non-Current Liabilities (extract)</b>		
Increase/(decrease) in Other		2,582
<b>Increase/(decrease) in Total Non-Current Liabilities</b>		<b>2,582</b>
<b>Increase/(decrease) in Total Liabilities</b>		<b>2,582</b>
<b>NET ASSETS / (LIABILITIES)</b>		<b>-</b>
<b>EQUITY</b>		
Increase/(decrease) in Accumulated Funds		(2,582)
<b>Increase/(decrease) in Total Equity</b>		<b>(2,582)</b>

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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 as follows:

- AASB 9 *Financial Instruments* (Operative date – 1 Jan 2017).
- AASB 1055 *Budgetary Reporting* (Operative date – 1 July 2014).
- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (Operative date – 1 Jan 2017).
- AASB 2013-1 Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements (Operative date – 1 July 2014).

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## Note 2. Industry levies and licence fees

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Industry Levies	1,047	1,042	1,047	1,042
Licence Fees	6,496	7,080	6,496	7,080
<b>Total Industry Levies and Licence Fees</b>	<b>7,543</b>	<b>8,122</b>	<b>7,543</b>	<b>8,122</b>

## Note 3. Grants and contributions

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Grants and Contributions received from:				
NSW Trade & Investment	12,414	12,235	12,414	12,235
<b>Total Grants and Contributions</b>	<b>12,414</b>	<b>12,235</b>	<b>12,414</b>	<b>12,235</b>

## Note 4. Miscellaneous income and fees for services

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Audit and inspection fees (from the food industry)	1,856	1,970	1,856	1,970
Rent and Property Income (from sub-tenants)	84	54	84	54
Infringement charges and fines	213	214	213	214
Other income	710	857	710	839
Funding for FastChoices	-	720	-	720
<b>Total Miscellaneous Income and Fees</b>	<b>2,863</b>	<b>3,815</b>	<b>2,863</b>	<b>3,797</b>

## Note 5. Investment revenue

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Interest Revenue	787	721	787	718
<b>Less:</b>				
Interest allocation to:-				
- Dairy Deregulation Assistance Fund	(1)	(1)	(1)	(1)
<b>Net Interest Revenue</b>	<b>786</b>	<b>720</b>	<b>786</b>	<b>717</b>

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#### Notes to the Financial Statements 30 June 2014

##### Note 6. Gain / loss on disposal of plant and equipment

	Consolidated		Parent Entity	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Gain / (loss) on disposal of plant & equipment				
Proceeds from disposal	165	64	165	64
Written down value of assets disposed	(137)	(352)	(137)	(352)
<b>Gain / (loss) on disposal of plant and equipment</b>	<b>28</b>	<b>(288)</b>	<b>28</b>	<b>(288)</b>

##### Note 7. Employee Related Expenses / Personnel Services

	Consolidated		Parent Entity	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Salaries, allowances and annual leave	6,851	10,571		
Superannuation	1,172	1,571		
Workers Compensation	32	53		
Fringe Benefit Tax	23	26		
Long Service Leave	(210)	304		
Payroll Tax	444	638		
Redundancy payments	1,121	164		
Personnel Services	8,618		11,175	2,587
<b>Total Employee Related Expenses / Personnel Services</b>	<b>18,051</b>	<b>13,327</b>	<b>11,175</b>	<b>2,587</b>

##### Note 8. Other operating expenses

	Consolidated		Parent Entity	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Laboratory Services	1,291	1,424	1,291	1,424
Public Relations and Advertising	77	970	77	970
Miscellaneous Expenses	731	884	731	881
Contractors	1,060	724	1,060	706
Travel	571	601	571	601
Stores, Stationery & Printing	272	211	272	211
Postage & Telephone	318	390	318	390
Information Technology Costs	535	477	535	477
Consultancy	234	176	234	176
External Audit Fees	103	102	103	102
Producer Levy Administration Fee	80	80	80	80
Staff Training	135	132	135	132
Rent	43	63	43	63
Legal Fees	112	56	112	56
Bad & Doubtful Debts	54	22	54	22
Financial Duty and Charges	5	10	5	10
<b>Total Other Operating Expenses</b>	<b>5,621</b>	<b>6,322</b>	<b>5,621</b>	<b>6,301</b>

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## Note 9. Depreciation and amortisation expense

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
<b>Depreciation</b>				
Buildings	185	285	185	285
Plant and equipment	257	278	257	278
<b>Depreciation expense</b>	<b>442</b>	<b>563</b>	<b>442</b>	<b>563</b>
<b>Amortisation</b>				
Intangibles	539	498	539	498
<b>Amortisation expense</b>	<b>539</b>	<b>498</b>	<b>539</b>	<b>498</b>
<b>Total depreciation and amortisation</b>	<b>981</b>	<b>1,061</b>	<b>981</b>	<b>1,061</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:

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Cash at Bank	11,449	9,328	11,449	9,328
Cash Advances	36	46	36	46
<b>Total Cash</b>	<b>11,485</b>	<b>9,374</b>	<b>11,485</b>	<b>9,374</b>
Short Term Deposits	9,387	9,344	9,387	9,344
<b>Total Cash</b>	<b>20,872</b>	<b>18,718</b>	<b>20,872</b>	<b>18,718</b>

## Note 11. Receivables

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Receivables	2,938	1,725	2,938	1,725
Allowance for impairment of receivables	(274)	(274)	(274)	(274)
<b>Total Receivables</b>	<b>2,664</b>	<b>1,451</b>	<b>2,664</b>	<b>1,451</b>

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
<b>Movement in the allowance for impairment of receivables</b>				
Balance at 1 July	274	277	274	277
Amounts written off during the year	(54)	(25)	(54)	(25)
Increase/(decrease) in allowance recognised in profit or loss	54	22	54	22
<b>Balance at 30 June</b>	<b>274</b>	<b>274</b>	<b>274</b>	<b>274</b>

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**Note 12. Property, plant and equipment**

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
<b>Land:</b>				
At fair value	2,025	1,725	2,025	1,725
Net carrying amount	2,025	1,725	2,025	1,725
<b>Buildings:</b>				
Gross carrying amount	8,394	6,875	8,394	6,875
Accumulated depreciation and impairment	(84)	(855)	(84)	(855)
Net carrying amount at fair value	8,310	6,020	8,310	6,020
<b>Total Land and Buildings:</b>				
Gross carrying amount	10,419	8,600	10,419	8,600
Accumulated depreciation and impairment	(84)	(855)	(84)	(855)
Net carrying amount at fair value	<b>10,335</b>	<b>7,745</b>	<b>10,335</b>	<b>7,745</b>
<b>Plant and Equipment:</b>				
At cost	2,812	2,387	2,812	2,387
Accumulated depreciation and impairment	(910)	(712)	(910)	(712)
Net carrying amount	<b>1,902</b>	<b>1,675</b>	<b>1,902</b>	<b>1,675</b>
<b>Net Carrying Amount</b>	<b>12,237</b>	<b>9,420</b>	<b>12,237</b>	<b>9,420</b>

**12 (a) Fair value measurement of non-financial assets**

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

Fair value hierarchy

	Level 1	Level 2	Level 3	2014 Total
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment				
Land and buildings	-	10,335	-	10,335

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

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 2014.

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NSW FOOD AUTHORITY  
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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

2014	Consolidated		Parent Entity		Total \$'000
	Land and Buildings \$'000	Plant and Equipment \$'000	Land and Buildings \$'000	Plant and Equipment \$'000	
Net carrying amount at 1 July 2013	7,745	1,675	7,745	1,675	9,420
Additions	339	621	339	621	960
Disposals	-	(194)	-	(194)	(194)
Revaluation increment less revaluation decrement	2,436	-	2,436	-	2,436
Depreciation expense	(185)	(257)	(185)	(257)	(442)
Depreciation written back on assets disposed	-	57	-	58	58
<b>Net carrying amount at 30 June 2014</b>	<b>10,335</b>	<b>1,902</b>	<b>10,335</b>	<b>1,903</b>	<b>12,238</b>
2013	Land and Buildings \$'000	Plant and Equipment \$'000	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Net carrying amount at 1 July 2012	8,030	1,996	8,030	1,996	10,026
Additions	-	404	-	404	404
Disposals	-	(764)	-	(764)	(764)
Gross revaluation increment less revaluation decrement	-	-	-	-	-
Depreciation expense	(285)	(279)	(285)	(279)	(564)
Depreciation written back on assets disposed	-	318	-	318	318
<b>Net carrying amount at 30 June 2013</b>	<b>7,745</b>	<b>1,675</b>	<b>7,745</b>	<b>1,675</b>	<b>9,420</b>

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#### Notes to the Financial Statements 30 June 2014

##### Note 13. Intangibles

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
<b>Intangible Assets</b>				
<b>Software</b>				
Cost	5,642	5,328	5,642	5,328
Accumulated amortisation and impairment	(2,655)	(2,115)	(2,655)	(2,115)
<b>Net Carrying Amount</b>	<b>2,987</b>	<b>3,213</b>	<b>2,987</b>	<b>3,213</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.

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Opening net carrying amount	3,213	3,113	3,213	3,113
Additions	313	598	313	598
Disposals	-	-	-	-
Net revaluation increment less revaluation decrement	-	-	-	-
Amortisation expense	(539)	(498)	(539)	(498)
Depreciation written back on assets disposed	-	-	-	-
<b>Closing net carrying amount</b>	<b>2,987</b>	<b>3,213</b>	<b>2,987</b>	<b>3,213</b>

##### Note 14. Payables

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Accrued salaries, wages, on-costs and payroll tax	-	272	-	-
Creditors	1,582	592	1,582	592
Personnel Services (Note 15a)	4,084	-	4,084	5,595
<b>Total Payables</b>	<b>5,666</b>	<b>864</b>	<b>5,666</b>	<b>6,187</b>

##### Note 15. Provisions

	Consolidated		Parent Entity	
	2,014	2,013	2,014	2,013
	\$'000	\$'000	\$'000	\$'000
<b>15 (a) Current provisions</b>				
Annual leave	-	1,207	-	-
Long Service leave	-	4,116	-	-
<b>Total Current Provisions</b>	<b>-</b>	<b>5,323</b>	<b>-</b>	<b>-</b>

Under clause 8 (1) of the Administrative Arrangements Order 2014, effective on 24 February, the Office of the NSW Food Authority was abolished and the staff transferred to the Department of Trade and Investment, Regional Infrastructure and Services (NSW Trade & Investment). Financial information relating to its operations during the relevant period before its abolition have been included in the notes to the financial statements of NSW Trade & Investment. Liabilities for personnel services on behalf of the staff transferred are stated as liabilities to the service provider, NSW Trade and Investment. Financial information related to these liabilities are included in the financial statements of NSW Trade and Investments.



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##### Note 15(b) Non-current liabilities

	Consolidated			Parent Entity		
	2014 \$'000	2013 \$'000	2012 \$'000	2014 \$'000	2013 \$'000	2012 \$'000
Superannuation	-	19,728	29,788	-	-	-
Other - Personnel services (Note 15a)	18,480	-	-	18,480	19,728	29,788
<b>Total Non-current liabilities</b>	<b>18,480</b>	<b>19,728</b>	<b>29,788</b>	<b>18,480</b>	<b>19,728</b>	<b>29,788</b>

##### Superannuation

##### Nature of benefits provided by the fund

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- \* State Authorities Superannuation Scheme (SASS)
- \* State Superannuation Scheme (SSS)
- \* Police Superannuation Scheme (PSS)
- \* State Authorities Non-contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the Schemes are closed to new members.

##### Description of the regulatory framework

The schemes in the Pooled Fund are established and governed by the following NSW legislation: Superannuation Act 1916, State Authorities Superannuation Act 1987, Police Regulation (Superannuation) Act 1906, State Authorities Non-Contributory Superannuation Scheme Act 1987, and their associated regulations.

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the Commonwealth Superannuation Industry (Supervision) Act 1993 (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2012.

##### Description of other entities' responsibilities for the governance of the fund

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles:

- \* Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules;
- \* Management and investment of the fund assets; and
- \* Compliance with other applicable regulations.

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##### Description of risks

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

- \* **Investment risk** - The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
- \* **Longevity risk** – The risk that pensioners live longer than assumed, increasing future pensions.
- \* **Pension indexation risk** – The risk that pensions will increase at a rate greater than assumed, increasing future pensions.
- \* **Salary growth risk** - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- \* **Legislative risk** - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

##### Description of significant events

There were no fund amendments, curtailments or settlements during the year.

##### Reconciliation of the Net Defined Benefit Liability/(Asset)

	SASS	SANCS	SSS	Total
	1 July 2012 to 30 June 2013	1 July 2012 to 30 June 2013	1 July 2012 to 30 June 2013	1 July 2012 to 30 June 2013
	\$'000	\$'000	\$'000	\$'000
<b>Net Defined Benefit Liability/(Asset) at start of the period</b>	<b>1,556</b>	<b>428</b>	<b>27,804</b>	<b>29,788</b>
Current service cost	169	51	107	327
Net Interest on the net defined benefit liability/(asset)	46	12	849	907
Past service cost	-	-	-	-
(Gains)/losses arising from settlements	-	-	-	-
Actual return on Fund assets less Interest income	(215)	(89)	(5,185)	(5,489)
Actuarial (gains)/losses arising from changes in demographic assumptions	(6)	(2)	1,974	1,965
Actuarial (gains)/losses arising from changes in financial assumptions	(222)	(77)	(6,135)	(6,434)
Actuarial (gains)/losses arising from liability experience	247	177	(1,447)	(1,023)
Adjustment for effect of asset ceiling	-	-	-	-
Employer contributions	(130)	(41)	(141)	(313)
<b>Net Defined Benefit Liability/(Asset) at end of the period</b>	<b>1,444</b>	<b>459</b>	<b>17,825</b>	<b>19,728</b>

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## Reconciliation of the Fair Value of Fund Assets

	SASS	SANCS	SSS	Total
	1July 2012 to 30 June 2013	1July 2012 to 30 June 2013	1July 2012 to 30 June 2013	1July 2012 to 30 June 2013
	\$'000	\$'000	\$'000	\$'000
<b>Fair value of Fund assets at beginning of the period</b>	<b>3,083</b>	<b>678</b>	<b>34,358</b>	<b>38,119</b>
Interest income	91	19	1,012	1,122
Actual return on Fund assets less Interest income	215	89	5,185	5,489
Employer contributions	130	41	141	313
Contributions by participants	66	-	80	145
Benefits paid	(987)	(280)	(2,582)	(3,849)
Taxes, premiums & expenses paid	(36)	(19)	434	379
Transfers in	-	-	-	-
Contributions to accumulation section	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
<b>Fair value of Fund assets at end of the period</b>	<b>2,561</b>	<b>530</b>	<b>38,629</b>	<b>41,719</b>

## Reconciliation of the Defined Benefit Obligation

	SASS	SANCS	SSS	Total
	1July 2012 to 30 June 2013	1July 2012 to 30 June 2013	1July 2012 to 30 June 2013	1July 2012 to 30 June 2013
	\$'000	\$'000	\$'000	\$'000
<b>Present value of defined benefit obligations at beginning of the period</b>	<b>4,639</b>	<b>1,106</b>	<b>62,162</b>	<b>67,907</b>
Current service cost	169	51	107	327
Interest cost	136	32	1,861	2,029
Contributions by participants	66	-	80	145
Actuarial (gains)/losses arising from changes in demographic assumptions	(6)	(2)	1,974	1,965
Actuarial (gains)/losses arising from changes in financial assumptions	(222)	(77)	(6,135)	(6,434)
Actuarial (gains)/losses arising from liability experience	247	177	(1,447)	(1,023)
Benefits paid	(987)	(280)	(2,582)	(3,849)
Taxes, premiums & expenses paid	(36)	(19)	434	379
Transfers in	-	-	-	-
Contributions to accumulation section	-	-	-	-
Past service cost	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
<b>Present value of defined benefit obligations at end of the period</b>	<b>4,005</b>	<b>989</b>	<b>56,454</b>	<b>61,447</b>

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##### Reconciliation of the effect of the Asset Ceiling

	SASS	SANCS	SSS	Total
	1 July 2012 to 30 June 2013	1 July 2012 to 30 June 2013	1 July 2012 to 30 June 2013	1 July 2012 to 30 June 2013
	\$'000	\$'000	\$'000	\$'000
Adjustment for effect of asset ceiling at beginning of the period	*	-	*	*
Change in the effect of asset ceiling	-	-	-	-
Adjustment for effect of asset ceiling at end of the period	*	*	*	*

##### Fair value of Fund assets

As at 30 June 2013

Asset category	Total	Quoted prices in active markets for identical assets. Level 1	Significant observable inputs. Level 2	Unobservable inputs. Level 3
		\$'000	\$'000	\$'000
Short Term Securities				
Australian Fixed Interest				
International Fixed Interest				
Australian Equities				
International Equities				
Property				
Alternatives				
<b>Total</b>				

Information not available.

The percentage invested in each asset class at the reporting date is:

As at 30 June 2013	
Australian equities	30.40%
Overseas equities	26.10%
Australian fixed interest securities	6.90%
Overseas fixed interest securities	2.20%
Property	8.30%
Cash	13.10%
Other	13.00%
<b>Total</b>	<b>100.00%</b>

Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this levels are listed shares; listed unit trusts.

Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts containing where quoted prices are available in active markets for identical assets or liabilities.

Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

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Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

#### Significant Actuarial Assumptions at the Reporting Date

As at	30-Jun-13
Discount rate	3.80%pa
Salary increase rate (excluding promotional increases)	2.25% for 2013/2014 (2.95% for PSS); 2.25% pa for 2014/2015; 2.00% pa for 2015/2016 to 2019/2020; 2.50% pa thereafter
Rate of CPI increase	2.50% pa
Pensioner mortality	as per the 2012 Actuarial Investigation of the Pooled Fund

#### Sensitivity Analysis

The entity's total defined benefit obligation as at 30 June 2013 under several scenarios is presented below.

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

	Base Case	Scenario A -1.0% discount rate	Scenario B +1.0% discount rate
Discount rate	N/A	N/A	N/A
Rate of CPI increase	N/A	N/A	N/A
Salary inflation rate	N/A	N/A	N/A
Defined benefit obligation (A\$'000)	N/A	N/A	N/A

	Base Case	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Discount rate	N/A	N/A	N/A
Rate of CPI increase	N/A	N/A	N/A
Salary inflation rate	N/A	N/A	N/A
Defined benefit obligation (A\$'000)	N/A	N/A	N/A

	Base Case	Scenario E +0.5% salary increase rate	Scenario F -0.5% salary increase rate
Discount rate	N/A	N/A	N/A
Rate of CPI increase	N/A	N/A	N/A
Salary inflation rate	N/A	N/A	N/A
Defined benefit obligation (A\$'000)	N/A	N/A	N/A



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	Base Case	Scenario G +5% pensioner mortality rates	Scenario H -5% pensioner mortality rates
Defined benefit obligation (A\$'000)	N/A	N/A	N/A

### Asset-Liability matching strategies

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cashflows to manage liquidity requirements.

### Funding arrangements

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2012. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

### Surplus/deficit

The following is a summary of the 30 June 2013 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS 30-Jun-13 \$'000	SANCS 30-Jun-13 \$'000	SSS 30-Jun-13 \$'000	Total 30-Jun-13 \$'000
Accrued benefits	3,430	796	34,359	38,585
Net market value of Fund assets	(2,561)	(530)	(38,629)	(41,719)
Net (surplus)/deficit	869	267	(4,270)	(3,134)

\*There is no allowance for a contribution tax provision within the Accrued Benefits figure for AAS 25. Allowance for contributions tax is made when setting the contribution rates.

### Contribution recommendations

Recommended contribution rates for the entity are:

	SASS multiple of member contributions	SANCS % member salary	SSS multiple of member contributions
	1.9	2.5	1.6

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The economic assumptions adopted for the 30 June 2012 actuarial investigation of the Pooled Fund are:

**Weighted-Average Assumptions**

Expected rate of return on Fund assets backing current pension liabilities	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa
Expected salary increase rate	SASS, SANCS, SSS 2.7% pa (PSS 3.5% pa) for 6 years then 4.0% pa
Expected rate of CPI increase	2.5% pa

**Expected contributions**

	SASS Financial Year to 30 June 2014 \$'000	SANCS Financial Year to 30 June 2014 \$'000	SSS Financial Year to 30 June 2014 \$'000	Total Financial Year to 30 June 2014 \$'000
Expected employer contributions	125	42	128	295

**Maturity profile of defined benefit obligation**

The weighted average duration of the defined benefit obligation is 12 years.

**Additional Information 30 June 2013****Profit and Loss Impact**

	SASS 1 July 2012 to 30 June 2013 \$'000	SANCS 1 July 2012 to 30 June 2013 \$'000	SSS 1 July 2012 to 30 June 2013 \$'000	Total 1 July 2012 to 30 June 2013 \$'000
Current service cost	169	51	107	327
Net interest	46	12	849	907
Past service cost	-	-	-	-
(Gains)/Loss on settlement	-	-	-	-
<b>Profit and Loss component of the Defined benefit cost</b>	<b>215</b>	<b>63</b>	<b>956</b>	<b>1,233</b>

**Other Comprehensive Income**

	SASS 1 July 2012 to 30 June 2013 \$'000	SANCS 1 July 2012 to 30 June 2013 \$'000	SSS 1 July 2012 to 30 June 2013 \$'000	Total 1 July 2012 to 30 June 2013 \$'000
Actuarial (gains) losses on liabilities	19	98	(5,608)	(5,491)
Actual return on Fund assets less Interest income	(215)	(89)	(5,185)	(5,489)
Adjustment for effect of asset ceiling	-	-	-	-
<b>Total remeasurement in Other Comprehensive Income</b>	<b>(196)</b>	<b>9</b>	<b>(10,793)</b>	<b>(10,980)</b>

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**Transition to Revised AASB119 Standard**

At the transition date for the revised AASB119 standard, an amount is recognised in retained earnings reflecting any change in the net defined benefit liability/asset as a result of the change in the assumed rate of contribution tax. The transition date is the start of the earliest period for which comparative information is presented, which is 1 July 2012 for your organisation.

Adjustments on 1 July 2012	<b>SASS</b> A\$	<b>SANCS</b> A\$	<b>SSS</b> A\$	<b>Total</b> A\$
<b>Net Defined Benefit Liability/(Asset)</b>	1,343	372	23,771	25,486
+Adjustment to retained earnings following adoption of revised AASB119	213	56	4,033	4,302
<b>Net Defined Benefit Liability/(Asset) after adjustment</b>	1,556	428	27,804	29,788
<b>Amount recognised in retained earnings under revised AASB119</b>	(213)	(56)	(4,033)	(4,302)



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## Note 16. Related Parties

## 16 (a) Wholly-owned group

Details of wholly-owned controlled entities are set out at notes 1 (a). Details of dealings with these entities are set out below:

## 16 (b) Consolidation summary

2014	Total Revenue	Net result	Total assets
	\$'000	\$'000	\$'000
NSW Food Authority	23,606	(1,554)	38,760
Office of the NSW Food Authority	2,557	(6,876)	17,934
Pacific Industry Services Corporation Pty Limited	-	-	-
Consolidation eliminations	(2,557)	6,876	(17,934)
<b>Total</b>	<b>23,606</b>	<b>(1,554)</b>	<b>38,760</b>

2013	Total Revenue	Net result	Total assets
	\$'000	\$'000	\$'000
NSW Food Authority	24,892	14,089	32,802
Office of the NSW Food Authority	2,587	(10,980)	25,323
Pacific Industry Services Corporation Pty Limited	3	(18)	-
Consolidation eliminations	(2,590)	18	(25,323)
<b>Total</b>	<b>24,892</b>	<b>3,109</b>	<b>32,802</b>

## 16 (c) Related party transactions

The terms and conditions of the transactions with wholly-owned entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to entities on an arm's length basis. The following disclosures are made in respect of related parties:

The outstanding balances with the Office of the NSW Food Authority are for the supply of personnel services to the Authority as at 30 June 2013. The outstanding balances with the NSW Trade & Investment are for the supply of personnel services to the Authority as at 30 June 2014. The abolition of the Office of the NSW Food Authority as per the Administrative Arrangements Order 2014, effective on 24 February 2014 and the transfer of the staff to NSW Trade & Investment means outstanding balances as of said date have been transferred to NSW Trade & Investment. There is no impact on the Parent as Personnel Services arrangements continue unchanged with the new provider, NSW Trade & Investment. Refer to Note 17 for the Increase/Decrease in Assets and Liabilities due to Administrative Restructure and effect in the Statement of Comprehensive Income.

## Outstanding balances

Aggregate amounts receivable from, and payable to related parties as at balance date are as follows:

	2014	2013
	\$'000	\$'000
<i>Current Receivables</i>		
NSW Trade & Investment	-	-
The Office of the NSW Food Authority	-	-
<i>Current Liabilities</i>		
NSW Trade & Investment (note 14)	4,084	-
The Office of the NSW Food Authority (note 14)	-	5,595
<i>Non-current Liabilities</i>		
NSW Trade & Investment	18,480	-
The Office of the NSW Food Authority	-	19,728

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#### Notes to the Financial Statements 30 June 2014

##### Note 17. Increase/Decrease in Assets and Liabilities due to Administrative Restructure and effect in the Statement of Comprehensive Income

The 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 and the transfer of the staff to NSW Trade & Investment. There is no impact on the Parent 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 Parent accounts.

Financial information as at 23 February 2014 in relation to employee related expenses/personnel services are as follows:

	Consolidated \$'000	Parent \$'000	the Office \$'000
<b>BALANCE SHEET</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Receivables – Personnel Services	-	-	4,547
<b>Total Current Assets</b>	-	-	<b>4,547</b>
<b>Non-Current Assets</b>			
Receivables-Personnel Services	-	-	13,387
<b>Total Non-Current Assets</b>	-	-	<b>13,387</b>
<b>Total Assets</b>	-	-	<b>17,934</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables- Employee Related	10	-	10
Payables-Personnel Services	-	4,547	-
Provisions –Employee Related	4,537	-	4,537
Provisions-Personnel Services	-	-	-
<b>Total Current Liabilities</b>	<b>4,547</b>	<b>4,547</b>	<b>4,547</b>
<b>Non-Current Liabilities</b>			
Provisions –Employee Related	13,387	-	13,387
Payables-Personnel Services	-	13,387	-
<b>Total Non-Current Liabilities</b>	<b>13,387</b>	<b>13,387</b>	<b>13,387</b>
<b>Total Liabilities</b>	<b>17,934</b>	<b>17,934</b>	<b>17,934</b>
<b>Net Assets / (Liabilities)</b>	-	-	-
	Consolidated \$'000	Parent \$'000	the Office \$'000
<b>Statement of Comprehensive Income</b>			
<b>Expenses excluding losses</b>			
Employee related expenses	9,433	-	9,433
Personnel services	-	2,557	-
<b>Total expenses excluding losses</b>	<b>9,433</b>	<b>2,557</b>	<b>9,433</b>
<b>Other comprehensive income</b>			
Actuarial gain/(losses) on defined benefit superannuation	6,876	-	6,876

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## Note 18. Other current liabilities

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Milk Industry Funds	-	31	-	31
<b>Total Other Current Liabilities</b>	<b>-</b>	<b>31</b>	<b>-</b>	<b>31</b>

## Milk Industry Funds

There was one fund in operation during the period. The Dairy Deregulation Assistance Fund established to assist the dairy industry in paying costs associated with Farm Gate Deregulation. Total fund was discharged to the Industry as at 30 June 2014.

Balances and movements on the Dairy Deregulation Assistance Fund during the period were as follows:

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	31	30	31	30
Add :				
Interest received	1	1	1	1
	32	31	32	31
Less:				
Payments/transfers between funds	32	-	32	-
<b>Milk Industry Funds Balance at 30 June</b>	<b>-</b>	<b>31</b>	<b>-</b>	<b>31</b>

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

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Net result for the year	(1,554)	3,109	5,322	14,089
Superannuation actuarial gain (loss)	6,876	10,980	-	-
Depreciation and amortisation	981	1,061	981	1,061
Loss on liquidation of Non-Current Investment	-	-	-	18
Loss/(gain) on disposal of Non-Current Assets	(28)	288	(28)	288
Doubtful Debts Written Off	(54)	(3)	(54)	(3)
(Increase) / Decrease in Receivables	(1,158)	(184)	(1,158)	(184)
(Decrease) / Increase in Other Payables	4,802	(613)	(521)	(1,483)
(Decrease) / Increase in Industry Funds	(31)	1	(31)	1
(Decrease) / Increase in Provisions	(5,323)	(872)	-	-
(Decrease) / Increase in Other Non-Current Liabilities	(1,248)	(10,060)	(1,248)	(10,060)
<b>Net Cash Flows From Operating Activities</b>	<b>3,263</b>	<b>3,707</b>	<b>3,263</b>	<b>3,727</b>

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**Note 20. Expenditure Commitments**

**20 (a) Operating lease commitments**

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Not later than one year	50	-	50	-
<b>Total (including GST)</b>	<b>50</b>	<b>-</b>	<b>50</b>	<b>-</b>

Representing non cancellable leases:

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Premises	50	-	50	-
<b>Total (including GST)</b>	<b>50</b>	<b>-</b>	<b>50</b>	<b>-</b>

**20 (b) Contractual commitments**

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Not later than one year	525	1,611	525	1,611
<b>Total (including GST)</b>	<b>525</b>	<b>1,611</b>	<b>525</b>	<b>1,611</b>

Representing non cancellable contracts:

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Computer Systems	430	205	430	205
Consultants	71	-	71	-
Contract Laboratory Services	18	1,384	18	1,384
Maintenance	6	22	6	22
<b>Total (including GST)</b>	<b>525</b>	<b>1,611</b>	<b>525</b>	<b>1,611</b>

The total expenditure commitments above include input tax credits of \$47,679 (\$146,460 in 2012/2013) that are expected to be recoverable from the Australian Taxation Office.

**Note 21. Contingent assets and contingent liabilities**

The Authority have contingent assets of \$250,000 at 30 June 2014 for recovery of legal costs due to a prosecution of an abattoir and meat processing company. The amount of recovery is still subject to review, challenge or negotiation with the defendant company. No agreement in regard to the matter is reached at this time. There are no contingent liabilities at 30 June 2014 (2012/2013 nil).

**Note 22. Segment information**

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

**Note 23. Events subsequent to balance date**

There were no significant events subsequent to 30th June 2014 and prior to the date of these statements.

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#### Notes to the Financial Statements 30 June 2014

##### Note 24. Financial Instruments

The Authority's and the consolidated entity'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 and the consolidated entity do 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.

##### (i) Financial Instrument categories : Parent Entity

Financial Assets	Note	Category	Carrying Amount	
			2014 \$'000	2013 \$'000
<b>Class:</b>				
Cash and cash equivalents	10	N/A	20,872	18,718
Receivables <sup>1</sup>	11	Loans and receivables (at amortised cost)	2,262	1,377
<b>Financial Liabilities</b>	<b>Note</b>	<b>Category</b>	<b>Carrying Amount</b>	<b>Carrying Amount</b>
<b>Class:</b>				
Payables <sup>2</sup>	14	Financial liabilities measured at amortised cost	1,582	592

##### (ii) Financial instrument categories : Consolidated

Financial Assets	Note	Category	Carrying Amount	
			2014 \$'000	2013 \$'000
<b>Class:</b>				
Cash and cash equivalents	10	N/A	20,872	18,718
Receivables <sup>1</sup>	11	Loans and receivables (at amortised cost)	2,262	1,377
<b>Financial Liabilities</b>	<b>Note</b>	<b>Category</b>	<b>Carrying Amount</b>	<b>Carrying Amount</b>
<b>Class:</b>				
Payables <sup>2</sup>	14	Financial liabilities measured at amortised cost	1,582	864

##### 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).



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**(a) 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.

*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 (2014: 1,093,000 ; 2013: Nil) and less than 3 months past due (2014: \$543,000 ; 2013: \$577,000) are not considered impaired and together these represent 86% of the total trade debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

**(i) Parent Entity**

	Total <sup>1,2</sup>	Past due but not impaired <sup>1,2</sup>	Considered impaired <sup>1,2</sup>
	\$'000	\$'000	\$'000
<b>2014</b>			
< 3 months overdue	543	543	-
3 months - 6 months overdue	40	40	-
> 6 months overdue	230	230	-
<b>2013</b>			
< 3 months overdue	577	577	-
3 months - 6 months overdue	54	54	-
> 6 months overdue	309	309	-

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(ii) Consolidated	Total <sup>1,2</sup>	Past due but not impaired <sup>1,2</sup>	Considered impaired <sup>1,2</sup>
	\$'000	\$'000	\$'000
<b>2014</b>			
< 3 months overdue	543	543	-
3 months - 6 months overdue	40	40	*
> 6 months overdue	230	230	*
<b>2013</b>			
< 3 months overdue	577	577	*
3 months - 6 months overdue	54	54	-
> 6 months overdue	309	309	*

*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.

*NSW Food Authority and Consolidated Entity Deposits*

The Authority has placed funds on deposit with TCorp, which has been rated "AAA" by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed "at call" or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of 2.66% (2013– 2.51%), while over the year the weighted average interest rate was 2.66% (2013 – 3.61%) on a weighted average balance during the year of \$1,527,433 (2013 – \$1,478,690). None of these assets are past due or impaired.

**(b) 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 % (2013 – nil).

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

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Maturity analysis and interest rate exposure of financial liabilities

(i) Parent Entity	Weighted Average Effective Int. Rate	Nominal Amount	Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
2014 Payables		1,582	-	-	1,582	-	-	-
		1,582	-	-	1,582	-	-	-
2013 Payables		592	-	-	592	-	-	-
		592	-	-	592	-	-	-

Maturity analysis and interest rate exposure of financial liabilities

(ii) Consolidated	Weighted Average Effective Int. Rate	Nominal Amount	Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
2014 Payables		1,582	-	-	1,582	-	-	-
		1,582	-	-	1,582	-	-	-
2013 Payables		864	-	-	864	864	-	-
		864	-	-	864	864	-	-



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## (c) 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 2013. The analysis assumes that all other variables remain constant.

*Interest rate risk*

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

(i)	Parent Entity				
	Carrying Amount \$'000	-1% Result \$'000	Equity \$'000	1% Result \$'000	Equity \$'000
<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	-	-	-	-
<b>2013</b>					
<i>Financial assets</i>					
Cash and cash equivalents	18,718	(187)	-	187	-
Receivables	2,437	-	-	-	-
<i>Financial liabilities</i>					
Payables	592	-	-	-	-

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(ii)	Consolidated				
	Carrying Amount \$'000	-1% Result \$'000	Equity \$'000	1% Result \$'000	Equity \$'000
<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	-	-	-	-
<b>2013</b>					
<i>Financial assets</i>					
Cash and cash equivalents	18,718	(187)	-	187	-
Receivables	2,437	-	-	-	-
<i>Financial liabilities</i>					
Payables	864	-	-	-	-

*Other price risk – TCorp Hour-Glass facilities*

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

Facility	Investment Sectors	Investment Horizon	2014 \$'000	2013 \$'000
Cash facility	Cash, money market instruments	Up to 1.5 years	1,549	1,505

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.

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**Notes to the Financial Statements**  
**30 June 2014**

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.

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).

**Parent Entity and Consolidated**

	Change in unit price	Impact on profit/loss	
		2014 \$'000	2013 \$'000
Hour Glass Investment - Cash facility	+/-1%	+/-15	+/-15

**(d) 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.

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2014 Total \$'000
<b>Financial assets at fair value</b>				
Tcorp Hour-Glass Inv. 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.)

There were no transfers between level 1 and 2 during the period ended 30 June 2014.

**END OF AUDITED FINANCIAL STATEMENTS**

## Supplementary Financial Information 2013-14

### NSW FOOD AUTHORITY ABN 47 080 404 416

#### Supplementary Financial Information

##### 1. NSW Food Authority Consolidated Economic Entity Performance against Budget

	Budget 2014 \$'000	Actual 2014 \$'000	Budget 2015 \$'000
<b>Revenue</b>			
Grants and contributions	11,293	12,414	11,091
License fees	6,029	6,496	6,267
Audit and inspection fees	1,880	1,856	1,780
Industry levies	1,000	1,047	1,000
Interest Income	850	786	800
Miscellaneous	657	710	484
Fines and penalties	200	213	200
Rent and property income	45	84	52
<b>Total Revenue</b>	<b>21,954</b>	<b>23,606</b>	<b>21,674</b>
<b>Expenditure</b>			
Employee related expenses	14,644	9,433	-
Personnel services	-	8,618	14,106
Laboratory services	1,341	1,291	1,245
Miscellaneous expenses	1,154	731	1,123
Depreciation and amortisation	1,030	981	1,030
Travel	641	571	662
Grants and subsidies	633	535	518
Contractors	544	1,060	861
Information technology costs	514	535	593
Postage & telephone	280	318	288
Stores, stationery & printing	278	272	283
Legal fees	258	112	265
Staff training	125	135	186
Consultancy	122	234	126
External audit fees - current year	103	103	107
Producer levy administration fee	90	80	82
Public relations and advertising	59	77	61
Rent	58	43	60
FBT, financial duty and charges	12	5	12
Bad & doubtful debts	-	54	-
Loss on disposal of non-current assets	-	(28)	-
<b>Total Expenditure</b>	<b>21,886</b>	<b>25,160</b>	<b>21,607</b>
<b>Surplus for the year</b>	<b>68</b>	<b>(1,554)</b>	<b>67</b>

## Supplementary Financial Information 2013-14

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

**NSW Food Authority Consolidated Economic Entity**

**Supplementary Financial Information**

**2. 2013/14 Revenue and expenditure budget**

2014/15 budget for NSW Food Authority are affected by staff changes associated with the *Government Sector Employment Act 2013*, effective from 24 February 2014.

The 2013/14 budget information represents the original operating budget for the Authority for the year, depicting a surplus of \$68,000. The actual operating result for the entity was a loss of \$1,554,000 mainly due to defined benefit superannuation actuarial loss of \$4,433,890 for the period of 24 February to 30 June 2014. The loss was recorded as part of personnel services expense.

Actual total Authority's revenue is \$23,606,000 and exceeds budgeted revenue of \$21,954,000 by \$1,652,000 mainly due to additional grant revenue of \$1,121,000 for the re-coup of the Authority's change management program's redundancy expense from NSW Treasury and \$531,000 minimal increase in the Authority's other source of revenues.

Actual total Authority's expenditure of \$25,160,000 exceeds the budgeted expenditure of \$21,886,000 by \$3,274,000 mainly due to defined benefit superannuation actuarial loss of \$4,433,890 for the period of 24 February to 30 June 2014. The loss was recorded as part of personnel services expense as mentioned above.

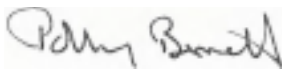
**3. Major assets**

Property held by the NSW Food Authority

	At Cost 30-Jun-14 \$'000	At Valuation 31-Mar-14 \$'000	WDV 30-Jun-14 \$'000	WDV 30-Jun-13 \$'000
Taree Office	-	563	698	525
Sydney Office	-	9,405	9,637	7,220
<b>Total property held</b>	<b>-</b>	<b>9,968</b>	<b>10,335</b>	<b>7,745</b>

**4. Credit card use**

I certify that credit card use in 2013-14 in the NSW Food Authority has been in accordance with Premier's Memoranda and Treasurer's Directions.



P Bennett  
Chief Executive Officer  
NSW Food Authority

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