



Food
Authority

Annual Report 2012-13



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ABOUT US



Our Minister



The NSW Liberals & Nationals Government is committed to ensuring that food produced and sold in NSW is safe and suitable for human consumption, and that people have clear and transparent access to information to help inform their choices about the food they eat.

The consumers of NSW have every right to expect nothing less and as the Minister for Primary Industries, I can proudly say that this state reaps the benefits of having a single through-chain regulatory agency responsible for regulating and monitoring food safety in NSW through every step of the food chain.

Effectively this means that from paddock to plate, consumers can be assured this Government is working with the relevant industry sectors and stakeholders to minimise foodborne illness.

A science based approach to identifying and minimising risk, undertaking targeted compliance and enforcement work and providing information and education about food safety to industry stakeholders and consumers are all integral components to achieving our overall goal. During 2012-13, the work undertaken by the NSW Food Authority and its partners has delivered important and beneficial outcomes for businesses and the wider community.

This includes:

- **The successful implementation, education rollout and evaluation of the 8700 Fast Choices initiative.** This award winning program has assisted consumers to make healthier food choices by providing energy information about

ready to eat foods in the fast food and supermarket sector. Evaluation undertaken by the Authority has shown high compliance with regulatory requirements and an improvement in consumer understanding of their daily energy needs.

- **Significant improvements to animal welfare standards in domestic red meat abattoirs in NSW.** As a result of a review conducted by the NSW Food Authority, domestic red meat abattoirs in this state are now required to have compulsory training of key staff and to have a dedicated Animal Welfare Officer on site to ensure compliance with the relevant standards and codes.
- **Strong support of the state's oyster industry through the hosting of the 9th International Conference on Molluscan Shellfish Safety.** The conference, held in Sydney, attracted more than 200 delegates from over 30 countries and provided an opportunity for industry representatives to share their expertise and collaborate on the challenges facing the sector and to further investigate opportunities for best practice food safety and sustainable practices.
- **Providing a significant contribution to the Australian Food Ministers agreement to a voluntary, interpretive Front of Pack labelling system for packaged food.** The new Health Star rating system will form part of this government's wider contribution to addressing the burden of overweight and obesity issues by helping consumers make more informed food choices.
- **Development of the Scores on Doors working group to further promote and encourage take-up of the program.** Scores on Doors is a voluntary food hygiene rating system and one of a suite of initiatives in place to help improve the safety of food sold in NSW and allow consumers to make informed choices.

I would like to thank and acknowledge the staff and management of the NSW Food Authority for their dedication and professionalism in achieving these results.

I look forward to continuing to work with the Authority to help develop its role as a leader in food safety.



The Hon Katrina Hodgkinson MP
Minister for Primary Industries
Minister for Small Business

Letter of Submission



The Hon. Katrina Hodgkinson MP
Minister for Primary Industries
Minister for Small Business
Level 30, Governor Macquarie Tower
1 Farrer 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 2013.

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

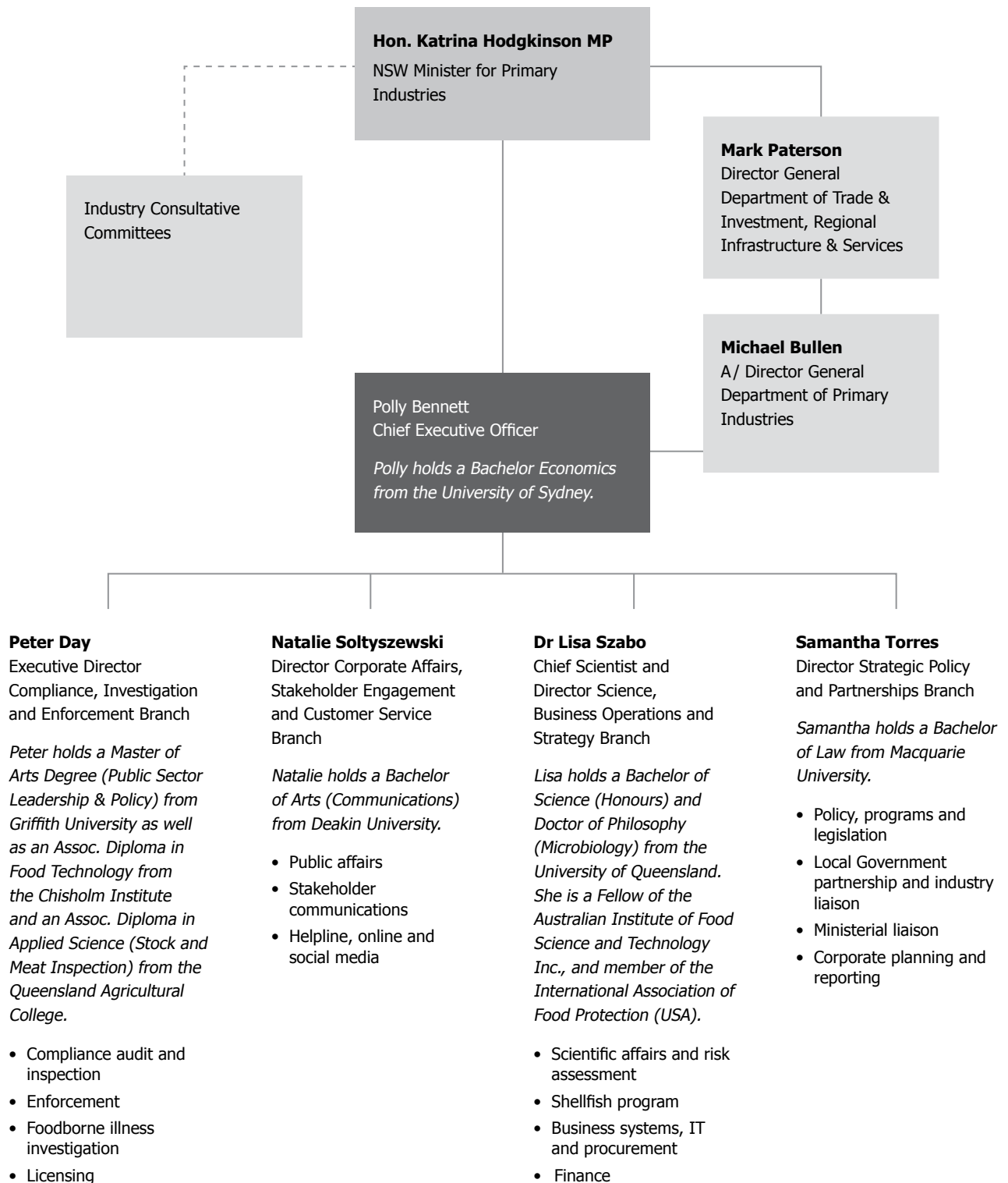
Our charter

The Authority provides the regulatory framework for the food industry in NSW by administering and enforcing state and national food legislation. This includes the national Food Standards Code and the Food Act 2003 (NSW), as well as a range of food safety schemes in the Food Regulation 2010, which regulate key industry sectors of the food industry.

Our aims and objectives

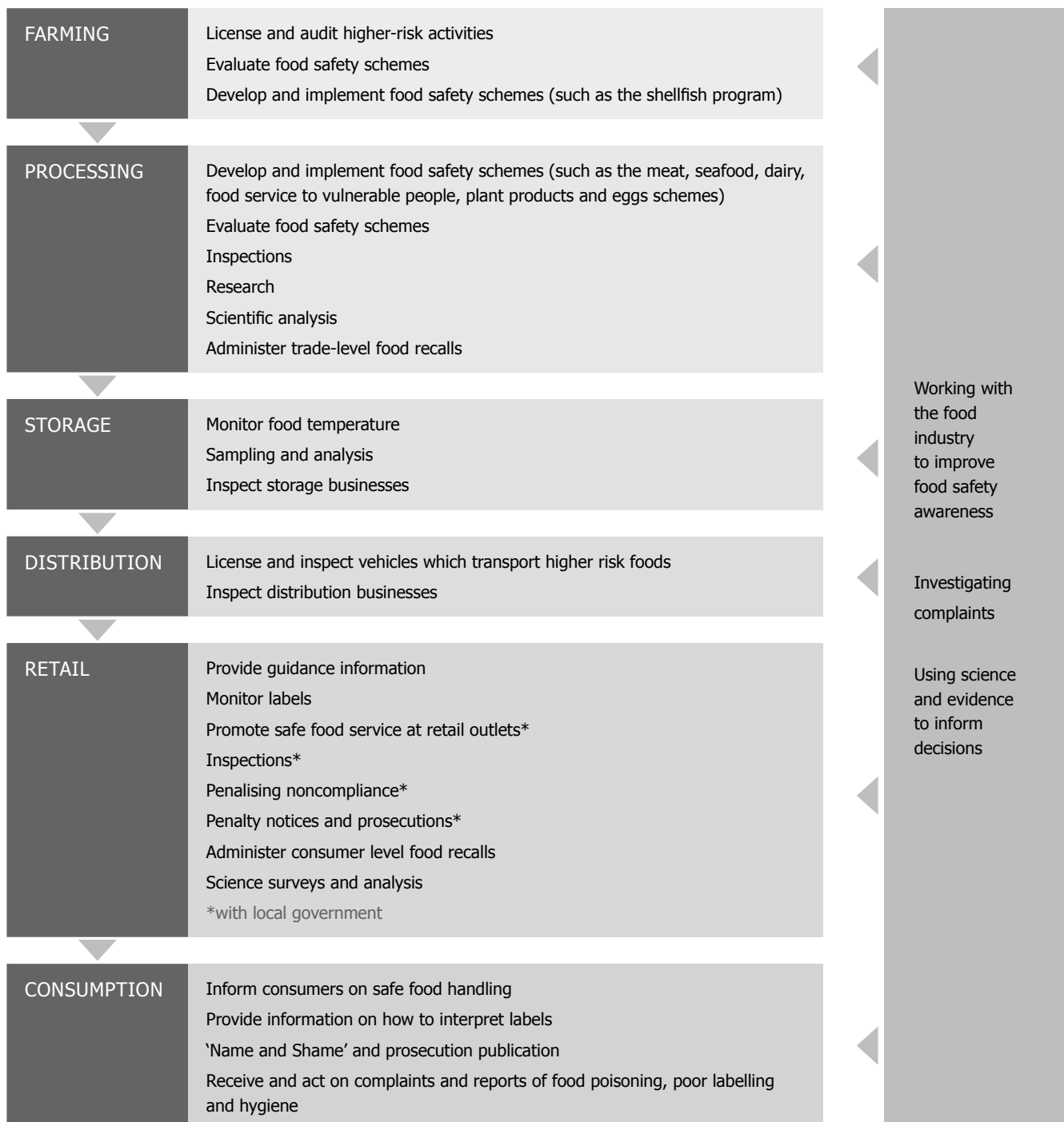
- Ensuring the safety and integrity of the food supply in NSW by regulating and monitoring food safety, managing food related incidents such as foodborne illness outbreaks and participating in safe food handling promotions - in conjunction with the food industry, other government agencies and local councils
- Contributing to the development and implementation of national and trans-Tasman food policies
- Being actively involved in applications and proposals to amend the Food Standards Code
- Establishing and implementing food safety schemes for higher-risk foods and businesses through a process of risk analysis
- Educating consumers by providing information on good food handling practices and assistance in understanding food labels
- Leading the way on national policy initiatives such as the disclosure of nutrition information in fast food outlets.

Management and structure



Our contribution to food safety

Keeping food safe is vital for NSW food businesses. At every stage along the way 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

During 2012-13 the NSW Food Authority helped to:

- Ensure that food for sale in NSW is both safe and suitable for human consumption
- Prevent misleading conduct in connection with the sale of food in NSW
- Enforce the application of the national Food Standards Code in NSW.

Highlights:

- Oversaw significant animal welfare improvements in the states red meat abattoirs with new requirements for abattoirs to provide compulsory training for staff, appointment of animal welfare officers on site and improved auditing systems to verify compliance with relevant standards and codes
- The implementation of new primary production and processing standards for both the egg and poultry product industries in an effort to best minimise risk of foodborne illness within these industries
- Continued a consultative approach with egg, poultry, meat, seafood and shellfish industries as part of our statutory regulatory responsibilities and our charter to inform and develop a food safety culture with industry
- Supported the State's oyster industry, through best practice food safety and sustainable practices, by hosting the 2013 Molluscan Shellfish Conference with 200 international delegates from over 30 countries
- Attained positive outcomes in food safety compliance in the retail sector through the Food Safety Supervisor, Name and Shame and Scores on Doors initiatives
- Delivered steady improvement in reduced regulation overlap, increased efficiency and greater consistency of enforcement through the NSW Food Regulation Partnership between the Authority and local government
- Contributed to food safety management through the Authority's ongoing incident and recall response with prompt removal of products from the market place that posed a food safety risk
- Completed the scheduled audits and inspections of licenced businesses throughout the year to continue to monitor compliance and drive improved food safety outcomes
- Undertook targeted enforcement actions reinforcing compliance requirements to those who do the wrong thing to ensure food safety and product integrity and are a priority for all business
- Delivered a successful regulatory and award winning education program through the 8700 Fast Choices initiative to inform consumers of the kilojoule intake of fast foods. Evaluation has shown high compliance with regulatory requirements, a shift towards consumers having a better understanding of 8700 kJ as the average daily energy intake, and a reduction in kilojoules purchased by some consumers
- Significant contribution to the Australian Food Ministers agreement to a voluntary interpretative front of pack labelling system for packaged foods, to support consumers to make healthier food choices and contribute to alleviating the burden of chronic disease and obesity issues.

Meat

The Authority licenses approximately 8000 businesses in this sector. This includes 61 abattoirs, 356 meat processing plants, 1824 retail premises, as well as cold stores and more than 4,500 food transport vehicles.

Animal welfare red meat abattoir review

Following an animal cruelty incident at a western Sydney abattoir in February 2012, the Authority further reviewed animal welfare compliance in domestic red meat abattoirs in NSW.

A key achievement of this review has been a substantial improvement in compliance in this sector over the last twelve months.

All red meat abattoirs in NSW now have documented animal welfare procedures and systems in place that outline the animal welfare controls at each stage of the operation. These systems are assessed at audit and the Authority has recorded significant improvement in animal welfare controls at abattoirs. Abattoirs now have dedicated Animal Welfare Officers and all staff involved in animal handling have completed accredited training to ensure they have the skills and knowledge to safely and correctly handle animals. The Authority will continue to monitor and verify these animal welfare controls to ensure they are maintained at the current high level of compliance.

Animal welfare non red meat review

Following an animal cruelty incident in 2013 at a NSW turkey processing plant, and in keeping with improvements made in the red meat sector, a review was conducted to assess compliance with animal welfare standards in the non red meat abattoir sector.

The review of animal welfare systems was undertaken at 35 licensed NSW poultry and rabbit abattoirs across the state to measure compliance with animal welfare requirements and best practice standards.

The review found that while the majority of this industry sector was complying with animal welfare controls there is scope for the Authority to provide further assistance, especially to small processors, to ensure they are documenting and continually improving their animal welfare systems.

The Authority will continue to work with this sector to ensure that animal welfare controls are improved and systems are developed to ensure long term improvement in animal welfare is achieved.

National Livestock Identification System (NLIS) and traceability of animals

The Authority conducts audits and inspections of domestic abattoirs and knackereries in NSW to ensure that all animal movements can be traced and their health status can be checked prior to slaughter.

NSW domestic abattoirs have been able to maintain a high standard of compliance with NLIS requirements over the past four years.

Throughout the 2012-13 period, abattoirs have continued to develop and implement comprehensive programs that ensure they comply with all traceability requirements. These programs are assessed by the Authority at audits.

Knackereries have also improved their compliance with traceability and the Authority will continue to provide assistance to these businesses to ensure they are fully compliant with all traceability requirements.

Primary production and processing standard for poultry meat

The Primary Production and Processing Standard for Poultry Meat (Standard 4.2.2) commenced for NSW poultry growers on 1 January 2013. It is a nationally agreed standard developed by Food Standards Australia New Zealand (FSANZ).

It aims to strengthen food safety and traceability from paddock to plate and reduce foodborne illness from *Campylobacter* and *Salmonella* by lowering the incidence of these two pathogens in raw poultry.

The introduction followed consultation with industry in previous years in order to achieve the objectives of the standard most effectively, particularly for poultry growers.

Parts of the poultry production chain (such as processors) were already regulated under the Food Regulation's meat food safety scheme, so poultry growers were the main businesses impacted by the standard in NSW.

These businesses are required to have a food safety management statement (FSMS). A FSMS now sets out how the business complies with the requirements of the Poultry Standard.

Poultry farms growing more than 100 birds need to be licensed with the Authority, have a FSMS and are subject to a farm inspection program (at a minimum of once every three years). However, they only need to pay a licence fee if they grow more than 1000 birds and the cost of their routine inspections is included in this fee.

Farms growing fewer than 100 birds do not need to have a FSMS but are still required to meet minimum food safety requirements.

This threshold of 100 birds aligns with the Department of Primary Industries National Livestock Identification System for poultry that commenced on 1 September 2012.

The Authority's verification program, to check compliance with this requirement began on 1 July 2013.

To help poultry growers understand the requirements of the standard and to give them the opportunity to ask questions on how it may affect them, the Authority presented at a series of seminars organised by the NSW Farmers Association in April 2013.

During the 2012-13 period the Authority has also developed support materials including a free template FSMS for small independent poultry producers and meat transporters to assist them to comply with their requirement to have a FSMS.

Industry consultation

The poultry meat section of the Poultry and Egg Industry Committee was merged into a new Meat Industry Consultative Council as they are similar in terms of processing issues and are both subject to new and proposed Primary Production and Processing (PPP) standards under FSANZ.

The NSW Meat Industry Consultative Council held its inaugural meeting in Sydney on Wednesday, 21 November 2012.

Consultative Council representation:

Chair: Polly Bennett, NSW Food Authority

- Australian Meat Industry Council
- Australian Meat Processor Corporation
- Australian Game Meat Producers Association
- NSW Farmers Association - livestock producers
- NSW Farmers Association - poultry meat producers
- Australian Chicken Meat Federation
- Pepe's Ducks Ltd (Duck meat industry)
- Baiada Poultry Pty Ltd (Poultry meat industry processors)
- Inghams Enterprises Pty Ltd (Poultry meat industry processors)
- Red Lea Chickens Pty Ltd (Poultry meat industry processors)
- NSW Department of Primary Industries

Eggs

The Authority licenses approximately 211 businesses in this sector. This includes four egg processors, 206 egg producers and one egg production and processing business.

Primary production and processing standard for eggs implemented

The Authority has continued its work to improve food safety within the egg industry, with a particular focus on traceability.

Following consultation with industry to determine the best way to implement the initiative, the Primary Production and Processing Standard for Eggs and Egg Products (Standard 4.2.5) began on 26 November 2012. This requires eggs and packages of egg product to be uniquely and individually stamped so they can be easily traced to the producer or processor.

This will enable egg product implicated in a foodborne illness incident to be rapidly identified, recalled if necessary, and allow for the source to be checked for compliance issues, in turn, enhancing consumer confidence in the food supply chain.

To assist small operators in complying with the new requirements, the Authority purchased 300 manual egg stamps for small egg producers which are available to small egg producers at no cost and as of 30 June 2013, the Authority had supplied 75 stamps to these businesses.

The timeframe for compliance with the stamping of unique identification requirements of the Standard has been delayed until November 2014 to adequately allow for businesses to manage the implementation.

Egg scheme baseline evaluation

The Authority began its baseline egg evaluation study in 2012 primarily in order to assess the effectiveness of the NSW Egg Food Safety Scheme under the Food Regulation 2010.

The purpose of the scheme is to improve egg handling and processing practices – resulting in NSW egg businesses producing safer and cleaner eggs.

Information for the evaluation was collected from more than 100 egg producers and more than 380 environmental samples were collected for microbiological analysis.

Results of the evaluation are published on the Authority's website www.foodauthority.nsw.gov.au.

Some key findings were:

- 84% of egg businesses scored an 'A' audit/ inspection rating while 10% scored a 'B' rating
- improved crack detection practices were required in 15% of the businesses
- improvements in wash water hygiene and monitoring practices are needed, and
- salmonella prevalence was higher in the egg laying environment (boot/ cage swabs and faecal matter) than on samples of system inputs (stock feed and drinking water).

In response to these findings the Authority's future focus in this area will be on driving improvements in audit and reporting consistency, supported by a review of current industry assistance materials and developing additional resources that are better targeted to industry needs such as egg cleaning advice.

Salmonella reduction initiatives (hot bread shop project)

An important part of the Authority's role is to target high risk areas within the food chain to improve compliance with food safety requirements and reduce incidence of foodborne illness.

Following evidence of a high incidence of Salmonella outbreaks in the hot bread shop sector (seven large scale outbreaks over five years) in 2012-13 the Authority undertook a compliance project targeted specifically at the sector.

This involved a joint project with Fairfield Council, a targeted Local Government Area where this issue was identified as a particular problem.

During the work with hot bread shops in the Fairfield area, significant non-compliance was observed with 52% of businesses not able to correctly demonstrate sanitiser use, deficiencies in levels of skills and knowledge, and high use of raw egg products.

Following training workshops that were held to address these deficiencies, 90% of all businesses were able to demonstrate adequate sanitising with a corresponding increase in skills and knowledge. While levels of raw egg use dropped slightly, overall handling of higher risk products improved with smaller batch production, and greater use of acidulants in addition to product stored under temperature control.

The success of this project has seen the project extended to other local government areas, including Bankstown and Randwick.

Industry consultation

The newly formed Egg Industry Consultative Committee (EICC) held its inaugural meeting in Sydney on Wednesday, 5 December 2012.

The Committee's membership is designed to bring expertise and new ideas to enhance strategic focus and issue resolution across the egg industry sector.

EICC 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, and
- labelling, food handling and hygiene

Consultative Committee representation:

Chair: Polly Bennett, NSW Food Authority

- NSW Farmers Association
- Australian Egg Corporation Ltd
- Pirovic Enterprises Pty Ltd (representing large egg producers)
- Tilligerry Organic Produce (representing small egg producers)
- Free Range Egg Producers Association of NSW
- Pace Farm (representing large egg processors)
- NSW DPI
- Tuscany Foods Pty Ltd (representing small egg processors)

Shellfish

The Authority licenses approximately 300 businesses in this sector. This includes 270 oyster farmers and 30 shellfish wild harvest businesses. The NSW Food Authority works with the shellfish industry to monitor harvest areas through microbiological testing to assess the health of the estuary to ensure safe harvest.

Shellfish Program

To help manage safety in the shellfish industry and minimise the risk of foodborne illness the Authority employs a through chain approach, aligned with international best practice for the safe harvest of shellfish.

During the 2012-13 period the NSW Shellfish Program enacted 463 shellfish harvest area closures and processed 469 shellfish harvest area openings.

The reasons for closure related predominantly (75%) to rainfall. Sewage discharge, algal blooms, drop in salinity, seasonal impacts, reported foodborne illness, lack of routine sampling and elevated bacterial levels also resulted in closures.

Annual risk assessments were completed for all 70 classified shellfish harvest areas. This ensures that food safety controls in these areas remain appropriate for local conditions.

The classification program also successfully passed independent audit by the Commonwealth Department of Agriculture, Fisheries and Forestry, maintaining export certification for the eight export accredited shellfish harvest areas in NSW.

Two new harvest areas were classified during the year. Mullet Creek in the Hawkesbury River was classified as conditionally approved and South Channel in the Manning River was classified as conditionally restricted. Two harvest areas were split, bringing the total number of classified harvest areas to 74.

Classification commenced on two new harvest areas located at Jervis Bay, about 150km south of Sydney.

New management system for wild shellfish harvest program

In order to improve food safety across the wild shellfish harvest industry, the shellfish harvest program monitors compliance of all activities from procedures and hygiene controls used in the harvesting of product, to packaging, and to the transport and delivery of wild harvest shellfish.

This financial year saw the completion of an alternative management regime for the pipi harvest industry which facilitated the continued operation of this fishery whilst minimising regulatory compliance costs. It is estimated the total cost of savings to industry is \$214,000.

Following a six month fishery closure that was implemented to allow pipi stocks to recover, the pipi industry re-commenced operation under the new regime on 1 June 2013.

Hosting of International Conference – International Conference of Molluscan Shellfish Safety

In a show of strong support for the state's shellfish industry, in February 2013 the NSW Food Authority successfully hosted more than 200 delegates from over 30 countries for the 9th International Conference on Molluscan Shellfish Safety.

This event, officially opened by the Minister, Honourable Katrina Hodgkinson MP benefited the state's shellfish industry and on a wider front, shellfish consumers, by exposing the industry to international innovation and emerging research, as well as facilitating information sharing about public health protection and industry sustainability.

As part of the event, during a field visit to the Central Coast, a dye tracing exercise was held by the US Food and Drug Administration in conjunction with the Authority, Gosford Council and local emergency services.

The exercise showcased a system used in US for pollution source tracking in shellfish harvest areas. The system simulates a spill event and follows the flow. If it can be demonstrated that spills do not reach harvest areas this could potentially reduce the number of closures. The Authority is examining the applicability of the system for local conditions together with industry.

Industry consultation

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

Consultative Committee representation:

Chair: Mark Boulter, Sydney Fish Markets

- Nelson Bay Oyster Farmer (representing Mid North Coast)
- McAsh Oysters and Wonboyn Lake Oyster Farmer (representing South Coast)
- Camden Haven Oysters (representing Mid North Coast)
- Prime Water Oysters (representing North Coast)
- Fisheries NSW
- NSW Food Authority
- Wild Harvest representative
- NSW Farmers Association

Seafood

The Authority licenses approximately 1941 businesses in this sector. This includes 141 seafood processing plants, 41 non-shellfish aquaculture businesses, 1021 businesses that handle wild caught seafood and cold food stores and transport vehicles.

Licensed fishing boats project

The Seafood Safety Scheme requires commercial fishers to be licensed with the Authority.

In order to ensure compliance with this requirement and to help improve food safety in this sector a project was undertaken during the 2012-13 period to cross match licensing data with commercial fishing data to identify unlicensed fishing businesses.

The project aims to ensure that all fishing vessels in NSW that require a licence are licensed with the Authority by 31 December 2013.

The project commenced in January 2013 and inspections were undertaken across the Central Coast, Hunter and Mid North Coast. Local Fisherman's Co-operatives were inspected and lists of active fishers requested to verify fishing activity.

As a result, new fishers were identified and 262 warning letters were sent to businesses identified as not holding a Food Authority licence.

The Authority has followed up the licence status of over half of the businesses and forty new licence applications have been received since the project began.

Investigations will continue in other coastal regions of NSW until December 2013.

Seafood exporters – reduced audit costs

During 2012-13 the Authority implemented an audit system in partnership with the Commonwealth Department of Agriculture, Fisheries and Forestry (DAFF) for NSW businesses that export seafood products.

This partnership agreement now requires DAFF to conduct audits on behalf of the Authority, reducing the cost burden on these businesses.

Industry consultation

The newly structured NSW Seafood Industry Forum (SIF) held its inaugural meeting in Sydney on Friday, 30 November 2012.

Forum members:

Chair: Polly Bennett, NSW Food Authority

- Sydney Fish Markets
- Association of Fishermen's Co-operatives
- Seafood Importers Association of Australasia
- NSW Aquaculture Association
- Professional Fishermen's Association
- Seafood wholesale / processing sector
- Master Fish Merchants Association of Australia
- NSW Department of Primary Industries.

Dairy

The Authority licenses approximately 1734 businesses in this sector. This includes 741 dairy farms, 134 dairy processing factories, 121 farm milk collectors and cold food stores and transport vehicles.

Dairy vendor inspection programs

The Dairy Food Safety Scheme requires dairy vendors and transport vehicles to be inspected by the Authority every three years to ensure milk products are being produced and transported hygienically and correctly throughout NSW.

In an effort to ensure licensees are correctly licensed and complying with all requirements, during 2012-13 the Authority implemented an inspection program in order to ensure all dairy transport businesses were having inspections at the required frequency.

Authority staff contacted licensed businesses directly and also conducted state wide inspection programs to ensure that all businesses are correctly licensed and are maintaining their premises and vehicles in acceptable condition.

Listeriosis investigations - Jindi

The Authority manages Listeria risks in the food chain by licensing high-risk businesses (including dairy, meat, seafood, and foodservice to vulnerable populations) and requiring implementation of food safety programs which are reviewed during audits and inspections. Licensed businesses are required to monitor and report any detection of Listeria monocytogenes in products for further follow-up action and food recall if necessary.

The Authority also maintains a microbiological verification and surveillance program which includes independent testing of products for Listeria from these high-risk businesses.

In late 2012 the Authority, in conjunction with NSW Health undertook an investigation into a listeriosis outbreak linked to numerous Jindi cheese products, from a Victorian dairy factory, which resulted in a national recall of the affected products.

Nationally there were 30 cases connected to this listeriosis outbreak. This included 12 cases in NSW, of which there were two associated deaths, and an associated miscarriage.

In response to this incident the Authority developed new material for relevant manufacturing businesses highlighting the importance of a Listeria management program.

Licensed businesses are required to monitor and report any detection of Listeria monocytogenes in products for further follow-up action and food recall if necessary.

Industry consultation

The dairy industry's consultative committee, the Dairy Industry Conference, was under review at the time of reporting.

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.

Listeriosis hospital outbreak

In April 2013, the Authority worked in conjunction with NSW Health after three public hospital patients tested positive for the same strain of *Listeria monocytogenes*.

Initial investigations indicated a supplied dessert provided by the same manufacturer and common to all three cases was responsible for the infection, and as a precaution the dessert was immediately withdrawn from hospital menus.

Further investigation and testing identified the same strain of *Listeria monocytogenes* affecting patients in the production plant where the dessert was manufactured, providing additional evidence that this food was the source of infection.

This outbreak highlighted the importance of strong supplier approval processes for businesses supplying food to vulnerable populations.

Authority limits audit duplication

During the 2012-13 period members of the Vulnerable Persons consultative committee requested the Authority review audit practices relating to the assessment of milk storage rooms in hospitals to limit duplication.

Due to the fact these rooms had been nationally classified as food storage areas, Authority officers had been responsible for assessing these rooms.

The Authority's review found these rooms should not be included in the food safety programs of hospitals as they were controlled by clinical health staff, not the general food suppliers. The Authority agreed to remove these areas from the audit program.

This decision removed duplication at audits and resulted in cost savings to hospitals.

Industry consultation

The Vulnerable Persons Committee meets approximately every six months and provides advice to the Minister and the NSW Food Authority on matters relating to the provision of the vulnerable persons food safety scheme.

Consultative Committee representation:

Chair: Polly Bennett, NSW Food Authority

- Aged & Community Services
- 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 Ageing (COTA) (NSW) Inc.

Innovation

In late 2012, in an important step towards improving efficiency, streamlining service to stakeholders and strengthening food safety, officers were issued with iPads in order to complete inspections in the field.

Technology in the field (iPads)

In late 2012, in an important step towards improving efficiency, streamlining service to stakeholders and strengthening food safety, officers were issued with iPads in order to complete inspections in the field.

The customised software allows retrieval of facility compliance history, completion of inspections and report generation remotely. Officers can complete audits in the field, deliver audit reports to licensees immediately so they can rectify any issues quickly and provide more rapid response to complaints.

The technology will also allow for data to be captured for the purpose of assessing trends and effectively targeting future work.

Rollout for general use will be completed throughout 2013, but initial results of this initiative has shown a vast improvement on the previous manual system with faster, more efficient service allowing officers to spend more time in the field and less time on administrative tasks.

Kilojoule labelling extended to supermarkets and 8700 Fast Choices

In March 2013, the Authority oversaw the rollout of the Fast Choices initiative into supermarkets, which required kilojoule labelling of ready to eat foods in that sector, following on from the introduction of kilojoule labelling of items on menu boards of major fast food chains in 2012.

This phase was supported by the 8700 campaign to educate the community about the information they are seeing in stores, kilojoules and their kilojoule intake.

The campaign gives consumers easy access to information in order to help them make informed and balanced food choices.

The Authority's efforts in contributing to improving the health of the people of NSW through the Fast Choices initiative, is part of a wider whole of Government approach to tackling the high rates of obesity and overweight people in NSW.

The Authority has successfully completed the implementation, education rollout and evaluation of the 8700 kJ menu labelling legislation and consumer education program.

As of 1 July 2013 the education and evaluation program has been transitioned to the NSW Ministry of Health who will take responsibility for further development of the initiative.

The Authority will continue to support the initiative through its role in enforcing labelling requirements and assisting new businesses required to display the information.

Compliance and enforcement

Numbers of enforcement actions 2012–13 Compliance and enforcement statistics

ACTIVITY	ACTUAL 2010-11	ACTUAL 2011-12	ACTUAL 2012-13
Audits	5187	5527	5121
Failed audits	459 (8%)	515 (9%)	496 (9.6%)
Inspections of licensed facilities	3487	4604	7298 ¹
Failed inspections of licensed facilities	53 (1.5%)	64 (1.4%)	354 ²
Inspections of non-licensed facilities	3119	2580	1310 ³
Failed inspections of non-licensed facilities	477	499	214 ⁴
Complaint investigations	1010	1039	1583
Investigations of foodborne disease incident (two or more people)	514	475	196
Labelling Compliance Surveillance Program investigations	348	254	271
Labelling Compliance Surveillance Program investigations resulting in enforcement action	308	93	108
Investigations of unlicensed businesses (resulting in enforcement action)	142	125	123
Written warning	264	218	88
Improvement notices	681	677	628
Penalty notices	244	238	205
Prohibition orders	12	7	7
Product seizures	21	20	25
Licence cancellations	1	2	1
Use of emergency orders	0	0	0
Prosecutions (finalised after hearing or plea of guilty)	86	32	100
Company instigated food recalls (nationwide)	67	66	44
Company instigated food recalls (NSW manufacturers)	28	23	16
Shellfish harvest area closures	472	544	461

¹Audits: Audits have decreased this year, due to an improved compliance rate, requiring fewer follow up audits. The Authority also commenced an audit improvement program for businesses that record multiple failed audits, which required inspections to be completed instead of audits.

²Failed audits: The number of unacceptable audit results remained steady and the Authority continues to work with industry sectors to implement programs that will further lower this failure rate.

³Inspections of licensed facilities: The increase recorded this year was due to the introduction of BYTE mobile, allowing officers to complete inspections in the field.

⁴Inspections of non-licensed facilities: The decrease was due to an improved compliance rate within the wholesaler inspection program, requiring fewer follow up inspections.

2012–13 Annual seizure summary (product specific)

COMMODITY	Reasons for seizure	Number of seizures
Meat products		
Pig carcasses	Evidence of an offence under the meat safety scheme for not having an inspection stamp on carcass, - Section 104 <i>Food Act 2003</i> (NSW).	1
Cacciatore and salami	Unlicensed activity for the manufacture and sale of uncooked comminuted fermented meat – Section 104 <i>Food Act 2003</i> (NSW).	2
Raw meat and bacon pieces	Evidence of the contravening of a Prohibition Order - Section 64 of the <i>Food Act 2003</i> (NSW).	1
Other food products		
Formulated Supplementary Sports Food	Food is unsuitable and incorrectly labelled because it contained stimulants not permitted under Standard 2.9.4 of the Food Standards Code.	17
Tandoori & Red Chili Paste	Unsuitable food due to excessive colour and non compliant label contrary to Sections 17 and 21 <i>Food Act 2003</i> (NSW).	6
Equipment		
Food slicing machine	Evidence that it was not maintained in a good state of repair and working order contrary to Clause 21 of Standard 3.2.2 of the Food Standards Code.	1
Total seizures conducted for period 2012 - 2013		28

2012–13 Licence facilities

BUSINESS	No. of licensed facilities 2011-12	No. of licensed facilities 2012-13
Animal food field depot	14	10
Animal food field harvesting	18	17
Animal food processing plant	21	17
Cold food store (dairy, meat, seafood, plant)	527	490
Dairy primary production	779	726
Dairy primary production and processing	15	15
Dairy processing factories	147	134
Egg processing	8	4
Egg production	201	206
Egg production and processing	5	1
Farm milk collectors	119	121
Food service to vulnerable persons	1216	1217
Food transport (dairy, meat, seafood, plant)	6622	6847
Game meat field depot	124	79
Game meat field harvesting	968	577
Game meat primary processing plant	6	3
Handling wild caught seafood	1060	1021
Knackery	7	7
Meat processing plant	346	356
Meat retail	1841	1824
Non-shellfish aquaculture	45	41
Oyster farmer	282	260
Plant product processing plant	55	49
Poultry abattoir	39	36
Red meat abattoir	26	25
Rendering	7	7
Seafood processing plant	171	141
Shellfish wild harvest	29	33
Poultry primary production		304
TOTAL number of licensed facilities	14,698	14,568

SIGNIFICANT INVESTIGATIONS AND RESULTS

Abattoir operator – lamb substitution

In December 2012, the Authority successfully prosecuted Tolsat Pty Ltd, an abattoir operator on the NSW Mid North Coast who was convicted and fined \$66,000 for large scale lamb substitution. The company was found guilty of 66 charges, 33 of which related to false description (section 18(2)) and a failure to comply with the Meat Food Safety Scheme (section 104) of the *Food Act 2003* (NSW).

Bankstown bakehouse – foodborne illness outbreak

The Authority successfully prosecuted the former director of a Bankstown bakery over a foodborne illness outbreak in January 2012, which saw 83 people fall ill with Salmonella food poisoning, 20 of them hospitalised.

In September 2012, the former Director of 'Bankstown Bakehouse' was found guilty of four charges including; selling unsafe food, unsafe handling of raw egg products, unclean equipment and the failure to ensure food handlers had adequate skills and knowledge about food safety.

The former company Director was fined a total of \$12,000 plus ordered to pay the prosecution's costs.

Food manufacturers – selling food containing Listeria

The Authority successfully prosecuted two Sydney food manufacturers who were convicted and fined for selling food that contained *Listeria monocytogenes*, a bacteria that can result in severe illness in vulnerable people such as children, elderly, those with weakened immune systems and pregnant women.

Fishboy Pty Limited operated in Marrickville while J&Q Food Trading Pty Ltd operated in Clyde. Both companies were operated by the same people.

These companies were found guilty in March 2013, of five and six food safety offences respectively and convicted and fined \$20,000 and \$24,000 in the NSW Chief Industrial Magistrates Court. Each company was also ordered to pay \$17,000 in costs.

The offences related to handling and selling salted meat and chicken that contained *Listeria monocytogenes*, handling the food in an unsafe manner, failing to comply with the national Food Standards Code, failing to implement a food safety program and keep adequate monitoring records.

Cake manufacturer sells food with undeclared allergens

In May 2013, a Sydney cake manufacturing business Sunfield Australia and its Director were convicted and fined a combined sum of \$48,000 plus ordered to pay \$21,000 in professional costs after the Authority prosecuted them for selling cakes containing undeclared allergens. It is a legal requirement that allergens present in food be declared on the food label. Food allergens that must be declared are; cereals containing gluten, crustacea, eggs, fish, milk, tree nuts and sesame seeds, peanuts and soybeans, and sulphites. The company had sold cakes containing egg, walnuts and almond flakes without declaring them on the label. The offences, which occurred on multiple occasions, also resulted in a child suffering an allergic reaction.

TARGETED ENFORCEMENT PROJECTS

Formulated Supplementary Sports Foods

During 2012-13 the Authority worked closely with the sports supplement industry to assist with two issues. These were compliance with the Food Standards Code and identifying and addressing risks posed by ingredients in imported Formulated Supplementary Sports Foods (FSSFs) considered to be a public health and safety concern.

FSSFs are foods that have been specifically formulated to assist sports people in achieving specific nutritional or performance goals. They are typically used as a pre workout supplement and have been targeted by the NSW Food Authority following concerns they may contain prohibited substances DMAA or 1,3-dimethylamylamine.

In August 2012, DMAA was added to the Poisons Standard 2012 (Cth). This followed a risk assessment that advised DMAA use has been linked with various adverse health effects.

As a result of this work the supply of products containing DMAA has been significantly reduced, industry has expressed a clear intention to comply with the food law, and labelling of FSSFs has improved.

Imported foods project

Food imported into Australia must comply with labelling and composition requirements of the Food Standards Code. The Commonwealth Department of Agriculture Fisheries and Forestry (DAFF) is responsible for assessing imported food at the border. The NSW Food Authority is responsible for food that has passed the Australian border and is available for sale in NSW.

Labelling complaints, investigations and enforcement data identified that non-compliance with the Food Standards Code was significantly higher in the imported

foods sector. A national working group was established to develop a methodology for identifying the extent and nature of the compliance issues and develop options and strategies in response.

In an effort to address this issue in NSW, a project commenced in July 2012 to build on the work of the national working group and target known food importers in this state.

Importers were initially informed about the scope of the project and provided with preliminary information to assist compliance. The Authority worked with DAFF and other state regulators as part of the working group to develop guidance material for food importers. This included a factsheet on labelling for imported foods, and a self-assessment checklist to assist importers and distributors of imported foods.

The guidance material was finalised in February 2013 and sent directly to identified food importers. Inspection of food importers is currently underway and will continue for the remainder of 2013.

Audit improvement program

In an effort to minimise food safety risks, licensed food businesses in NSW are required to implement a food safety program to address risk associated with the food they produce.

The Authority conducts regular audits of licensed businesses to monitor their compliance with the food safety program.

The compliance report for the period July to December 2012 identified a substantial proportion of failures in the meat retail sector and as a result the Authority implemented an audit improvement program to deal with businesses with poor audit compliance records.

The purpose of the program was to detect poor performance early by examining the audit history for the food business and target enforcement resources at those businesses with consistently poor results.

The program involves an increased inspection program undertaken by the Authority's Enforcement Unit. The factors affecting business compliance are examined and an agreed plan of action is developed in consultation with the business.

Where the action plan is not met by the business, escalated enforcement action is taken by the Authority.

There were 12 licensed businesses in the program at 30 June 2013 and the Authority continues to work with these businesses to improve compliance.

MANUFACTURING AND WHOLESALE BUSINESSES

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 a limited or no retail sales component. Inspection frequency is based on risk and performance:

- the type of food being handled and sold (eg pre-packaged vs freshly made) and
- previous compliance history of the business

In summary the following outcomes were achieved over the last twelve months:

- 605 businesses were inspected
- 102 businesses recorded an unacceptable inspection result (subsequent audits conducted achieved acceptable inspection result)
- 67 Improvement Notices were issued
- 16 Warning Letters were issued for labelling and licensing breaches
- Eight Penalty Notices were issued to a manufacturer for continued non-compliance.

IMPLEMENTATION OF REGULATORY FOOD SAFETY AUDITOR/THIRD PARTY AUDITOR PROGRAM

In 2009, the Authority introduced a Regulatory Food Safety Auditor (RFSa) System to approve persons other than Authority employees to conduct regulatory food safety audits of licensed food businesses in NSW.

In the 2012-13 period 1453 licensed facilities were operating on this system, an increase from 849 in the previous financial year.

Approved auditors have increased from 48 to 57 and these auditors conducted 1133 audits in 2012-13, an increase from 554 the previous year.

Currently 53% of eligible facilities are operating under the RFSa system. This figure equates to approximately 100 audits per month being conducted by third party auditors. Businesses with multiple facilities have found benefit in managing their own audit schedule under the RFSa system.

Feedback from industry has been positive with facilities rating their ability to build a rapport with one auditor and thus standardising audits as the greatest benefit. Generally the system provides industry with more confidence that the Authority is able to resource less compliant food businesses whilst monitoring the compliant businesses through verification systems.

The Authority has also improved third party auditor consistency through an annual information session and feedback to the auditors on the Authority's verification findings. The information sessions also provide an important opportunity to receive feedback from auditors to enable the Authority to improve the RFSa system.

NAME AND SHAME

The Authority's Name and Shame register, which names businesses that fail to meet food safety standards, marked its fifth anniversary in the 2012-13 period.

Over the past five years, Name and Shame has generated more than 8.5 million visits on the website.

In 2012-13 the most common food safety breaches under the *Food Act 2003* (NSW) were:

- Cleanliness of food premises (20%)
- Cleanliness of food fixtures and equipment (17%)
- Storage and temperature control (17%)
- Pest control (13%)
- Hygiene of food handlers (10%)

In 2012-13, 815 food businesses appeared on the Name and Shame register, with 1785 penalty notices in total.

2012-13 Name and Shame penalties

	2010-11	2011-12	2012-13
No. of penalty notices published	1693	1337	2036*
No. of facilities that had penalty notices published	943	785	1154

*Note: The increase in the number of penalty notices issued by councils in 2012-13, can be attributed to councils' escalating compliance issues from warnings and improvement notices to penalty notices and escalating failure to appoint a Food Safety Supervisor (as required under Section 106 C (1) of the Food Act 2003) to a penalty notice. There are also six councils which in this reporting period issued penalty notices to 20% or more of retail food businesses in their LGA, up from four councils the previous year. As a result, the Authority plans to analyse council adherence with the escalating compliance policy guideline and implement an escalating response of its own where instances of significant non-compliance become evident.

FOOD REGULATION PARTNERSHIP REVIEW

The Authority shares responsibility for ensuring retail and food service businesses across NSW are routinely inspected and compliant with food safety regulations in conjunction with the state's 152 local councils. This is done under the arrangement known as the Food Regulation Partnership (FRP).

An evaluation of the Food Regulation Partnership was undertaken within the 2012-13 period. The evaluation found that the FRP is working as intended and that retail food business managers and councils have reported it has been an effective tool in improving the safety of retail food in NSW. There has been an overall decreasing trend in confirmed and suspected foodborne illness outbreaks in the sector in NSW since its introduction.

The evaluation findings made five recommendations for the fine tuning of the Partnership, namely that:

- it has a renewed target of improving regulatory consistency with a specific focus on increasing food business access to the Food Premises Assessment Report (FPAR) and the provision of advice in using it as a self assessment tool
- the Authority strengthen its role in assisting councils to resolve food regulatory issues
- the Authority provide targeted communication material for improving retail food business compliance
- the Authority's Local Government Unit fine tunes its activities and outputs, and
- the Authority further examines 'duplication' of regulatory services.

Working with our stakeholders

Scores on Doors review and working group

Scores on Doors was introduced as a trial program in 2011 as part of the Authority's and local government's work to reduce foodborne illness in NSW and to improve consistency of inspections across the state. The voluntary program is a food business hygiene rating system that publishes a rating based on a regular inspection of the food business, to enable consumers to make an informed choice about what they eat.

The trial across NSW was conducted in 2011 and 2012, with 26 local government areas taking part. Feedback from participants in the trial confirmed it was positive and showcased the potential of the program to help improve hygiene standards and food safety and thus provide benefit to industry, government and the community, however wider take up of the program has been less than anticipated.

The 2012-13 period presented an opportunity for the Authority to consider ways to improve and extend participation in its Scores on Doors.

A working group made up of key stakeholders has been formed to consider the future development of the program. The Authority has sought feedback and comment from participants of the trial, other interested parties and consumers regarding the future improvement of the Scores on Doors program.

Registered Training Organisation management system

The Authority's Food Safety Supervisor (FSS) program contributes to the Authority's objective of reducing foodborne illness in NSW by improving the skills and knowledge of food handlers in the hospitality and retail food service sector.

In order to provide high quality and consistent training in this area Registered Training Organisations (RTOs) are approved by the Authority, in addition to meeting national training provider requirements regulated by the Australian Skills Quality Authority (ASQA).

The Authority has implemented an RTO management system to maintain quality service delivery to food businesses receiving FSS training.

From November to March 2013, the first round of compliance audits of these providers was conducted and the complete summary RTO compliance report is available on the Authority's website. The table below summarises all of the compliance actions taken as a result of the audits, complaints received and information provided by ASQA.

Of the 144 RTOs approved since the commencement of the FSS program, a total of 69 compliance events have occurred, the majority of which were minor in nature.

Overall the RTOs have been cooperative and have moved to rectify issues in a timely and effective manner.

The ongoing focus in this area will be in reducing the incidence of compliance breaches.

RTO Management system – compliance action

Compliance action taken as a result of monitoring

Types of compliance action	Number of compliance events	Percentage of total compliance events
Mediation and conciliation (M/C)	51	74%
Notice of intention to suspend approval (NOIS)*	12	18%
Notice of suspension of approval (NOS)	2	3%
Notice of intention to cancel approval (NOIC)	1	1%
Notice of cancellation of approval (NOC)	3	4%
Notice of intention to vary or impose conditions of an approval (VC)	0	0%
Total	69	

SURVEYS

Listeria in RTE meat survey

In keeping with the Authority's objective of reducing food safety risk through an evidence and science based approach, the Authority undertook a survey into Listeria in ready to eat (RTE) meats to determine the level of incidence in this sector.

Producers of fermented and processed meats have previously been identified as high risk, as there have been more than 100 product recalls of RTE meats in Australia over the past decade. It is estimated that foodborne illness attributable to fermented and manufactured meats in Australia to be in the order of \$77 million per year.

From March 2011 to December 2012, a total of 303 sliced/diced, pre-packaged RTE meats were purchased from supermarkets, greengrocers and delicatessens across Sydney. Samples included a range of products that may support the growth of Listeria monocytogenes, such as processed chicken and turkey, and those that are unlikely to support the growth of L. monocytogenes, such as salami. Samples were analysed for the levels of L. monocytogenes, as well as pH and water activity to determine the intrinsic properties of the products.

Only two samples had countable levels of L. monocytogenes. These were very low and did not require follow-up action. Food Standards Australia New Zealand (FSANZ) currently has a proposal to review the microbiological limits for L. monocytogenes in RTE foods and the information collected from this survey may assist in this process.

Cassava chips

A follow up survey of a 2008 survey conducted by the Authority into cassava chips was completed to determine whether there has been a significant reduction in levels of total cyanogenic glycosides (measured as total hydrocyanic acid or HCN) in cassava chips since the introduction of a limit in the Food Standards Code.

A toxicological assessment performed by Food Standards Australia New Zealand (FSANZ) in 2008 concluded there was a potential public health risk associated with certain levels of HCN in cassava chip products and consequently a standard was introduced into the Food Standards Code in 2009.

Results from the survey conducted during 2011–12 and published in December 2012 shows that there had been a significant increase in the number of samples compliant with the Food Standards Code limit.

Consumer response

The Authority's telephone helpline is the frontline of the organisation and often the first port of call for stakeholders who contact us.

The Authority's helpline handles inquiries and food complaint reports, distributes food safety resources to various stakeholders, provides support to users of the Food Notify system and monitors enquiries and feedback on the Authority's social media channels.

The helpline logged a total of 27,888 calls, emails and faxes in 2012-13. Of those that were potentially resolvable within the Helpline some 91% were resolved, usually during the first contact, which exceeded the workgroups' service target of 86%.

An important 24/7 resource for stakeholders is the Authority's website and content is constantly updated and expanded.

People setting up new food businesses are a common call to the helpline, so a new interactive guide to step operators through the food safety requirements relevant to their particular business was published in June 2013.

In April 2013, a new feedback facility was added to every page on the website so users can provide ideas and issues to the Authority via that channel, and we can identify and resolve them quickly.

The Authority also produces a range of materials for consumers, to help them make informed choices.

This financial year, the Authority launched its Facebook page which has been effective in communicating food recalls and food safety tips, launched an animated video the Truth about Food Poisoning as part of national Food Safety Week (12 -18 November 2012), as well as campaigns for summer eating and seafood safety.

The Authority continues to distribute pregnancy resources to hospitals, antenatal clinics and other outlets.

At the 2013 Sydney Royal Easter Show, the Authority hosted interactive displays, distributed safety tips messages and information about how food safety is managed through the entire food chain.

The helpline logged 1,584 food complaints for the Authority for assessment and investigation and directed 2,405 food complaints about retail outlets to the relevant local council. Of the Authority's food complaints, the most frequent related to allegations of foodborne illness (24%), followed by foreign matter found in food (21%), various labelling issues (17%) and food handling and hygiene (12%).

Update of overall risk assessment following peer review

Risk assessments inform the Authority's regulatory schemes and a risk assessment policy identifies the Authority's processes for conducting a risk assessment, how it will be used, reviewed and updated in line with the international principles established by Codex including peer review.

An update of the Authority's overarching risk assessment was published following favourable peer review where only minor points of clarification were

sought. The Authority has in place a rolling program to keep updating the risk assessment covering all the food safety schemes for different commodities contained in the NSW Food Regulation 2010.

In 2012-13 the Authority updated and published information on the egg and seafood safety schemes including a review of emerging scientific information on the food safety hazards associated with these foods.

Technical guidance materials

In addition to the update of various consumer and industry advice, guidance and information materials, in 2012-13 the Authority identified a number of emerging issues requiring specific information to be published. These included:

- sous vide – food safety precautions for restaurants. A guide to highlight the potential food safety hazards associated with cooking 'under vacuum' for long times at low temperatures
- environmental swabbing – a how-to guide on taking swabs of food preparation surfaces, equipment and utensils to verify cleaning procedures or to detect pathogens
- pine nuts and pine mouth – a paper looking at this emerging issue where certain pine nuts species can cause a bitter, metallic-like taste disturbance called pine mouth, and
- manufacturing fresh, Asian-style noodles – a fact sheet for manufacturers detailing the permitted preservative and levels in these products.

Participation in the national agenda

Front of pack labelling agreement

The Authority played an integral role in the development of a national nutrition/advice panel featuring a 5 star labelling system for packaged food that is uniform, interpretive and informative.

The Authority is supportive of providing consumers with easily understood and accessible nutritional labelling and/or guidance advice on packaged food, and welcomes this outcome in what has been a complex and ongoing cross jurisdictional issue.

The Authority will continue to represent the interests of NSW as work continues towards the implementation of this initiative, expected to commence in 2014.

Health claims

On 18 January 2013, a new Standard to regulate nutrition content claims and health claims became law. Food businesses have until 18 January 2016 to ensure they are compliant with the new Standard (1.2.7). Until 18 January 2016, food businesses may elect to comply with the transitional standard 1.1A.2 or standard 1.2.7, but not both.

The Authority is currently working with New Zealand and other state food enforcement agencies to implement the Standard. Implementation of this Standard includes developing guidance documents for industry and strategies for the consistent approaches to surveillance, compliance and enforcement.

Health claims must be based on food-health relationships that have been substantiated as required by the Standard. Food businesses wanting to make a general level health claim will be able to base their claims on one of the more than 200 pre-approved food-health relationships in the Standard or the food business may self-substantiate a food-health relationship.

Foods carrying health claims must meet certain compositional requirements set out in the Standard, including the nutrient profiling scoring criterion (NPSC).

Other conditions in the health claims Standard must also be met before a health claim can be made.

Local Government (national principles for Scores on Doors)

The Authority chaired a national Implementation Sub-Committee (ISC) Working Group on the development of national Scores on Doors principles.

In August 2012, ISC endorsed a high level framework for the implementation of voluntary hygiene rating systems.

NSW's participation in the working group developing the national principles has ensured that the NSW Scores on Doors scheme develops in a way that aligns with the agreed national principles.

The ISC is a subcommittee of the Food Regulation Standing Committee and is responsible for developing consistent implementation and enforcement approaches to food regulations and standards.

The approach is aimed at applying the principles of minimum effective regulation and minimising cost to industry. The Authority supports the implementation of schemes across jurisdictions to ensure consistent and certain messaging and understanding for businesses and consumers.

Changes in Acts and legislation and reducing regulation burden

During 2012-13 the following changes were made to the Food Authority's legislation:

Amendments to *Food Act 2003*

- On 26 November 2012, the *Miscellaneous Acts Amendment (Directors' Liability) Act 2012* amended the *Food Act 2003* (with effect from 11 January 2013) to provide that certain offences under the Act that are committed by a corporation are executive liability offences and attract executive liability for a Director or other person involved in the management of the corporation, and to define the circumstances in which a person commits an executive liability offence or is an accessory to the commission of a corporate offence.

Amendments to Food Regulation 2010

- On 21 December 2012, Food Regulation 2010 was amended by Food Amendment (Egg Food Safety Scheme) Regulation 2012 to apply the primary production requirements of Standard 4.2.5 of the Food Standards Code (with modification) to a NSW food business engaged in the primary production of eggs and to modify the operation of certain clauses of Standards 2.2.2 (Egg and Egg Products) and 4.2.5 (Primary Production and Processing Standard for Eggs and Egg Products) of the Code so that provisions relating to the marking of eggs and packages containing egg products with a producer's/processor's unique identifier need not be complied with until 26 November 2014, and for other purposes.
- On 1 January 2013, Food Regulation 2010 was amended by Food Amendment (Poultry Meat Safety Scheme) Regulation 2012 to apply the requirements of Standard 4.2.2 (Primary production and processing Standard for Poultry Meat) of the Code (with modifications) to NSW poultry producers and introduce a requirement for poultry growers that grow more than 100 poultry birds for human consumption at any time to be licensed with the NSW Food Authority, and for other purposes. On 21 December 2012, this regulation also made minor changes to correct incorrect references in clauses relating to the display of nutritional information.
- On 15 February 2013, Food Regulation 2010 was amended by Food Amendment (Industry Consultative Committees) Regulation 2013 to change the membership arrangements for industry consultative committees established for the meat, seafood, egg and vulnerable persons food safety schemes, to enable the Authority to determine the procedures for the calling and holding of meetings of those committees, and for other purposes.
- On 28 June 2013, Food Regulation 2010 was amended by Food Amendment (Food Standards Code) Regulation 2013 to remove a modification to Standard 3.2.2 (Food Safety Practices and General Requirements) of the Code relating to a food business permitting a dog in an outdoor dining area. This modification was no longer necessary as the Code itself had been amended to enable food businesses to permit dogs in outdoor dining areas.

3



STATUTORY REPORTING



Human resources

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.

Staff numbers and breakdown

As at 30 June 2013, the NSW Food Authority had a complement of 117 FTE (full time equivalent) staff and 1 Senior Executive Service (SES) Officer – an FTE total of 117. (See table below).

OCCUPATION GROUP	2010-11	2011-12	2012-13
Clerical	27	21	21
Food Safety Officers	92	94	96
Total Staff (non-SES)	119	115	116
Senior Executive Service	2	2	1
TOTAL STAFF	121	117	117

Executive officers

Executive Performance

Polly Bennett (BEc), Chief Executive Officer
SES Level 5

Total remuneration package: \$276,750

Period 1 July 2012 to 30 June 2013

Ms Bennett has met all performance criteria for the position held in 2012-13. Key tasks have been undertaken to achieve operational requirements and leadership has been provided to deliver outcomes consistent with government policy.

As Chief Executive Officer NSW Food Authority, Ms Bennett has been responsible for directing the management of the Authority's resources to:

- Ensure that food for sale is both safe and suitable for human consumption
- Prevent misleading conduct in connection with the sale of food
- Provide for the application in NSW of national food standards code

Ms Bennett has supported the continued delivery of excellence in science, policy, communication, compliance and enforcement services to industry, consumer and

government stakeholders; supported the Director General, NSW DPI in the leadership of the NSW DPI cluster as a member of its Board of Management and represented NSW interests in national and cross jurisdictional policy development.

Staff salaries

During the year, eligible staff members covered by the Crown Employees (Public Sector Salaries) Award 2008 received a salary increase of 2.5% on 6 July 2012.

On 29 June 2012 the Industrial Relations Commission varied the Crown Employees (Public Sector - Salaries 2008) Award to increase salaries and salary based allowances by 2.5 per cent from the beginning of the first pay period to commence on or after 1 July 2012.

The decision applied to all staff employed under the Crown Employees (Public Sector – Salaries – 2008) Award but does not apply to the Senior Executive Service, Commonwealth funded trainees, members of Boards & Committees, employees engaged as Field Workers within Forests NSW and employees on private contracts. These staff have different salary adjustment arrangements.

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

Work health and safety

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'.

Performance

- Total Lost Time Injury days remained the same as in the previous financial year, 1 day
- 3 notifications were reportable to the insurer, this is the same as in the previous financial year.

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, and
- 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* (NSW) 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 NSW.

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.

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, and
- our programs and services take account of culturally diverse and traditional methods of food preparation.

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

ACTIVITIES DURING 2012–13 INCLUDED:

Extension of the tailored bakeries awareness campaign on Vietnamese-style pork rolls

The Authority began the next wave of its awareness campaign for bakeries preparing Vietnamese-style pork rolls (containing raw egg products such as egg butter or mayonnaise). These products had been linked to a number of foodborne illness (Salmonellosis) reports. Following earlier successful work with Fairfield City Council, this year staff began working with Bankstown City Council to identify and begin targeted baseline inspections of outlets preparing similar products in the local government area. Where beneficial, outlet inspections were accompanied by a translator as the relevant outlets have a higher proportion of Vietnamese speakers. This is a precursor to rolling out future information sessions and in-language resources (translated into Vietnamese and Chinese). This program will continue into 2013-14.

Sourcing and compiling a resource list of articles published in Chinese

For a number of years the Authority has worked with the Australian Chinese Daily publication to translate and publish topical monthly articles on food safety and labelling issues for Chinese-speaking consumers, food handlers and small business operators. As well as maintaining the program in 2012-13, this year the Authority collated both the English and translated articles and has now published the full collection on its website as a central resource, which its field staff and Council food inspection staff will be able to utilise on their mobile devices when working onsite with Chinese-speaking staff and food business management.

Other important, ongoing activities include providing a free, accredited interpreter service on demand for calls to our helpline by non-English speakers or during regulatory compliance interviews between food inspection staff and food business operators. We also publish selected food safety compliance information for food businesses and tips for consumers in a range of community languages.

Languages are included in a core set of community languages considered for resource translation where the incidence of consumers who speak a language other than English at home (or have difficulty with English) is highest. Other resources are translated as appropriate. Languages include Arabic, Chinese, Greek, Italian, Japanese, Khmer, Korean, Macedonian, Serbian, Spanish, Thai, Turkish and Vietnamese.

The cultural profile of Authority staff is diverse, and recruitment interviews for food inspection and customer helpline staff routinely include scenarios involving CALD customers to select candidates best placed to provide service to the diverse NSW community.

As a small agency the Authority must report formally on our plan and progress every three years, with the next full report due no later than 2013–14. The Authority also reports our multicultural strategies and actions as part of the Multicultural Plan Implementation Report for NSW Trade & Investment which is a designated Community Relations Commission 'key agency'.

Other statutory requirements

Consultants

Five consultants were engaged by the NSW Food Authority consolidated entity in 2012–13 for a total cost of \$176,054.

One consultant was engaged for more than \$50,000: Taylor Nelson Sofres Australia Pty Ltd completed evaluation work as part of the Fast Choices program, implemented as a result of legislation requiring disclosure of kilojoule content at point of sale for fast food outlets and supermarkets. This evaluation project was two-fold: the final phases of evaluation of fast food outlets' display of nutrition labelling (which continued from the previous year), including consumer campaign evaluation and the evaluation of supermarkets display of nutrition labelling, following the introduction of the labelling in supermarkets. The actual cost of this engagement in 2012-13 was \$125,329. This program was funded in part by an allocation from Treasury and, for the supermarkets evaluation work, an allocation of funding from the NSW Ministry of Health as part of its obesity work program and implementation of the next obesity prevention strategy.

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, and
- 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* (NSW). 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.

Internal Audit and Risk Management Attestation

Mr Narayan Mukkavilli
A/Senior Director
Financial Management and Accounting Policy
The Treasury
Level 24 Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000



Internal Audit and Risk Management Attestation for the 2012-2013 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 following controlled entities:

- Office of the NSW Food Authority
- Pacific Industry Services Corporation Pty Limited

During 2012-2013 the NSW Food Authority's internal audit services were provided by an external contractor. 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
28 August 2013

Promotion – overseas travel

Name of Officer	Travel Dates	Destination	Purpose of Travel	Source of Funds
Phil Baker	19/7/12 to 20/7/12	Auckland NZ	To present at the NZ Seafood Standards Council Shellfish Safety Workshop in Auckland	NSW/Safefish (Seafood CRC) United States Food & Drug Administration
Greg Vakaci	26/7/12 to 3/8/12	London England	Environmental Health monitoring at London 2012 Olympics and meeting with key personnel at the UK Food Safety Standards	Paid for on duty period only
Anthony Zammit	21/9/12 to 7/10/12	Rhode Island USA	To represent NSW and Australia at the 2nd International Workshop on Molluscan Shellfish Area Classification and Management	NSWFA/USFDA

Annual Report production

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

Formal access requests

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

Payment of accounts

The following tables summarise the Authority's performance in paying accounts during 2012-13.

Aged analysis at the end of each quarter

Below is a schedule of the dollar amount of payments made during 2012-13 by the Authority. Also included is the time these documents were paid, in relation to due date.

QUARTER	Current (ie within due date)	Less than 30 days overdue	Between 30 and 60 days overdue	Between 60 and 90 days overdue	More than 90 days overdue
All suppliers	\$	\$	\$	\$	\$
September 2012	177,291	1,497,162	576,963	117,349	43,061
December 2012	425,085	1,462,114	320,126	66,550	83,438
March 2013	1,824,166	412,208	645,022	221,380	337,877
June 2013	2,404,152	639,363	122,411	81,775	125,745
Total all suppliers	4,830,694	4,010,848	1,664,522	487,054	590,122

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' .

All suppliers	September 2012	December 2012	March 2013	June 2013
Total no of accounts due for payment	665	504	463	664
Number of accounts paid on time	578	448	372	569
% of account paid on time (based on number of accounts)	87%	89%	80%	86%
\$ amount of accounts due for payment	2,411,826.09	2,357,312.85	3,440,654.18	3,373,446.00
\$ amount of accounts paid on time	1,674,453.00	1,887,199.17	2,236,374.00	3,043,515.00
% of accounts paid on time (based on \$ amount of accounts)	69%	80%	65%	90%
Number of payment for interest on overdue accounts	-	-	-	-
Interest paid on overdue accounts	-	-	-	-

For the full 2012-13 financial year 85.46% (based on no. of accounts) of all accounts were paid on time.

All accounts for payment are directed to and processed in the Department of Trade & Investment's Authority's Orange office.

In addition:

- there were no instances of penalty interest being paid or incurred during 2012-13,
- 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 2013-14 and future years to ensure the Authority's payment performance continues to improve.

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FINANCIAL INFORMATION



NSW Food Authority

Financial Information

2012–13

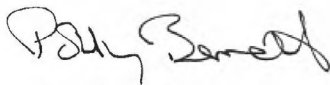


Financial Information 2012–13

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 entities, the Office of the NSW Food Authority and Pacific Industry Services Corporation Pty Limited, for the financial year ended 30 June 2013 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

17 October 2013



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 2013, 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 2013, 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 *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 the 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 entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial statements.

Financial Information 2012–13

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 they have carried out their activities effectively, efficiently and economically
- about the effectiveness of 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 any 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 role by the possibility of losing clients or income.



Peter Barnes
Director, Financial Audit Services

22 October 2013
SYDNEY

Financial Information 2012–13

START OF AUDITED FINANCIAL STATEMENTS

NSW FOOD AUTHORITY
ABN 47 080 404 416

Statements of Comprehensive Income for the Year Ended 30 June 2013

	Notes	Consolidated		Parent Entity	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Revenue from continuing operations					
Industry levies and licence fees	2	8,122	6,717	8,122	6,717
Grants and contributions	3	12,235	12,949	12,235	12,949
Miscellaneous income and fees for services	4	3,815	3,749	3,797	3,749
Investment revenue	5	720	950	717	942
Total revenue from continuing operations		24,892	24,365	24,871	24,357
Expenses from continuing operations					
Employee related expenses	7	11,294	13,552	-	-
Personnel services	7	-	-	4,075	31,008
Other operating expenses	8	6,322	7,163	6,301	7,155
Depreciation and amortisation	9	1,061	1,012	1,061	1,012
Grants and subsidies		545	648	545	648
Loss on disposal of plant, equipment and furniture	6	288	160	288	160
Total expenses from continuing operations		19,510	22,535	12,270	39,983
Net surplus/(deficit) for the year		5,382	1,830	12,601	(15,626)
Other comprehensive income/(loss)					
Actuarial (losses)/gains on defined benefit superannuation	16(d)	7,219	(17,456)	-	-
Total comprehensive income/(loss) for the year		12,601	(15,626)	12,601	(15,626)

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

Financial Information 2012–13

NSW FOOD AUTHORITY
ABN 47 080 404 416

Statements of Financial Position as at 30 June 2013

	Notes	Consolidated		Parent Entity	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
ASSETS					
Current Assets					
Cash and Cash Equivalents	10	18,718	15,853	18,718	15,653
Receivables	11	1,451	1,264	1,451	1,264
Total Current Assets		20,169	17,117	20,169	16,917
Non-Current Assets					
Property, Plant and Equipment					
- Land and Buildings	12	7,745	8,030	7,745	8,030
- Plant and Equipment	12	1,675	1,996	1,675	1,996
Total Property, Plant and Equipment	12	9,420	10,026	9,420	10,026
Intangible Assets	14	3,213	3,113	3,213	3,113
Other Financial Assets :					
Investment in Controlled Companies	13	-	-	-	198
Total Non-Current Assets		12,633	13,139	12,633	13,337
TOTAL ASSETS		32,802	30,256	32,802	30,254
LIABILITIES					
Current Liabilities					
Payables	15	864	1,476	6,187	7,669
Provisions	16	5,323	6,195	-	-
Other	23	31	30	31	30
Total Current Liabilities		6,218	7,701	6,218	7,699
Non-Current Liabilities					
Superannuation Provision	16(d)	16,914	25,486	-	-
Other	18(c)	-	-	16,914	25,486
Total Non-Current Liabilities		16,914	25,486	16,914	25,486
TOTAL LIABILITIES		23,132	33,187	23,132	33,185
NET ASSETS / (LIABILITIES)		9,670	(2,931)	9,670	(2,931)
EQUITY					
Reserves		1,862	1,862	1,862	1,862
Accumulated Funds		7,808	(4,793)	7,808	(4,793)
Total Equity		9,670	(2,931)	9,670	(2,931)

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

Financial Information 2012–13

NSW FOOD AUTHORITY ABN 47 080 404 416

Statements of Changes in Equity for the Year Ended 30 June 2013

	Accumulated Funds \$'000	Consolidated Asset Revaluation Reserve \$'000	Total \$'000
Balance at 1 July 2012	<u>(4,793)</u>	<u>1,862</u>	<u>(2,931)</u>
Net result for the year	5,382	-	5,382
Other comprehensive income			
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	-	-	-
Actuarial gains on defined benefit superannuation	7,219	-	7,219
Total comprehensive income for the year	<u>12,601</u>	<u>-</u>	<u>12,601</u>
Balance at 30 June 2013	<u><u>7,808</u></u>	<u><u>1,862</u></u>	<u><u>9,670</u></u>
Balance at 1 July 2011	<u>10,833</u>	<u>1,862</u>	<u>12,695</u>
Net result for the year	1,830	-	1,830
Other comprehensive income			
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	-	-	-
Actuarial losses on defined benefit superannuation	(17,456)	-	(17,456)
Total comprehensive income for the year	<u>(15,626)</u>	<u>-</u>	<u>(15,626)</u>
Balance at 30 June 2012	<u><u>(4,793)</u></u>	<u><u>1,862</u></u>	<u><u>(2,931)</u></u>

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

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NSW FOOD AUTHORITY
ABN 47 080 404 416

Statements of Changes in Equity for the Year Ended 30 June 2013

	Acumulated Funds \$'000	Parent Entity Asset Revaluation Reserve \$'000	Total \$'000
Balance at 1 July 2012	(4,793)	1,862	(2,931)
Net result for the year	12,601	-	12,601
Other comprehensive income			
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	-	-	-
Actuarial (losses)/gains on defined benefit superannuation	-	-	-
Total comprehensive income for the year	12,601	-	12,601
Balance at 30 June 2013	7,808	1,862	9,670
Balance at 1 July 2011	10,833	1,862	12,695
Net result for the year	(15,626)	-	(15,626)
Other comprehensive income			
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	-	-	-
Actuarial (losses)/gains on defined benefit superannuation	-	-	-
Total comprehensive income for the year	(15,626)	-	(15,626)
Balance at 30 June 2012	(4,793)	1,862	(2,931)

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

Financial Information 2012–13

NSW FOOD AUTHORITY ABN 47 080 404 416

Statements of Cash Flows for the Year Ended 30 June 2013

	Notes	Consolidated		Parent Entity	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments					
Payments to suppliers and employees		(19,971)	(21,372)	(19,950)	(21,356)
Grants and subsidies		(545)	(648)	(545)	(648)
Total payments		(20,516)	(22,020)	(20,495)	(22,004)
Receipts					
Milk industry fund payments		1	1	1	1
Industry levies, licences and other		11,267	11,069	11,269	11,069
Grants and contributions received		12,235	12,949	12,235	12,949
Interest received		720	950	717	942
Total receipts		24,223	24,969	24,222	24,961
NET CASH (OUTFLOW) INFLOW FROM OPERATING ACTIVITIES	17	3,707	2,949	3,727	2,957
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment	6	160	388	160	388
Payment for property, plant and equipment	12	(404)	(799)	(404)	(799)
Payment for intangible assets	14	(598)	(287)	(598)	(287)
Liquidation of non-current investment	13	-	-	180	-
NET CASH (OUTFLOW) INFLOW FROM INVESTING ACTIVITIES		(842)	(698)	(662)	(698)
CASH FLOWS FROM FINANCING ACTIVITIES					
NET CASH (OUTFLOW) INFLOW FROM FINANCING ACTIVITIES		-	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		2,865	2,251	3,065	2,259
Opening cash and cash equivalents		15,853	13,602	15,653	13,394
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	18,718	15,853	18,718	15,653

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

Financial Information 2012–13

NSW FOOD AUTHORITY ABN 47 080 404 416

Notes to the Financial Statements 30 June 2013

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.

Controlled Entities

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.

The 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) Statement of compliance

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.

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) Segment reporting

The Authority operates in one geographical segment (New South Wales) and in one industry. The Authority's principal activity is to regulate all food industries in New South Wales.

NSW FOOD AUTHORITY
ABN 47 080 404 416

Notes to the Financial Statements
30 June 2013

(d) Principles of consolidation

The consolidated financial statements incorporate the financial statements of all the entities that comprise the consolidated entity, being the parent entity and its subsidiaries. Subsidiaries are all entities over which the parent entity has the power to govern the financial and reporting policies. The Authority is the parent entity and its controlled entities are Pacific Industry Services Corporation Pty Limited and the Office of the NSW Food Authority.

Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements. All inter-entity balances and transactions have been eliminated.

(e) 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) Interest Income

Interest revenue is accrued on a time basis using the effective interest method. When a receivable is impaired, the Authority reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(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.

Financial Information 2012–13

NSW FOOD AUTHORITY ABN 47 080 404 416

Notes to the Financial Statements 30 June 2013

(f) Employee benefits

(i) Salaries and wages, annual leave and sick leave

Liabilities for salaries and wages including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised as short term employee benefits and measured at undiscounted amounts expected to be paid when the liabilities are settled.

The Authority does not recognise a liability for unused non-vested sick leave entitlement because the Authority estimates that, on average, the sick leave taken each year is less than the entitlement accrued.

(ii) Long service leave

The Authority recognises long service leave liability as a long-term employee benefit. 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 (specific in NSWTC12-06) 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.

(iii) Superannuation

The Superannuation Schemes for the Authority are:

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

The first three schemes are defined benefit schemes, which are closed to new entrants. AASB 119 – *Employee Benefits* requires the defined benefit obligation to be discounted using the government bond rate at each reporting date. Note 16(d) 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.

The Office of NSW Food Authority 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 The Office of the NSW Food Authority. It is the difference between the gross liabilities and the stake in the funds at reporting date in respect of The Office employees (refer to Note 16). 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.

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

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(h) Property, plant and equipment

The Authority shows plant and equipment at historic cost less accumulated depreciation, which the Authority consider as an acceptable surrogate for fair value of these assets. This is because the difference between fair value and depreciated cost is considered immaterial.

NSW FOOD AUTHORITY
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Notes to the Financial Statements
30 June 2013

Land and buildings are valued at their fair value in accordance with *AASB 116 Property, Plant & Equipment*. 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 30 June 2010 by First State Property Valuers and Crown Valuation Service Pty Ltd.

As a not-for-profit entity, the Authority is effectively exempted from AASB 136 – *Impairment of Assets* and impairment testing.

Any revaluation increase arising on the revaluation of land and buildings is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the Statement of Comprehensive Income to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset. Depreciation on revalued buildings is recognised in the Statement of Comprehensive Income.

The Authority capitalise items costing \$5,000 or more. The Authority depreciates these assets on a straight line basis over their estimated useful lives. The rates the Authority uses are:

Plant and Equipment	10.00% to 20.00%
Buildings	4.00% to 6.67%

Depreciation rates and methods shall be reviewed at least annually and, where changed, shall be accounted for as a change in accounting estimates. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognised in prior financial years shall not be changed, that is, the change in depreciation rate or method shall be accounted for on a 'prospective' basis.

The gain or loss on disposal or retirement of an item is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

The costs of maintenance are charged as expenses incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

(i) Intangible Assets

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 shows these assets at historical cost less accumulated amortisation. The Authority considers the cost of acquisition as its fair value.

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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(j) 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 2013 are considered to be collectable other than the amounts provided for in the allowance for impairment at note 11.

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Notes to the Financial Statements 30 June 2013

(k) Payables

The Authority carries liabilities for trade creditors and other payables, which are initially recognised at fair value, usually based on the transaction cost or face value. These payables are subsequently measured at an amortised cost using the effective interest rate method.

Trade payables with no stated interest rate are measured at the original invoice amount where the effect of the discounting is immaterial. Amounts owing to suppliers (which are unsecured) are settled in accordance with Treasurer's Direction 219.01. 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 statement is received.

(l) Provisions

The Authority recognises provisions when there are legal or constructive obligations 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.

The Authority recognises provisions for employee benefits.

(m) Financial Instruments

Financial instruments generate financial assets or liabilities (or equity instruments) for the Authority or another party. These include cash and cash equivalents, receivables and payables. Note 24 discloses the credit risk, liquidity risk and market risk of financial instruments.

(n) Insurance

The Authority has arranged ongoing insurance to cover all aspects of normal commercial risk over assets and potential liabilities.

(o) 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.

(p) Leases

The Authority recognises operating lease payments in the Statement of Comprehensive Income in the periods the Authority incurs them, using a straight line basis over the period of the lease. The Authority's operating lease is for office accommodations.

(q) Comparatives

Where necessary, the Authority has reclassified and repositioned comparatives to be consistent with current year disclosures except when an Australian Accounting Standard permits or requires otherwise.

(r) New Australian Accounting Standards issued but not effective

At the reporting date, the following accounting standards adopted by the AASB had been issued but not yet effective or are not yet applicable to not for profit entities in Australia. These standards have not been early adopted by the Authority. The initial application of these standards will have no material impact on the financial results of the Authority.

AASB newly issued standards

- AASB 9 'Financial Instruments' (Issued September 2012).
- AASB 10 'Consolidated Financial Statements' (Issued August 2011).

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- AASB 11 'Joint Arrangements' (Issued August 2011).
- AASB 12 'Disclosure of Interests in Other Entities' (Issued August 2011).
- AASB 127 'Separate Financial Statements' (Issued August 2011).
- AASB 128 'Investments in Associates and Joint Ventures' (Issued August 2011).
- AASB 1053 'Application of Tiers of Australian Accounting Standards' (Issued June 2010).

AASB amending standards

- AASB 2010-2 'Amendments to Australian Accounting Standards arising from Reduced Disclosure' (Issued June 2010).
- AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)' (Issued September 2012).
- AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements' (Issued July 2011).
- AASB 2011-6 'Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements' (Issued July 2011).
- AASB 2011-11 'Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements' (issued Sep 2011).
- AASB 2012-1 'Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements' (Issued March 2012).
- AASB 2012-3 'Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities' (Issued June 2012).
- AASB 2012-7 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements' (Issued September 2012).
- AASB 2012-11 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements and Other Amendments' (Issued December 2012).
- AASB 2013-1 'Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements' (Issued March 2013).

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Note 2. Industry levies and licence fees

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Industry Levies	1,042	1,038	1,042	1,038
Licence Fees	7,080	5,679	7,080	5,679
Total Industry Levies and Licence Fees	8,122	6,717	8,122	6,717

Note 3. Grants and contributions

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Grants and Contributions received from:				
Department of Primary Industries	12,235	12,949	12,235	12,949
Total Grants and Contributions	12,235	12,949	12,235	12,949

Note 4. Miscellaneous income and fees for services

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Audit and inspection fees (from the food industry)	1,970	1,845	1,970	1,845
Rent and Property Income (from sub-tenants)	54	48	54	48
Infringement charges and fines	214	193	214	193
Other income	857	1,363	839	1,363
Funding for FastChoices	720	300	720	300
Total Miscellaneous Income and Fees	3,815	3,749	3,797	3,749

Note 5. Investment revenue

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Interest Revenue	721	951	718	943
Less:				
Interest allocation to:-				
- Dairy Deregulation Assistance Fund	-	1	1	(1)
Net Interest Revenue	720	950	717	942

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Notes to the Financial Statements 30 June 2013

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

	Consolidated		Parent Entity	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Gain / (loss) on disposal of plant & equipment				
Proceeds from disposal	64	388	64	388
Written down value of assets disposed	(352)	(548)	(352)	(548)
Gain / (loss) on disposal of plant and equipment	(288)	(160)	(288)	(160)

Note 7. Employee Related Expenses / Personnel Services

	Consolidated		Parent Entity	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Salaries, allowances and annual leave	10,571	11,418	-	-
Superannuation	(462)	135	-	-
Workers Compensation	53	76	-	-
Fringe Benefit Tax	26	17	-	-
Long Service Leave	304	1,180	-	-
Payroll Tax	638	726	-	-
Redundancy payments	164	-	-	-
Personnel Services	-	-	4,075	31,008
Total Employee Related Expenses / Personnel Service:	11,294	13,552	4,075	31,008

Note 8. Other operating expenses

	Consolidated		Parent Entity	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Laboratory Services	1,424	1,489	1,424	1,489
Public Relations and Advertising	970	641	970	641
Miscellaneous Expenses	884	826	881	822
Contractors	724	1,316	706	1,314
Travel	601	581	601	581
Stores, Stationery & Printing	211	313	211	313
Postage & Telephone	390	382	390	382
Information Technology Costs	477	851	477	851
Consultancy (a)	176	140	176	140
External Audit Fees	102	97	102	95
Producer Levy Administration Fee	80	80	80	80
Staff Training	132	94	132	94
Rent	63	114	63	114
Legal Fees	56	227	56	227
Bad & Doubtful Debts	22	-	22	-
Financial Duty and Charges	10	12	10	12
Total Other Operating Expenses	6,322	7,163	6,301	7,155

(a) Consultancy

During the year, NSW Food Authority engaged 5 consultants at a total cost of \$176,054. This compares with 6 consultants last year at a cost of \$139,557.

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Note 9. Depreciation and amortisation expense

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Depreciation				
Buildings	285	285	285	285
Plant and equipment	278	282	278	282
Depreciation expense	563	567	563	567
Amortisation				
Intangibles	498	445	498	445
Amortisation expense	498	445	498	445
Total depreciation and amortisation	1,061	1,012	1,061	1,012

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	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Cash at Bank	9,328	6,509	9,328	6,309
Cash Advances	46	50	46	50
Total Cash	9,374	6,559	9,374	6,359
Short Term Deposits	9,344	9,294	9,344	9,294
Total Cash	18,718	15,853	18,718	15,653

Note 11. Receivables

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Receivables	1,725	1,541	1,725	1,541
Allowance for impairment of receivables	(274)	(277)	(274)	(277)
Total Receivables	1,451	1,264	1,451	1,264

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Movement in the allowance for impairment of receivables				
Balance at 1 July	277	301	277	301
Amounts written off during the year	(25)	(24)	(25)	(24)
Increase/(decrease) in allowance recognised in profit or loss	22	-	22	-
Balance at 30 June	274	277	274	277

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Notes to the Financial Statements
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Note 12. Property, plant and equipment

	Consolidated		Parent Entity	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Land:				
At fair value	1,725	1,725	1,725	1,725
Net carrying amount	1,725	1,725	1,725	1,725
Buildings:				
Gross carrying amount	6,875	6,875	6,875	6,875
Accumulated depreciation and impairment	(855)	(570)	(855)	(570)
Net carrying amount at fair value	6,020	6,305	6,020	6,305
Total Land and Buildings:				
Gross carrying amount	8,600	8,600	8,600	8,600
Accumulated depreciation and impairment	(855)	(570)	(855)	(570)
Net carrying amount at fair value	7,745	8,030	7,745	8,030
Plant and Equipment:				
At cost	2,387	2,748	2,387	2,748
Accumulated depreciation and impairment	(712)	(752)	(712)	(752)
Net carrying amount	1,675	1,996	1,675	1,996
Net Carrying Amount	9,420	10,026	9,420	10,026

Valuation of Land and Buildings as at 30 June 2010 was performed by First State Property Valuers and Crown Valuation Service Pty. Ltd. Management has considered and reviewed the movement of property indices for the year and deemed that there is no significant movement in the market value of the Land and Buildings as of 30 June 2013.

Management is of the view that the market value of the remaining assets is assessed as being the written down value at 30 June 2013.

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Notes to the Financial Statements
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12 (a) Reconciliation of carrying amounts

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

2013	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 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
Net carrying amount at 30 June 2013	7,745	1,675	7,745	1,675	9,420

2012	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 2011	8,315	2,027	8,315	2,027	10,342
Additions	-	799	-	799	799
Disposals	-	(1,487)	-	(1,487)	(1,487)
Gross revaluation increment less revaluation decrement	-	-	-	-	-
Depreciation expense	(285)	(282)	(285)	(282)	(567)
Depreciation written back on assets disposed	-	939	-	939	939
Net carrying amount at 30 June 2012	8,030	1,996	8,030	1,996	10,026

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Notes to the Financial Statements
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Note 13. Other financial assets

Investment in controlled companies

13 (a) Non-current other financial assets

	Parent Entity	
	2013	2012
	\$'000	\$'000
Controlled companies at fair value	-	198
Total Non-Current Other Financial Assets	-	198

13 (b) Reconciliation of carrying amounts

2013	Pacific Industry Services Corporation Pty Limited \$'000
Carrying amount at 1 July 2012	198
Operating surplus/(deficit)	(18)
Final dividend to shareholders	(180)
Carrying amount at 30 June 2013	-

The company was liquidated on 28 June 2013. Refer to Note 1(a) in the Notes to the Financial Statements.

Note 14. Intangibles

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Intangible Assets				
Software				
Cost	5,328	4,731	5,328	4,731
Accumulated amortisation and impairment	(2,115)	(1,618)	(2,115)	(1,618)
Net Carrying Amount	3,213	3,113	3,213	3,113

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14 (a) Reconciliation

The following table shows reconciliation of carrying amounts of intangibles at the beginning and end of the current

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Opening net carrying amount	3,113	3,271	3,113	3,271
Additions	598	287	598	287
Disposals	-	-	-	-
Net revaluation increment less revaluation decrement	-	-	-	-
Amortisation expense	(498)	(445)	(498)	(445)
Depreciation written back on assets disposed	-	-	-	-
Closing net carrying amount	3,213	3,113	3,213	3,113

Note 15. Payables

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Accrued salaries, wages, on-costs and payroll tax	272	297	-	-
Creditors	592	1,179	592	1,177
Office of the NSW Food Authority (Note 18c)	-	-	5,595	6,492
Total Payables	864	1,476	6,187	7,669

Note 16. Provisions

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
16 (a) Current provisions				
Annual leave	1,207	1,459	-	-
Long Service leave	4,116	4,736	-	-
Total Current Provisions	5,323	6,195	-	-
Total Provisions	5,323	6,195	-	-

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16 (b) Annual leave

The liability at 30 June 2013 was \$1,207,689 (2012 - \$1,459,420). This is based on leave entitlements at 30 June and presented at year-end remuneration rates at nominal value given there is no material difference from the present value.

The value of annual leave expected to be taken within twelve months is \$905,767 (2012 - \$1,094,565) and \$301,922 (2012 - \$364,855) after twelve months.

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Leave taken and entitlement for the year are as follows:				
Balance at beginning of the financial year	1,459	1,539	-	-
Less: Value of leave taken during the year	(1,074)	(948)	-	-
	385	591	-	-
Add: Value of increased entitlement during the year	822	868	-	-
Balance at the end of the financial year	1,207	1,459	-	-

The total amount of the annual leave provision as disclosed above includes oncosts.

16 (c) Long Service Leave

The total liability at 30 June 2013 was \$4,115,520 (2012 - \$4,735,756).

The value of long service leave expected to be taken within twelve months is \$3,909,744 (2012 - \$4,498,968) and \$205,776 (2012 - \$236,788) after twelve months.

This liability comprises:

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Short term - expected to be settled within 12 months	3,910	4,499	-	-
Long term - not expected to be settled within 12 months	206	237	-	-
Balance at the end of the financial year	4,116	4,736	-	-

The total amount of the long service leave provision as disclosed above includes oncosts.

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Notes to the Financial Statements 30 June 2013

Note 16(d) Superannuation

Accounting policy

Actuarial gains and losses are recognised immediately in other comprehensive income in the year in which they occur.

Fund information

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)
- 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.

All the Schemes are closed to new members.

Reconciliation of the present value of the defined benefit obligation

Financial Year to June 2013	SASS	SANCS	SSS	Total
	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
	\$'000	\$'000	\$'000	\$'000
Present value of partly funded defined benefit obligations at beginning of the year	4,426	1,049	58,129	63,604
Current service cost	145	43	30	218
Interest cost	130	30	1,738	1,898
Contributions by Fund participants	66	-	80	146
Actuarial (gains) / losses	67	102	(3,917)	(3,748)
Benefits paid	(1,027)	(298)	(2,160)	(3,485)
Past service cost	-	-	-	-
Curtailments	-	-	-	-
Settlements	-	-	-	-
Business Combinations	-	-	-	-
Exchange rate changes	-	-	-	-
Present value of partly funded defined benefit obligation at end of the year	3,807	926	53,900	58,633

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Financial Year to June 2012	SASS	SANCS	SSS	Total
	30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
	\$'000	\$'000	\$'000	\$'000
Present value of partly funded defined benefit obligations at beginning of the year	4,398	1,026	44,444	49,868
Current service cost	141	46	72	259
Interest cost	228	52	2,283	2,563
Contributions by Fund participants	70	-	91	161
Actuarial (gains) / losses	166	62	13,725	13,953
Benefits paid	(577)	(136)	(2,486)	(3,199)
Past service cost	-	-	-	-
Curtailements	-	-	-	-
Settlements	-	-	-	-
Business Combinations	-	-	-	-
Exchange rate changes	-	-	-	-
Present value of partly funded defined benefit obligation at end of the year	4,426	1,050	58,129	63,605

Reconciliation of the fair value of Fund assets

Financial Year to June 2013	SASS	SANCS	SSS	Total
	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
	\$'000	\$'000	\$'000	\$'000
Fair value of Fund assets at beginning of the year	3,083	678	34,358	38,119
Expected return on Fund assets	255	54	2,846	3,155
Actuarial gains/(losses)	54	54	3,363	3,471
Employer contributions	130	41	142	313
Contributions by Fund participants	66	-	80	146
Benefits paid	(1,027)	(298)	(2,160)	(3,485)
Settlements	-	-	-	-
Business combinations	-	-	-	-
Exchange rate changes	-	-	-	-
Fair value of Fund assets at end of the year	2,561	529	38,629	41,719

Financial Year to June 2012	SASS	SANCS	SSS	Total
	30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
	\$'000	\$'000	\$'000	\$'000
Fair value of Fund assets at beginning of the year	3,513	770	36,603	40,886
Expected return on Fund assets	303	65	3,050	3,418
Actuarial gains/(losses)	(391)	(66)	(3,046)	(3,503)
Employer contributions	165	46	145	356
Contributions by Fund participants	70	-	91	161
Benefits paid	(577)	(136)	(2,486)	(3,199)
Settlements	-	-	-	-
Business combinations	-	-	-	-
Exchange rate changes	-	-	-	-
Fair value of Fund assets at end of the year	3,083	679	34,357	38,119

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Reconciliation of the assets and liabilities recognised in the statements of financial position

Financial Year to June 2013	SASS	SANCS	SSS	Total
	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
	\$'000	\$'000	\$'000	\$'000
Present value of partly funded defined benefit obligations at end of year	3,807	926	53,900	58,633
Fair value of Fund assets at end of year	(2,561)	(530)	(38,628)	(41,719)
Subtotal	1,246	396	15,272	16,914
Unrecognised past service cost	-	-	-	-
Unrecognised gain/(loss)	-	-	-	-
Adjustment for limitation on net asset	-	-	-	-
Net Liability/(Asset) recognised in the statements of financial position at end of year	1,246	396	15,272	16,914

Financial Year to June 2012	SASS	SANCS	SSS	Total
	30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
	\$'000	\$'000	\$'000	\$'000
Present value of partly funded defined benefit obligations at end of year	4,426	1,050	58,129	63,605
Fair value of Fund assets at end of year	(3,083)	(678)	(34,358)	(38,119)
Subtotal	1,343	372	23,771	25,486
Unrecognised past service cost	-	-	-	-
Unrecognised gain/(loss)	-	-	-	-
Adjustment for limitation on net asset	-	-	-	-
Net Liability/(Asset) recognised in the statements of financial position at end of year	1,343	372	23,771	25,486

Expense recognised in the statements of comprehensive income

Financial Year to June 2013 Components Recognised in the statements of comprehensive incomes	SASS	SANCS	SSS	Total
	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
	\$'000	\$'000	\$'000	\$'000
Current service cost	145	43	30	218
Interest cost	130	30	1,738	1,898
Expected return on Fund assets (net of expenses)	(255)	(54)	(2,846)	(3,155)
Actuarial losses/(gains) recognised in year	-	-	-	-
Past service cost	-	-	-	-
Movement in adjustment for limitation on net assets	-	-	-	-
Curtailement on settlement (gain)/loss	-	-	-	-
Expense (income) recognised	20	19	(1,078)	(1,039)

Financial Year to June 2012 Components Recognised in the statements of comprehensive incomes	SASS	SANCS	SSS	Total
	30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
	\$'000	\$'000	\$'000	\$'000
Current service cost	141	46	72	259
Interest cost	228	52	2,283	2,563
Expected return on Fund assets (net of expenses)	(303)	(65)	(3,050)	(3,418)
Actuarial losses/(gains) recognised in year	-	-	-	-
Past service cost	-	-	-	-
Movement in adjustment for limitation on net assets	-	-	-	-
Curtailement on settlement (gain)/loss	-	-	-	-
Expense (income) recognised	66	33	(695)	(596)

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Amounts recognised in the statements of comprehensive income

Financial Year to June 2013	SASS	SANCS	SSS	Total
	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
	\$'000	\$'000	\$'000	\$'000
Actuarial (gains)/losses	13	48	(7,280)	(7,219)
Adjustment for limit on net asset	-	-	-	-

Financial Year to June 2012	SASS	SANCS	SSS	Total
	30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
	\$'000	\$'000	\$'000	\$'000
Actuarial (gains)/losses	557	128	16,771	17,456
Adjustment for limit on net asset	-	-	-	-

Cumulative amount recognised in other comprehensive income

Financial Year to June 2013	SASS	SANCS	SSS	Total
	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
	\$'000	\$'000	\$'000	\$'000
Cumulative amount of actuarial (gains)/losses	1,429	345	17,757	19,531
Cumulative adjustment for limitation on net asset	-	-	-	-

Financial Year to June 2012	SASS	SANCS	SSS	Total
	30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
	\$'000	\$'000	\$'000	\$'000
Cumulative amount of actuarial (gains)/losses	1,416	298	25,037	26,751
Cumulative adjustment for limitation on net asset	-	-	-	-

Fund assets

The percentage invested in each asset class at the end of reporting period:

	30-Jun-13
Australian equities	30.4%
Overseas equities	26.1%
Australian fixed interest securities	6.9%
Overseas fixed interest securities	2.2%
Property	8.3%
Cash	13.1%
Other	13.0%

	30-Jun-12
Australian equities	28.0%
Overseas equities	23.7%
Australian fixed interest securities	4.9%
Overseas fixed interest securities	2.4%
Property	8.6%
Cash	19.5%
Other	12.9%

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Fair value of Fund assets

All Fund assets are invested by STC at arm's length through independent fund managers.

Expected rate of return on assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual return on Fund assets

Financial Year to June 2013	SASS	SANCS	SSS	Total
	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
	\$'000	\$'000	\$'000	\$'000
Actual return on Fund assets	489	108	5,677	6,274

Financial Year to June 2012	SASS	SANCS	SSS	Total
	30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
	\$'000	\$'000	\$'000	\$'000
Actual return on Fund assets	(14)	2	10	(2)

Valuation method and principal actuarial assumptions at the statements of financial position date

a) Valuation method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

b) Economic Assumptions

	30-Jun-13	30-Jun-12
Salary increase rate (excluding promotional increases)		2.5% pa
2013/2014 (SASS, SSS and SANCS)	2.25% (PSS)	
2014/2015	2.95%	
2015/2016 to 2019/2020	2.25%	
2020 onwards	2.0% pa	
Rate of CPI increase	2.5% pa	2.5% pa
Expected rate of return on assets	2.5% pa	2.5% pa
Discount rate	8.6% pa	8.6% pa
	3.80% pa	3.06% pa

c) Demographic Assumptions

The demographic assumptions at 30 June 2013 are those that were used in the 2012 triennial actuarial valuation. The triennial report is available from The Treasury website.

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Historical information

Financial Year to June 2013	SASS	SANCS	SSS	Total
	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligation	3,807	926	53,900	58,633
Fair value of Fund assets	(2,561)	(530)	(38,628)	(41,719)
(Surplus)/Deficit in Fund	1,246	396	15,272	16,914
Experience adjustments – Fund liabilities	67	102	(3,917)	(3,748)
Experience adjustments – Fund assets	(54)	(54)	(3,363)	(3,471)

Financial Year to June 2012	SASS	SANCS	SSS	Total
	30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligation	4,426	1,050	58,129	63,605
Fair value of Fund assets	(3,083)	(678)	(34,358)	(38,119)
(Surplus)/Deficit in Fund	1,343	371	23,771	25,485
Experience adjustments – Fund liabilities	166	62	13,725	13,953
Experience adjustments – Fund assets	391	66	3,046	3,503

Financial Year to June 2011	SASS	SANCS	SSS	Total
	30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11
	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligation	4,398	1,026	44,444	49,868
Fair value of Fund assets	(3,513)	(770)	(36,603)	(40,886)
(Surplus)/Deficit in Fund	885	256	7,841	8,982
Experience adjustments – Fund liabilities	193	(3)	49	239
Experience adjustments – Fund assets	(125)	(5)	(342)	(472)

Financial Year to June 2010	SASS	SANCS	SSS	Total
	30-Jun-10	30-Jun-10	30-Jun-10	30-Jun-10
	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligation	3,731	903	44,418	49,052
Fair value of Fund assets	(2,815)	(620)	(35,472)	(38,908)
(Surplus)/Deficit in Fund	916	283	8,945	10,144
Experience adjustments – Fund liabilities	195	62	1,670	1,927
Experience adjustments – Fund assets	(39)	(1)	(188)	(229)

Financial Year to June 2009	SASS	SANCS	SSS	Total
	30-Jun-09	30-Jun-09	30-Jun-09	30-Jun-09
	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligation	3,221	899	41,873	45,993
Fair value of Fund assets	(2,435)	(670)	(33,824)	(36,929)
(Surplus)/Deficit in Fund	786	229	8,049	9,064
Experience adjustments – Fund liabilities	(420)	(26)	6,414	5,969
Experience adjustments – Fund assets	416	127	7,000	7,542

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Expected contributions

Financial Year to June 2013	SASS	SANCS	SSS	Total
	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
	\$'000	\$'000	\$'000	\$'000
Expected employer contributions to be paid in the next reporting period	124	42	128	294

Financial Year to June 2012	SASS	SANCS	SSS	Total
	30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
	\$'000	\$'000	\$'000	\$'000
Expected employer contributions to be paid in the next reporting period	133	49	146	328

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Funding arrangements for employer contributions

(a) Surplus/deficit

The following is a summary of the 30th June 2013 and 30th June 2012 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

Financial Year to June 2013	SASS	SANCS	SSS	Total
	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
	\$'000	\$'000	\$'000	\$'000
Accrued benefits	3,430	796	34,359	38,585
Net market value of Fund assets	(2,561)	(530)	(38,629)	(41,720)
Net (surplus)/deficit	869	266	(4,270)	(3,135)

Financial Year to June 2012	SASS	SANCS	SSS	Total
	30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
	\$'000	\$'000	\$'000	\$'000
Accrued benefits	3,837	891	33,731	38,459
Net market value of Fund assets	(3,083)	(678)	(34,358)	(38,119)
Net (surplus)/deficit	754	213	627	1,594

(b) Contribution recommendations

Recommended contribution rates for the entity are:

SASS		SANCS		SSS	
30-Jun-13	30-Jun-12	30-Jun-13	30-Jun-12	30-Jun-13	30-Jun-12
multiple of member contributions		% member salary		multiple of member contributions	
1.90	1.90	2.50	2.50	1.60	1.60

(c) Funding method

Contribution rates are set after discussions between the employer, STC and The Treasury.

(d) Economic assumptions

The economic assumptions adopted for the 2012 actuarial review of the Fund are:

Weighted-Average Assumptions	30-Jun-13	30-Jun-12
Expected rate of return on Fund assets backing current pension liabilities	8.3% pa	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa	7.3% pa
Expected salary increase rate	SASS, SANCS, SSS 2.7% pa (PSS 3.5% pa) for 6 years then 4.0% pa	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	2.5% pa

Nature of asset/liability

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of fund assets and the defined benefit obligation.

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Note 17. Reconciliation of net cash provided by operating activities to operating result

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Net surplus/(deficit) for the year	5,382	1,830	12,601	(15,626)
Depreciation and amortisation	1,061	1,012	1,061	1,012
Loss on liquidation of Non-Current Investment	-	-	18	-
Loss on disposal of Non-Current Assets	288	160	288	160
Doubtful Debts Written Off	(3)	(24)	(3)	(24)
(Increase) / Decrease in Receivables	(184)	28	(184)	33
(Decrease) / Increase in Other Payables	(613)	131	(1,483)	897
(Decrease) / Increase in Industry Funds	1	1	1	1
(Decrease) / Increase in Provisions	(872)	763	-	-
(Decrease) / Increase in Other Non-Current Liabilities	(1,353)	(952)	(8,572)	16,504
Net Cash Flows From Operating Activities	3,707	2,949	3,727	2,957

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Note 18. Related Parties

18 (a) Wholly-owned group

Details of wholly-owned controlled entities are set out at notes 1 (a) and 13 (a)&(b). Details of dealings with these

18 (b) Consolidation summary

2013	Total	Operating	Total
	Income	result	assets
	\$'000	\$'000	\$'000
NSW Food Authority	24,871	12,601	32,802
Office of the NSW Food Authority	4,075	(7,219)	22,509
Pacific Industry Services Corporation Pty Limited	3	(18)	-
Consolidation eliminations	(4,057)	18	(22,509)
Total	24,892	5,382	32,802

2012	Total	Operating	Total
	Income	result	assets
	\$'000	\$'000	\$'000
NSW Food Authority	24,357	(15,626)	30,254
Office of the NSW Food Authority	31,008	17,456	31,978
Pacific Industry Services Corporation Pty Limited	8	-	201
Consolidation eliminations	(31,008)	-	(32,177)
Total	24,365	1,830	30,256

18 (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.

Outstanding balances

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

	2013	2012
	\$'000	\$'000
<i>Current Receivables</i>		
The Office of the NSW Food Authority	-	-
	<u>-</u>	<u>-</u>
<i>Current Payables</i>		
	<u>5,595</u>	<u>6,492</u>
<i>Non-current Payables</i>		
The Office of the NSW Food Authority	<u>16,914</u>	<u>25,486</u>

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Note 19. Expenditure Commitments**Contractual commitments**

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Not later than one year	1,611	1,858	1,611	1,858
Later than one year and not later than 5 years	-	-	-	-
Total (including GST)	1,611	1,858	1,611	1,858

Representing non cancellable contracts:

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Computer Systems	205	333	205	333
Contract Laboratory Services	1,384	1,502	1,384	1,502
Maintenance	22	23	22	23
Total (including GST)	1,611	1,858	1,611	1,858

The total expenditure commitments above include input tax credits of \$146,460 (\$168,851 in 2011/2012) that are expected to be recoverable from the Australian Taxation Office.

Note 20. Contingent assets and contingent liabilities**(a) NSW Food Authority**

The Authority have contingent assets of \$350,000 at 30 June 2013 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 2013 (2011/2012 nil).

(b) The Office of the NSW Food Authority

The Office of the NSW Food Authority has no material contingent assets or contingent liabilities at 30 June 2013 (2011/2012 nil).

Note 21. Segment information

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

Note 22. Events subsequent to balance date

There were no significant events subsequent to 30th June 2013 and prior to the date of these statements.

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Note 23. Other current liabilities

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Milk Industry Funds	31	30	31	30
Total Other Current Liabilities	31	30	31	30

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.

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

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	30	29	30	29
Add :				
Interest received	1	1	1	1
	31	30	31	30
Less:				
Payments/transfers between funds	-	-	-	-
Milk Industry Funds Balance at 30 June	31	30	31	30

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30 June 2013**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	
			2013 \$'000	2012 \$'000
Class:				
Cash and cash equivalents	10	N/A	18,718	15,653
Receivables ¹	11	Loans and receivables (at amortised cost)	1,377	1,074
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:				
Payables ²	15	Financial liabilities measured at amortised cost	592	1,177

(ii) Financial instrument categories : Consolidated

Financial Assets	Note	Category	Carrying Amount	
			2013 \$'000	2012 \$'000
Class:				
Cash and cash equivalents	10	N/A	18,718	15,853
Receivables ¹	11	Loans and receivables (at amortised cost)	1,377	1,074
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:				
Payables ²	15	Financial liabilities measured at amortised cost	864	1,179

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 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.

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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 (2013: nil ; 2012: \$376,000) and not less than 30 days past due (2013: \$479,000 ; 2012: \$429,000) are not considered impaired and together these represent 100% 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 ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$'000	\$'000	\$'000
2013			
< 3 months overdue	98	98	-
3 months - 6 months overdue	54	54	-
> 6 months overdue	309	309	-
2012			
< 3 months overdue	75	75	-
3 months - 6 months overdue	54	54	-
> 6 months overdue	300	300	-

(ii) Consolidated

	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$'000	\$'000	\$'000
2013			
< 3 months overdue	98	98	-
3 months - 6 months overdue	54	54	-
> 6 months overdue	309	309	-
2012			
< 3 months overdue	75	75	-
3 months - 6 months overdue	54	54	-
> 6 months overdue	300	300	-

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.

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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 2.51% (2012– 3.95%), while over the year the weighted average interest rate was 3.61% (2012 – 4.78%) on a weighted average balance during the year of \$1,478,690 (2012 – \$1,415,779). 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 on any 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 Treasurer's Direction 219.01. 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. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. No interest was applied during the year (2011/12 – 0%).

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	Interest Rate Exposure				Maturity Dates		
		Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
2013 Payables		592	-	-	592	592	-	-
		592	-	-	592	592	-	-
2012 Payables		1,177	-	-	1,177	1,177	-	-
		1,177	-	-	1,177	1,177	-	-

Maturity analysis and interest rate exposure of financial liabilities

(ii) Consolidated	Weighted Average Effective Int. Rate	Interest Rate Exposure				Maturity Dates		
		Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
2013 Payables		864	-	-	864	864	-	-
		864	-	-	864	864	-	-
2012 Payables		1,179	-	-	1,179	1,179	-	-
		1,179	-	-	1,179	1,179	-	-

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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 2012. 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
2013					
<i>Financial assets</i>					
Cash and cash equivalents	18,718	(187)	-	187	-
Receivables	2,437	-	-	-	-
<i>Financial liabilities</i>					
Payables	592	-	-	-	-
2012					
<i>Financial assets</i>					
Cash and cash equivalents	15,653	(157)	-	157	-
Receivables	1,074	-	-	-	-
<i>Financial liabilities</i>					
Payables	1,177	-	-	-	-

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(ii)	Consolidated				
	Carrying Amount \$'000	-1% Result \$'000	Equity \$'000	1% Result \$'000	Equity \$'000
2013					
<i>Financial assets</i>					
Cash and cash equivalents	18,718	(187)	-	187	-
Receivables	2,437	-	-	-	-
<i>Financial liabilities</i>					
Payables	864	-	-	-	-
2012					
<i>Financial assets</i>					
Cash and cash equivalents	15,853	(159)	-	159	-
Receivables	1,074	-	-	-	-
<i>Financial liabilities</i>					
Payables	1,476	-	-	-	-

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	2013 \$'000	2012 \$'000
Cash facility	Cash, money market instruments	Up to 1.5 years	1,505	1,452

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

NSW FOOD AUTHORITY
ABN 47 080 404 416

Notes to the Financial Statements
30 June 2013

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. However, TCorp acts as manager for part of the Cash Facility. 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	
		2013 \$'000	2012 \$'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

The Authority uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

- o Level 1 - Derived from quoted prices in active markets for identical assets/liabilities.
- o Level 2 - Derived from inputs other than quoted prices that are observable directly or indirectly.
- o Level 3 - Derived from valuation techniques that include inputs for the asset/liability not based on observable market data (unobservable inputs)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2013 Total \$'000
Financial assets at fair value				
Tcorp Hour-Glass Invt. Facility	-	1,505	-	1,505

(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 2013.

END OF AUDITED FINANCIAL STATEMENTS

Financial Information 2012–13

NSW FOOD AUTHORITY
ABN 47 080 404 416

Supplementary Financial Information

1. NSW Food Authority Consolidated Economic Entity
Performance against Budget

	Budget 2013 \$'000	Actual 2013 \$'000	Budget 2014 \$'000
Revenue			
Industry levies	1,000	1,042	1,000
License fees	5,566	7,080	6,028
Grants and contributions	12,460	12,235	11,293
Audit and inspection fees	1,688	1,970	1,880
Rent and property income	22	54	45
Fines and penalties	200	214	200
Interest Income	1,000	720	850
Miscellaneous	717	1,577	658
Total Revenue	22,653	24,892	21,954
Expenditure			
Employee related expenses	14,926	11,294	14,644
Consultancy	118	176	122
Contractors	986	724	544
External audit fees - current year	100	102	103
Bad & doubtful debts	-	22	-
FBT, financial duty and charges	12	10	12
Grants and subsidies	595	545	633
Information technology costs	735	477	514
Laboratory services	1,461	1,424	1,341
Legal fees	252	56	258
Loss on disposal of non-current assets	-	288	-
Miscellaneous expenses	671	884	1,154
Postage & telephone	271	390	280
Producer levy administration fee	100	80	90
Public relations and advertising	271	970	59
Rent	56	63	58
Staff training	69	132	125
Stores, stationery & printing	214	211	278
Travel	621	601	641
Depreciation and amortisation	1,030	1,061	1,030
Total Expenditure	22,488	19,510	21,886
Surplus for the year	165	5,382	68

NSW FOOD AUTHORITY
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NSW Food Authority Consolidated Economic Entity

Supplementary Financial Information

2. 2012/13 Revenue and expenditure budget

The 2012/13 budget information represents the original operating budget for the NSW Food Authority for the year, depicting a surplus of \$165,000. The actual operating result for the entity was a surplus of \$5,382,000 mainly due to actual revenue exceeding the budget and actual expenditure results are below the budget.

Actual total Authority's revenue is \$24,892,000 and exceeds budgeted revenue of \$22,653,000 by \$2,239,000 mainly due to unbudgeted license fee revenue for \$1,200,000 issued in May 2013 to strictly comply with Food Regulation 2010 and unbudgeted funding from the NSW Ministry of Health to support the implementation, promotion and evaluation of the FastChoices program in the amount of \$720,000.

Actual total Authority's expenditure of \$19,510,000 is below the budgeted expenditure of \$22,488,000 by \$2,978,000 mainly due to savings in employee related expenditures brought about by unfilled positions due to resignations during the year and employee provisions year end revaluations.

3. Major assets

Property held by the NSW Food Authority

	At Cost 2013 \$'000	At Valuation 2013 \$'000	WDV 2013 \$'000	WDV 2012 \$'000
Taree Office	-	600	525	550
Sydney Office	-	8,000	7,220	7,480
Total property held	-	8,600	7,745	8,030

4. Credit card use

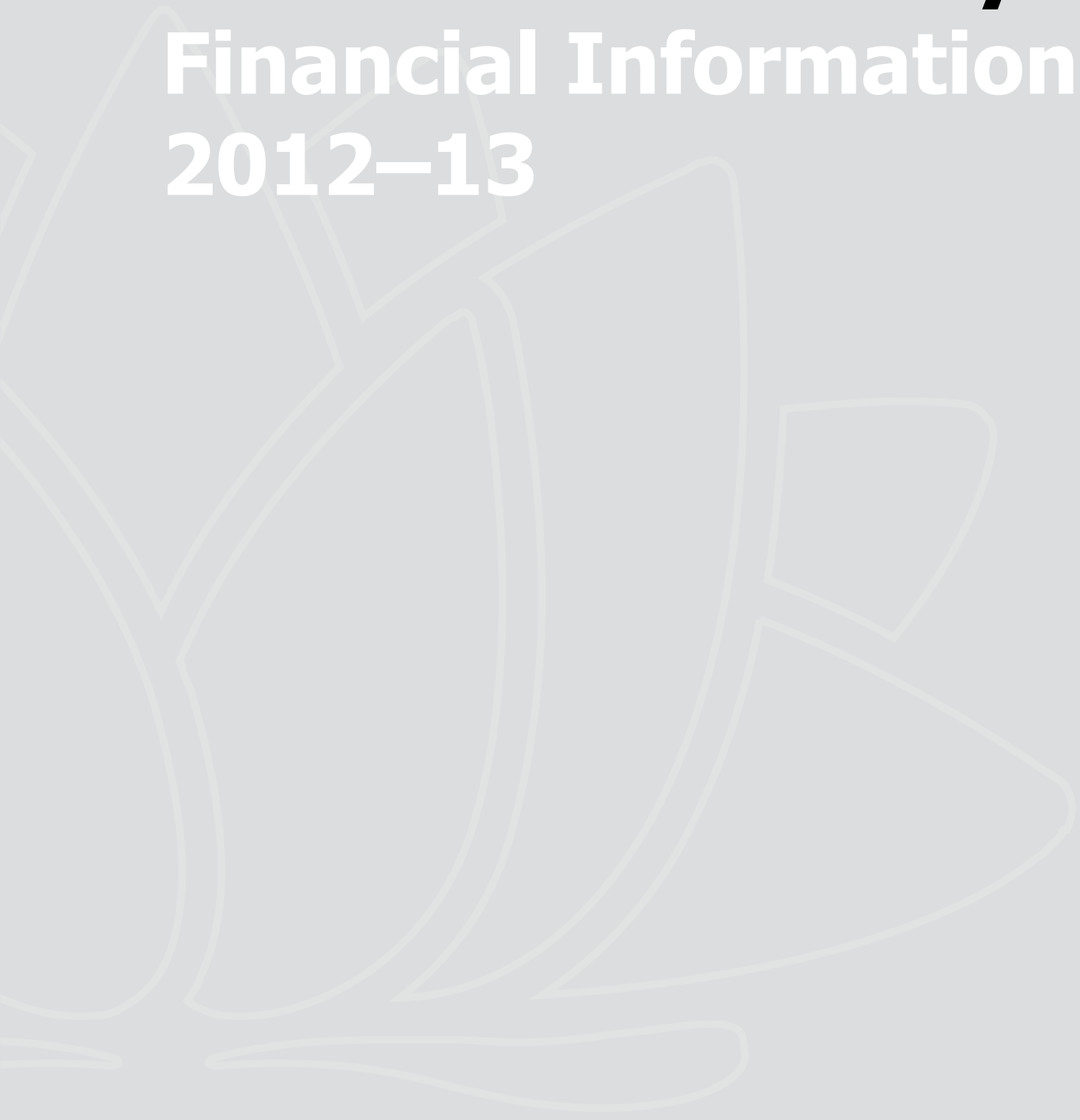
I certify that credit card use in 2012-13 in the NSW Food Authority has been in accordance with Premier's Memoranda and Treasurer's Directions.



P Bennett
Chief Executive Officer
NSW Food Authority

Office of the NSW Food Authority

Financial Information 2012–13



Financial Information 2012–13

Statement by the Acting Director-General of the Office of the NSW Food Authority

Pursuant to the requirements of section 45F(1B) of the *Public Finance and Audit Act 1983*, I, Jeannine Biviano, Acting Director-General of the Office of the NSW Food Authority declare that in my opinion:

1. The accompanying Financial Statements consisting of the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and the Notes thereto of the Office of NSW Food Authority, for the financial year ended 30 June 2013 exhibit a true and fair view of the financial position and transactions of the Office of NSW Food Authority.
2. The Financial Statements have been prepared in accordance with applicable Australian Accounting Standards which include 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 Financial Statements to be misleading or inaccurate.



Jeannine Biviano
Acting Director-General
Office of the NSW Food Authority

21st October 2013

Financial Information 2012–13



INDEPENDENT AUDITOR'S REPORT

Office of the New South Wales Food Authority

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Office of the New South Wales Food Authority (the Office), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion the financial statements:

- give a true and fair view of the financial position of the Office as at 30 June 2013, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (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 Director- General's Responsibility for the Financial Statements

The Director-General 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 Director-General determines is necessary to enable the preparation of the 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 Office's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Director-General, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

- about the future viability of the Office
- 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 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 October 2013
SYDNEY

Financial Information 2012–13

START OF AUDITED FINANCIAL STATEMENTS

OFFICE OF THE NSW FOOD AUTHORITY
ABN 53 410 560 411

Statement of Comprehensive Income for the Year Ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
Revenue from continuing operations			
Personnel services income	4	<u>4,075</u>	<u>31,008</u>
Total revenue from continuing operations		<u>4,075</u>	<u>31,008</u>
Expenses from continuing operations			
Employee related expenses	5	<u>11,294</u>	<u>13,552</u>
Total expenses from continuing operations		<u>11,294</u>	<u>13,552</u>
Net surplus/(deficit) from continuing operations		<u>(7,219)</u>	<u>17,456</u>
Other comprehensive income			
Actuarial gain/(losses) on defined benefit superannuation	9(c)	<u>7,219</u>	<u>(17,456)</u>
Total comprehensive income/(loss) for the year		<u>-</u>	<u>-</u>

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

Financial Information 2012–13

OFFICE OF THE NSW FOOD AUTHORITY
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Statement of Financial Position as at 30 June 2013

	Notes	2013 \$'000	2012 \$'000
ASSETS			
Current Assets			
Receivables	6	<u>5,595</u>	<u>6,492</u>
Total Current Assets		<u>5,595</u>	<u>6,492</u>
Non-Current Assets			
Receivables	6	<u>16,914</u>	<u>25,486</u>
Total Non-Current Assets		<u>16,914</u>	<u>25,486</u>
TOTAL ASSETS		<u>22,509</u>	<u>31,978</u>
LIABILITIES			
Current Liabilities			
Payables	7	272	297
Provisions	9	<u>5,323</u>	<u>6,195</u>
Total Current Liabilities		<u>5,595</u>	<u>6,492</u>
Non-Current Liabilities			
Superannuation Provision	9(c)	<u>16,914</u>	<u>25,486</u>
Total Non-Current Liabilities		<u>16,914</u>	<u>25,486</u>
TOTAL LIABILITIES		<u>22,509</u>	<u>31,978</u>
NET ASSETS		<u>-</u>	<u>-</u>
EQUITY			
Reserves		-	-
Accumulated Funds		<u>-</u>	<u>-</u>
Total Equity		<u>-</u>	<u>-</u>

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

Financial Information 2012–13

**OFFICE OF THE NSW FOOD AUTHORITY
ABN 53 410 560 411**

Statement of Changes in Equity for the Year Ended 30 June 2013

	Notes	Accumulated Funds \$'000
Balance at 1 July 2012		-
Total comprehensive income for the year		
Net surplus/(deficit) for the year		(7,219)
Actuarial gains/(losses) on defined benefit superannuation		<u>7,219</u>
Balance at 30 June 2013		<u>-</u>
Balance at 1 July 2011		-
Total comprehensive income for the year		
Net surplus/(deficit) for the year		17,456
Actuarial (losses)/gains on defined benefit superannuation		<u>(17,456)</u>
Balance at 30 June 2012		<u>-</u>

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

Financial Information 2012–13

OFFICE OF THE NSW FOOD AUTHORITY
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Statement of Cash Flows for the Year Ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
Cash Flows from Operating Activities			
Payments to suppliers and employees		-	-
Income from personnel services		-	-
		<u>-</u>	<u>-</u>
Net Cash (Outflow)/Inflow from Operating Activities		<u>-</u>	<u>-</u>
Net Cash (Outflow)/Inflow from Investing Activities		<u>-</u>	<u>-</u>
Net Cash (Outflow)/Inflow from Financing Activities		<u>-</u>	<u>-</u>
Net Increase/(Decrease) in Cash and Cash Equivalents		-	-
Opening cash and cash equivalents		-	-
		<u>-</u>	<u>-</u>
Cash and Cash Equivalents at the end of the year		<u><u>-</u></u>	<u><u>-</u></u>

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

Financial Information 2012–13

THE OFFICE OF THE NSW FOOD AUTHORITY ABN 53 410 560 411

Notes to the Financial Statements 30 June 2013

Note 1. Summary of significant accounting policies

(a) Reporting entity

The Office of the NSW Food Authority (the Office) is a Division of the Government Service, established pursuant to Part 1 of Schedule 1 to the *Public Sector Employment and Management Act 2002*. It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in Australia and its principal office is at 6 Avenue of the Americas, Newington, 2127, New South Wales.

The Office's objective is to provide personnel services to the parent entity, the NSW Food Authority.

The Office assumes all responsibility for the employees and employee-related liabilities of the NSW Food Authority. All liabilities are recognised together with an offsetting receivable and cash payments representing the related funding due from the NSW Food Authority.

The Financial Statements were authorised for issue by the Director-General on the date on which accompanying statement by the Director-General was signed.

(b) Statement of preparation

The Office prepares its Financial Statements as a 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.

Generally, the historical cost basis of accounting has been adopted and the Financial Statements do not take into account changing money values or current valuations.

Where these requirements are inconsistent, the Office applies the legislative provisions. There were no inconsistencies in the years covered in this Financial Statements.

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

Judgements, key assumptions and estimations that management have made are disclosed in the relevant notes to the Financial Statements.

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

(c) Statement of compliance

The Financial Statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Segment reporting

The Office operates in one geographical segment (New South Wales) and in one industry. Its principal activity is to supply personnel services to its parent entity, the NSW Food Authority.

(e) Revenue recognition

Revenue is measured at fair value of the consideration or contribution received or receivable and represents amounts receivable for services rendered in the normal course of the Office's operations, net of GST. Revenue from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

THE OFFICE OF THE NSW FOOD AUTHORITY
ABN 53 410 560 411

Notes to the Financial Statements
30 June 2013

(f) Employee benefits

(i) Salaries and wages, annual leave and sick leave

Liabilities for salaries and wages including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised as short term employee benefits and measured at undiscounted amounts expected to be paid when the liabilities are settled.

The Office does not recognise a liability for unused non-vested sick leave entitlement because the Office estimate that, on average, the sick leave taken each year is less than the entitlement accrued.

(ii) Long service leave

The Office recognises long service leave liability as a long-term employee benefit. 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 (specific in NSWTC 12-06) 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.

(iii) Superannuation

The Superannuation Schemes for the Office of the NSW Food 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 which receive Superannuation Guarantee Contributions (SGC).

The first three schemes are defined benefit schemes, which are closed to new entrants. AASB 119 – *Employee Benefits* requires the defined benefit obligation to be discounted using the government bond rate at each reporting date. Note 9(c) details the reserves, overfunding, provisions and other disclosures provided by the scheme actuary.

The Office has an ongoing obligation for the First State Superannuation (FSS) and the other SGC schemes because they are accumulation schemes. Calculation of the total liability for superannuation is based on actuarial advice.

The superannuation liability is recognised in the Office of the NSW Food Authority. It is the difference between the gross liabilities and the stake in the funds at reporting date in respect of the Office employees (refer to Note 9(c)). 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.

(g) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statements of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Financial Information 2012–13

THE OFFICE OF THE NSW FOOD AUTHORITY ABN 53 410 560 411

Notes to the Financial Statements 30 June 2013

(h) Receivables

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

These receivables are reviewed on an ongoing basis. When there is objective evidence that the Office 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.

(i) Payables

The Office carries liabilities for trade creditors and other payables, which are initially recognised at fair value, usually based on the transaction cost or face value. These payables are subsequently measured at an amortised cost using the effective interest rate method.

Trade payables with no stated interest rate are measured at the original invoice amount where the effect of the discounting is immaterial. Amounts owing to suppliers (which are unsecured) are settled in accordance with Treasurer's Direction 219.01. 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 statement is received.

(j) Provisions

The Office recognises provisions when there are legal or constructive obligations 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.

The Office recognises provisions for employee benefits.

(k) Comparatives

Where necessary, the Office has reclassified and repositioned comparatives to be consistent with current year disclosures except when an Australian Accounting Standard permits or requires otherwise.

(l) New Australian Accounting Standards issued but not effective

At the reporting date, the following accounting standards adopted by the AASB had been issued but not yet effective or are not yet applicable to not for profit entities in Australia. These standards have not been early adopted by the Office. The initial application of these standards will have no material impact on the financial results of the Office.

AASB newly issued standards

- AASB 9 'Financial Instruments' (Issued September 2012).
- AASB 10 'Consolidated Financial Statements' (Issued August 2011).
- AASB 11 'Joint Arrangements' (Issued August 2011).
- AASB 12 'Disclosure of Interests in Other Entities' (Issued August 2011).
- AASB 127 'Separate Financial Statements' (Issued August 2011).
- AASB 128 'Investments in Associates and Joint Ventures' (Issued August 2011).
- AASB 1053 'Application of Tiers of Australian Accounting Standards' (Issued June 2010).

AASB amending standards

- AASB 2010-2 'Amendments to Australian Accounting Standards arising from Reduced Disclosure' (Issued June 2010).
- AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)' (Issued September 2012).
- AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements' (Issued July 2011).
- AASB 2011-6 'Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements' (Issued July 2011).

**THE OFFICE OF THE NSW FOOD AUTHORITY
ABN 53 410 560 411**

**Notes to the Financial Statements
30 June 2013**

- AASB 2011-11 'Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements' (issued Sep 2011).
- AASB 2012-1 'Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements' (Issued March 2012).
- AASB 2012-3 'Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities' (Issued June 2012).
- AASB 2012-7 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements' (Issued September 2012).
- AASB 2012-11 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements and Other Amendments' (Issued December 2012).
- AASB 2013-1 'Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements' (Issued March 2013).

Financial Information 2012–13

OFFICE OF THE NSW FOOD AUTHORITY ABN 53 410 560 411

Notes to the Financial Statements 30 June 2013

Note 2. General

The Office is a special purpose services entity controlled by the parent entity, NSW Food Authority.

Note 3. Remuneration of auditors

Fees for the audit of the Office of the NSW Food Authority's 2013 financial report were included as part of total audit fees paid to *The Audit Office of New South Wales* by the parent entity, NSW Food Authority.

Note 4. Personnel Services Income

	2013	2012
	\$'000	\$'000
Personnel Services provided to NSW Food Authority	4,075	31,008
Total Personnel Services Income	4,075	31,008

Note 5. Employee Related Expenses

	2013	2012
	\$'000	\$'000
Salaries, allowances and annual leave	10,571	11,418
Superannuation	(462)	136
Workers Compensation	53	76
Fringe Benefit Tax	26	17
Long Service Leave	304	1,180
Payroll tax	638	725
Redundancy payments	164	-
Total Employee Related Expenses	11,294	13,552

OFFICE OF THE NSW FOOD AUTHORITY
ABN 53 410 560 411

Notes to the Financial Statements
30 June 2013

Note 6. Receivables

	2013	2012
	\$'000	\$'000
Accounts Receivable (receivable from NSW Food Authority)		
Current receivables	5,595	6,492
Non- Current receivables 9(c)	16,914	25,486
Total Receivables	22,509	31,978

Note 7. Payables

	2013	2012
	\$'000	\$'000
Accrued salaries, wages, on-costs and payroll tax	272	297
Total Payables	272	297

Note 8. Related party information

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 are for the supply of personnel services to NSW Food Authority.

Outstanding balances

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

	2013	2012
	\$'000	\$'000
<i>Current & Non-Current Receivables</i>		
Parent entity (NSW Food Authority)	22,509	31,978
<i>Non-Current Payables</i>		
Parent entity (NSW Food Authority)	-	-

Financial Information 2012–13

OFFICE OF THE NSW FOOD AUTHORITY
ABN 53 410 560 411

Notes to the Financial Statements
30 June 2013

Note 9. Provisions

Employee benefits and related oncosts:

	2013	2012
	\$'000	\$'000
Current Provisions		
Annual Leave (a)	1,207	1,459
Long Service Leave (b)	4,116	4,736
Total Current Provisions	5,323	6,195
Non-Current Provisions		
Superannuation Provisions (c)	16,914	25,486
Total Non-current Provisions	16,914	25,486
Total Provisions	22,237	31,681

Note 9. (a) Annual leave

The liability at 30 June 2013 was \$1,207,669 (2012 - \$1,459,420). This is based on leave entitlements at 30 June and presented at year-end remuneration rates at nominal value given there is no material difference from the present value.

The value of annual leave expected to be taken within twelve months is \$905,767 (2012 - \$1,094,565) and \$301,922 (2012 - \$364,855) after twelve months.

	2013	2012
	\$'000	\$'000
Leave taken and entitlement for the year are as follows:		
Balance at beginning of the financial year	1,459	1,539
Less: Value of leave taken during the year	(1,074)	(948)
	385	591
Add: Value of increased entitlement during the year	822	868
Balance at the end of the financial year	1,207	1,459

The total amount of the annual leave provision as disclosed above includes oncosts.

OFFICE OF THE NSW FOOD AUTHORITY
ABN 53 410 560 411

Notes to the Financial Statements
30 June 2013

Note 9. (b) Long Service Leave

The total liability at 30 June 2013 was \$4,115,520 (2012 - \$4,735,756).

The value of long service leave expected to be taken within twelve months is \$3,909,744 (2012 - \$4,498,968) and \$205,776 (2012 - \$236,788) after twelve months.

This liability comprises:

	2013	2012
	\$'000	\$'000
Short term - expected to be settled within 12 months	3,910	4,499
Long term - not expected to be settled within 12 months	206	237
Balance at the end of the financial year	4,116	4,736

The total amount of the long service leave provision as disclosed above includes oncosts.

Financial Information 2012–13

OFFICE OF THE NSW FOOD AUTHORITY
ABN 53 410 560 411

Notes to the Financial Statements
30 June 2013

Note 9(c) Superannuation

Accounting policy

Actuarial gains and losses are recognised immediately in other comprehensive income in the year in which they occur.

Fund information

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)
- 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.

All the Schemes are closed to new members.

Reconciliation of the present value of the defined benefit obligation

Financial Year to June 2013	SASS	SANCS	SSS	Total
	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
	\$'000	\$'000	\$'000	\$'000
Present value of partly funded defined benefit obligations at beginning of the year	4,426	1,049	58,129	63,604
Current service cost	145	43	30	218
Interest cost	130	30	1,738	1,898
Contributions by Fund participants	66	-	80	146
Actuarial (gains) / losses	67	102	(3,917)	(3,748)
Benefits paid	(1,027)	(298)	(2,160)	(3,485)
Past service cost	-	-	-	-
Curtailments	-	-	-	-
Settlements	-	-	-	-
Business Combinations	-	-	-	-
Exchange rate changes	-	-	-	-
Present value of partly funded defined benefit obligation at end of the year	3,807	926	53,900	58,633

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30 June 2013

Financial Year to June 2012	SASS	SANCS	SSS	Total
	30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
	\$'000	\$'000	\$'000	\$'000
Present value of partly funded defined benefit obligations at beginning of the year	4,398	1,026	44,444	49,868
Current service cost	141	46	72	259
Interest cost	228	52	2,283	2,563
Contributions by Fund participants	70	-	91	161
Actuarial (gains) / losses	166	62	13,725	13,953
Benefits paid	(577)	(136)	(2,486)	(3,199)
Past service cost	-	-	-	-
Curtailments	-	-	-	-
Settlements	-	-	-	-
Business Combinations	-	-	-	-
Exchange rate changes	-	-	-	-
of the year	4,426	1,050	58,129	63,605

Reconciliation of the fair value of Fund assets

Financial Year to June 2013	SASS	SANCS	SSS	Total
	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
	\$'000	\$'000	\$'000	\$'000
Fair value of Fund assets at beginning of the year	3,083	678	34,358	38,119
Expected return on Fund assets	255	54	2,846	3,155
Actuarial gains/(losses)	54	54	3,363	3,471
Employer contributions	130	41	142	313
Contributions by Fund participants	66	-	80	146
Benefits paid	(1,027)	(298)	(2,160)	(3,485)
Settlements	-	-	-	-
Business combinations	-	-	-	-
Exchange rate changes	-	-	-	-
Fair value of Fund assets at end of the year	2,561	529	38,629	41,719

Financial Year to June 2012	SASS	SANCS	SSS	Total
	30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
	\$'000	\$'000	\$'000	\$'000
Fair value of Fund assets at beginning of the year	3,513	770	36,603	40,886
Expected return on Fund assets	303	65	3,050	3,418
Actuarial gains/(losses)	(391)	(66)	(3,046)	(3,503)
Employer contributions	165	46	145	356
Contributions by Fund participants	70	-	91	161
Benefits paid	(577)	(136)	(2,486)	(3,199)
Settlements	-	-	-	-
Business combinations	-	-	-	-
Exchange rate changes	-	-	-	-
Fair value of Fund assets at end of the year	3,083	679	34,357	38,119

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Reconciliation of the assets and liabilities recognised in the statements of financial position

Financial Year to June 2013	SASS	SANCS	SSS	Total
	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
	\$'000	\$'000	\$'000	\$'000
Present value of partly funded defined benefit obligations at end of year	3,807	926	53,900	58,633
Fair value of Fund assets at end of year	(2,561)	(530)	(38,628)	(41,719)
Subtotal	1,246	396	15,272	16,914
Unrecognised past service cost	-	-	-	-
Unrecognised gain/(loss)	-	-	-	-
Adjustment for limitation on net asset	-	-	-	-
Net Liability/(Asset) recognised in the statements of financial position at end of year	1,246	396	15,272	16,914

Financial Year to June 2012	SASS	SANCS	SSS	Total
	30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
	\$'000	\$'000	\$'000	\$'000
Present value of partly funded defined benefit obligations at end of year	4,426	1,050	58,129	63,605
Fair value of Fund assets at end of year	(3,083)	(678)	(34,358)	(38,119)
Subtotal	1,343	372	23,771	25,486
Unrecognised past service cost	-	-	-	-
Unrecognised gain/(loss)	-	-	-	-
Adjustment for limitation on net asset position at end of year	-	-	-	-
	1,343	372	23,771	25,486

Expense recognised in the statements of comprehensive income

Financial Year to June 2013 Components Recognised in the statements of comprehensive incomes	SASS	SANCS	SSS	Total
	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
	\$'000	\$'000	\$'000	\$'000
Current service cost	145	43	30	218
Interest cost	130	30	1,738	1,898
Expected return on Fund assets (net of expenses)	(255)	(54)	(2,846)	(3,155)
Actuarial losses/(gains) recognised in year	-	-	-	-
Past service cost	-	-	-	-
Movement in adjustment for limitation on net assets	-	-	-	-
Curtailment on settlement (gain)/loss	-	-	-	-
Expense (income) recognised	20	19	(1,078)	(1,039)

Financial Year to June 2012 Components Recognised in the statements of comprehensive incomes	SASS	SANCS	SSS	Total
	30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
	\$'000	\$'000	\$'000	\$'000
Current service cost	141	46	72	259
Interest cost	228	52	2,283	2,563
Expected return on Fund assets (net of expenses)	(303)	(65)	(3,050)	(3,418)
Actuarial losses/(gains) recognised in year	-	-	-	-
Past service cost	-	-	-	-
Movement in adjustment for limitation on net assets	-	-	-	-
Curtailment on settlement (gain)/loss	-	-	-	-
Expense (income) recognised	66	33	(695)	(596)

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Amounts recognised in the statements of comprehensive income

Financial Year to June 2013	SASS	SANCS	SSS	Total
	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
	\$'000	\$'000	\$'000	\$'000
Actuarial (gains)/losses	13	48	(7,280)	(7,219)
Adjustment for limit on net asset	-	-	-	-

Financial Year to June 2012	SASS	SANCS	SSS	Total
	30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
	\$'000	\$'000	\$'000	\$'000
Actuarial (gains)/losses	557	128	16,771	17,456
Adjustment for limit on net asset	-	-	-	-

Cumulative amount recognised in other comprehensive income

Financial Year to June 2013	SASS	SANCS	SSS	Total
	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
	\$'000	\$'000	\$'000	\$'000
Cumulative amount of actuarial (gains)/losses	1,429	345	17,757	19,531
Cumulative adjustment for limitation on net asset	-	-	-	-

Financial Year to June 2012	SASS	SANCS	SSS	Total
	30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
	\$'000	\$'000	\$'000	\$'000
Cumulative amount of actuarial (gains)/losses	1,416	298	25,037	26,751
Cumulative adjustment for limitation on net asset	-	-	-	-

Fund assets

The percentage invested in each asset class at the end of reporting period:

	30-Jun-13
Australian equities	30.4%
Overseas equities	26.1%
Australian fixed interest securities	6.9%
Overseas fixed interest securities	2.2%
Property	8.3%
Cash	13.1%
Other	13.0%

	30-Jun-12
Australian equities	28.0%
Overseas equities	23.7%
Australian fixed interest securities	4.9%
Overseas fixed interest securities	2.4%
Property	8.6%
Cash	19.5%
Other	12.9%

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Notes to the Financial Statements 30 June 2013

Fair value of Fund assets

All Fund assets are invested by STC at arm's length through independent fund managers.

Expected rate of return on assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual return on Fund assets

Financial Year to June 2013	SASS	SANCS	SSS	Total
	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
	\$'000	\$'000	\$'000	\$'000
Actual return on Fund assets	489	108	5,677	6,274

Financial Year to June 2012	SASS	SANCS	SSS	Total
	30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
	\$'000	\$'000	\$'000	\$'000
Actual return on Fund assets	(14)	2	10	(2)

Valuation method and principal actuarial assumptions at the statements of financial position date

a) Valuation method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

b) Economic Assumptions

	30-Jun-13	30-Jun-12
Salary increase rate (excluding promotional increases)		2.5% pa
2013/2014 (SASS, SSS and SANCS)	2.25% (PSS)	
2014/2015	2.95%	
2015/2016 to 2019/2020	2.25%	
2020 onwards	2.0% pa	
Rate of CPI increase	2.5% pa	2.5% pa
Expected rate of return on assets	8.6% pa	8.6% pa
Discount rate	3.80% pa	3.06% pa

c) Demographic Assumptions

The demographic assumptions at 30 June 2013 are those that were used in the 2012 triennial actuarial valuation. The triennial report is available from The Treasury website.

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Notes to the Financial Statements 30 June 2013

Historical information

Financial Year to June 2013	SASS	SANCS	SSS	Total
	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligation	3,807	926	53,900	58,633
Fair value of Fund assets	(2,561)	(530)	(38,628)	(41,719)
(Surplus)/Deficit in Fund	1,246	396	15,272	16,914
Experience adjustments – Fund liabilities	67	102	(3,917)	(3,748)
Experience adjustments – Fund assets	(54)	(54)	(3,363)	(3,471)

Financial Year to June 2012	SASS	SANCS	SSS	Total
	30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligation	4,426	1,050	58,129	63,605
Fair value of Fund assets	(3,083)	(678)	(34,358)	(38,119)
(Surplus)/Deficit in Fund	1,343	371	23,771	25,485
Experience adjustments – Fund liabilities	166	62	13,725	13,953
Experience adjustments – Fund assets	391	66	3,046	3,503

Financial Year to June 2011	SASS	SANCS	SSS	Total
	30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11
	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligation	4,398	1,026	44,444	49,868
Fair value of Fund assets	(3,513)	(770)	(36,603)	(40,886)
(Surplus)/Deficit in Fund	885	256	7,841	8,982
Experience adjustments – Fund liabilities	193	(3)	49	239
Experience adjustments – Fund assets	(125)	(5)	(342)	(472)

Financial Year to June 2010	SASS	SANCS	SSS	Total
	30-Jun-10	30-Jun-10	30-Jun-10	30-Jun-10
	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligation	3,731	903	44,418	49,052
Fair value of Fund assets	(2,815)	(620)	(35,472)	(38,908)
(Surplus)/Deficit in Fund	916	283	8,945	10,144
Experience adjustments – Fund liabilities	195	62	1,670	1,927
Experience adjustments – Fund assets	(39)	(1)	(188)	(229)

Financial Year to June 2009	SASS	SANCS	SSS	Total
	30-Jun-09	30-Jun-09	30-Jun-09	30-Jun-09
	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligation	3,221	899	41,873	45,993
Fair value of Fund assets	(2,435)	(670)	(33,824)	(36,929)
(Surplus)/Deficit in Fund	786	229	8,049	9,064
Experience adjustments – Fund liabilities	(420)	(26)	6,414	5,969
Experience adjustments – Fund assets	416	127	7,000	7,542

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Notes to the Financial Statements
30 June 2013

Expected contributions

Financial Year to June 2013	SASS	SANCS	SSS	Total
	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
	\$'000	\$'000	\$'000	\$'000
Expected employer contributions to be paid in the next reporting period	124	42	128	294

Financial Year to June 2012	SASS	SANCS	SSS	Total
	30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
	\$'000	\$'000	\$'000	\$'000
Expected employer contributions to be paid in the next reporting period	133	49	146	328

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Notes to the Financial Statements
30 June 2013

Funding arrangements for employer contributions

(a) Surplus/deficit

The following is a summary of the 30th June 2013 and 30th June 2012 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

Financial Year to June 2013	SASS	SANCS	SSS	Total
	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
	\$'000	\$'000	\$'000	\$'000
Accrued benefits	3,430	796	34,359	38,585
Net market value of Fund assets	(2,561)	(530)	(38,629)	(41,720)
Net (surplus)/deficit	869	266	(4,270)	(3,135)

Financial Year to June 2012	SASS	SANCS	SSS	Total
	30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
	\$'000	\$'000	\$'000	\$'000
Accrued benefits	3,837	891	33,731	38,459
Net market value of Fund assets	(3,083)	(678)	(34,358)	(38,119)
Net (surplus)/deficit	754	213	627	1,594

(b) Contribution recommendations

Recommended contribution rates for the entity are:

SASS		SANCS		SSS	
30-Jun-13	30-Jun-12	30-Jun-13	30-Jun-12	30-Jun-13	30-Jun-12
multiple of member contributions		% member salary		multiple of member contributions	
1.90	1.90	2.50	2.50	1.60	1.60

(c) Funding method

Contribution rates are set after discussions between the employer, STC and The Treasury.

(d) Economic assumptions

The economic assumptions adopted for the 2012 actuarial review of the Fund are:

Weighted-Average Assumptions	30-Jun-13	30-Jun-12
Expected rate of return on Fund assets backing current pension liabilities	8.3% pa	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa	7.3% pa
Expected salary increase rate	SASS, SANCS, SSS 2.7% pa (PSS 3.5% pa) for 6 years then 4.0% pa	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	2.5% pa

Nature of asset/liability

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of fund assets and the defined benefit obligation.

Financial Information 2012–13

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**Notes to the Financial Statements
30 June 2013**

Note 10. Commitments for expenditure

(a) Capital expenditure commitments

There were no commitments for capital expenditure as at 30 June 2013 (2011/12 nil).

(b) Other expenditure commitments

There were no material expenditure commitments as at 30 June 2013 (2011/12 nil).

Note 11. Contingent liabilities and contingent assets

The Office has no material contingent assets or contingent liabilities at 30 June 2013 (2011/12 nil).

Note 12. Subsequent events

There have been no events subsequent to balance sheet date.

Note 13. Segment Information

The Office operates in Australia.

END OF AUDITED FINANCIAL STATEMENTS

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